



2003  
Annual Report  
March 30th, 2004

# Table of Contents

<u>Subject</u>	<u>Page</u>
Letter to Commissioner.....	1
Audit Report.....	7
General Counsel's Report.....	19
2003 Claims Activity.....	24
2003 Return Premium Activity.....	28
Report on All Time Payments by Insolvency.....	29

# Our Mission

To pay covered claims of insolvent property and casualty insurance companies in a prompt, courteous and caring manner at a fair and equitable cost, and also aid the Insurance Department in the detection and prevention of insurer insolvencies.

# Board of Directors

## 2003

**Ms. Ann Metrailler**  
*Chairperson*

Louisiana Farm Bureau Mutual Insurance  
National Association of Independent Insurers

**Mr. Terrence Hardin**  
*Secretary*

State Farm Mutual Automobile Insurance Co.  
National Association of Mutual Insurance Cos.

**Mr. Sidney S. Moreland, IV**  
*Treasurer*

Appointee of the Commissioner of Insurance  
as a Consumer Representative

**Ms. Margret L. Edwards**

Appointee of the Commissioner of Insurance  
as a Consumer Representative

**Mr. Jay Luneau**

Appointee of the Speaker of the House

**Mr. John Ensminger**

Appointee of the President of the Senate

**Mr. Michael T. Gray**

The Gray Insurance Company

**Mr. Stephen C. Schrempp**

National Automotive Insurance Company  
Louisiana Fire and Casualty Insurance Cos.

**Mr. Aubrey Temple**

Louisiana Workers' Compensation Corporation

# Executive Staff

**SETH E. KEENER, JR.**  
*Executive Director*

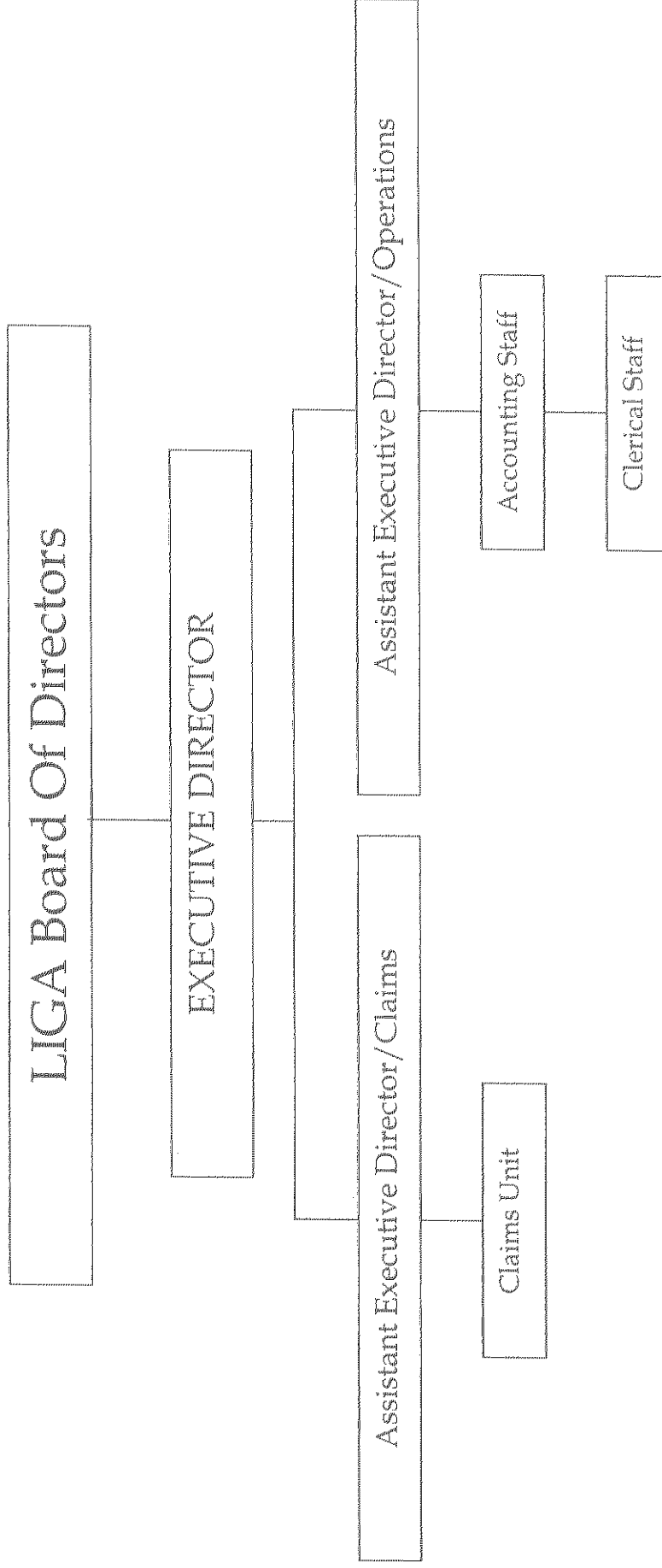
**DESIREE WORSLEY**  
*Assistant Executive Director of Operations & Logistics*

