



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of **Connecticut Insurance Guaranty Association** (the "Association") as of December 31, 2023, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

#### TO WIT:

1. I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("C.G.S.").
2. The Association is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On May 15, 2025, the verified Report of the Association was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Association was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On June 6, 2025, the Association filed a written submission indicating that they were in agreement with all of the recommendations contained in the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

**NOW, THEREFORE,** it is ordered as follows:

1. That the Report of the Association is hereby adopted as filed with the Department.
2. That the Association shall comply with the recommendations set forth in the Report, and that failure by the Association to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the C.G.S. requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

Please address the certification to the Commissioner but send said certification to the care/attention of William Arfanis, Assistant Deputy Commissioner of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the C.G.S. requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 9<sup>th</sup> day of June, 2025



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Andrew N. Mais  
Insurance Commissioner

**EXHIBIT A**

**REPORT OF EXAMINATION**

**OF**

**CONNECTICUT INSURANCE GUARANTY ASSOCIATION**

**AS OF**

**DECEMBER 31, 2023**

**BY THE**

**CONNECTICUT INSURANCE DEPARTMENT**



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May 15, 2025

The Honorable Andrew N. Mais  
Commissioner of Insurance  
State of Connecticut Insurance Department  
153 Market Street  
Hartford, Connecticut 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-847 of the Connecticut Insurance Guaranty Association Act (Act) of the General Statutes of the State of Connecticut (CGS), the undersigned has made a financial examination of the condition and affairs of:

#### CONNECTICUT INSURANCE GUARANTY ASSOCIATION

(hereinafter may be referred to as the Association, or CIGA), an unincorporated, tax-exempt, nonprofit association organized under the laws of the State of Connecticut and having its home office and its main administrative office located at One Bowdoin Square, Boston, Massachusetts 02114. The examination was conducted remotely. The report on such examination is submitted herewith.

#### SCOPE OF THE EXAMINATION

This was the first examination of CIGA conducted by the Financial Regulation Division of the Department of Insurance (Department). The examination covers the period from January 1, 2021, through December 31, 2023, including any material transactions and/or events occurring subsequent to the examination date and noted during this examination.

The examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Association, and evaluate significant risks that could cause an insurer's surplus to be materially misstated currently and prospectively.

All accounts and activities of CIGA were considered in accordance with a modified risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with a modified cash basis for accounting. The examination does not attest to the fair presentation of the financial statements included herein. If, in the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the financial statement.

This examination report includes references to the CGS, under which the Association operates, and general information about CIGA, its financial condition, and the compliance by CIGA and its member companies to statute and to CIGA Plan of Operation (Plan). There may be other items identified during the examination that; due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included in the examination report but may be separately communicated to other regulators and/or CIGA.

## CONNECTICUT INSURANCE GUARANTY ASSOCIATION

As part of the examination planning procedures, the Department reviewed the following materials from 2021 through 2023:

- Board of Director (Board) and Committee minutes (through the latest 2024 minutes);
- modified-cash basis audit reports completed by the Association' independent certified public accountants, PricewaterhouseCoopers (PwC); and
- the Plan.

CIGA is audited annually by PwC, an independently certified public accounting firm. The firm expressed unqualified opinions on CIGA 's financial statements for the years ended December 31, 2021 through 2023, in conformity with a modified-cash basis of accounting, modified to record assets or liabilities with respect to cash transactions and events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transactions or events occurred. The modifications result in the recording of investments in the Statement of Assets and Fund Balance. All transactions are recognized as either revenue or expenses when received or paid in cash, except for transactions which result in transfers between assets, which are presented net in the Statement of Revenue, Expenses and Changes in Fund Balance. Non-cash transactions are not recognized. This basis of accounting represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting differs from GAAP primarily because certain revenue and related assets have been recognized when received rather than when earned and certain expenses and related liabilities have been recognized when paid rather than when the obligations were incurred. Review and use of the certified public accountants' workpapers were deemed appropriate and effective.

### HISTORY

CIGA is a private, nonprofit, unincorporated legal entity created in 1971 by an Act of the Legislature of the State of Connecticut. The purpose of the Association is to avoid financial loss to claimants and policyholders because of the insolvency of a licensed insurance company doing business in the State of Connecticut. Membership in the Association is required of insurers who write certain lines of insurance and are licensed to transact business in the State of Connecticut. The Association is managed by Guaranty Fund Management Services, Inc. (GFMS).

