

MASSACHUSETTS INSURERS INSOLVENCY FUND

*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, 2010

The Honorable Joseph G. Murphy
Commissioner of Insurance
Massachusetts Division of Insurance
One South Station, 5th Floor
Boston, MA 02110

Re: Massachusetts Insurers Insolvency Fund (the "Fund")
Annual Report of the Fund for the Year Ending December 31, 2009

Dear Commissioner Murphy:

Pursuant to the Fund Act, enclosed herewith for filing please find duly executed original Annual Report of the Fund for the year ending December 31, 2009.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Paul M. Gulko
Manager

Enclosure

cc: The Board of Directors of the Fund

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March 1, 2010

To: THE COMMISSIONER OF INSURANCE (the "Commissioner") AND
THE MEMBER INSURERS OF THE MASSACHUSETTS INSURERS
INSOLVENCY FUND ("the Fund")

Re: The Annual Report of the Fund for the Year ending December 31, 2009

During 2009, there was no new insolvencies reported to the Fund.

On October 27, 2009, the Board held its Annual Meeting in Richmond, Virginia, in conjunction with other meetings of the member insolvency funds of Guaranty Fund Management Services® ("GFMS®") and its committees. James Moran of Quincy Mutual Fire Insurance Company was elected as Chairman of the Board of Directors, William Cahill of Hanover Insurance Company as Vice-Chairman, and Paul Gulko, James Winskowicz, and Kathleen Lavin, were re-elected Manager, Claims Manager and Treasurer, respectively, of the Fund.

The Board received the report of the Manager regarding the ballots transmitted by the member insurers with instructions to vote in favor of the following nominees as Directors: Arbella Mutual Insurance Company, Hanover Insurance Company and Metropolitan Property and Casualty Insurance Company. The Chairman thereupon directed the Manager to cast one vote for the nominees as directors for a three-year term, expiring in 2012.

The Board received and considered the report of counsel as to the issues of the insolvency fund statutory cap in medical malpractice claims, and the exposure of the fund to bad faith actions pursuant to MGL c. 93A and c. 176D

The Board also reviewed the financial condition of the Fund and its operating expenses and covered claimed costs, in order to determine whether an assessment or a refund of prior assessments would be appropriate. The Board thereupon voted the following refund of prior assessments be made:

REFUND

Abington Mutual Insurance Company
Mission National Insurance Company
Vesta Fire Insurance Company

ALL LINES

(\$1,000,000)
(860,791)
(400,000)

Total Refund

(\$2,260,791)

Upon recommendation of the Treasurer, the Board voted that the following insolvency be **CLOSED: Mission National Insurance Company.**

The member insurers, their designated representatives, and the insurance producer representative, serving on the Board as of December 31, 2009, are:


QUINCY MUTUAL FIRE INSURANCE COMPANY	James Moran
HANOVER INSURANCE COMPANY	William Cahill
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
SAFETY INSURANCE COMPANY	William Begley
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM	Diane Choate
PREMIER INSURANCE COMPANY OF MASSACHUSETTS	Susan K. Scott
ARBELLA MUTUAL INSURANCE COMPANY	Eileen Currie
INSURANCE PRODUCER REPRESENTATIVE	Douglas C. Ryder

The Statement of Account of the Fund, from inception through December 31, 2009, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the
MASSACHUSETTS INSURERS
INSOLVENCY FUND

By its Chairman


James Moran

MASSACHUSETTS INSURERS INSOLVENCY FUND
Balance Sheet
December 31, 2009

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$4,770,425.35
Investments	<u>102,170,242.78</u>
Total Assets	<u>\$106,940,668.13</u>
Fund Balance	<u>\$106,940,668.13</u>

Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2009
Total All Insolvencies

	<u>Year To Date</u>	<u>Inception To Date</u>
RECEIPTS:		
Member Assessment Administrative	\$36,251.63	\$182,557.16
Member Assessment	15,722.00	492,408,263.00
Recovery	485,882.01	194,079,201.56
Interest Income	<u>3,413,880.77</u>	<u>67,914,912.97</u>
Total Receipts	<u>3,951,736.41</u>	<u>754,584,934.69</u>
DISBURSEMENTS:		
Claims Paid	6,544,432.43	247,121,382.43
Helmsman Claims Paid	3,733,929.22	103,858,950.39
Claims Expense Paid	1,373,485.12	90,775,193.34
Helmsman Claims Expense Paid	42,236.18	7,622,313.35
Premium Refund	5,450.77	22,003,219.24
Member Refund	2,200,450.00	129,546,711.00
Operating Expenses:		
Service Fee - ISO, Etc.	0.00	949,562.37
G.F.M.S.	1,957,383.49	40,071,514.63
Legal & Audit	172,592.96	3,913,673.33
Travel	8,594.90	130,377.40
NCIGF Fee	0.00	837,980.23
Insurance	9,710.00	29,981.00
Other	13,737.59	612,179.97
Administrative Expense	<u>35,551.63</u>	<u>171,227.88</u>
Total Operating Expenses	<u>2,197,570.57</u>	<u>46,716,496.81</u>
Total Disbursements	<u>16,097,554.29</u>	<u>647,644,266.56</u>
Funds Available	<u>(12,145,817.88)</u>	<u>106,940,668.13</u>
Reserves:		
Claims Liability		120,615,215.46
Claims Expense Liability		2,637,818.84
Unearned Premium Liability		<u>9,539.82</u>
Total Reserves		<u>\$123,262,574.12</u>