

# 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 1, 2017

Karen F. Murphy, CPA  
Director of Company Licensing and Examinations  
Department of Financial Regulation – Insurance Division  
89 Main Street  
Montpelier, VT 05620-3101

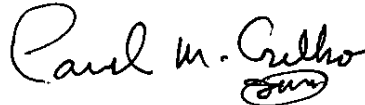
Re: Vermont Property and Casualty Insurance Guaranty Association (the “Association”)  
Annual Report of the Association for the Year Ending December 31, 2016

Dear Director Murphy:

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

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March 1, 2017

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, 2016

During 2016, there was one new insolvency submitted to the Board of Directors for action. On June 2, 2016, the Board of Directors of the Association (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 this insolvency would be provided by Guaranty Fund Management Services® ("GFMS®").

On October 20, 2016, the member insurers held their Annual Meeting in Cape Elizabeth, Maine in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services® ("GFMS®") 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: Concord General Mutual Insurance Company, MMG Insurance Company and Co-Operative Insurance Companies. 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 2019.

The Chair then presented the 2015 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, 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 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 member insurers serving on the Board as of December 31, 2016 and their designated representatives are:

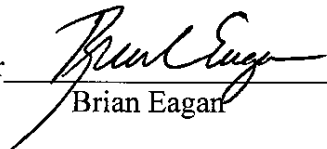
VERMONT MUTUAL INSURANCE COMPANY	Brian Eagan
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
CO-OPERATIVE INSURANCE COMPANIES	Marie Jewett
UNION MUTUAL FIRE INSURANCE COMPANY	Michael Nobles
ZURICH AMERICAN INSURANCE COMPANY	Joyce Hall Mellinger
ATLANTIC SPECIALTY INSURANCE COMPANY	James G. Jordan
GOVERNMENT 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, 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  
VERMONT PROPERTY AND  
CASUALTY INSURANCE  
GUARANTY ASSOCIATION

By its Chair

  
Brian Eagan

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

	<u><b>Inception To Date</b></u>
<b>Assets:</b>	
<b>Checking &amp; Short-Term Cash</b>	<b>\$380,194.95</b>
<b>Investments</b>	<b>24,440,747.25</b>
<b>Total Assets</b>	<u><b>\$24,820,942.20</b></u>
<b>Fund Balance</b>	<u><b>\$24,820,942.20</b></u>

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**Vermont 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	(\$101,174.36)	(\$6,912.62)
Member Assessment	-	45,636,897.00
Loan	-	100,000.00
Recovery	400,298.84	32,974,339.97
Interest Income	234,739.18	9,190,613.29
<b>Total Receipts</b>	<b>533,863.66</b>	<b>87,894,937.64</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	863,433.91	33,822,778.73
Helmsman Claims Paid	-	2,783,209.98
Claims Expense Paid	25,943.55	4,249,870.46
Helmsman Claims Expense Paid	-	249,951.05
Premium Refund	-	655,761.73
<b>Member Refund</b>	<b>-</b>	<b>16,769,412.00</b>
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	32,129.60
G.F.M.S.	147,585.39	3,077,151.62
Legal & Audit	12,402.95	409,728.96
Travel	5,206.49	178,183.24
NCIGF Fee	35,321.34	447,078.98
Insurance	5,500.00	47,643.00
Other	3,578.29	97,849.37
Administrative Expense	-	151,914.08
Interest	-	1,332.64
Loan	-	100,000.00
<b>Total Operating Expenses</b>	<b>209,594.46</b>	<b>4,543,011.49</b>
<b>Total Disbursements</b>	<b>1,098,971.92</b>	<b>63,073,995.44</b>
<b>Funds Available</b>	<b>(\$565,108.26)</b>	<b>\$24,820,942.20</b>
<b>Reserves:</b>		
Claims Liability Workers		18,151,159.47
Claims Expense Liability Workers		478,863.96
<b>Subtotal Workers</b>		<b>18,630,023.43</b>
<b>Total Reserves</b>		<b>\$18,630,023.43</b>
<b>Funds Available Per Account</b>		
Auto		\$65,523.71
Other		105,177.10
Workers		24,661,444.89
<b>Total</b>		<b>\$24,832,145.70</b>

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