

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 18, 2014

The Honorable Joseph G. Murphy
Commissioner of Insurance
Massachusetts Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118-6200

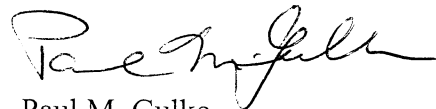
Re: Massachusetts Insurers Insolvency Fund (the "Fund")
Annual Report of the Fund for the Year Ending December 31, 2013

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, 2013.

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 18, 2014

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, 2013

During 2013, there were four new insolvencies reported to the Association. On May 16, 2013, the Board of Directors of the Fund (the "Board") met and voted to accept the insolvencies of Ullico Casualty Company, which had been declared insolvent and ordered liquidated by the State of Delaware, and American Manufacturers Mutual Insurance Company, American Motorists Insurance Company and Lumbermens Mutual Casualty Company, which had been declared insolvent and ordered liquidated in the State of Illinois. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services[®] ("GFMS[®]").

On October 26, 2013, the Board held its Annual Meeting in Washington, D.C., in conjunction with other meetings of the member insolvency funds of GFMS and its committees. James Moran of Quincy Mutual Fire Insurance Company was elected as Chair of the Board of Directors, William Cahill of Hanover Insurance Company was elected as Vice-Chair, and Paul Gulko, James Winskowicz, and Kathleen Lavin were re-elected 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: Holyoke Mutual Insurance Company in Salem, Premier Insurance Company of Massachusetts and Quincy Mutual Fire Insurance Company. The Chair thereupon directed the Manager to cast one vote for the nominees as directors for a three-year term, expiring in 2016.

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

The Board received a report concerning a claim audit performed earlier in 2013.

The Board received and considered the report of counsel as the exposure of the Fund to bad faith actions pursuant to MGL c. 93A and c. 176D, whether reinsurers are bound by the Fund's settlement of claims, and issues related to the insolvency of a company which issued annuities for structured settlements where the liability company is also insolvent.

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 that an **Assessment** in the amount of **\$20,000,000** be made.

The member insurers, their designated representatives, and the insurance producer representative, serving on the Board as of December 31, 2013, are:

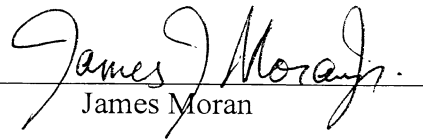
QUINCY MUTUAL FIRE INSURANCE COMPANY	James Moran
HANOVER INSURANCE COMPANY	William Cahill
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
SAFETY INSURANCE COMPANY	William Begley
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
HOLYOKE MUTUAL INSURANCE COMPANY IN SALEM	Diane Choate
PREMIER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

The Statement of Account of the Fund, from inception through December 31, 2013, 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


James Moran

MASSACHUSETTS INSURERS INSOLVENCY FUND
Balance Sheet
December 31, 2013

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$5,393,497.44
Investments	<u>157,366,509.74</u>
Total Assets	<u><u>\$162,760,007.18</u></u>
Fund Balance	<u><u>\$162,760,007.18</u></u>

**Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2013
Total All Insolvencies**

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	(\$294.20)	\$357,495.21
Member Assessment	19,959,510.00	545,287,581.00
Recovery	1,255,280.51	262,125,944.73
Interest Income	1,693,942.82	79,005,727.03
Total Receipts	22,908,439.13	886,776,747.97
DISBURSEMENTS:		
Claims Paid	8,099,206.26	274,087,525.94
Helmsman Claims Paid	2,821,011.25	115,348,948.44
Claims Expense Paid	628,303.85	93,556,571.79
Helmsman Claims Expense Paid	7,902.45	7,690,131.76
Premium Refund	1,109.00	22,149,213.58
 Member Refund	 288.00	 151,769,077.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	949,562.37
G.F.M.S.	2,048,106.94	49,388,898.45
Legal & Audit	1,087,328.28	6,611,667.55
Travel	11,497.50	158,849.50
NCIGF Fee	91,226.00	1,191,332.23
Insurance	12,330.00	72,749.00
Other	20,078.11	694,092.49
Administrative Expense	149.80	348,120.69
Total Operating Expenses	3,270,716.63	59,415,272.28
Total Disbursements	14,828,537.44	724,016,740.79
Funds Available	8,079,901.69	162,760,007.18
 Reserves:		
Claims Liability		182,460,784.45
Claims Expense Liability		4,204,952.96
Unearned Premium Liability		-
Total Reserves		\$186,665,737.41

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**Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2013
Administrative**

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$1,756,375.63	\$2,078,241.15
Recovery	-	109,972.42
Interest Income	15,660.02	15,660.02
Total Receipts	1,772,035.65	2,203,873.59
DISBURSEMENTS:		
Operating Expenses:		
Other	-	1,000.00
Administrative Expense	-	8,578.00
Total Operating Expenses	-	9,578.00
Total Disbursements	-	9,578.00
Funds Available	1,772,035.65	2,194,295.59
Reserves:		
Total Reserves	-	-

**Massachusetts Insurers Insolvency Fund
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2013
Assessment by Account**

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment	\$19,958,745.00	\$19,958,745.00
Total Receipts	19,958,745.00	19,958,745.00
DISBURSEMENTS:		
Operating Expenses:		
Total Operating Expenses	-	-
Total Disbursements	-	-
Funds Available	19,958,745.00	19,958,745.00
Reserves:		
Total Reserves	-	-