

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 18, 2014

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, 2013

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, 2013.

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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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, 2013

During 2013, there were three new insolvencies reported to the Association. On May 24, 2013, the Board of Directors of the Association (the “Board”) met and voted to accept the insolvencies of American Manufacturers Mutual Insurance Company, American Motorists Insurance Company and Lumbermens Mutual Casualty Company, which had been declared insolvent by 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. 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 discussed and/or voted the following items. The Board discussed and/or voted the following items.

The Board 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: Metropolitan Property and Casualty Insurance Company and Liberty 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 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 reviewed the existing contract with GFMS and determined no changes were necessary.

The Board addressed the Association’s share of the AIG settlement proceeds, amounting to \$1,283,224. After discussion and consideration, and upon information received from the Treasurer, the Board voted to return the proceeds in the form of a refund to the members, excluding AIG companies.

The Board next 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 the following assessments and refunds of prior assessments be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Lumbermens Mutual Casualty Company		\$200,000	
American Motorists Insurance Company			\$1,499,770
	\$0	\$200,000	\$1,499,770
Total Assessment		\$1,699,770	
<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
American Mutual Liability Insurance Company			(\$3,000,000)
Legion Insurance Company		(\$326,909)	
Shelby Insurance Company	(\$200,000)		
Lumbermens Mutual Casualty Company			
	(\$200,000)	(\$326,909)	(\$3,000,000)
Total Refund		(\$3,526,909)	
Net Refund		(\$1,827,139)	

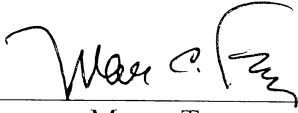
The member insurers currently serving on the Board and their designated representatives are:

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, 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
RHODE ISLAND PROPERTY & CASUALTY
INSURANCE GUARANTY ASSOCIATION

By its Chair  _____
Maura Travers

RHODE ISLAND P&C INSURANCE GUARANTY ASSOCIATION
Balance Sheet
December 31, 2013

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$2,350,987.12
Investments	21,603,319.37
Total Assets	<u><u>\$23,954,306.49</u></u>
Fund Balance	<u><u>\$23,954,306.49</u></u>

Rhode Island Property & Casualty Insurance Guaranty Association
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	(\$31.76)	\$636,590.83
Member Assessment	1,673,355.00	107,555,534.00
Member Assessment Special	-	9,173,260.00
Member Assessment Borrowing	-	4,998,487.00
Line of Credit	-	1,349,385.00
Loan	-	2,500,000.00
Interaccount Special Transfer	-	9,173,260.00
Recovery	364,783.54	78,373,792.79
Interest Income	363,804.54	19,914,347.73
Interest Income - Line of Credit	-	402,698.25
Total Receipts	2,401,911.32	234,077,355.60
DISBURSEMENTS:		
Claims Paid	801,019.49	71,220,602.00
Helmsman Claims Paid	199,859.25	28,230,406.41
Claims Expense Paid	31,431.34	13,442,745.39
Helmsman Claims Expense Paid	1,763.94	3,182,922.73
Premium Refund	-	5,293,327.51
Member Refund	3,252,068.00	56,675,593.00
Member Refund Borrowing	-	4,952,128.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	103,879.74
G.F.M.S.	125,957.48	9,941,461.08
Legal & Audit	23,031.78	2,152,453.14
Travel	4,404.39	141,755.41
NCIGF Fee	32,994.00	403,707.37
Insurance	4,650.00	29,094.00
Other	3,045.62	111,215.90
Administrative Expense	(4.73)	629,996.07
Interest	-	1,938,501.36
Loan	-	2,500,000.00
Interaccount Special Transfer	-	9,173,260.00
Total Operating Expenses	194,078.54	27,125,324.07
Total Disbursements	4,480,220.56	210,123,049.11
Funds Available	(\$2,078,309.24)	\$23,954,306.49

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Rhode Island Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2013
Total All Insolvencies

	Year To Date	Inception To Date
Reserves:		
Claims Liability Auto		\$5,000.00
Claims Expense Liability Auto		4,814.92
Subtotal Auto		9,814.92
Claims Liability Other		201,509.00
Claims Expense Liability Other		9,961.00
Subtotal Other		211,470.00
Claims Liability Workers		14,343,944.83
Claims Expense Liability Workers		234,783.08
Unearned Premium Liability Workers		-
Subtotal Workers		14,578,727.91
Total Reserves		\$14,800,012.83
Funds Available Per Account		
Auto		\$605,960.99
Other		1,040,697.69
Workers		20,082,282.61
Total		\$21,728,941.29

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Rhode Island Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2013
Administrative

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$131,702.07	\$732,722.99
Line of Credit	-	1,349,385.00
Recovery	(1,283,223.97)	-
Interest Income	6,492.45	6,492.45
Interest Income - Line of Credit	-	402,698.25
Total Receipts	(1,145,029.45)	2,491,298.69
DISBURSEMENTS:		
Operating Expenses:		
Other	-	1,000.00
Total Operating Expenses	-	1,000.00
Total Disbursements	-	1,000.00
Funds Available	(\$1,145,029.45)	\$2,490,298.69
Reserves:		
Total Reserves		-
Funds Available Per Account		
Auto		\$6,253.59
Other		146,551.47
Workers		112,128.43
Total		\$264,933.49

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Rhode Island Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2013
Consolidated Statement of Closed Insolvencies

	<u>Inception To Date</u>
RECEIPTS:	
Member Assessment Administrative	(\$96,727.47)
Member Assessment	44,220,777.00
Recovery	22,379,888.75
Interest Income	5,939,464.35
Total Receipts	72,443,402.63
DISBURSEMENTS:	
Claims Paid	24,754,563.67
Helmsman Claims Paid	1,307,263.29
Claims Expense Paid	5,251,907.27
Helmsman Claims Expense Paid	165,656.05
Premium Refund	1,561,161.25
Member Refund	35,634,759.00
Operating Expenses:	
Service Fee - ISO, Etc.	88,590.51
G.F.M.S.	2,483,245.87
Legal & Audit	315,088.64
Travel	70,321.97
NCIGF Fee	123,074.98
Other	57,774.06
Administrative Expense	629,996.07
Total Operating Expenses	3,768,092.10
Total Disbursements	72,443,402.63
Funds Available	-

Rhode Island Property & Casualty Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2013
Consolidated Mutual Insurance Company (11/13/1978)

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	-	\$595.01
Member Assessment	-	266,727.00
Recovery	677.30	187,350.69
Interest Income	2,596.30	107,463.22
Total Receipts	3,273.60	562,135.92
DISBURSEMENTS:		
Claims Paid	14,723.53	184,116.47
Claims Expense Paid	25.40	8,699.85
Member Refund	-	161,262.00
Operating Expenses:		
Service Fee - ISO, Etc.	-	15,289.23
G.F.M.S.	-	24,633.37
Legal & Audit	-	4,913.70
Travel	-	2,651.28
NCIGF Fee	-	2,507.31
Other	-	1,942.64
Total Operating Expenses	-	51,937.53
Total Disbursements	14,748.93	406,015.85
Funds Available	(\$11,475.33)	\$156,120.07
Reserves:		
Claims Liability Workers		50,103.02
Claims Expense Liability Workers		2,088.67
Subtotal Workers		52,191.69
Total Reserves		\$52,191.69
Funds Available Per Account		
Auto		\$1,199.29
Other		(35,379.93)
Workers		190,300.71
Total		\$156,120.07

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