

# VIRGINIA PROPERTY AND 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, 2017

The Honorable Jacqueline K. Cunningham  
Commissioner of Insurance  
Virginia Bureau of Insurance  
P.O. Box 1157  
Richmond, VA 23218

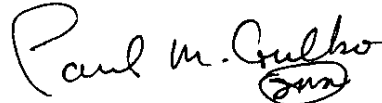
Re: Virginia Property and Casualty Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2016

Dear Commissioner Cunningham:

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, 2016.

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

Very truly yours,

A handwritten signature in black ink that reads "Paul M. Gulko" with a stylized flourish at the end.

Paul M. Gulko  
Executive Secretary

Enclosure

cc: The Board of Directors of the Association

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March 1, 2017

To: THE COMMISSIONER OF INSURANCE (the "Commissioner") AND THE MEMBER INSURERS OF THE VIRGINIA PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION (the "Association")

Re: The Annual Report of the Association for the Year ending December 31, 2016

During 2016, there were two new insolvencies reported to the Association. On May 10, 2016, the Board of Directors of the Association (the "Board") met and voted to accept the insolvency of Affirmative Insurance Company, which had been declared insolvent and ordered liquidated by the State of Illinois, and voted to accept the insolvency of Lumbermen's Underwriting Alliance, which had been declared insolvent and ordered liquidated in the State of Missouri. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>").

On May 10, 2016, the member insurers of the Association held their Annual Meeting at the offices of the Richmond SPCA, in Richmond, Virginia.

The member insurers received and considered the report of the Executive Secretary regarding the ballots transmitted by the member insurers with instructions to vote in favor of the following nominees as Directors:

Hartford Accident & Indemnity Company  
State Farm Mutual Automobile Insurance Company

The Chair thereupon directed the Executive Secretary to cast one vote for the election of the nominees Hartford Accident & Indemnity Company and State Farm Mutual Automobile Insurance Company as Directors for a three-year term, expiring in 2019.

The Chair presented the 2015 Annual Report of the Association to the member insurers. The member insurers thereupon voted that the Annual Report be accepted.

The Plan of Operation was reviewed and the membership concluded that no amendments thereto were recommended at this time.

The annual meeting of the member insurers was thereafter adjourned.

Immediately subsequent thereto, the Board held its Annual Meeting. Douglas Joyce, Richard Mattox, Paul Gulko, Dawne Mills, and Kathleen Lavin were elected, Chair, Vice Chair, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association. The Board discussed and/or voted the following items:

The Board reviewed the Plan of Operation and no amendments thereto were suggested.

The Board also reviewed the outstanding contract with GFMS, and no changes were recommended.

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

The Treasurer presented to the Board the audited financial statements of the Association, as approved by the Audit Committee. The Board thereupon voted that such audited financial statements be accepted.

On October 19, 2016, the Board held a meeting in Cape Elizabeth, Maine, in conjunction with other meetings of the member guaranty associations of GFMS and its committees, and addressed the following matters:

The Board reviewed the financial condition of the Association, and its operating expenses and covered claim costs, in order to determine whether an assessment or a refund of prior assessments would be appropriate. The Board determined that neither an assessment nor a refund is warranted.

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

ALFA ALLIANCE INSURANCE CORPORATION	Douglas Joyce
VIRGINIA FARM BUREAU MUTUAL INSURANCE COMPANY	Richard Mattox
ALLSTATE INSURANCE COMPANY	L. Noel Patterson, Jr.
HARTFORD ACCIDENT & INDEMNITY COMPANY	Andrew J. Schneider
UTICA MUTUAL INSURANCE COMPANY	Cheryl DeAngelo
MUTUAL ASSURANCE SOCIETY OF VIRGINIA	Theresa Lewis
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	Peggy Echols
CONTINENTAL CASUALTY COMPANY	Richard Ehlers
UNITED SERVICES AUTOMOBILE ASSOCIATION	Lystre Sutcliffe

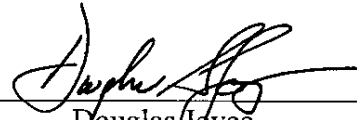
The Statement of Account of the Association, from inception through December 31, 2016, and its

Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the  
VIRGINIA PROPERTY AND  
CASUALTY INSURANCE  
GUARANTY ASSOCIATION

By its Chair



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Douglas Joyce

**VIRGINIA P&C INSURANCE GUARANTY ASSOCIATION**  
**Balance Sheet**  
**December 31, 2016**

	<u>Inception To Date</u>
<b>Assets:</b>	
<b>Checking &amp; Short-Term Cash</b>	<b>\$2,179,001.36</b>
<b>Investments</b>	<b>143,312,879.50</b>
<b>Total Assets</b>	<b><u>\$145,491,880.86</u></b>
<b>Fund Balance</b>	<b><u>\$145,491,880.86</u></b>

**Virginia Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2016**  
**Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$68,108.32	\$455,832.93
Member Assessment	1,287.00	248,842,290.00
Loan	-	327,205.55
Recovery	1,334,514.82	166,695,586.56
Interest Income	1,557,256.60	51,791,260.14
<b>Total Receipts</b>	<b>2,961,166.74</b>	<b>468,112,175.18</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	5,876,528.75	166,579,429.11
Helmsman Claims Paid	156,991.51	18,153,928.07
Claims Expense Paid	414,298.05	27,156,788.30
Helmsman Claims Expense Paid	11,179.60	1,722,525.58
Premium Refund	-	4,234,220.10
<b>Member Refund</b>	<b>1,287.00</b>	<b>66,073,083.00</b>
<b>Operating Expenses:</b>		
G.F.M.S.	1,507,675.94	31,766,533.62
Legal & Audit	44,617.40	3,629,375.44
Travel	13,150.31	331,197.88
NCIGF Fee	105,443.34	1,347,982.47
Insurance	10,900.00	78,537.00
Other	28,698.84	841,898.99
Administrative Expense	-	359,505.05
Interest	-	18,084.16
Loan	-	327,205.55
<b>Total Operating Expenses</b>	<b>1,710,485.83</b>	<b>38,700,320.16</b>
<b>Total Disbursements</b>	<b>8,170,770.74</b>	<b>322,620,294.32</b>
<b>Funds Available</b>	<b>(\$5,209,604.00)</b>	<b>\$145,491,880.86</b>
<b>Reserves:</b>		
Unearned Premium Liability Auto		493.05
Subtotal Auto		493.05
Claims Liability Other		50.00
Claims Expense Liability Other		4,479.00
Subtotal Other		4,529.00
Claims Liability Workers		125,068,050.68
Claims Expense Liability Workers		2,941,088.92
Unearned Premium Liability Workers		-
Subtotal Workers		128,009,139.60
<b>Total Reserves</b>		<b>\$128,014,161.65</b>
<b>Funds Available Per Account</b>		
Auto		(\$229,878.02)
Other		5,126,008.85
Workers		140,170,394.75
<b>Total</b>		<b>\$145,066,525.58</b>

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