Founded in 1981, GFMS is a Boston-based, Delaware nonprofit corporation that provides management and insurance claims services to the eight property and casualty insurance guaranty associations established by law in the six New England states, Virginia and the District of Columbia.

GFMS is responsible for the management and operational frameworks that enable its member guaranty associations to discharge their statutory responsibilities to handle promptly and efficiently covered claims against insolvent property and casualty insurers. GFMS is also authorized to furnish related or compatible services to property and casualty insurers and insurer organizations.

The Association is obligated to claimants or policyholders of insolvent insurers to the extent of covered claims against such insolvent insurers as defined by statute.

# CONNECTICUT INSURANCE GUARANTY ASSOCIATION

## INSOLVENCIES LISTING

The following is a list of insolvent CIGA member insurers:

Affirmative Insurance Company  
American Country Insurance Company  
American Manufacturers Mutual Insurance Company  
American Motorists Insurance Company  
American Mutual Insurance Company of Boston,  
American Mutual Liability Insurance Company  
American Universal Insurance Company  
Arrowood Indemnity Company  
Atlantic Mutual Insurance Company  
Bedivere Insurance Company  
Castlepoint National Insurance Company  
Casualty Reciprocal Exchange  
Centennial Insurance Company  
Eastern Casualty Insurance Company  
Employer's Casualty Company  
Fremont Indemnity Company  
Frontier Insurance Company  
Global Liberty Insurance Company of NY  
Go Insurance Company  
Highlands Insurance Company  
Home Insurance Company  
Ideal Mutual Insurance Company  
Legion Insurance Company  
Lumbermens Mutual Casualty Company  
Lumbermens Underwriting Alliance  
Maidstone Insurance Company  
Midland Insurance Company  
Northwestern National Insurance Company  
PHICO Insurance Company  
Reliance Insurance Company  
Shelby Insurance Company  
Shelby Casualty Insurance Company  
Transit Casualty Company  
Ullico Casualty Company  
United Property & Casualty Insurance Company  
Villanova Insurance Company  
Western General Insurance Company  
Windhaven National Insurance Company Inc.

# CONNECTICUT INSURANCE GUARANTY ASSOCIATION

## Assessment and Refunds to Members

The Association is required to allocate claims and expenses across three separate accounts established under Section 38a-839 of the CGS, assessing member insurers proportionally based upon their net direct written premiums from the preceding calendar year. These assessments cover insolvency obligations, claim handling expenses, examination costs, and other authorized expenses, with thirty-day advance notice required and a two percent annual cap on assessments relative to premiums. For members and all its affiliates with fifty percent or more premiums from Connecticut policies, assessments are limited to premiums attributable to the specific claim type. When maximum assessment proves insufficient, funds may be prorated with unpaid portions paid as funds become available. Assessments may be deferred if they would reduce capital or surplus below regulatory minimums (with no dividends permitted during deferment), and deferred amounts are paid when capital or surplus reaches sufficient levels. These deferred amounts may be refunded to insurers receiving higher assessments or credited against future assessments. Members serving as servicing facilities can offset assessments against authorized claim payments and expenses.

## MANAGEMENT AND CONTROL

### Annual Meetings

In accordance with Article 2, Section C of the Plan, the annual meeting of the Board shall be held at the office of the Commissioner in October or at a date and place to be designated by the Chair, unless the Board upon proper notice shall designate some other date or, if in-person, place. At each such meeting the Board shall:

1. Review the Plan and approve any amendment(s) to the Plan for submission to the membership and Commissioner for approval.
2. Review each outstanding contract with servicing facilities and any or other entity responsible for the Association's duties, and make any necessary corrections, improvements or additions.
3. Review the Associations financial condition including operating expenses and covered claims costs, and determine whether an assessment or a refund of a prior assessment is appropriate for the proper administration of the Association's responsibilities. If such an assessment or refund is determined to be necessary, the Board shall determine the amount of the assessment or refund, and levy such assessment or make such refund in accordance with Section 38a-841 of the Act. Notices of assessment to Member Insurers shall provide sufficient detail of the basis for the payment of such assessment by the Member Insurers.
4. Elect Officers.
5. Review, consider and act on any other matters as it may deem appropriate.

