

# CONNECTICUT 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 18, 2014

The Honorable Thomas B. Leonardi  
Commissioner of Insurance  
Connecticut Insurance Department  
P.O. Box 816  
Hartford, CT 06142-0816

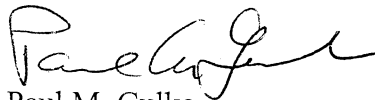
Re: Connecticut Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2013

Dear Commissioner Leonardi:

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, 2013.

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  
Jon Arsenault, Esq.

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March 18, 2014

TO: THE COMMISSIONER OF INSURANCE (the "Commissioner") AND THE  
MEMBER INSURERS OF THE CONNECTICUT INSURANCE GUARANTY  
ASSOCIATION (the "Association")

RE: The Annual Report of the Association for the Year Ending December 31, 2013

During 2013, there were four new insolvencies reported to the Association. On April 1, 2013, the Board of Directors of the Association (the "Board") met and voted to accept the insolvency of Ullico Casualty Company, which had been declared insolvent by the State of Delaware. On May 17, 2013, The Board of Directors met and voted to accept the insolvencies of American Manufacturers Mutual Insurance Company, American Motorists Insurance Company and Lumbermens Mutual Casualty Company, which had been declared insolvent by the State of Illinois. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>").

On October 27, 2013, the Board held its Annual Meeting in Washington, D.C., in conjunction with other meetings of the member guaranty associations of GFMS and its committees. Charles Breitstadt, Maura Travers, Paul Gulko, James Winskowitz, and Kathleen Lavin, were elected Chair, Vice Chair, Executive Secretary, Claims Manager, and Treasurer, respectively, of the Association. In addition, the Board discussed and/or voted the following items.

The Board 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: Amica Mutual Insurance Company, Hartford Fire Insurance Company, Metropolitan Property and Casualty Insurance Company, Middlesex Mutual Assurance Company, Nationwide Insurance Company, Patrons Mutual Insurance Company of Connecticut and Travelers Indemnity Company. The Chair then directed the Executive Secretary to cast one vote for the election of the nominees as Directors for a three-year term, expiring in 2016.

The Board received and considered the report of counsel on matters involving whether the Association is estopped from enforcing a policy exclusion because the insolvent insurer had breached its duty to defend, and received a report regarding the status of a

special deposit held by the State of Connecticut arising out of the American Mutual Insurance Company insolvency.

The Board addressed the Association's share of the AIG settlement proceeds, amounting to \$107,000. After discussion and consideration, and upon information received from the Treasurer, the Board voted to return the proceeds in the form of a refund to the members, excluding AIG companies. Said refund will occur in 2014.

The Board next 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 thereupon voted that the following assessments and refunds of prior assessments be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Atlantic Mutual Insurance Co.	\$500,000	\$400,000	
Centennial Insurance Company	\$150,000		
Ullico Casualty Company	\$150,000		
American Motorists Insurance Co.	\$600,000		\$14,596,320
	<b>\$1,400,000</b>	<b>\$400,000</b>	<b>\$14,596,320</b>
<b>Total Assessment</b>		<b>\$16,396,320</b>	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Transit Casualty Co.		(\$765,049)	
Midland Insurance Co.		(\$712,176)	
Mission National Insurance Co.		(\$399,821)	
Acceleration National Ins. Co.	(\$156,797)		
Reliance Insurance Company	(\$225,000)		
Legion Insurance Co.	(\$768,124)	(\$2,500,000)	
	<b>(\$1,149,921)</b>	<b>(\$ 4,377,046)</b>	<b>\$ 0</b>
<b>Total Refund</b>		<b>(\$ 5,526,967)</b>	
<b>Net Assessment</b>		<b>\$10,869,353</b>	

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

Upon recommendation of the Treasurer, the Board further voted that the following insolvencies be **CLOSED**:

Mission National Insurance Company  
Acceleration National Insurance Company  
Eagle Insurance Company

The Board received a report concerning a claim audit performed earlier in 2013.

