

# VERMONT 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 18, 2015

Kaj Samsom  
Deputy Commissioner, Insurance Division  
Department of Financial Regulation  
89 Main Street Drawer 200  
Montpelier, VT 05620-3101

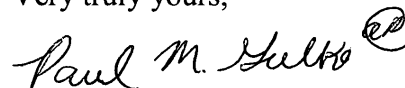
Re: Vermont Property and Casualty Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2014

Dear Deputy Commissioner Samsom:

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, 2014.

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

# VERMONT PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

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March 18, 2015

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

Re: The Annual Report of the Association for the Year ending December 31, 2014

During 2013, there was one new insolvency reported to the Association. On October 19, 2014, the Board of Directors of the Association (the "Board") met and voted to accept the insolvency of Red Rock Insurance Company, which had been declared insolvent by the State of Oklahoma. The Board decided that the administration of this insolvency would be provided by Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>").

On October 19, 2014, the member insurers held their Annual Meeting in Woodstock, Vermont in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>") and its committees.

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: Atlantic Specialty Insurance Company, Government Employees Insurance Company and Zurich American 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 2017.

The Chair then presented the 2013 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. Brian Eagan, Joanne Locke, Paul Gulko, James Winskowicz, 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 existing contract with GFMS, and recommended no changes thereto.

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

The Board then 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 Board acknowledged the impending retirement of William Catto, former Chair of the Board of Directors, and expressed its appreciation of Mr. Catto for his long service to the Association.

The member insurers serving on the Board as of December 31, 2013 and their designated representatives are:

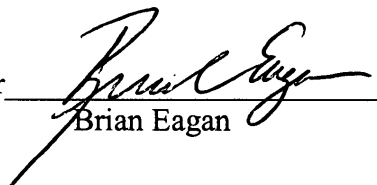
VERMONT MUTUAL INSURANCE COMPANY	Brian Eagan
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
CO-OPERATIVE INSURANCE COMPANIES	Marie Jewett
UNION MUTUAL FIRE INSURANCE COMPANY	Michael Nobles
ZURICH AMERICAN INSURANCE COMPANY	Joyce Hall Mellinger
ATLANTIC SPECIALTY INSURANCE COMPANY	Virginia McCarthy
GOVERNMENT EMPLOYEES INSURANCE COMPANY	Larry Hinton
CONCORD GENERAL MUTUAL INSURANCE COMPANY	Linda Day
MMG INSURANCE COMPANY	Timothy Vernon

The Statement of Account of the Association, from inception through December 31, 2014, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

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

By its Chair

  
Brian Eagan

Vermont Property and Casualty Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2014 and Quarter Ending December 31, 2014  
Total All

	Quarter Ending 12/31/2014	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	-	\$155,879.18
Member Assessment	-	45,636,897.00
Loan	-	100,000.00
Recovery	549,336.16	30,106,270.63
Interest Income	46,682.98	8,748,759.17
<b>Total Receipts</b>	<b>596,019.14</b>	<b>84,747,805.98</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	292,125.01	31,467,943.92
Helmsman Claims Paid	-	2,783,209.98
Claims Expense Paid	12,253.91	4,162,794.48
Helmsman Claims Expense Paid	-	249,951.05
Premium Refund	881.01	655,761.73
Member Refund	-	16,769,412.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	32,129.60
G.F.M.S.	54,710.04	2,767,653.21
Legal & Audit	8,488.80	382,606.17
Travel	6,851.14	166,449.34
NCIGF Fee	-	379,997.64
Insurance	5,500.00	36,643.00
Other	436.33	91,160.93
Administrative Expense	-	151,914.08
Interest	-	1,332.64
Loan	-	100,000.00
<b>Total Operating Expenses</b>	<b>75,986.31</b>	<b>4,109,886.61</b>
<b>Total Disbursements</b>	<b>381,246.24</b>	<b>60,198,959.77</b>
<b>Funds Available</b>	<b>\$214,772.90</b>	<b>\$24,548,846.21</b>

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**Vermont Property and Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2014 and Quarter Ending December 31, 2014**  
**Admin**

