

To: The Commissioner of Insurance and the Member Insurers of the Connecticut Insurance Guaranty Association

From: The Board of Directors of the Connecticut Insurance Guaranty Association

Date: March 30, 2023

Re: 2022 Annual Report

On behalf of the board of directors of the Connecticut Insurance Guaranty Association (the "Association"), the following is the report for the calendar year 2022.

### Membership

The membership of the Association is comprised of the insurers licensed to transact business in the State that write business to which the Association's enabling Act applies. See Conn. Gen. Stat. §38a-836, *et seq.* In 2022, the following insurers became members of the Association:

- Allstate North American Insurance Company
- CM Select Insurance Company
- Grain Dealers Mutual Insurance Company
- Jet Insurance Company
- The Gray Casualty & Surety Company
- Transverse Insurance Company

### Board of Directors

Pursuant to the Association's Plan of Operation, the board of directors consists of seven member insurers, each elected to serve three-year terms, and the Commissioner of Insurance's representative, who serves as an Ex-Officio member. Directors are elected by the member insurers every three years and fairly represent the diverse profiles of member insurers.

All seven board members whose terms were due to expire in 2022 were re-elected at the annual meeting of the board of directors on October 27, 2022.

As of December 2022, the members of the board of directors and their designated representatives are as follows:

- United States Fire Insurance Company, Joseph Torti, Chair
- Amica Mutual Insurance Company, Jennifer A. Morrison, Vice Chair
- Farmers Property and Casualty Insurance Company, Adam C. Robitaille
- Hartford Fire Insurance Company, Andrew J. Schneider
- MEMIC Indemnity Company, Eileen Fongemie

- Nationwide Mutual Insurance Company, John Cerrone
- Travelers Indemnity Company, Joanne Garvin
- Connecticut Insurance Department, Jane Callanan, Ex-Officio

### Insolvencies

There were no new insolvencies affecting the Association.

### Annual Board of Directors Meeting

The annual meeting of the board of directors was held on October 27, 2022, in New Castle, New Hampshire. At the annual board of directors meeting, the board, among other business:

- elected officers: Joseph Torti, Chair; Jennifer A. Morrison, Vice Chair; Barbara Petersen Law, Executive Secretary; Jeffrey Scott, Claims Manager; and Heather Holland, Treasurer;
- received a report that proposed amendments to the Plan of Operation were approved by members;<sup>1</sup>
- reviewed the Delegated Services Agreement with GFMS;
- approved audit and legal committee charters;
- received and considered reports on claims, investments, and recoveries from receivers;
- voted to approve the 2021 audited financial statements presented by the treasurer<sup>2</sup>;
- reviewed assessment capacity, which was set at the following amounts, per account, based on 2% of the calendar year 2021 net direct written premiums:

Auto	\$74,284,329
Other	\$85,386,044
Workers' Compensation	\$14,132,085

- reviewed the cash position of the Association, including its operating expenses and covered claim costs; and
- voted to approve certain assessments and refunds. Specifically, the board voted to approve auto, other, and workers' compensation assessments in the aggregate amounts of \$1,350,000, \$285,000, and \$1,370,000, respectively. In addition, the board voted to refund amounts in the aggregate of \$1,203,522 and \$2,185,000 from the other and workers' compensation accounts, respectively. The combined effect of this activity represented a net refund in the amount of \$383,522.

### Claim Activity

As of December 31, 2022, the Association had 294 open claims—215 workers' compensation and 79 liability claims—with total reserves in the amount of \$60,333,443.

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<sup>1</sup> These amendments are pending review and approval by the Commissioner of Insurance.

<sup>2</sup> The audited financial statements were approved by the Association's audit committee on April 1, 2022.

The largest reserve exposures for the Association were attributed to the liquidations of Reliance Insurance Company (\$9,660,002), Centennial Insurance Company (\$10,628,951), and American Motorists Insurance Company (\$8,212,364). Claim loss and expense payments issued during the reporting period totaled \$5,473,211.

### Recoveries

The Association pursues recoveries authorized by Conn. Gen. Stat. §38a-844(d)(1)(2)(A)(B). In 2022, an aggregate amount of \$733,993 was collected and allocated directly back to the claim files. This amount reflected recoveries from the following sources:

- High Net Worth Insureds \$479,354
- Second Injury Fund \$ 90,539
- Large Deductible Reimbursement \$105,426
- COLA \$ 58,674

The Association also files claims against the estates of insolvent insurers, such as statutory deposits and distributions of assets from receivers. In 2022, the Association recovered \$2,031,374 from early access distributions (subject to clawback); NCCI settlement proceeds; administrative expense reimbursements; dividend distributions; and large deductible reimbursements unallocated to a claim file from various insolvencies.

### Financial Statements

The statement of account of the Association, from inception and for the calendar year 2022, and its balance sheet for the same periods are attached and made a part of this annual report.

