

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, 2018

The Honorable Scott A. White
Commissioner of Insurance
Virginia Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218

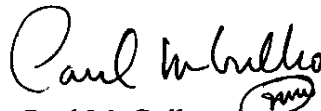
Re: Virginia Property and Casualty Insurance Guaranty Association (the "Association")
Annual Report of the Association for the Year Ending December 31, 2017

Dear Commissioner White:

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, 2017.

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

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March 1, 2018

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, 2017

During 2017, there were two new insolvencies reported to the Association. On April 5, 2017, the Board of Directors of the Association (the "Board") met and voted to accept the insolvency of CastlePoint National Insurance Company, which had been declared insolvent and ordered liquidated by the State of California. CastlePoint is the successor company formed by merger of the following Tower Group of companies:

Tower Insurance Company of New York
Tower National Insurance Company
CastlePoint Florida Insurance Company
York Insurance Company of Maine
Massachusetts Homeland Insurance Company
Hermitage Insurance Company
North East Insurance Company
Preserver Insurance Company
CastlePoint Insurance Company

On December 7, 2017 the Board met and voted to accept the insolvency of Guarantee Insurance Company, which had been declared insolvent and ordered liquidated by the State of Florida.

The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services® ("GFMS®").

On May 9, 2017, the member insurers of the Association held their Annual Meeting at the offices of the Richmond SPCA, in Richmond, Virginia.

The Chair presented the 2016 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 14, 2017, the Board held a meeting in Alexandria, Virginia, in conjunction with other meetings of the member guaranty associations of GFMS and its committees. 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 was warranted.

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

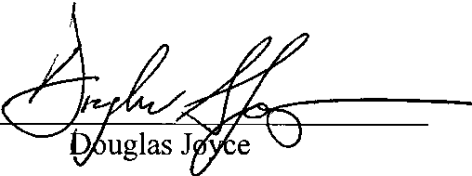
ALFA ALLIANCE INSURANCE CORPORATION	Douglas Joyce
VIRGINIA FARM BUREAU MUTUAL INSURANCE COMPANY	Richard Mattox
ALLSTATE INSURANCE COMPANY	L. Noel Patterson, Jr.
HARTFORD ACCIDENT & INDEMNITY COMPANY	Andrew J. Schneider
UTICA MUTUAL INSURANCE COMPANY	Cheryl DeAngelo
MUTUAL ASSURANCE SOCIETY OF VIRGINIA	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, 2017, 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



Douglas Joyce

VIRGINIA P&C INSURANCE GUARANTY ASSOCIATION
Balance Sheet
December 31, 2017
Inception
To Date

Assets:

Checking & Short-Term Cash	\$1,513,437.69
Investments	140,004,978.86

Total Assets	\$141,518,416.55
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Fund Balance	\$141,518,416.55
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Virginia Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2017
Total All Insolvencies

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$62,117.15	\$517,950.08
Member Assessment	-	248,842,290.00
Loan	-	327,205.55
Recovery	1,242,693.99	167,938,280.55
Interest Income	1,992,201.47	53,783,461.61
Total Receipts	3,297,012.61	471,409,187.79
DISBURSEMENTS:		
Claims Paid	4,597,512.37	171,176,941.48
Third-Party Administrator Claims Paid	526,958.68	18,680,886.75
Claims Expense Paid	435,222.18	27,592,010.48
Third-Party Administrator Claims Expense Paid	6,000.11	1,728,525.69
Premium Refund	-	4,234,220.10
Member Refund	-	66,073,083.00
Operating Expenses:		
G.F.M.S.	1,474,956.21	33,241,489.83
Legal & Audit	52,263.85	3,681,639.29
Travel	16,404.29	347,602.17
NCIGF Fee	111,641.33	1,459,623.80
Insurance	10,900.00	89,437.00
Other	38,617.90	880,516.89
Administrative Expense	-	359,505.05
Interest	-	18,084.16
Loan	-	327,205.55
Total Operating Expenses	1,704,783.58	40,405,103.74
Total Disbursements	7,270,476.92	329,890,771.24
Funds Available	(\$3,973,464.31)	\$141,518,416.55
Reserves:		
Claims Liability Auto		500.00
Claims Expense Liability Auto		3,500.00
Unearned Premium Liability Auto		493.05
Subtotal Auto		4,493.05
Claims Liability Other		47.00
Claims Expense Liability Other		4,476.00
Subtotal Other		4,523.00
Claims Liability Workers		122,123,499.66
Claims Expense Liability Workers		2,780,048.05
Subtotal Workers		124,903,547.71
Total Reserves		\$124,912,563.76
Funds Available Per Account		
Auto		(\$610,337.51)

Virginia Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2017
Total All Insolvencies

	Year To Date	Inception To Date
Other		4,850,814.85
Workers		136,790,466.78
Total		<u>\$141,030,944.12</u>

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Virginia Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2017
Consolidated Statement of Closed Insolvencies
Inception
To Date

RECEIPTS:

Member Assessment Administrative	(\$750,033.99)
Member Assessment	20,631,463.00
Recovery	9,671,522.79
Interest Income	3,184,017.82
Total Receipts	32,736,969.62

DISBURSEMENTS:

Claims Paid	9,044,055.77
Third-Party Administrator Claims Paid	318,804.46
Claims Expense Paid	1,968,789.27
Third-Party Administrator Claims Expense Paid	43,217.63
Premium Refund	1,065,495.81
Member Refund	16,374,607.00
Operating Expenses:	
G.F.M.S.	2,235,617.63
Legal & Audit	715,577.43
Travel	108,803.40
NCIGF Fee	162,131.34
Other	322,398.92
Administrative Expense	359,386.80
Interest	18,084.16
Total Operating Expenses	3,921,999.68
Total Disbursements	32,736,969.62
Funds Available	-

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**Virginia Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2017**

	Administrative Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	(\$668,913.27)	\$35,935,540.80
Loan	-	327,205.55
Recovery	-	466,172.83
Interest Income	486,207.94	962,907.24
Total Receipts	(182,705.33)	37,691,826.42
DISBURSEMENTS:		
Operating Expenses:		
Other	-	1,000.00
Administrative Expense	-	118.25
Loan	-	327,205.55
Total Operating Expenses	-	328,323.80
Total Disbursements	-	328,323.80
Funds Available	(\$182,705.33)	\$37,363,502.62
Reserves:		
Total Reserves	-	-
Funds Available Per Account		
Auto		(\$405,080.90)
Other		4,924,015.51
Workers		32,357,095.58
Total	-	\$36,876,030.19

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