

RHODE ISLAND PROPERTY & CASUALTY INSURANCE GUARANTY ASSOCIATION

*One Bowdoin Square
Boston, MA 02114-2916
(617) 227-7020 (800) 852-2003
Accounting and Administration Departments Fax: (617) 227-8903
Claim Department Fax: (617) 305-0001*

Via Certified Mail/Return Receipt Requested

March 1, 2011

The Honorable Joseph Torti, III
Superintendent of Insurance
RI Department of Business Regulations
1511 Pontiac Avenue
Cranston, RI 02920

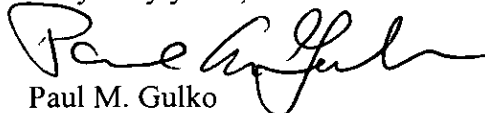
Re: Rhode Island Property & Casualty Insurance Guaranty Association (the "Association")
Annual Report of the Association for the Year Ending December 31, 2010

Dear Superintendent:

Pursuant to the Association Act, enclosed herewith for filing please find duly executed original Annual Report of the Association for the year ending December 31, 2010.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Paul M. Gulko
Executive Secretary

Enclosure

cc: The Board of Directors of the Association

RHODE ISLAND PROPERTY & CASUALTY INSURANCE GUARANTY ASSOCIATION

*One Bowdoin Square
Boston, MA 02114-2916
(617) 227-7020 (800) 852-2003
Accounting and Administration Departments Fax: (617) 227-8903
Claim Department Fax: (617) 305-0001*

March 1, 2011

To: THE SUPERINTENDENT OF INSURANCE ("the "Superintendent")
AND THE MEMBER INSURERS OF THE RHODE ISLAND
PROPERTY & CASUALTY INSURANCE GUARANTY ASSOCIATION
("the Association")

Re: The Annual Report of the Association for the Year ending December 31, 2010

In 2010, the Rhode Island Insolvency law was modified, and included a name change from the "Rhode Island Insurers Insolvency Fund" to the "Rhode Island Property & Casualty Insurance Guaranty Association". This and the other changes in the law were presented to the Board and the membership, and a revised Plan of Operation reflecting said changes was approved by the Superintendent and adopted by the membership.

During 2010, there were four new insolvencies reported to the Association. On June 3, 2010, the Board of Directors of the Association (the "Board") voted to accept the insolvencies of Imperial Casualty and Indemnity Company, which had been declared insolvent by the State of Oklahoma, and Eastern Casualty Insurance Company, which had been declared insolvent by the Commonwealth of Massachusetts. On September 1, 2010, the Board voted to accept the insolvency of Pegasus Insurance Company, which had been declared insolvent in the State of Oklahoma. Finally, on October 18, 2010, the Board voted to accept the insolvency of The Insurance Corporation of New York, which had been declared insolvent in the State of New York. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services® ("GFMS®"). The Board also continued to monitor existing insolvencies and potential insolvencies.

On October 18, 2010, the Board held its Annual Meeting in Chatham, Massachusetts, in conjunction with other meetings of the member insolvency funds of Guaranty Fund Management Services® ("GFMS®") and its committees. Maura Travers, Earl (Ty) Cottam, Jr., Paul Gulko, James Winskowicz, and Kathleen Lavin, were elected Chair, Vice Chair, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association.

The Board then received and considered the report of the Executive Secretary regarding the ballots transmitted by member insurers with instructions to vote in favor of the following nominees as Directors: Liberty Mutual Insurance Company and Metropolitan Property and Casualty Insurance Company. The Chairwoman thereupon directed the Executive Secretary to cast one vote for the nominees as directors for a three-year term, expiring in 2013.

The Board received and considered reports concerning claims and recoveries from receivers.

The Board considered and adopted a Conflict of Interest Policy.

The Board reviewed the existing contract with GFMS and determined no changes were necessary.

