

MASSACHUSETTS INSURERS INSOLVENCY FUND

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March 1, 2009

To: THE COMMISSIONER OF INSURANCE (the "Commissioner") AND
THE MEMBER INSURERS OF THE MASSACHUSETTS INSURERS INSOLVENCY
FUND ("the Fund")

Re: The Annual Report of the Fund for the Year ending December 31, 2008

During 2008, there was one new insolvency reported to the Fund. On April 15, 2008, the Board of Directors of the Fund (the "Board") voted to accept the insolvency of MIIX Insurance Company, which had been declared insolvent by the State of New Jersey. The Board decided that the administration of this insolvency would be provided by Guaranty Fund Management Services® ("GFMS®"). The Board continued to monitor existing insolvencies and potential insolvencies.

On October 28, 2008, the Board held its Annual Meeting in Freeport, Maine, in conjunction with other meetings of the member insolvency funds of GFMS and its committees. Messrs. Ryder, Gulko and Winskowicz, and Ms. Lavin, were re-elected Chairman, Manager, Claims Manager and Treasurer, respectively, of the Fund.

The Board received the report of the Manager regarding the ballots transmitted by the member insurers with instructions to vote in favor of the following nominees as Directors: Liberty Mutual Insurance Company and Safety Insurance Company. The Chairman thereupon directed the Manager to cast one vote for the nominees as directors for a three-year term, expiring in 2011.

The Board received and considered the report of counsel as to the conclusion of litigation involving the Archdiocese of Springfield and coverage formerly provided by the Home Insurance Company.

The Board adopted the amendment to the Plan of Operation, approved by the Commissioner, relative to M.G.L. C.175D, § 17, the so-called Net Worth provision to the insolvency statute.

The Board also reviewed the financial condition of the Fund 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 the following refund of prior assessments be made:

REFUND

ALL LINES

Transit Casualty Company	(\$212,333)
Mission National Insurance Company	(46,606)
Warwick Insurance Company	(347,794)
American Eagle Insurance Company	(198,195)

Total Refund **(\$804,928)**

Upon recommendation of Ms. Lavin, the Board voted that the following insolvencies be **CLOSED: American Eagle, Mission National, Transit and Warwick.**

The member insurers, their designated representatives, and the insurance producer representative, serving on the Board as of December 31, 2008, are:

INSURANCE PRODUCER REPRESENTATIVE	Douglas C. Ryder
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
SAFETY INSURANCE COMPANY	William Begley
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM	Diane Choate
PREMIER INSURANCE COMPANY OF MASSACHUSETTS	Susan K. Scott
HANOVER INSURANCE COMPANY	William Cahill
ARBELLA MUTUAL INSURANCE COMPANY	Robert Medwid
QUINCY MUTUAL FIRE INSURANCE COMPANY	James Moran

The Statement of Account of the Fund, from inception through December 31, 2008, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the
**MASSACHUSETTS INSURERS
 INSOLVENCY FUND**

By its Chairman 
 Douglas C. Ryder

MASSACHUSETTS INSURERS INSOLVENCY FUND

Balance Sheet

December 31, 2008

**Year
To Date**

Assets:

Checking & Short-Term Cash

\$8,291,009.23

Investments

110,795,476.78

Total Assets

\$119,086,486.01

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Fund Balance

\$119,086,486.01
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Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2008
Total All Insolvencies

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	(\$9,184.48)	\$146,305.53
Member Assessment	427,789.00	492,392,541.00
Recovery	24,310,235.00	193,593,319.55
Interest Income	4,244,400.00	64,501,032.20
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Total Receipts	28,973,239.52	750,633,198.28
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DISBURSEMENTS:		
Claims Paid	12,703,619.16	240,576,950.00
Helmsman Claims Paid	3,822,008.73	100,125,021.17
Claims Expense Paid	8,069,888.37	89,401,708.22
Helmsman Claims Expense Paid	33,184.19	7,580,077.17
Premium Refund	145,354.69	21,997,768.47
Member Refund	1,018,207.00	127,346,261.00
Operating Expenses:		
Service Fee - ISO, Etc.	0.00	949,562.37
G.F.M.S.	1,942,806.98	38,114,131.14
Legal & Audit	141,929.12	3,741,080.37
Travel	5,198.27	121,782.50
NCIGF Fee	164,048.00	837,980.23
Insurance	20,271.00	20,271.00
Other	25,179.79	598,442.38
Administrative Expense	(9,534.48)	135,676.25
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Total Operating Expenses	2,289,898.68	44,518,926.24
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Total Disbursements	28,082,160.82	631,546,712.27
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Funds Available	891,078.70	119,086,486.01
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Reserves:		
Claims Liability		120,406,310.10
Claims Expense Liability		3,283,350.91
Unearned Premium Liability		42,291.61

Total Reserves		\$123,731,952.62
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