

To: The Commissioner of Insurance and the Member Insurers of the Connecticut Insurance Guaranty Association

From: The Board of Directors of the Connecticut Insurance Guaranty Association

Date: March 30, 2022

Re: 2021 Annual Report

On behalf of the board of directors of the Connecticut Insurance Guaranty Association (the "Association"), the following is the report for the calendar year 2021.

### Membership

The membership of the Association is comprised of insurers licensed to transact business in the State that write business to which the Association's enabling Act applies. See Conn. Gen. Stat. §38a-836, *et seq.* In 2021, the following insurers became member insurers of the Association:

ARI Insurance Company;  
Dairyland National Insurance Company;  
Great Plains Casualty, Inc.;  
Homeowners Choice Property & Casualty Insurance Company, Inc.;  
Incline Casualty Company;  
Insurance Company of the South;  
Motor Club Insurance Company;  
Obsidian Insurance Company;  
Safe Auto Insurance Company;  
Service Lloyds Insurance Company, a Stock Company;  
SUNZ Insurance Company; and  
TypTap Insurance Company.

### Board of Directors

Pursuant to the Plan of Operation, the Association's board of directors consists of seven member insurers, each elected to serve three-year terms, and the Commissioner of Insurance's representative, who serves as an Ex-Officio member. Directors are elected by the member insurers every three years and fairly represent the diverse profiles of member insurers.

As of December 2021, the members of the board of directors and their designated representatives are as follows:

United States Fire Insurance Company, Joseph Torti III, Chair;  
Amica Mutual Insurance Company, Jennifer A. Morrison, Vice Chair;

Farmers Property and Casualty Insurance Company, Jaynine Warner;  
Hartford Fire Insurance Company, Andrew J. Schneider;  
MEMIC Indemnity Company, Eileen Fongemie;  
Nationwide Mutual Insurance Company, John Cerrone;  
Travelers Indemnity Company, Joanne Garvin; and  
Connecticut Insurance Department, Jared T. Kosky, Ex-Officio.

### Insolvencies

In 2021, the Association accepted four new insolvencies:

- On March 18, 2021, the board voted via written unanimous consent to accept the insolvency of Bedivere Insurance Company, which was found to be insolvent and ordered liquidated by the Commonwealth Court of Pennsylvania on March 11, 2021.
- On August 20, 2021, the board voted via written unanimous consent to accept the insolvency of Western General Insurance Company, which was found to be insolvent and ordered liquidated by the Superior Court of California, County of Los Angeles, Central District, on August 5, 2021.
- On October 21, 2021, at its annual board of directors meeting, the board voted to accept the insolvency of Global Liberty Insurance Company of New York, which was found to be insolvent and ordered liquidated by the Supreme Court of the State of New York, on October 13, 2021.
- On November 12, 2021, the board voted via written unanimous consent to accept the insolvency of Highlands Insurance Company, which was found to be insolvent and ordered liquidated by the District Court of Travis County, Texas, on October 29, 2021.

### Annual Board of Directors Meeting

The annual meeting of the board of directors was held on October 21, 2021, via video conference. At the annual board of directors meeting, the board, among other business:

- elected officers: Joseph Torti III, Chair; Jennifer A. Morrison, Vice Chair; Barbara Petersen Law, Executive Secretary; Jeffrey Scott, Claims Manager; and Heather Holland, Treasurer;
- reviewed and discussed proposed changes to the Plan of Operation;
- reviewed the Delegated Services Agreement with GFMS;
- approved audit and legal committee charters;
- received and considered reports on claims, investments, and recoveries from receivers;
- voted to approve the 2021 audited financial statements presented by the Treasurer<sup>1</sup>;
- reviewed assessment capacity, which was set at the following amounts, per account, based on 2% of the calendar year 2021 net direct written premiums:

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<sup>1</sup> The audited financial statements were approved by the Association's audit committee on March 29, 2021.

Auto	\$68,998,260
Other	\$79,214,795
Workers' Compensation	\$13,600,992

- reviewed the cash position of the Association, including its operating expenses and covered claim costs; and
- voted to approve certain assessments and refunds. Specifically, the board voted to approve auto and workers' compensation assessments in the aggregate amounts of \$170,000 and \$8,040,000, respectively. In addition, the board voted to refund amounts in the aggregate of \$591,065, \$3,946,011, and \$9,243,312 from the auto, other, and workers' compensation accounts, respectively. The combined effect of this activity represented a net refund in the amount of \$13,780,388.

### Claim Activity

As of December 31, 2021, the Association had 267 open claims – 254 workers' compensation, eight liability, and five personal automobile claims – with total reserves in the amount of \$64,794,823.

The largest reserve exposures for the Association were attributed to the liquidations of Reliance Insurance Company (\$10,962,161), Centennial Insurance Company (\$10,853,530), and American Motorists Insurance Company (\$10,210,366). Claim loss and expense payments issued during the reporting period totaled \$5,573,190.

