

# 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, 2016

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

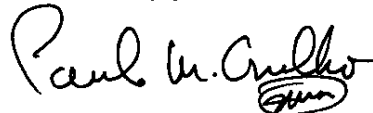
Re: Virginia Property and Casualty Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2015

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, 2015.

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, 2016

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, 2015

During 2015, there was one new insolvency reported to the Association. On November 23, 2015, the Board of Directors of the Association (the "Board") met and voted to accept the insolvency of Lincoln General Insurance Company, which had been declared insolvent and ordered liquidated by the Commonwealth of Pennsylvania. The Board decided that the administration of this insolvency would be provided by Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>").

On May 12, 2015, the member insurers of the Association held their Annual Meeting at the offices of Troutman Sanders LLP, 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:

Alfa Alliance Insurance Corporation  
Allstate Insurance Company  
Continental Casualty Company  
Mutual Assurance Society of Virginia  
United State Automobile Association  
Utica Mutual Insurance Company  
Virginia Farm Bureau Mutual Insurance Company

The Chair thereupon directed the Executive Secretary to cast one vote for the election of the nominees as Directors for a three-year term, expiring in 2018.

The Chair presented the 2014 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.

Edward H. Starr, Association counsel, reported to the Board concerning his activities for the prior year, addressing specifically ongoing issues concerning Reciprocal of America and Lumbermens' Insurance Company.

On October 30, 2015, the Board held a meeting in Groton, Connecticut, 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.

Mr. Starr updated the Board as to the status of the legal matters involving the Association.

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

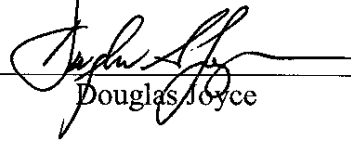
ALFA ALLIANCE INSURANCE CORPORATION	Douglas Joyce
VIRGINIA FARM BUREAU MUTUAL INSURANCE COMPANY	Richard Mattox
ALLSTATE INSURANCE COMPANY	L. Noel Patterson, Jr.
HARTFORD ACCIDENT & INDEMNITY COMPANY	Andrew J. Schneider
UTICA MUTUAL INSURANCE COMPANY	Cheryl DeAngelo
MUTUAL ASSURANCE SOCIETY OF VIRGINIA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

The Statement of Account of the Association, from inception through December 31, 2015, 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, 2015**  
**Inception**  
**To Date**

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**Assets:**

<b>Checking &amp; Short-Term Cash</b>	<b>\$3,595,679.69</b>
<b>Investments</b>	<b>147,105,805.17</b>

<b>Total Assets</b>	<b>\$150,701,484.86</b>
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<b>Fund Balance</b>	<b>\$150,701,484.86</b>
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**Virginia Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2015**  
**Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$26,822.45	\$387,724.61
Member Assessment	6,000,508.00	248,841,003.00
Loan	-	327,205.55
Recovery	10,465,001.60	165,361,071.74
Interest Income	1,393,958.22	50,234,003.54
<b>Total Receipts</b>	<b>17,886,290.27</b>	<b>465,151,008.44</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	5,470,137.88	160,702,900.36
Helmsman Claims Paid	330,089.27	17,996,936.56
Claims Expense Paid	472,801.86	26,742,490.25
Helmsman Claims Expense Paid	1,790.00	1,711,345.98
Premium Refund	370.91	4,234,220.10
Member Refund	-	66,071,796.00
<b>Operating Expenses:</b>		
G.F.M.S.	1,604,076.73	30,258,857.68
Legal & Audit	71,732.89	3,584,758.04
Travel	16,547.75	318,047.57
NCIGF Fee	93,486.00	1,242,539.13
Insurance	10,900.00	67,637.00
Other	24,316.51	813,200.15
Administrative Expense	-	359,505.05
Interest	-	18,084.16
Loan	-	327,205.55
<b>Total Operating Expenses</b>	<b>1,821,059.88</b>	<b>36,989,834.33</b>
<b>Total Disbursements</b>	<b>8,096,249.80</b>	<b>314,449,523.58</b>
<b>Funds Available</b>	<b>\$9,790,040.47</b>	<b>\$150,701,484.86</b>
<b>Reserves:</b>		
Claims Liability Auto		-
Claims Expense Liability Auto		-
Unearned Premium Liability Auto		1,186.24
<b>Subtotal Auto</b>		<b>1,186.24</b>
Claims Liability Other		300,066.00
Claims Expense Liability Other		46,791.77
<b>Subtotal Other</b>		<b>346,857.77</b>
Claims Liability Workers		138,312,499.71
Claims Expense Liability Workers		3,125,428.12
Unearned Premium Liability Workers		873.14
<b>Subtotal Workers</b>		<b>141,438,800.97</b>
<b>Total Reserves</b>		<b>\$141,786,844.98</b>
<b>Funds Available Per Account</b>		
Auto		(\$209,497.87)
Other		4,908,458.97
Workers		145,645,276.80
<b>Total</b>		<b>\$150,344,237.90</b>

