

# DISTRICT OF COLUMBIA INSURANCE GUARANTY ASSOCIATION

*One Bowdoin Square  
Boston, MA 02114-2916  
(617) 227-7020 (800) 852-2003  
Fax: (617) 227-8235*

March 3, 2008

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, 2007

During 2007, 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.

On October 14, 2007, the Board held its Annual Meeting in Norwich, Connecticut, in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services® ("GFMS®") and its committees. Allstate Insurance Company, Government Employees Insurance Company, Liberty Mutual Insurance Company, Maryland Casualty Company, National Capitol Reciprocal Insurance Company, National Union Fire Insurance Company of Pittsburg, Pa and State Farm Mutual Automobile Insurance Company were elected to the Board of Directors of the Association for terms of three (3) years. Messrs. Hinton, Gulko and Winskowicz, and Meses. Locke and Lavin, were elected Chairman, Manager, Claims Manager, Vice-Chairwoman and Treasurer, respectively, of the Association.

The Board received and considered reports concerning claims and reports on recoveries from receivers respectively, as well as the report of counsel to the Association concerning pending matters.

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' COMPENSATION</u>
Midland Insurance Company			\$ 94,000
Legion Insurance Company			500,000
	\$ 0	\$ 0	\$594,000
<b>Total Assessment</b>		<b>\$ 594,000</b>	

<u>REFUND</u>	<u>AUTO</u>	<u>OTHER</u>	<u>WORKERS' COMPENSATION</u>
American Druggist Insurance Co		(\$ 43,448)	
Capital Casualty Insurance Company	(\$75,325)		
Reliance Insurance Company	(300,000)		
PHICO Insurance		(1,000,000)	
	(\$ 375,325)	(\$ 1,043,448)	\$ 0
<b>Total Refund</b>		(\$ 1,418,773)	
<b>Net Refund</b>		(\$ 824,773)	

Upon recommendation of Ms. Lavin, the Board further voted that the **American Druggist** and **Capitol Casualty** insolvencies be **CLOSED**.

After discussion, the Board voted to obtain Directors and Officers Liability Insurance Coverage for Board members.

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

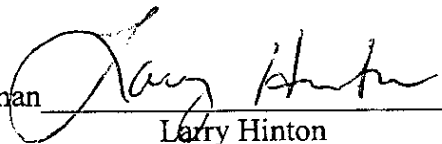
GOVERNMENT EMPLOYEES INSURANCE COMPANY	Larry Hinton
MARYLAND CASUALTY COMPANY	Joyce Hall Mellinger
NATIONAL CAPITAL RECIPROCAL INSURANCE COMPANY	Howard Freedman
LIBERTY MUTUAL INSURANCE COMPANY	Joanne Locke
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG, PA	
STATE FARM MUTUAL AUTOMOBILE INSURANCE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

The Statement of Account of the Association, from inception through December 31, 2007, 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 Chairman

  
Larry Hinton