**CONNECTICUT INSURANCE GUARANTY ASSOCIATION**  
**Balance Sheet**  
**December 31, 2022**

	<b>Inception To Date</b>
<b>Assets:</b>	
<b>Checking &amp; Short-Term Cash</b>	<b>\$2,445,755.70</b>
<b>Investments</b>	<b>102,650,368.66</b>
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<b>Total Assets</b>	<b>\$105,096,124.36</b>
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<b>Fund Balance</b>	<b>\$105,096,124.36</b>
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**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2022  
Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$32,680.66	\$549,871.92
Member Assessment	8,202,248.00	384,169,852.00
Recovery	2,031,373.70	256,836,906.37
Interest Income	12,410.13	73,244,934.52
	<b>10,278,712.49</b>	<b>714,801,564.81</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	4,094,008.13	226,016,593.93
Third-Party Administrator Claims Paid	156,432.28	29,522,670.15
Claims Expense Paid	476,427.44	38,754,268.94
Third-Party Administrator Claims Expense Paid	432.67	2,592,743.69
Premium Refund	-	1,086,614.21
Member Refund	13,089,424.00	269,872,829.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	179,595.73
G.F.M.S.	1,250,597.11	35,728,002.22
Legal & Audit	27,981.60	3,242,728.38
Travel	2,120.74	271,394.36
NCIGF Fee	81,465.00	1,557,812.86
Insurance	13,492.00	132,782.00
Other	29,166.28	524,043.68
Administrative Expense	-	223,361.30
	<b>1,404,822.73</b>	<b>41,859,720.53</b>
<b>Total Disbursements</b>	<b>19,221,547.25</b>	<b>609,705,440.45</b>
<b>Funds Available</b>	<b>(\$8,942,834.76)</b>	<b>\$105,096,124.36</b>
<b>Reserves:</b>		
Claims Liability Auto		1,035,282.68
Claims Expense Liability Auto		185,462.88
Unearned Premium Liability Auto		1,408.70
<b>Subtotal Auto</b>		<b>1,222,154.26</b>

**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2022  
Total All Insolvencies**

	<u>Year To Date</u>	<u>Inception To Date</u>
Claims Liability Other		458,056.00
Claims Expense Liability Other		<u>5,263.43</u>
Subtotal Other		<u>463,319.43</u>
Claims Liability Workers		57,052,102.78
Claims Expense Liability Workers		<u>1,602,790.34</u>
Subtotal Workers		<u>58,654,893.12</u>
Total Reserves		<u><u>\$60,340,366.81</u></u>
Funds Available Per Account		
Auto		\$834,918.25
Other		2,427,652.70
Workers		<u>101,504,165.96</u>
Total		<u><u>\$104,766,736.91</u></u>

**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2022  
Consolidated Statement of Closed Insolvencies**

	<b>Inception To Date</b>
<b>RECEIPTS:</b>	
Member Assessment Administrative	(\$944,155.07)
Member Assessment	63,361,299.00
Recovery	30,850,620.36
Interest Income	8,545,636.14
	<b>101,813,400.43</b>
 <b>DISBURSEMENTS:</b>	
Claims Paid	42,982,232.74
Third-Party Administrator Claims Paid	706,246.67
Claims Expense Paid	5,486,523.73
Third-Party Administrator Claims Expense Paid	52,866.22
Premium Refund	277,770.93
 Member Refund	 47,759,067.00
 <b>Operating Expenses:</b>	
Service Fee - ISO, Etc.	179,595.73
G.F.M.S.	3,296,910.73
Legal & Audit	422,697.41
Travel	100,985.26
NCIGF Fee	216,034.17
Other	118,203.86
Administrative Expense	214,265.98
	<b>4,548,693.14</b>
 Total Operating Expenses	 <b>4,548,693.14</b>
 Total Disbursements	 <b>101,813,400.43</b>
 Funds Available	 <b>-</b>

**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2022  
Administrative**

	<b>Year To Date</b>	<b>Inception To Date</b>
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$124,761.62	\$2,146,908.69
Interest Income	349.69	193,703.89
	<b>125,111.31</b>	<b>2,340,612.58</b>
<b>DISBURSEMENTS:</b>		
Third-Party Administrator Claims Paid	100,000.00	100,000.00
<b>Operating Expenses:</b>		
Other	(0.01)	999.99
Administrative Expense	-	9,095.32
	<b>(0.01)</b>	<b>10,095.31</b>
<b>Total Disbursements</b>	<b>99,999.99</b>	<b>110,095.31</b>
<b>Funds Available</b>	<b>\$25,111.32</b>	<b>\$2,230,517.27</b>
<b>Reserves:</b>		
<b>Total Reserves</b>		-
<b>Funds Available Per Account</b>		
Auto		\$598,737.31
Other		704,770.63
Workers		597,621.88
<b>Total</b>		<b>\$1,901,129.82</b>