

# **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, 2012

The Honorable Joseph Torti, III  
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, 2011

Dear Superintendent Torti:

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, 2011.

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, 2012

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, 2011

During 2011, there were two new insolvencies reported to the Association. On May 11, 2011, the Board of Directors of the Association (the “Board”) voted to accept the insolvencies of Atlantic Mutual Insurance Company and Centennial Insurance Company, which had been declared insolvent by the State of New York. 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, 2011, the Board held its Annual Meeting in Providence, Rhode Island, in conjunction with other meetings of the member insolvency funds of Guaranty Fund Management Services<sup>®</sup> (“GFMS<sup>®</sup>”) and its committees. Maura Travers, Earl (Ty) Cottam, Jr., Paul Gulko, James Winskowicz, and Kathleen Lavin, were elected Chair, Vice Chair, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association.

The Board then 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: Amica Mutual Insurance Company and Nationwide Mutual 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 2014.

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

The Board considered and adopted Expense Guidelines for Board and Committee Members.

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

The Board also reviewed the financial condition of the Association 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 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			\$200,000
Atlantic Mutual Insurance Company		\$100,000	\$100,000
	\$0	\$100,000	\$300,000
<b>Total Assessment</b>		<b>\$400,000</b>	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Union Indemnity Insurance Company		(\$102,948)	
Transit Casualty Company		(\$ 37,742)	(\$ 26,704)
American Mutual Liability Insurance Company			(\$1,000,000)
Credit General Insurance Company		(\$ 77,783)	
Reliance Insurance Company	(\$302,255)		
Legion Insurance Company		(\$124,203)	
Shelby Insurance Company		(\$318,434)	
	<b>(\$302,255)</b>	<b>(\$661,110)</b>	<b>(\$1,026,704)</b>
<b>Total Refund</b>		<b>(\$1,990,069)</b>	
<b>Net Refund</b>		<b>(\$1,590,069)</b>	

Upon the recommendation of the Treasurer, the Board voted that the following insolvencies be **CLOSED: Union Indemnity Insurance Company, Transit Casualty Company and United Community Insurance Company.**

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

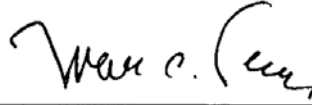
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
PROVIDENCE MUTUAL FIRE INSURANCE COMPANY	Earl F. Cottam, Jr.
FACTORY MUTUAL INSURANCE COMPANY	Jay Swiatek
LIBERTY MUTUAL INSURANCE COMPANY	John E. Hartman
NATIONWIDE MUTUAL INSURANCE COMPANY	Larry Alan
AMICA MUTUAL INSURANCE COMPANY	Robert Suglia
VERMONT MUTUAL INSURANCE COMPANY	William Catto
EX-OFFICIO: SUPERINTENDENT OF INSURANCE	Joseph Torti, III

The Statement of Account of the Association, from inception through December 31, 2011, 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

A handwritten signature in black ink, appearing to read "Maura Travers", written over a horizontal line.

Maura Travers

**RHODE ISLAND PROPERTY & CASUALTY INSURANCE GUARANTY ASSOC.**  
**Balance Sheet**  
**December 31, 2011**

	<u>Inception To Date</u>
<b>Assets:</b>	
<b>Checking &amp; Short-Term Cash</b>	\$904,200.37
<b>Investments</b>	<u>21,876,968.17</u>
<b>Total Assets</b>	<u><u>\$22,781,168.54</u></u>
<b>Fund Balance</b>	<u><u>\$22,781,168.54</u></u>

Rhode Island Property & Casualty Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2011  
Total All Insolvencies