# CONNECTICUT INSURANCE GUARANTY ASSOCIATION

## Board Meetings

In accordance with Article 2, Section B of the Plan, and in accordance with the Act :

1. Board meetings shall be open to members of the public upon invitation by, or with the consent of either the Board or the Commissioner, except during such times as the Board shall meet in executive session to consider confidential or other sensitive matters.
2. At any Board meeting, each Director shall have one vote on each item subject to a vote. A majority of the Board shall constitute a quorum for the transaction of business and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board; except that an affirmative vote of five Directors shall be required to:
  - a) approve a contract with a servicing facility or other entity responsible for the Association's delegable duties;
  - b) levy an assessment or provide for a refund;
  - c) borrow money;
  - d) approve any amendment(s) to the Plan for submission to the Commissioner for approval; and
  - e) elect officers.
3. The Board, upon majority vote, shall notify the Commissioner of any information which it may have indicating any member insurer may be insolvent or in a financial condition hazardous to its policyholders or the public.

Article 2, Section A of the Plan specifies that there shall be a Board as provided by Section 38a-840 of the Act. The Board shall consist of seven persons selected by Member Insurers and subject to the approval of the Commissioner. The selection shall be determined based on the vote of the Member Insurers, each of which shall be permitted one vote for each vacant seat. The Commissioner of Insurance shall act as an Ex-Officio member.

The following lists designated representatives who were serving on CIGA's Board as of December 31, 2023:

### **BOARD OF DIRECTORS (CIGA)**

Joseph Torti, Chair

Jennifer A. Morrison, Vice Chair

John Cerrone

Eileen Fongemie

Joanne Garvin

Adam C. Robitaille

Andrew J. Schneider

Commissioner Andrew Mais, Ex-Officio

\*Note that there is also a separate GFMS Board.

## CONNECTICUT INSURANCE GUARANTY ASSOCIATION

### **COMMITTEES**

Per Article 7 of the GFMS bylaws, the Board may designate an Audit Committee, an Investment Committee, a Legal Committee and such other committees as the Board deems appropriate. The Board shall appoint the members of each committee and the Chair of the Board shall designate each committee's Chair.

The committees shall be comprised of employees of member insurers, or the associated companies of member insurers, of affiliated guaranty associations. The Chair may also appoint, as non-voting members, staff of GFMS and attorneys representing member guaranty associations. There shall be a minimum of three (3) members on each committee, with at least one of those members being a member of the Board. The duties and terms of the members of such committees shall be established by rule or resolution of the Board.

### **EXECUTIVE COMMITTEE (GFMS)**

Joseph Torti, Chair  
Theresa C. Lewis  
Earl Cottam

The Board shall have an Executive Committee, which shall consist of the Chair, Vice Chair and one other member of the Board appointed by the Chair for a two (2) year term. The Chair shall serve as Chair of the Executive Committee. The Executive Committee shall have the responsibility for making recommendations to the Board with respect to:

- a) the Corporation's operating budget;
- b) changes it may deem appropriate to policies and procedures governing the determination of cost allocations for the Corporation's operations to each member pursuant the Delegated Services Agreement; and
- c) revisions to operating advances to the Corporation under the Delegated Services Agreement for the ensuing calendar year.

### **AUDIT COMMITTEE (GFMS)**

Amy L. DiPerna, Chair  
Earl Cottam  
Eileen Fongemie  
Theresa C. Lewis  
Lincoln J. Merrill, Jr.  
David Priddy  
Meredith Ramsey  
Frederick von Mering  
Christopher Whitford

The Audit Committee of the Board assists the Board in fulfilling its responsibility for the oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Association.

## CONNECTICUT INSURANCE GUARANTY ASSOCIATION

### **CLAIM COMMITTEE (GFMS)**

Steven McNaney, Chair  
Thomas Brown  
Roberta Fitzpatrick  
Stacey Foote  
Karen Libby  
Douglas Taylor

The purpose of the Committee is to assist the Board in fulfilling its responsibility for the oversight of the efficient payment of covered claims by GFMS on behalf of the GFMS Member Guaranty Associations and Fund (Associations).

### **INVESTMENT COMMITTEE (GFMS)**

Patrizio Urciuoli, Chairperson  
Earl Cottam  
Todd Mills  
Christopher T. Whitford  
Jeffrey S. Wrobel, Sr.