	<u>Quarter Ending 12/31/2014</u>	<u>Inception To Date</u>
<b>RECEIPTS:</b>		
Member Assessment Administrative	-	\$152,588.30
<b>Total Receipts</b>	-	<b>152,588.30</b>
<b>DISBURSEMENTS:</b>		
Operating Expenses:		
Other	-	1,000.00
<b>Total Operating Expenses</b>	-	<b>1,000.00</b>
<b>Total Disbursements</b>	-	<b>1,000.00</b>
<b>Funds Available</b>	-	<b>\$151,588.30</b>

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Vermont Property and Casualty Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2014 and Quarter Ending December 31, 2014  
Auto

	Quarter Ending 12/31/2014	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	-	\$1,028.08
Member Assessment	-	2,931,750.00
Loan	-	79,197.60
Recovery	43,123.90	2,205,528.55
Interest Income	333.42	449,584.95
<b>Total Receipts</b>	<b>43,457.32</b>	<b>5,667,089.18</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	-	1,611,303.51
Claims Expense Paid	-	258,890.16
Premium Refund	-	134,652.12
Member Refund	-	3,090,630.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	5,650.47
G.F.M.S.	-	268,442.61
Legal & Audit	-	21,027.64
Travel	-	8,459.00
NCIGF Fee	-	8,577.76
Other	-	4,660.82
Administrative Expense	-	43,353.14
Interest	-	1,055.42
Loan	-	79,197.59
<b>Total Operating Expenses</b>	<b>-</b>	<b>440,424.45</b>
<b>Total Disbursements</b>	<b>-</b>	<b>5,535,900.24</b>
<b>Funds Available</b>	<b>\$43,457.32</b>	<b>\$131,188.94</b>

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**Vermont Property and Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2014 and Quarter Ending December 31, 2014**  
**Other**

	Quarter Ending 12/31/2014	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	-	\$1,211.48
Member Assessment	-	14,308,396.00
Loan	-	20,802.40
Recovery	(448,933.29)	8,262,286.43
Interest Income	1,728.95	1,429,188.49
<b>Total Receipts</b>	<b>(447,204.34)</b>	<b>24,021,884.80</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	-	8,480,631.85
Claims Expense Paid	-	2,608,014.12
Premium Refund	-	387,150.61
Member Refund	-	11,011,372.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	22,415.02
G.F.M.S.	-	731,393.41
Legal & Audit	-	112,193.18
Travel	-	41,895.11
NCIGF Fee	-	65,810.65
Insurance	-	3,165.61
Other	-	23,049.78
Administrative Expense	-	70,219.85
Interest	-	277.22
Loan	-	20,802.41
<b>Total Operating Expenses</b>	<b>-</b>	<b>1,091,222.24</b>
<b>Total Disbursements</b>	<b>-</b>	<b>23,578,390.82</b>
<b>Funds Available</b>	<b>(\$447,204.34)</b>	<b>\$443,493.98</b>

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**Vermont Property and Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2014 and Quarter Ending December 31, 2014**  
**Workers Comp**

Quarter Ending 12/31/2014

Inception To Date

**RECEIPTS:**

Member Assessment Administrative	-	\$1,051.32
Member Assessment	-	28,396,751.00
Recovery	955,145.55	19,638,455.65
Interest Income	44,620.61	6,869,985.73
<b>Total Receipts</b>	<b>999,766.16</b>	<b>54,906,243.70</b>

**DISBURSEMENTS:**

Claims Paid	292,125.01	21,376,008.56
Helmsman Claims Paid	-	2,783,209.98
Claims Expense Paid	12,253.91	1,295,890.20
Helmsman Claims Expense Paid	-	249,951.05
Premium Refund	881.01	133,959.00
Member Refund	-	2,667,410.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	4,064.11
G.F.M.S.	54,710.04	1,767,817.19
Legal & Audit	8,488.80	249,385.35
Travel	6,851.14	116,095.23
NCIGF Fee	-	305,609.23
Insurance	5,500.00	33,477.39
Other	436.33	62,450.33
Administrative Expense	-	38,341.09
<b>Total Operating Expenses</b>	<b>75,986.31</b>	<b>2,577,239.92</b>
<b>Total Disbursements</b>	<b>381,246.24</b>	<b>31,083,668.71</b>
<b>Funds Available</b>	<b>\$618,519.92</b>	<b>\$23,822,574.99</b>

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