The Board also reviewed the financial condition of the Association and its operating expenses and covered claimed costs, in order to determine whether an assessment or a refund of prior assessments would be appropriate. The Board thereupon voted that the following assessments and refunds of prior assessments be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
United Community Insurance Co.			\$182,000
Casualty Reciprocal Insurance Co.			\$24,000
	\$0	\$0	\$206,000
Total Assessment		\$206,000	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Union Indemnity Insurance Company		(\$134,766)	
Transit Casualty Insurance Company		(\$62,172)	(\$39,646)
American Mutual Liability Ins. Co.			(\$1,000,000)
American Universal Insurance Co.			(\$1,000,000)
Abington Mutual Insurance Company		(\$15,859)	
PHICO Insurance Company		(\$978,804)	
Legion Insurance Company	(\$148,290)	(\$416,380)	
	(\$148,290)	(\$1,607,981)	(\$2,039,646)
Total Refund		(\$3,795,917)	
Net Refund		(\$3,589,917)	

Upon the recommendation of the Treasurer, the Board voted that the following insolvencies be **CLOSED: Union Indemnity Insurance Company, Transit Casualty Insurance Company, United Community Insurance Company, PHICO Insurance Company, Casualty Reciprocal Insurance Company and Abington Mutual Insurance Company.**

The member insurers currently serving on the Board and their designated representatives are:

METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY Maura Travers

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY Earl F. Cottam, Jr.

FACTORY MUTUAL INSURANCE COMPANY

Jay Swiatek

LIBERTY MUTUAL INSURANCE COMPANY

John E. Hartman

NATIONWIDE MUTUAL INSURANCE COMPANY

Larry Alan

AMICA MUTUAL INSURANCE COMPANY

Robert Suglia

VERMONT MUTUAL INSURANCE COMPANY

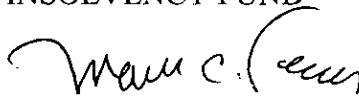
William Catto

The Statement of Account of the Association, from inception through December 31, 2010, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the
RHODE ISLAND INSURERS'
INSOLVENCY FUND

By its Chairwoman



Maura Travers

RHODE ISLAND PROPERTY & CASUALTY INSURANCE GUARANTY ASSOC.

**Balance Sheet
December 31, 2010**

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$1,657,131.47
Investments	<u>20,799,928.30</u>
Total Assets	<u>\$22,457,059.77</u>
Fund Balance	<u>\$22,457,059.77</u>

Rhode Island Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2010
Total All Insolvencies

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment - Administrative	\$20,596.54	\$429,565.23
Member Assessment	246,486.00	105,478,718.00
Member Assessment - Special	0.00	9,173,260.00
Member Assessment - Borrowing	0.00	4,998,487.00
Line of Credit	0.00	1,349,385.00
Loan	0.00	2,500,000.00
Interaccount Special Transfer	0.00	9,173,260.00
Recovery	2,393,722.17	71,559,203.19
Interest Income	612,272.19	18,309,962.76
Interest Income - Line of Credit	0.00	402,698.25
Total Receipts	3,273,076.90	223,374,539.43
DISBURSEMENTS:		
Claims Paid	839,067.75	69,052,595.56
Helmsman Claims Paid	267,017.19	27,717,146.06
Claims Expense Paid	89,250.28	13,269,224.74
Helmsman Claims Expense Paid	2,450.00	3,173,331.04
Premium Refund	0.00	5,273,761.91
Member Refund	3,660,553.00	51,044,964.00
Member Refund - Borrowing	0.00	4,952,128.00
Operating Expenses:		
Service Fee - ISO, Etc.	0.00	103,879.74
G.F.M.S.	203,833.89	9,636,637.98
Legal & Audit	25,318.98	2,113,395.40
Travel	5,144.26	126,796.13
NCIGF Fee	30,262.00	304,089.37
Insurance	4,000.00	16,444.00
Other	1,971.72	98,349.93
Administrative Expense	20,606.05	422,974.44
Interest	0.00	1,938,501.36
Loan	0.00	2,500,000.00
Interaccount Special Transfer	0.00	9,173,260.00
Total Operating Expenses	291,136.90	26,434,328.35
Total Disbursements	5,149,475.12	200,917,479.66
Funds Available	(\$1,876,398.22)	\$22,457,059.77

11:17 AM
02/01/11
PL_RI_INSOL

Rhode Island Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2010
Total All Insolvencies

	Year To Date	Inception To Date
Reserves:		
Claims Liability Auto		\$54,001.00
Claims Expense Liability Auto		<u>35,361.60</u>
Subtotal Auto		<u>89,362.60</u>
Claims Liability Other		51,024.00
Claims Expense Liability Other		<u>6,827.31</u>
Subtotal Other		<u>57,851.31</u>
Claims Liability Workers		10,906,071.41
Claims Expense Liability Workers		<u>221,714.98</u>
Subtotal Workers		<u>11,127,786.39</u>
Total Reserves		<u>\$11,275,000.30</u>
Funds Available Per Account		
Auto		\$737,649.35
Other		1,073,530.37
Workers		<u>18,506,154.40</u>
Total		<u>\$20,317,334.12</u>