

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 1, 2012

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

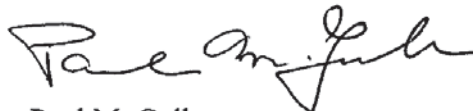
Re: District of Columbia Insurance Guaranty Association (the "Association")
Annual Report of the Association for the Year Ending December 31, 2011

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, 2011.

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 1, 2012

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, 2011

On May 13, 2011, the Board of Directors of the Association (the "Board") voted to accept the insolvencies of Atlantic Mutual Insurance Company and Centennial Insurance Company, which had been declared insolvent by the State of New York. On October 16, 2011, the Board voted to accept the insolvencies of Reinsurance Company of America, Inc., which had been declared insolvent in the State of Illinois. The Board decided that the administration of these insolvencies would be provided by Guaranty Fund Management Services[®] ("GFMS[®]"). The Board also continued to monitor existing insolvencies and potential insolvencies.

On October 16, 2011, the Board held its Annual Meeting in Providence, Rhode Island 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 considered and adopted Expense Guidelines for Board and Committee Members.

The Board received a report regarding an Audit of the Association by the Department of Insurance, Securities and Banking. As a result of the examination, the Department suggested that the terms of the Association's Board of Directors be staggered. As such, the Board voted to approve a change, subject to a member insurers' vote, to the Plan of Operation which would stagger the terms of the members of the Board, beginning with the 2013 election.

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 the following assessment and refund of prior assessments be made:

<u>ASSESSMENT</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Reliance Insurance Company	\$0	\$0	\$1,000,000
Fremont Indemnity Company	\$0	\$0	\$ 200,000
Atlantic Mutual Insurance Company	\$0	\$0	\$ 800,000
	\$0	\$0	\$2,000,000
Total Assessment	\$ 2,000,000		

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMP</u>
Union Indemnity Insurance Company	\$0	(\$ 73,999)	\$0
Transit Casualty Company	\$0	(\$ 25,080)	\$0
Credit General Insurance Company	\$0	\$0	(\$28,967)
Reliance Insurance Company	\$0	(\$500,000)	\$0
	\$0	(\$599,079)	(\$28,967)
Total Refund	(\$628,046)		

Net Assessment (\$1,371,954)

Upon recommendation of the Treasurer, the Board further voted that the following insolvencies be **CLOSED: Union Indemnity Insurance Company, Transit Casualty Company, Credit General Insurance Company and MIIX Insurance Company.**

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, 2011, 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, 2011

	<u>Inception To Date</u>
Assets:	
Checking & Short-Term Cash	\$2,188,270.63
Investments	<u>24,067,506.73</u>
Total Assets	<u><u>\$26,255,777.36</u></u>
Fund Balance	<u><u>\$26,255,777.36</u></u>

District of Columbia Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2011
Total All Insolvencies

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$13,058.29	\$186,272.95
Member Assessment Recovery	1,994,271.00	56,442,092.00
Interest Income	977,557.32	20,002,646.61
	510,396.31	6,838,243.26
Total Receipts	3,495,282.92	83,469,254.82
DISBURSEMENTS:		
Claims Paid	500,098.38	19,926,681.13
Helmsman Claims Paid	496.26	616,544.25
Claims Expense Paid	52,316.07	4,250,517.17
Helmsman Claims Expense Paid	0.00	59,432.28
Premium Refund	0.00	145,416.04
 Member Refund	 618,623.00	 27,108,961.00
Operating Expenses:		
G.F.M.S.	74,680.88	3,513,317.96
Legal & Audit	22,131.97	813,382.44
Travel	5,635.81	143,259.39
NCIGF Fee	59,867.00	326,406.89
Insurance	5,310.00	27,013.00
Other	4,090.09	75,008.65
Administrative Expense	15,477.29	207,537.26
Total Operating Expenses	187,193.04	5,105,925.59
 Total Disbursements	 1,358,726.75	 57,213,477.46
Funds Available	\$2,136,556.17	\$26,255,777.36
 Reserves:		
Claims Liability Other		265,001.00
Claims Expense Liability Other		10,002.00
Subtotal Other		275,003.00
Claims Liability Workers		26,471,889.48
Claims Expense Liability Workers		353,668.66
Subtotal Workers		26,825,558.14
Total Reserves		\$27,100,561.14
 Funds Available Per Account		
Auto		\$32,466.71
Other		638,017.87
Workers		25,507,219.68
Total		\$26,177,704.26

District of Columbia Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2011
Administrative

	Year To Date	Inception To Date
RECEIPTS:		
Member Assessment Administrative	\$13,769.03	\$119,770.36
Total Receipts	13,769.03	119,770.36
DISBURSEMENTS:		
Operating Expenses:		
Administrative Expense	0.00	41,697.26
Total Operating Expenses	0.00	41,697.26
Total Disbursements	0.00	41,697.26
Funds Available	\$13,769.03	\$78,073.10
Reserves:		
Total Reserves		\$0.00
Funds Available Per Account		
Auto		\$0.00
Other		0.00
Workers		0.00
Total		\$0.00

District of Columbia Insurance Guaranty Association
Statement of Cash Receipts and Disbursements
From Inception Through December 31, 2011
Consolidated Statement of Closed Insolvencies

	<u>Inception To Date</u>
RECEIPTS:	
Member Assessment Administrative	\$50,313.43
Member Assessment	12,886,094.00
Recovery	3,373,874.51
Interest Income	<u>1,305,933.14</u>
Total Receipts	<u>17,616,215.08</u>
DISBURSEMENTS:	
Claims Paid	3,990,220.92
Helmsman Claims Paid	124,994.43
Claims Expense Paid	2,042,244.06
Helmsman Claims Expense Paid	8,476.31
Premium Refund	95,198.70
 Member Refund	 8,969,034.00
Operating Expenses:	
G.F.M.S.	1,815,199.74
Legal & Audit	270,009.80
Travel	59,767.50
NCIGF Fee	62,410.81
Other	30,539.70
Administrative Expense	<u>148,119.11</u>
Total Operating Expenses	<u>2,386,046.66</u>
 Total Disbursements	 <u>17,616,215.08</u>
Funds Available	<u><u>\$0.00</u></u>