

# MAINE INSURANCE GUARANTY ASSOCIATION

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March 1, 2009

To: THE SUPERINTENDENT OF INSURANCE (the "Superintendent") AND  
THE MEMBER INSURERS OF THE MAINE INSURANCE GUARANTY  
ASSOCIATION (the "Association")

Re: The Annual Report of the Association for the Year ending December 31, 2008

During 2008, there were no new insolvencies reported to the Association. The Board of Directors of the Association (the "Board") continued to monitor existing insolvencies and potential insolvencies.

The Board held meetings on January 29, 2008, March 10, 2008, April 2, 2008 and December 2, 2008. The purpose of the meetings was to review the status of the audit of workers' compensation files as well as proposed legislation involving the Maine Insurance Guaranty Association.

On October 27, 2008, the Board held its Annual Meeting in Freeport, Maine, in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services® ("GFMS®") and its committees. Messrs. Hamblen, Vernon, Gulko and Winskowicz, and Ms. Lavin, were elected Chairman, Vice Chairman, Executive Secretary, Claims Manager and Treasurer, respectively, of the Association.

The Board then received and considered the report of the Executive Secretary regarding the ballots transmitted by the member insurers with instructions to vote in favor of the following nominees as Directors: Maine Bonding and Casualty Company and MMG Insurance Company. The Chairman then directed the Executive Secretary to cast one vote for the election of the nominees as Directors for a three-year term, expiring in 2011.

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

The Board also 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 the following assessment and refunds be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Amwest Surety Insurance Company WC Residual Market		\$ 35,000	\$ 1,817,224
	\$ 0	\$ 35,000	\$ 1,817,224
<b>Total Assessment</b>		<b>\$ 1,852,224</b>	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Transit Casualty Company		(\$22,051)	
Midland Insurance Company		(32,777)	
Integrity Insurance Company	(\$10,535)		
Reliance Insurance Company		(536,155)	
PHICO Insurance Company		(249,000)	
	(\$ 10,535)	(\$ 839,983)	\$0
<b>Total Refund</b>		<b>(\$ 850,518)</b>	
<b>Net Assessment</b>		<b>\$ 1,001,706</b>	

Upon recommendation of Ms. Lavin, the Board further voted to **CLOSE** the following insolvencies: **Transit and Integrity**.

The member insurers serving on the Board and their designated representatives as of December 31, 2008 are:

ACADIA INSURANCE COMPANY	Charles Hamblen
MMG INSURANCE COMPANY	Timothy Vernon
LIBERTY MUTUAL INSURANCE COMPANY	Priscilla Lenkowski
METROPOLITAN PROPERTY AND CASUALTY INSURANCE COMPANY	Maura Travers
ONEBEACON AMERICA INSURANCE COMPANY	Virginia McCarthy
TRAVELERS INDEMNITY COMPANY	David Fleming
MAINE BONDING AND CASUALTY COMPANY	Joyce Hall Mellinger

The Statement of Account of the Association, from inception through December 31, 2008, and its Balance Sheet for the same period, are attached hereto and made a part hereof.

Respectfully submitted,

The Board of Directors of the  
MAINE INSURANCE  
GUARANTY ASSOCIATION

By its Chairman



Charles Hamblen

**MAINE INSURANCE GUARANTY ASSOCIATION**

**Balance Sheet**

**December 31, 2008**

**Year  
To Date**

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**Assets:**

**Checking & Short-Term Cash**  
**Investments**

**\$2,799,724.78**  
**28,699,780.23**

**Total Assets**

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**\$31,499,505.01**  
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**Fund Balance**

**\$31,499,505.01**  
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Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2008  
Total All Insolvencies

	Year To Date	Inception To Date
<b>RECEIPTS:</b>		
Member Assessment Administrative	\$6,834.29	\$124,013.77
Member Assessment	1,856,358.00	82,367,255.00
Member Assessment Special	4.00	37,834,992.00
Loan	0.00	2,500,000.00
Interaccount Special Transfer	0.00	30,219,225.00
Recovery	2,839,650.60	92,711,630.14
Interest Income	1,100,735.74	15,488,686.55
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<b>Total Receipts</b>	<b>5,803,582.63</b>	<b>261,245,802.46</b>
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<b>DISBURSEMENTS:</b>		
Claims Paid	1,663,283.26	121,157,057.40
Helmsman Claims Paid	408,254.40	42,438,642.91
Claims Expense Paid	71,789.06	5,379,174.80
Helmsman Claims Expense Paid	10,523.31	3,157,117.87
Premium Refund	2,799.90	1,075,965.28
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Member Refund	846,197.00	10,628,295.00
Member Refund Special	0.00	7,615,763.00
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<b>Operating Expenses:</b>		
Service Fee - ISO, Etc.	0.00	30,077.28
G.F.M.S.	310,357.43	3,879,246.07
Legal & Audit	74,844.72	666,275.52
Travel	13,164.75	117,373.87
NCIGF Fee	58,968.00	280,346.55
Insurance	6,879.00	6,879.00
Other	3,726.27	202,265.26
Administrative Expense	6,834.29	113,720.34
Interest	0.00	278,872.30
Loan	0.00	2,500,000.00
Interaccount Special Transfer	0.00	30,219,225.00
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<b>Total Operating Expenses</b>	<b>474,774.46</b>	<b>38,294,281.19</b>
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<b>Total Disbursements</b>	<b>3,477,621.39</b>	<b>229,746,297.45</b>
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<b>Funds Available</b>	<b>\$2,325,961.24</b>	<b>\$31,499,505.01</b>
	=====	=====
<b>Reserves:</b>		
Claims Liability Auto		50,000.00
Claims Expense Liability Auto		5,995.11
Unearned Premium Liability Auto		0.00
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<b>Subtotal Auto</b>		<b>55,995.11</b>
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Claims Liability Other	7,067.96
Claims Expense Liability Other	3,372.45
Unearned Premium Liability Other	11,742.81
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Subtotal Other	22,183.22
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Claims Liability Workers	32,007,852.99
Claims Expense Liability Workers	381,466.94
Unearned Premium Liability Workers	0.00
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Subtotal Workers	32,389,319.93
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Total Reserves	\$32,467,498.26
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Funds Available Per Account	
Auto	\$276,030.80
Other	1,563,639.25
Workers	29,548,411.35
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Total	\$31,388,081.40
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