The Committee will assist the GFMS Boards of GFMS's Member Guaranty Associations and Fund (the Associations) in fulfilling their oversight responsibility for the investment assets of the Associations. The Committee is responsible for formulating the overall investment policies of the Associations, subject to the approval of each of the Boards, and establishing investment guidelines in furtherance of those policies. The Investment Committee monitors the management of the portfolios for compliance with the investment policies and guidelines and achievement of objectives.

### **IT COMMITTEE (GFMS)**

Jon Sisk, Chair  
James J. Baillie  
Cheryl Grande  
Kashmira Pradhan

The purpose of the IT Committee is to assist the Board:

- a) in fulfilling its responsibility for the oversight of the effective and secure utilization of technology within GFMS;
- b) evaluate, and advise with respect to, the direction of the organization's technological evolution; and
- c) in recommending technology and procedures to meet the organization's statutory and regulatory obligations.

### **LEGAL COMMITTEE (GFMS)**

Donald F Baldini, Chair  
Harris Berenson

## CONNECTICUT INSURANCE GUARANTY ASSOCIATION

Elizabeth Brodeur  
Michael P. Catina  
Samantha Freedman  
Sarah R. Jarvis, Esq.  
Jennifer Morrison  
Beth W. Murphy  
L. Noel Patterson, Jr.  
Adam C. Robitaille  
Daniel L. Swift  
Tinna Damaso Quigley

The purpose of the Committee is to assist the Board in fulfilling its responsibility for oversight of significant legislation, public policy and other legal matters impacting GFMS and its Member Guaranty Associations and Fund (together "Associations"). The Committee shall fulfill its oversight responsibilities through its assessment of legal and regulatory issues affecting the Associations, and by making recommendations and providing guidance with respect to such issues. Decisions regarding state-specific matters ultimately reside with the Associations' Legal Committees.

### **GOVERNANCE COMMITTEE (GFMS)**

Theresa C. Lewis, Chair  
William J. Cahill Jr  
Joseph Torti

The Committee shall report to the Board at least once annually and shall:

- a. draft, and annually review and update, the Board's statement of its roles and areas of responsibility, and what is expected of individual board members;
- b. lead in assessing current and anticipated needs related to Board composition, determining the knowledge, attributes, skills, abilities, influence, and access to resources the Board will need to consider in order to accomplish future work of the Board;
- c. in cooperation with the Chair of the Board, contact each Board member to assess his or her continuing interest in Board membership and term of service and works with each board member to identify the appropriate role he or she might assume on behalf of the organization;
- d. annually review and make recommendations concerning the composition; term limits, if any; functions and duties of the committees of the Board;
- e. make recommendations to enhance board effectiveness and regarding governance training, including new board and committee member orientation;
- f. receive management reports on and make recommendations to enhance diversity, equity, and inclusion initiatives and
- g. annually review corporate governance policies approved by the Board.

### **CIGA COMMITTEES:**

#### **CIGA AUDIT COMMITTEE**

Amy L. DiPerna  
Earl Cottam  
Eileen Fongemie

## CONNECTICUT INSURANCE GUARANTY ASSOCIATION

The purpose of the CIGA Audit Committee is to assist the Board of Directors in fulfilling its responsibility for the oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Association

### CIGA LEGAL COMMITTEE

Donald F Baldini  
Jennifer Morrison  
Adam Robitaille

The purpose of the CIGA Legal Committee is to assist the Board of Directors of the Association in fulfilling its responsibility for oversight of significant non-claim litigation impacting the Association.

### TERRITORY AND PLAN OF OPERATION

CIGA coverage is generally limited to Connecticut per the Association's State Brochure. Covered companies include property and casualty insurers licensed by the Department to transact insurance business in Connecticut. Excluded policies are as follows: life, annuity, health or disability insurance, mortgage guaranty, financial guaranty, fidelity or surety, credit insurance, warranties or service contracts, title insurance, ocean marine insurance, and any insurance provided or guaranteed by the government, including federal Flood Disaster Protection.