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

NATIONWIDE INSURANCE COMPANY	Charles P. Breitstadt
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
MIDDLESEX MUTUAL ASSURANCE COMPANY	Diane Choate
PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT	Fred Taverne
HARTFORD FIRE INSURANCE COMPANY	Steven Pieren
AMICA MUTUAL INSURANCE COMPANY	Robert Suglia
TRAVELERS INDEMNITY COMPANY	Joanne Garvin
EX-OFFICIO: OFFICE OF THE INSURANCE COMMISSIONER	Jon Arsenault

The Statement of Account of the Association, from inception through December 31, 2013, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the  
CONNECTICUT INSURANCE  
GUARANTY ASSOCIATION

By its Chair

  
Charles P. Breitstadt

**CONNECTICUT INSURANCE GUARANTY ASSOCIATION**  
**Balance Sheet**  
**December 31, 2013**

	<u>Inception To Date</u>
<b>Assets:</b>	
<b>Checking &amp; Short-Term Cash</b>	\$6,982,375.25
<b>Investments</b>	75,002,516.25
<b>Total Assets</b>	<u>\$81,984,891.50</u>
<b>Fund Balance</b>	<u>\$81,984,891.50</u>

**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2013  
Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$11.00)	\$231,119.67
Member Assessment	4,065,920.00	308,934,493.00
Recovery	13,759,182.38	199,124,462.11
Interest Income	759,339.98	56,194,974.57
<b>Total Receipts</b>	<b>18,584,431.36</b>	<b>564,485,049.35</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	5,230,375.11	181,621,210.51
Helmsman Claims Paid	159,262.78	28,897,010.22
Claims Expense Paid	1,034,586.49	32,047,727.52
Helmsman Claims Expense Paid	446.17	2,591,817.81
Premium Refund	-	1,073,621.62
Member Refund	1,120,515.00	207,944,376.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	179,595.73
G.F.M.S.	1,727,688.96	23,761,929.10
Legal & Audit	36,884.21	2,629,183.53
Travel	10,738.05	246,036.06
NCIGF Fee	63,744.00	866,627.71
Insurance	8,080.00	51,990.00
Other	50,394.69	365,670.74
Administrative Expense	(11.00)	223,361.30
<b>Total Operating Expenses</b>	<b>1,897,518.91</b>	<b>28,324,394.17</b>
<b>Total Disbursements</b>	<b>9,442,704.46</b>	<b>482,500,157.85</b>
<b>Funds Available</b>	<b>\$9,141,726.90</b>	<b>\$81,984,891.50</b>
<b>Reserves:</b>		
Claims Liability Auto		1,666,633.50
Claims Expense Liability Auto		119,655.07
<b>Subtotal Auto</b>		<b>1,786,288.57</b>
Claims Liability Other		2,328,869.00
Claims Expense Liability Other		343,818.30
<b>Subtotal Other</b>		<b>2,672,687.30</b>
Claims Liability Workers		83,173,928.89
Claims Expense Liability Workers		3,026,074.45
Unearned Premium Liability Workers		-
<b>Subtotal Workers</b>		<b>86,200,003.34</b>
<b>Total Reserves</b>		<b>\$90,658,979.21</b>
<b>Funds Available Per Account</b>		
Auto		\$1,315,610.79
Other		6,397,382.33
Workers		74,054,370.19
<b>Total</b>		<b>\$81,767,363.31</b>

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**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2013  
Administrative**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$92,630.36	\$320,264.87
Recovery	-	106,895.86
Interest Income	1,946.67	1,946.67
Total Receipts	94,577.03	429,107.40
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
Other	-	1,000.00
Administrative Expense	-	9,095.32
Total Operating Expenses	-	10,095.32
Total Disbursements	-	10,095.32
Funds Available	\$94,577.03	\$419,012.08
<b>Reserves:</b>		
Total Reserves	-	-
<b>Funds Available Per Account</b>		
Auto		(\$11,659.24)
Other		80,387.95
Workers		132,755.18
Total		\$201,483.89

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**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2013  
Consolidated Statement of Closed Insolvencies**

	<u>Inception To Date</u>
<b>RECEIPTS:</b>	
Member Assessment Administrative	(\$89,145.20)
Member Assessment	27,752,151.00
Recovery	12,587,138.45
Interest Income	3,407,868.03
<b>Total Receipts</b>	<b>43,658,012.28</b>
<b>DISBURSEMENTS:</b>	
Claims Paid	14,916,125.89
Helmsman Claims Paid	114,099.76
Claims Expense Paid	2,952,139.86
Helmsman Claims Expense Paid	15,193.52
Premium Refund	265,900.93
 Member Refund	 22,538,293.00
<b>Operating Expenses:</b>	
Service Fee - ISO, Etc.	179,595.73
G.F.M.S.	1,968,545.99
Legal & Audit	262,225.66
Travel	66,190.61
NCIGF Fee	119,250.53
Other	68,309.59
Administrative Expense	192,141.21
<b>Total Operating Expenses</b>	<b>2,856,259.32</b>
<b>Total Disbursements</b>	<b>43,658,012.28</b>
<b>Funds Available</b>	<b>-</b>