

# 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 1, 2011

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

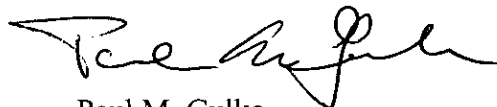
Re: Connecticut Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2010

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, 2010.

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 1, 2011

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, 2010

During 2010, there were four new insolvencies reported to the Association. On May 24, 2010, the Board of Directors of the Association (the "Board") voted to accept the insolvencies of Imperial Casualty and Indemnity Company, which had been declared insolvent by the State of Oklahoma, and Eastern Casualty Insurance Company, which had been declared insolvent by the Commonwealth of Massachusetts. On June 21, 2010, the Board voted to accept the insolvency of The Insurance Corporation of New York, which had been declared insolvent in the State of New York. Finally, on October 17, 2010, the Board voted to accept the insolvency of Pegasus Insurance Company, which had been declared insolvent in the State of Oklahoma. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>"). The Board also continued to monitor existing insolvencies and potential insolvencies.

On October 17, 2010, the Board held its Annual Meeting in Chatham, Massachusetts, in conjunction with other meetings of the member guaranty associations of GFMS and its committees. Charles Breitstadt, Maura Travers, Paul Gulko, James Winskowicz, and Kathleen Lavin, were elected Chairman, Vice Chair, Executive Secretary, Claims Manager, and Treasurer, respectively, of the Association.

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 Chairman then directed the Executive Secretary to cast one vote for the election of the nominees as Directors for a three-year term, expiring in 2013.

The Board received and considered the report of counsel as to the Association's successful appeal of a lower court ruling by the compensation review board that the Association is subject to penalties incurred in the handling of workers' compensation

claims. In addition, counsel reported on matters involving workers compensation law, as well issues involving medical malpractice claims the Association is handling.

The Board considered and adopted a Conflict of Interest Policy.

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

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>
Eastern Casualty Insurance Company	\$0		\$1,000,000
MIIX Insurance Company	\$0	\$1,500,000	
Villanova Insurance Company	\$0		\$ 700,000
	<b>\$0</b>	<b>\$1,500,000</b>	<b>\$1,700,000</b>
<b>Total Assessment</b>		<b>\$3,200,000</b>	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Union Indemnity Insurance Co.		(\$300,000)	
Transit Casualty Insurance Co.	(\$73,166)	(\$2,101,179)	
Midland insurance Company		(\$90,424)	
American Mutual of Boston		(\$10,764)	
American Universal Insurance Co.		(\$11,210)	
Reliance Insurance Company	(\$1,500,000)	(\$4,000,000)	
Abington Mutual Insurance Co.		(\$25,867)	
Credit General Insurance Co.	(\$14,074)	(\$87,894)	
PHICO Insurance Company		(\$7,906,321)	
	<b>(\$ 1,587,240)</b>	<b>(\$ 14,533,659)</b>	<b>\$ 0</b>
<b>Total Refund</b>		<b>(\$ 16,120,899)</b>	
<b>Net Refund</b>		<b>(\$12,920,899)</b>	

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

Abington Mutual Insurance Company  
Credit General Insurance Company  
Acceleration national Insurance Company

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

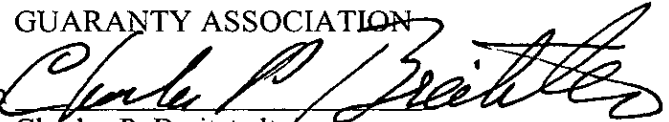
NATIONWIDE INSURANCE COMPANY	Charles P. Breitstadt
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
MIDDLESEX MUTUAL ASSURANCE COMPANY	Diane Choate
PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT	Fred Taverne
HARTFORD FIRE INSURANCE COMPANY	Steven Pieren
AMICA MUTUAL INSURANCE COMPANY	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, 2010, 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 Chairman

  
Charles P. Breitstadt

Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2010  
Total All Insolvencies

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment - Administrative	\$12,546.71	\$211,872.07
Member Assessment - Recovery	2,392,141.00	288,236,092.00
Interest Income	16,194,728.99	168,788,057.12
	1,693,472.93	52,018,821.37
<b>Total Receipts</b>	<b>20,292,889.63</b>	<b>509,254,842.56</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	2,392,176.86	166,359,617.64
Helmsman Claims Paid	245,352.44	27,720,445.69
Claims Expense Paid	590,965.53	29,269,625.26
Helmsman Claims Expense Paid	4,994.98	2,588,270.22
Premium Refund	(139.50)	1,064,314.97
<b>Member Refund</b>	<b>15,755,522.00</b>	<b>198,242,549.00</b>
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	0.00	179,595.73
G.F.M.S.	981,884.82	19,154,234.12
Legal & Audit	109,167.21	2,441,961.32
Travel	6,945.08	223,567.64
NCIGF Fee	58,317.00	674,284.71
Insurance	7,009.00	29,875.00
Other	5,397.26	283,395.03
Administrative Expense	12,361.31	203,922.70
<b>Total Operating Expenses</b>	<b>1,181,081.68</b>	<b>23,190,836.25</b>
<b>Total Disbursements</b>	<b>20,169,953.99</b>	<b>448,435,659.03</b>
<b>Funds Available</b>	<b>\$122,935.64</b>	<b>\$60,819,183.53</b>
<b>Reserves:</b>		
Claims Liability Auto		8,501.00
Claims Expense Liability Auto		16,723.97
Unearned Premium Liability Auto		0.00
Subtotal Auto		25,224.97
Claims Liability Other		1,600,103.00
Claims Expense Liability Other		163,755.25
Subtotal Other		1,763,858.25
Claims Liability Workers		49,488,019.82
Claims Expense Liability Workers		1,759,949.04
Subtotal Workers		51,247,968.86
<b>Total Reserves</b>		<b>\$53,037,052.08</b>
<b>Funds Available Per Account</b>		
Auto		\$1,190,774.07
Other		8,616,519.50
Workers		50,812,613.09
<b>Total</b>		<b>\$60,619,906.66</b>

CONNECTICUT INSURANCE GUARANTY ASSOCIATION  
Balance Sheet  
December 31, 2010

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$5,487,321.07
Investments	<u>55,331,862.46</u>
Total Assets	<u>\$60,819,183.53</u>
Fund Balance	<u>\$60,819,183.53</u>