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Virginia Property & Casualty Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2015  
Total All Insolvencies

Year  
To Date

Inception  
To Date

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**Virginia Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2015**

	Administrative Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$32,269,325.04	\$33,727,022.95
Loan	-	327,205.55
Recovery	-	466,172.83
Interest Income	90,584.54	110,375.20
<b>Total Receipts</b>	<b>32,359,909.58</b>	<b>34,630,776.53</b>
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
Other	-	1,000.00
Administrative Expense	-	118.25
Loan	-	327,205.55
<b>Total Operating Expenses</b>	<b>-</b>	<b>328,323.80</b>
<b>Total Disbursements</b>	<b>-</b>	<b>328,323.80</b>
<b>Funds Available</b>	<b>\$32,359,909.58</b>	<b>\$34,302,452.73</b>
<b>Reserves:</b>		
<b>Total Reserves</b>	<b>-</b>	<b>-</b>
<b>Funds Available Per Account</b>		
Auto		\$52,581.09
Other		2,587,456.71
Workers		31,305,167.97
<b>Total</b>		<b>\$33,945,205.77</b>

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**Virginia Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2015**  
**Assessment By Account**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment	\$5,999,656.00	\$5,999,656.00
Interest Income	55,222.49	55,222.49
<b>Total Receipts</b>	<b>6,054,878.49</b>	<b>6,054,878.49</b>
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
<b>Total Operating Expenses</b>	-	-
<b>Total Disbursements</b>	-	-
<b>Funds Available</b>	<b>\$6,054,878.49</b>	<b>\$6,054,878.49</b>
<b>Reserves:</b>		
<b>Total Reserves</b>	-	-
<b>Funds Available Per Account</b>		
Auto		-
Other		-
Workers		<b>6,054,878.49</b>
<b>Total</b>	<b>\$6,054,878.49</b>	<b>\$6,054,878.49</b>

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**Virginia Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2015**  
**Consolidated Statement of Closed Insolvencies**  
**Inception**  
**To Date**

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**RECEIPTS:**

Member Assessment Administrative	(\$32,533,170.68)
Member Assessment	59,834,088.00
Recovery	47,898,109.23
Interest Income	9,770,710.35
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<b>Total Receipts</b>	<b>84,969,736.90</b>
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**DISBURSEMENTS:**

Claims Paid	30,969,946.81
Helmsman Claims Paid	318,804.46
Claims Expense Paid	10,507,030.14
Helmsman Claims Expense Paid	43,217.63
Premium Refund	2,461,356.81
 Member Refund	 27,677,721.00
 <b>Operating Expenses:</b>	
G.F.M.S.	9,556,508.84
Legal & Audit	2,377,478.61
Travel	118,458.87
NCIGF Fee	221,654.53
Other	340,088.24
Administrative Expense	359,386.80
Interest	18,084.16
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<b>Total Operating Expenses</b>	<b>12,991,660.05</b>
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<b>Total Disbursements</b>	<b>84,969,736.90</b>
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<b>Funds Available</b>	<b>-</b>
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