### Recoveries

The Association pursues recoveries authorized by Conn. Gen. Stat. §38a-844(d)(1)(2)(A)(B). In 2021, an aggregate amount of \$570,440 was collected and allocated directly back to the claim files. This amount reflected recoveries from the following sources:

High Net Worth Insureds	\$449,882
Second Injury Fund	\$100,567
Large Deductible Reimbursement	\$ 14,722
Third-party Lien Recovery	\$ 5,269

The Association also files claims against the estates of insolvent insurers, such as statutory deposits and distributions of assets from receivers. In 2021, the Association recovered \$3,215,091 from early access distributions, which are subject to clawback; NCCI settlement proceeds; administrative expense reimbursements; and dividend distributions from various insolvencies.

### Financial Statements

The statement of account of the Association, from inception and for the calendar year 2021, and its balance sheet for the same periods, are attached and made a part of this annual report.

**CONNECTICUT INSURANCE GUARANTY ASSOCIATION**

**Balance Sheet**

**December 31, 2021**

**Inception**

**To Date**

**Assets:**

**Checking & Short-Term Cash** **\$11,400,745.97**

**Investments** **102,638,213.15**

**Total Assets** **\$114,038,959.12**

**Fund Balance** **\$114,038,959.12**

**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2021  
Total All Insolvencies**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$34,086.66	\$517,191.26
Member Assessment	1,831,713.00	375,967,604.00
Recovery	3,215,091.04	254,805,532.67
Interest Income	1,218,831.49	73,232,524.39
	<b>6,299,722.19</b>	<b>704,522,852.32</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	4,065,421.48	221,922,585.80
Third-Party Administrator Claims Paid	55,995.56	29,366,237.87
Claims Expense Paid	513,349.82	38,277,841.50
Third-Party Administrator Claims Expense Paid	-	2,592,311.02
Premium Refund	-	1,086,614.21
Member Refund	16,517,285.00	256,783,405.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	179,595.73
G.F.M.S.	1,059,192.43	34,477,405.11
Legal & Audit	54,310.14	3,214,746.78
Travel	-	269,273.62
NCIGF Fee	72,215.15	1,476,347.86
Insurance	-	119,290.00
Other	23,095.14	494,877.40
Administrative Expense	-	223,361.30
	<b>1,208,812.86</b>	<b>40,454,897.80</b>
<b>Total Disbursements</b>	<b>22,360,864.72</b>	<b>590,483,893.20</b>
<b>Funds Available</b>	<b>(\$16,061,142.53)</b>	<b>\$114,038,959.12</b>
<b>Reserves:</b>		
Claims Liability Auto		189,074.32
Claims Expense Liability Auto		55,950.62
Unearned Premium Liability Auto		1,408.70
Subtotal Auto		246,433.64
Claims Liability Other		420,104.00
Claims Expense Liability Other		8,591.14
Subtotal Other		428,695.14
Claims Liability Workers		62,430,464.82
Claims Expense Liability Workers		1,696,031.86
Subtotal Workers		64,126,496.68
<b>Total Reserves</b>		<b>\$64,801,625.46</b>
<b>Funds Available Per Account</b>		
Auto		\$1,608,859.22
Other		5,902,301.79
Workers		106,131,091.33
<b>Total</b>		<b>\$113,642,252.34</b>

**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2021  
Consolidated Statement of Closed Insolvencies**

	Inception To Date
<b>RECEIPTS:</b>	
Member Assessment Administrative	(\$854,661.42)
Member Assessment	48,292,318.00
Recovery	27,164,769.28
Interest Income	6,127,122.88
	80,729,548.74
<b>DISBURSEMENTS:</b>	
Claims Paid	29,585,854.81
Third-Party Administrator Claims Paid	114,099.76
Claims Expense Paid	5,107,494.59
Third-Party Administrator Claims Expense Paid	15,193.52
Premium Refund	276,770.93
Member Refund	41,548,144.00
Operating Expenses:	
Service Fee - ISO, Etc.	179,595.73
G.F.M.S.	2,953,616.12
Legal & Audit	348,938.31
Travel	87,839.62
NCIGF Fee	193,146.52
Other	104,588.85
Administrative Expense	214,265.98
	4,081,991.13
<b>Total Operating Expenses</b>	<b>4,081,991.13</b>
<b>Total Disbursements</b>	<b>80,729,548.74</b>
<b>Funds Available</b>	<b>-</b>

**Connecticut Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2021  
Administrative**

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$332,425.95	\$2,022,147.07
Interest Income	21,926.69	193,354.20
<b>Total Receipts</b>	<b>354,352.64</b>	<b>2,215,501.27</b>
<b>DISBURSEMENTS:</b>		
<b>Operating Expenses:</b>		
Other	-	1,000.00
Administrative Expense	-	9,095.32
<b>Total Operating Expenses</b>	<b>-</b>	<b>10,095.32</b>
<b>Total Disbursements</b>	<b>-</b>	<b>10,095.32</b>
<b>Funds Available</b>	<b>\$354,352.64</b>	<b>\$2,205,405.95</b>
<b>Reserves:</b>		
<b>Total Reserves</b>	<b>-</b>	<b>-</b>
<b>Funds Available Per Account</b>		
Auto		\$565,190.46
Other		701,822.34
Workers		541,686.37
<b>Total</b>		<b>\$1,808,699.17</b>