

# 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, 2015

The Honorable Gary Anderson  
Acting Commissioner  
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, 2014

Dear Acting 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, 2014.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

*Paul M. Gulko* 

Paul M. Gulko  
Manager

Enclosure

cc: The Board of Directors of the Fund

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March 18, 2015

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, 2014

During 2014, there were three new insolvencies reported to the Fund. On August 11, 2014, the Board of Directors of the Fund (the "Board") met and voted to accept the insolvencies of Freestone Insurance Company, which had been declared insolvent and ordered liquidated by the State of Delaware, and Professional Liability Insurance Company of America, which had been declared insolvent and ordered liquidated in the State of New York. On October 18, 2014, the Board met and voted to accept the insolvency of Red Rock Insurance Company, which had been declared insolvent and ordered liquidated in the State of Oklahoma. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services<sup>®</sup> ("GFMS<sup>®</sup>").

On October 18, 2014, the Board held its Annual Meeting in Woodstock, VT in conjunction with other meetings of the member insolvency funds of GFMS and its committees. William Cahill of Hanover Insurance Company was elected as Chair of the Board of Directors, Joanne Locke of Liberty Mutual 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: 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 2017.

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

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, their designated representatives, and the insurance producer representative, serving on the Board as of December 31, 2014, 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
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, 2014, 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**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2014 and Quarter Ending December 31, 2014**  
**Total All**

Quarter Ending 12/31      Inception To Date

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**RECEIPTS:**

Member Assessment Administrative	\$75.00	\$357,820.21
Member Assessment	-	545,329,030.00
Recovery	31,151,697.13	309,939,061.02
Interest Income	409,313.21	80,794,374.35
<b>Total Receipts</b>	<b>31,561,085.34</b>	<b>936,420,285.58</b>

**DISBURSEMENTS:**

Claims Paid	2,320,400.20	282,965,265.46
Helmsman Claims Paid	2,010,013.94	119,464,092.96
Claims Expense Paid	167,910.39	94,236,426.47
Helmsman Claims Expense Paid	1,987.78	7,697,310.12
Premium Refund	7,635.47	22,156,849.05
 Member Refund	 -	 151,769,077.00
<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	-	949,562.37
G.F.M.S.	1,194,880.73	51,538,168.55
Legal & Audit	71,117.28	6,788,568.22
Travel	7,308.28	166,277.66
NCIGF Fee	-	1,287,426.23
Insurance	11,400.00	84,149.00
Other	5,732.24	720,542.04
Administrative Expense	-	348,120.69
<b>Total Operating Expenses</b>	<b>1,290,438.53</b>	<b>61,882,814.76</b>
 <b>Total Disbursements</b>	 <b>5,798,386.31</b>	 <b>740,171,835.82</b>
 <b>Funds Available</b>	 <b>\$25,762,699.03</b>	 <b>\$196,248,449.76</b>

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**Massachusetts Insurers Insolvency Fund**  
**Statement of Cash Receipts and Disbursements**  
**From Inception Through December 31, 2014 and Quarter Ending December 31, 2014**  
**All Lines**

	Quarter Ending 12/31/2014	Inception To Date
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