	<u>Year To Date</u>	<u>Inception To Date</u>
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$41,646.78	\$471,212.01
Member Assessment	397,863.00	105,876,581.00
Member Assessment Special	0.00	9,173,260.00
Member Assessment Borrowing	0.00	4,998,487.00
Line of Credit	0.00	1,349,385.00
Loan	0.00	2,500,000.00
Interaccount Special Transfer	0.00	9,173,260.00
Recovery	2,361,390.34	73,920,593.53
Interest Income	577,626.48	18,887,589.24
Interest Income - Line of Credit	0.00	402,698.25
<b>Total Receipts</b>	<u><b>3,378,526.60</b></u>	<u><b>226,753,066.03</b></u>
<b>DISBURSEMENTS:</b>		
Claims Paid	678,460.21	69,731,055.77
Helmsman Claims Paid	138,944.44	27,856,090.50
Claims Expense Paid	73,163.93	13,342,388.67
Helmsman Claims Expense Paid	4,285.33	3,177,616.37
Premium Refund	0.00	5,273,761.91
Member Refund	1,928,391.00	52,973,355.00
Member Refund Borrowing	0.00	4,952,128.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	0.00	103,879.74
G.F.M.S.	88,211.12	9,724,849.10
Legal & Audit	20,638.26	2,134,033.66
Travel	4,865.35	131,661.48
NCIGF Fee	66,624.00	370,713.37
Insurance	3,990.00	20,434.00
Other	5,203.41	103,553.34
Administrative Expense	41,640.78	464,615.22
Interest	0.00	1,938,501.36
Loan	0.00	2,500,000.00
Interaccount Special Transfer	0.00	9,173,260.00
<b>Total Operating Expenses</b>	<u><b>231,172.92</b></u>	<u><b>26,665,501.27</b></u>
<b>Total Disbursements</b>	<u><b>3,054,417.83</b></u>	<u><b>203,971,897.49</b></u>
<b>Funds Available</b>	<u><b>\$324,108.77</b></u>	<u><b>\$22,781,168.54</b></u>

**Rhode Island Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2011**  
**Total All Insolvencies**

	Year To Date	Inception To Date
<b>Reserves:</b>		
Claims Liability Auto		\$25,000.00
Claims Expense Liability Auto		6,604.25
Subtotal Auto		31,604.25
Claims Liability Other		76,000.00
Claims Expense Liability Other		35,659.31
Subtotal Other		111,659.31
Claims Liability Workers		10,188,382.37
Claims Expense Liability Workers		204,607.75
Subtotal Workers		10,392,990.12
<b>Total Reserves</b>		<b>\$10,536,253.68</b>
<b>Funds Available Per Account</b>		
Auto		\$640,676.87
Other		539,011.32
Workers		19,415,392.77
<b>Total</b>		<b>\$20,595,080.96</b>

**Rhode Island Property & Casualty Insurance Guaranty Association**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2011**  
**Administrative**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$46,361.93	\$434,004.33
Line of Credit	0.00	1,349,385.00
Interest Income - Line of Credit	0.00	402,698.25
<b>Total Receipts</b>	<b>46,361.93</b>	<b>2,186,087.58</b>
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
Total Operating Expenses	0.00	0.00
Total Disbursements	0.00	0.00
Funds Available	\$46,361.93	\$2,186,087.58
<b>Reserves:</b>		
Total Reserves		\$0.00
<b>Funds Available Per Account</b>		
Auto		\$0.00
Other		0.00
Workers		0.00
<b>Total</b>		<b>\$0.00</b>



**Rhode Island Property & Casualty Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2011  
Consolidated Statement of Closed Insolvencies**

	<b>Inception To Date</b>
<b>RECEIPTS:</b>	
Member Assessment Administrative	\$31,664.00
Member Assessment Recovery	35,458,665.00
Interest Income	18,874,913.77
	4,385,171.22
<b>Total Receipts</b>	<b>58,750,413.99</b>
<b>DISBURSEMENTS:</b>	
Claims Paid	19,965,789.11
Helmsman Claims Paid	379,622.52
Claims Expense Paid	4,479,674.49
Helmsman Claims Expense Paid	47,728.79
Premium Refund	1,395,371.80
<b>Member Refund</b>	<b>29,865,718.00</b>
<b>Operating Expenses:</b>	
Service Fee - ISO, Etc.	88,590.51
G.F.M.S.	1,806,207.64
Legal & Audit	217,058.23
Travel	48,522.10
NCIGF Fee	77,022.16
Other	39,861.37
Administrative Expense	339,247.27
	2,616,509.28
<b>Total Operating Expenses</b>	<b>2,616,509.28</b>
<b>Total Disbursements</b>	<b>58,750,413.99</b>
<b>Funds Available</b>	<b>\$0.00</b>