

# **RHODE ISLAND PROPERTY & 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 1, 2017

The Honorable Elizabeth Kelleher Dwyer  
Superintendent of Insurance  
RI Department of Business Regulations  
1511 Pontiac Avenue  
Cranston, RI 02920

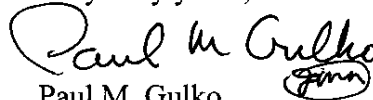
Re: Rhode Island Property & Casualty Insurance Guaranty Association (the "Association")  
Annual Report of the Association for the Year Ending December 31, 2016

Dear Superintendent Dwyer:

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, 2016.

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  
Jack Broccoli, Associate Director

# RHODE ISLAND PROPERTY & 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*

March 1, 2017

To: THE SUPERINTENDENT OF INSURANCE (“the “Superintendent”) AND THE  
MEMBER INSURERS OF THE RHODE ISLAND PROPERTY & CASUALTY  
INSURANCE GUARANTY ASSOCIATION (“the Association”)

Re: The Annual Report of the Association for the Year ending December 31, 2016

During 2016, there were two new insolvencies reported to the Association. On April 14, 2016, the Board of Directors of the Association (the “Board”) met and voted to accept the insolvency of Affirmative Insurance Company, which had been declared insolvent by the State of Illinois, and on June 2, 2016, the Board met and voted to accept the insolvency of Lumbermen’s Underwriting Alliance, which had been declared insolvent by the State of Missouri. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services® (“GFMS®”).

On October 20, 2016, the Board held its Annual Meeting in Cape Elizabeth, Maine, in conjunction with other meetings of the member insolvency funds of GFMS and its committees. Maura Travers, Earl (“Ty”) Cottam, Jr., Paul Gulko, Dawne Mills, 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 received and considered the report of the Executive Secretary regarding the ballots transmitted by member insurers with instructions to vote in favor of the following nominees as Directors: Liberty Mutual Insurance Company and Metropolitan Property and Casualty Insurance Company. The Chair thereupon directed the Executive Secretary to cast one vote for the nominees as directors for a three-year term, expiring in 2019.

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 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 an assessment in the amount of **\$1,709,676** in the Workers’ Compensation account was required and that refunds of **\$192,906** in the Auto account,

\$548,397 in the Other account and \$3,109,906 in the Worker's Compensation account are warranted. Thus, the net amount refunded to the member insurers is \$2,141,533.

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

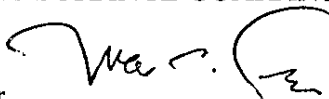
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
PROVIDENCE MUTUAL FIRE INSURANCE COMPANY	Earl F. Cottam, Jr.
FACTORY MUTUAL INSURANCE COMPANY	Jay Swiatek
LIBERTY MUTUAL INSURANCE COMPANY	Donald Baldini
NATIONWIDE MUTUAL INSURANCE COMPANY	Larry Alan
AMICA MUTUAL INSURANCE COMPANY	Robert Suglia
VERMONT MUTUAL INSURANCE COMPANY	Brian Eagan
EX-OFFICIO: SUPERINTENDENT OF INSURANCE	Elizabeth Dwyer

The Statement of Account of the Association, from inception through December 31, 2016, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the  
RHODE ISLAND PROPERTY & CASUALTY  
INSURANCE GUARANTY ASSOCIATION

By its Chair



Maura Travers

**RHODE ISLAND P&C INSURANCE GUARANTY ASSOCIATION**  
**Balance Sheet**  
**December 31, 2016**

	<u>Inception To Date</u>
<b>Assets:</b>	
<b>Checking &amp; Short-Term Cash</b>	\$1,409,607.11
<b>Investments</b>	<u>20,834,309.45</u>
<b>Total Assets</b>	<u><u>\$22,243,916.56</u></u>
<b>Fund Balance</b>	<u><u>\$22,243,916.56</u></u>

1/19/2017  
3:43:14 PM  
BS\_ALL\_UNAUDITED

**Rhode Island Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2016**  
**Total All Insolvencies**

	<u>Year To Date</u>	<u>Inception To Date</u>
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$62,115.25)	\$574,638.62
Member Assessment	1,753,786.00	110,801,387.00
Member Assessment Special	-	9,173,260.00
Member Assessment Borrowing	-	4,998,487.00
Line of Credit	-	1,349,385.00
Loan	-	2,500,000.00
Interaccount Special Transfer	-	9,173,260.00
Recovery	1,082,864.40	84,791,231.80
Interest Income	206,171.03	20,545,927.62
Interest Income - Line of Credit	-	402,698.25
<b>Total Receipts</b>	<b>2,980,706.18</b>	<b>244,310,275.29</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	1,065,821.91	73,878,479.83
Helmsman Claims Paid	243,729.44	29,268,678.24
Claims Expense Paid	103,132.98	13,598,059.58
Helmsman Claims Expense Paid	2,512.50	3,193,419.40
Premium Refund	-	5,293,327.51
Member Refund	3,464,908.00	63,956,993.00
Member Refund Borrowing	-	4,952,128.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	103,879.74
G.F.M.S.	229,212.20	10,546,909.76
Legal & Audit	9,964.75	2,190,162.01
Travel	5,730.54	155,720.98
NCIGF Fee	40,174.66	514,778.03
Insurance	6,000.00	47,094.00
Other	4,832.82	124,971.22
Administrative Expense	-	629,996.07
Interest	-	1,938,501.36
Loan	-	2,500,000.00
Interaccount Special Transfer	-	9,173,260.00
<b>Total Operating Expenses</b>	<b>295,914.97</b>	<b>27,925,273.17</b>
<b>Total Disbursements</b>	<b>5,176,019.80</b>	<b>222,066,358.73</b>
<b>Funds Available</b>	<b>(\$2,195,313.62)</b>	<b>\$22,243,916.56</b>

1/25/2017  
9:58:01 AM  
PL\_RI\_INSOL

**Rhode Island Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2016**  
**Total All Insolvencies**

	Year To Date	Inception To Date
<b>Reserves:</b>		
Claims Liability Auto		\$2.00
Claims Expense Liability Auto		3,208.71
Subtotal Auto		3,210.71
Claims Liability Other		2,502.00
Claims Expense Liability Other		2,217.26
Subtotal Other		4,719.26
Claims Liability Workers		13,799,405.77
Claims Expense Liability Workers		240,779.56
Subtotal Workers		14,040,185.33
<b>Total Reserves</b>		<b>\$14,048,115.30</b>
<b>Funds Available Per Account</b>		
Auto		\$91,803.44
Other		329,306.06
Workers		19,702,070.17
<b>Total</b>		<b>\$20,123,179.67</b>

1/25/2017  
9:58:01 AM  
PL\_RI\_INSOL