CIGA operates according to its Plan with powers and duties as set forth in statute and approved by the Commissioner of Insurance. Some of CIGA's powers and duties include the following:

- CIGA covers only that amount of each "covered claim" which arises before the earlier of 30 days after the determination of insolvency or the policy expiration date, or the date the insured replaces or cancels the policy. The maximum coverage is the policy limit or \$500,000 (\$400,000 for insolvencies between October 1, 2007, and September 30, 2015, and \$300,000 for insolvencies prior to October 1, 2007), whichever is less.
- If a claim is for workers' compensation benefits, there is no limitation on how much CIGA may pay. The amount payable is limited by the terms and conditions of the insurance policy itself. Subject to other statutory limitations, CIGA is obligated to pay only the amount which the insolvent insurer would have been liable to pay under its policy.
- Persons seeking coverage from CIGA must exhaust other applicable coverages with solvent insurance companies before they may receive benefits from CIGA. Moreover, CIGA may set off any recovery from a solvent insurance company against the obligations of CIGA with respect to a "covered claim". Where more than one guaranty association may have responsibility for payment of a claim, the guaranty association of the state where the insured resides will provide primary coverage. If the guaranty association of another state is primary, the obligations of CIGA to a policyholder or claimant will be reduced by the amount paid to that policyholder or claimant by such guaranty association.

# CONNECTICUT INSURANCE GUARANTY ASSOCIATION

## RELATED PARTIES

The related parties are the District of Columbia Insurance Guaranty Association, Maine Insurance Guaranty Association, Massachusetts Insurers Insolvency Fund, New Hampshire Insurance Guaranty Association, Rhode Island Property and Casualty Insurance Guaranty Association, Vermont Property and Casualty Insurance Guaranty Association, and Virginia Property and Casualty Insurance Guaranty Association. The transactions between GFMS and the Associations relate to reimbursement for expenses paid by GFMS on behalf of the Associations. Annually, the reimbursed expenses are reviewed. Each member association is required to pay a predetermined minimum amount, as determined by the GFMS Board. If they haven't met that minimum, they are required to reimburse the member associations that have met the minimum for the difference. GFMS does not charge any management fees to the Associations. This is GFMS' only source of revenue (management services). GFMS has direct/indirect control over the Associations and performs management functions for the Associations.

## FINANCIAL STATEMENTS

The following statements represent the Association's financial position, as filed by the Association, as of December 31, 2023.

### **Statements of Assets and Fund Balance**

	<u>2023</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 5,674,760
Investments	95,212,279
Other assets	586,000
Total Assets	<u>\$ 101,473,039</u>
Fund Balance	<u>\$ 101,473,039</u>

### **Statements of Revenue, Expenses and Changes in Fund Balance**

	<u>2023</u>
<b>Revenue:</b>	
Members' insolvency assessment	\$ 2,968,991
Insolvency recoveries	1,925,627
Investment income	2,764,951
Realized gains on investments	(2,053,622)
Total Revenue	5,605,947
<b>Expenses:</b>	
Loss and loss adjustment expense	5,003,744
Member refunds	3,231,440
Administrative expenses	1,579,849
Total Expenses	<u>9,815,033</u>
Increase in fund balance	(4,209,086)
Fund balance, beginning of the year	105,682,125
Fund balance, end of year	<u>\$ 101,473,039</u>

# CONNECTICUT INSURANCE GUARANTY ASSOCIATION

## SUMMARY OF RECOMMENDATIONS

None noted.

## SUBSEQUENT EVENTS

- A draft 2024 Plan is currently under review with the Connecticut Department of Insurance.
- An Insolvency of the Go Insurance Company (NAIC # 25755), with an insolvency date of March 8, 2024, was added.

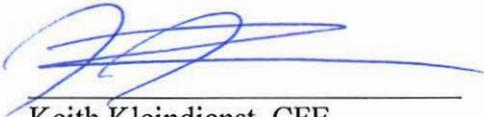
CONNECTICUT INSURANCE GUARANTY ASSOCIATION

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: William Arfanis, CFE; Kenneth Roulier, AFE, CISA, AES; Elisia Santa Maria, Aishah Abdullah, and Grace Jiang, CFE.

I, Keith Kleindienst, CFE, do solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023, to the best of my information, knowledge and belief.

Respectfully submitted,



Keith Kleindienst, CFE  
Examiner-In-Charge  
State of Connecticut  
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me,   
Notary Public on this 15 day of May, 2025.

  
Notary Public  
My commission expires 6/30/2026

