

# 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, 2018

The Honorable Gary D. Anderson  
Commissioner of Insurance  
Massachusetts Division of Insurance  
1000 Washington Street, Suite 810  
Boston, MA 02118-6200

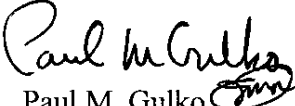
Re: Massachusetts Insurers Insolvency Fund (the "Fund")  
Annual Report of the Fund for the Year Ending December 31, 2017

Dear Commissioner Anderson:

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, 2017.

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, 2018

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, 2017

During 2017, there were two new insolvencies reported to the Fund. On April 3, 2017, the Board of Directors of the Fund (the "Board") met and voted to accept the insolvency of CastlePoint National Insurance Company, which had been declared insolvent and ordered liquidated by the State of California. CastlePoint is the successor company formed by merger of the following Tower Group of companies:

Tower Insurance Company of New York  
Tower National Insurance Company  
CastlePoint Florida Insurance Company  
York Insurance Company of Maine  
Massachusetts Homeland Insurance Company  
Hermitage Insurance Company  
North East Insurance Company  
Preserver Insurance Company  
CastlePoint Insurance Company

On December 5, 2017, the Board met and voted to accept the insolvency of Guarantee Insurance Company, which had been declared insolvent and ordered liquidated by the State of Florida.

The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services® ("GFMS®").

On October 13, 2017, the Board held its Annual Meeting in Alexandria, Virginia in conjunction with other meetings of the member insolvency funds and associations of GFMS and its committees. William Cahill, Joanne Locke, Paul Gulko, Dawne Mills and Kathleen Lavin were re-elected Chair, Vice-Chair, Manager, Claims Manager and Treasurer, respectively, of the Fund. The Board discussed and/or voted the following items:

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: Liberty Mutual

Insurance Company and Safety Insurance Company. The Chair thereupon directed the Manager to cast one vote for the nominees as directors for a three-year term, expiring in 2020.

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

The Plan of Operation was reviewed and the Board concluded that no amendments thereto were recommended at this time.

The Board reviewed the existing contract with GFMS and determined no changes were necessary.

The Board received and considered the report of counsel as to various legal matters.

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 determined that neither an assessment nor a refund was warranted at this time.

The member insurers and their designated representatives serving on the Board as of December 31, 2017 are:

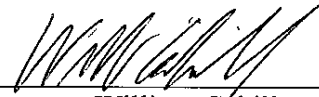
HANOVER INSURANCE COMPANY	William Cahill
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
QUINCY MUTUAL FIRE INSURANCE COMPANY	Lisa M. Schooley
SAFETY INSURANCE COMPANY	William Begley
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
MEMIC INDEMNITY COMPANY	Eileen Fongemie
PREMIER INSURANCE COMPANY OF MASSACHUSETTS	David Sutera
ARBELLA MUTUAL INSURANCE COMPANY	Eileen Currie
INSURANCE PRODUCER REPRESENTATIVE	Thomas F. Skelly, Jr.

The Statement of Account of the Fund, from inception through December 31, 2017, 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 Chair



William Cahill

**MASSACHUSETTS INSURERS INSOLVENCY FUND**  
**Balance Sheet**  
**December 31, 2017**  
**Inception**  
**To Date**

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**Assets:**

<b>Checking &amp; Short-Term Cash</b>	<b>\$3,202,648.26</b>
<b>Investments</b>	<b>171,652,330.55</b>

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<b>Total Assets</b>	<b>\$174,854,978.81</b>
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<b>Fund Balance</b>	<b>\$174,854,978.81</b>
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**Massachusetts Insurers Insolvency Fund  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2017  
Total All Insolvencies**

	<b>Year To Date</b>	<b>Inception To Date</b>
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$100,093.06	\$596,553.12
Member Assessment	-	545,330,145.00
Recovery	2,472,427.29	321,103,070.83
Interest Income	2,420,638.65	87,147,269.18
<b>Total Receipts</b>	<b>4,993,159.00</b>	<b>954,177,038.13</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	6,096,342.05	306,099,167.06
Third-Party Administrator Claims Paid	1,317,271.81	124,795,212.09
Claims Expense Paid	860,672.31	96,902,975.73
Third-Party Administrator Claims Expense Paid	8,872.06	7,719,419.52
Premium Refund	-	22,156,849.05
Member Refund	-	151,770,192.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	949,562.37
G.F.M.S.	2,414,847.85	58,448,195.24
Legal & Audit	123,762.76	7,429,663.11
Travel	7,617.19	179,708.17
NCIGF Fee	118,004.00	1,617,112.23
Insurance	11,400.00	118,349.00
Other	21,058.66	787,533.06
Administrative Expense	-	348,120.69
<b>Total Operating Expenses</b>	<b>2,696,690.46</b>	<b>69,878,243.87</b>
<b>Total Disbursements</b>	<b>10,979,848.69</b>	<b>779,322,059.32</b>
<b>Funds Available</b>	<b>(5,986,689.69)</b>	<b>174,854,978.81</b>
<b>Reserves:</b>		
Claims Liability		163,636,499.79
Claims Expense Liability		3,918,103.90
<b>Total Reserves</b>		<b>\$167,554,603.69</b>

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**Massachusetts Insurers Insolvency Fund**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2017**  
**Consolidated Statement of Closed Insolvencies**  
**Inception**  
**To Date**

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**RECEIPTS:**

Member Assessment Administrative	(\$14,737,718.12)
Member Assessment	201,514,348.00
Recovery	92,980,965.97
Interest Income	17,276,900.09
<b>Total Receipts</b>	<b>297,034,495.94</b>

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**DISBURSEMENTS:**

Claims Paid	103,868,687.45
Claims Expense Paid	45,982,658.54
Premium Refund	14,355,720.22
<b>Member Refund</b>	<b>113,120,668.00</b>
<b>Operating Expenses:</b>	
Service Fee - ISO, Etc.	949,562.37
G.F.M.S.	14,280,400.71
Legal & Audit	3,339,739.01
Travel	68,970.99
NCIGF Fee	377,496.85
Other	363,555.33
Administrative Expense	327,036.47
<b>Total Operating Expenses</b>	<b>19,706,761.73</b>
<b>Total Disbursements</b>	<b>297,034,495.94</b>
<b>Funds Available</b>	<b>-</b>

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**Massachusetts Insurers Insolvency Fund  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2017**

**Administrative**

	<b>Year To Date</b>	<b>Inception To Date</b>
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$377,153.26	\$15,323,037.69
Interest Income	134,967.13	422,197.81
<b>Total Receipts</b>	<b>512,120.39</b>	<b>15,745,235.50</b>
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
Other	-	1,000.00
Administrative Expense	-	8,578.00
<b>Total Operating Expenses</b>	<b>-</b>	<b>9,578.00</b>
<b>Total Disbursements</b>	<b>-</b>	<b>9,578.00</b>
<b>Funds Available</b>	<b>512,120.39</b>	<b>15,735,657.50</b>
<b>Reserves:</b>		
<b>Total Reserves</b>	<b>-</b>	<b>-</b>

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