

DISTRICT OF COLUMBIA 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 18, 2013

The Honorable William P. White
Acting Commissioner of Insurance
District of Columbia Insurance Department
810 First Street, NE, Suite 701
Washington, D.C. 20002

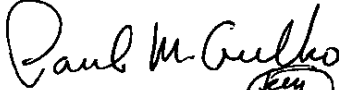
Re: District of Columbia Insurance Guaranty Association (the "Association")
Annual Report of the Association for the Year Ending December 31, 2012

Dear Acting Commissioner White:

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, 2012.

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 Association

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March 18, 2013

To: THE COMMISSIONER OF INSURANCE (the "Commissioner") AND THE MEMBER
INSURERS OF THE DISTRICT OF COLUMBIA INSURANCE GUARANTY ASSOCIATION
(the "Association")

Re: The Annual Report of the Association for the Year ending December 31, 2012

During 2012, there was one new insolvency reported to the Association. On December 18, 2012, the Board of Directors of the Association (the "Board") voted to accept the insolvency of Frontier Insurance Company, which had been declared insolvent and ordered liquidated by the State of New York. The Board decided that the administration of this insolvency would be provided by Guaranty Fund Management Services® ("GFMS®"). The Board also continued to monitor existing insolvencies and potential insolvencies.

The Board of Directors approved a settlement between the Association and American International Group, Inc. ("AIG") related to the underreporting of worker's compensation premiums by AIG.

On October 21, 2012, the Board held its Annual Meeting in New Castle, New Hampshire, in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services® ("GFMS®") and its committees. Larry Hinton, Joanne Locke, Paul Gulko, James Winskowicz, and Kathleen Lavin, were elected Chair, Vice-Chair, Manager, Claims Manager, and Treasurer, respectively, of the Association.

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

The Board acknowledged that the membership had voted to approve a change to the Plan of Operation related to the election of the Board of Directors. This change will lead to a staggering of the terms of the Directors, beginning with the 2013 election.

The Board reviewed the process by which assessments are levied upon member insurers. 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 thereupon voted that an assessment in the Workers' Compensation account be made in the amount of \$1,000,000.

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

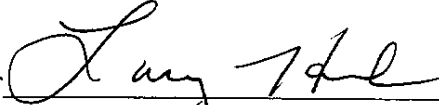
GOVERNMENT EMPLOYEES INSURANCE COMPANY	Larry Hinton
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
MARYLAND CASUALTY COMPANY	Joyce Hall Mellinger
PROASSURANCE NATIONAL CAPITAL INSURANCE COMPANY	Howard Friedman
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG, PA	Paul S. Brown
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	Peggy Echols
ALLSTATE INSURANCE COMPANY	Jeff Williams

The Statement of Account of the Association, from inception through December 31, 2012, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the
DISTRICT OF COLUMBIA INSURANCE
GUARANTY ASSOCIATION

By its Chair


Larry Hinton

DISTRICT OF COLUMBIA INSURANCE GUARANTY ASSOCIATION
Balance Sheet
December 31, 2012

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$1,957,517.25
Investments	25,603,815.59
Total Assets	<u>\$27,561,332.84</u>
Fund Balance	<u>\$27,561,332.84</u>

District of Columbia Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2012
District of Columbia Insurance Guaranty Association

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$9,740.11	\$196,013.06
Member Assessment	1,012,116.00	57,454,208.00
Recovery	598,036.29	20,600,682.90
Interest Income	536,308.86	7,374,552.12
Total Receipts	2,156,201.26	85,625,456.08
DISBURSEMENTS:		
Claims Paid	694,634.18	20,621,315.31
Helmsman Claims Paid	477.88	617,022.13
Claims Expense Paid	31,191.02	4,281,708.19
Helmsman Claims Expense Paid	-	59,432.28
Premium Refund	-	145,416.04
Member Refund	95.00	27,109,056.00
Operating Expenses:		
G.F.M.S.	110,980.70	3,624,298.66
Legal & Audit	(12,391.05)	800,991.39
Travel	6,228.48	149,487.87
NCIGF Fee	-	326,406.89
Insurance	5,770.00	32,783.00
Other	3,883.46	78,892.11
Administrative Expense	9,776.11	217,313.37
Total Operating Expenses	124,247.70	5,230,173.29
Total Disbursements	850,645.78	58,064,123.24
Funds Available	\$1,305,555.48	\$27,561,332.84
Reserves:		
Claims Liability Other		325,010.00
Claims Expense Liability Other		13,863.45
Subtotal Other		338,873.45
Claims Liability Workers		25,245,686.40
Claims Expense Liability Workers		366,270.69
Subtotal Workers		25,611,957.09
Total Reserves		\$25,950,830.54
Funds Available Per Account		
Auto		\$44,207.76
Other		572,011.69
Workers		26,856,381.66
Total		\$27,472,601.11

District of Columbia Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2012
Total All Insolvencies

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$9,740.11	\$196,013.06
Member Assessment	1,012,116.00	57,454,208.00
Recovery	598,036.29	20,600,682.90
Interest Income	536,308.86	7,374,552.12
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Auto		\$44,207.76
Other		572,011.69
Workers		26,856,381.66
Total		\$27,472,601.11

**District of Columbia Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2012
Administrative**

	<u>Year To Date</u>	<u>Inception To Date</u>
RECEIPTS:		
Member Assessment Administrative	\$11,658.63	\$131,428.99
Recovery	47,465.44	47,465.44
Total Receipts	<u>59,124.07</u>	<u>178,894.43</u>
DISBURSEMENTS:		
Operating Expenses:		
Other	1,000.00	1,000.00
Administrative Expense	-	41,697.26
Total Operating Expenses	<u>1,000.00</u>	<u>42,697.26</u>
Total Disbursements	<u>1,000.00</u>	<u>42,697.26</u>
Funds Available	<u>\$58,124.07</u>	<u>\$136,197.17</u>
Reserves:		
Total Reserves		<u>-</u>
Funds Available Per Account		
Auto		-
Other		-
Workers		47,465.44
Total		<u>\$47,465.44</u>

**District of Columbia Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2012
Assessment by Account**

	<u>Year To Date</u>	<u>Inception To Date</u>
RECEIPTS:		
Member Assessment	\$999,986.00	\$999,986.00
Total Receipts	<u>999,986.00</u>	<u>999,986.00</u>
DISBURSEMENTS:		
Operating Expenses:		
Total Operating Expenses	-	-
Total Disbursements	-	-
Funds Available	<u>\$999,986.00</u>	<u>\$999,986.00</u>
Reserves:		
Total Reserves		-
Funds Available Per Account		
Auto		-
Other		-
Workers		999,986.00
Total		<u>\$999,986.00</u>