**KENNETH H. SCHNAUDER**  
*Assistant Executive Director of Claims & Litigation*  
*Effective 11/12/03*

**JOHN A. SANCHEZ, JR.**  
*Assistant Executive Director of Claims & Litigation*  
*Effective 1/1/03 – 11/11/03*

# ORGANIZATIONAL CHART

AS OF DECEMBER 31, 2003



March 30, 2004

Honorable J. Robert Wooley  
Commissioner of Insurance  
State of Louisiana  
P.O. Box 94214  
Baton Rouge, LA 70804-9214

Dear Commissioner Wooley:

In accordance with the provisions of La. R.S. 22:1388 and the regulations of your Department, we are pleased to submit our annual financial report for 2003.

The past year has been a very active year for LIGA due to changes not only administratively but also from the increase in the number of insolvencies. During the year LIGA changed physical locations to a beautiful building and had changes within the executive staff. Both of these changes will result in an efficiency never before seen in LIGA's thirty year history. The changes for the better come none too soon as the number of troubled companies on the verge of insolvency continues to increase.

LIGA received six insolvencies during 2003. They are Patterson Insurance Co. — LA (03/17/03), The Home Insurance Co. — NY (06/13/03), Reciprocal Of America — VA (06/20/03), Fremont Indemnity — CA (07/02/03), and Legion/Villanova — PA (07/25/03). We are expecting a minimum of three (3) additional insolvencies during 2004 that will involve LIGA.

Recoveries from Liquidators of insolvent companies totaled \$11,557,971.26 for the year 2003. As of the end of February 2004, LIGA has received \$5,420,922.95.

Total expenditures rose from \$33,985,633 in 2002 to 34,757,151 in 2003 and are expected to increase further in 2004. Claims pending per year also rose from 3,331 at year-end 2002 to 4,471 for 2003. Reserves have remained over one billion dollars and are also expected to increase significantly in 2004.

Our non-environmental reserves are currently \$110,108,117 and our environmental reserves are \$1,093,501,974 for current total reserves of approximately \$1.2 billion.

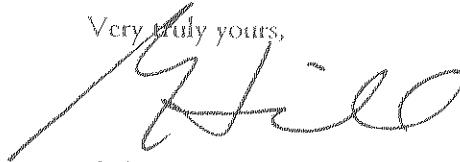
Future insolvencies are quite difficult to predict, and the impact of soaring reinsurance rates, the ever increasing environmental litigation and the size of the insolvencies will be a challenge for the foreseeable future. However, LIGA's goal has been to create and maintain a flexible and professional organization that can adapt to any situation. We feel that we have accomplished this goal by utilizing a combination of available temporary staff and third party administrators. We are now in a very functional new facility and have a very dedicated and qualified staff to accept and respond to the challenges we face.

The report of LIGA's General Counsel, Stephanie Laborde, covering recent legislative and legal developments is included.

LIGA would like to express its appreciation for the continued support it has received from the Louisiana Department of Insurance, the Legislature, the Board of Directors and LIGA's member insurers, and look forward to continued good relations in the future.

With highest regards and in sincere appreciation for your personal interest in LIGA, I am,

Very truly yours,



Gillis C. Hill,  
Executive Director  
Louisiana Insurance Guaranty Association

GCH/pr

Enclosure

cc: Denise Brignac

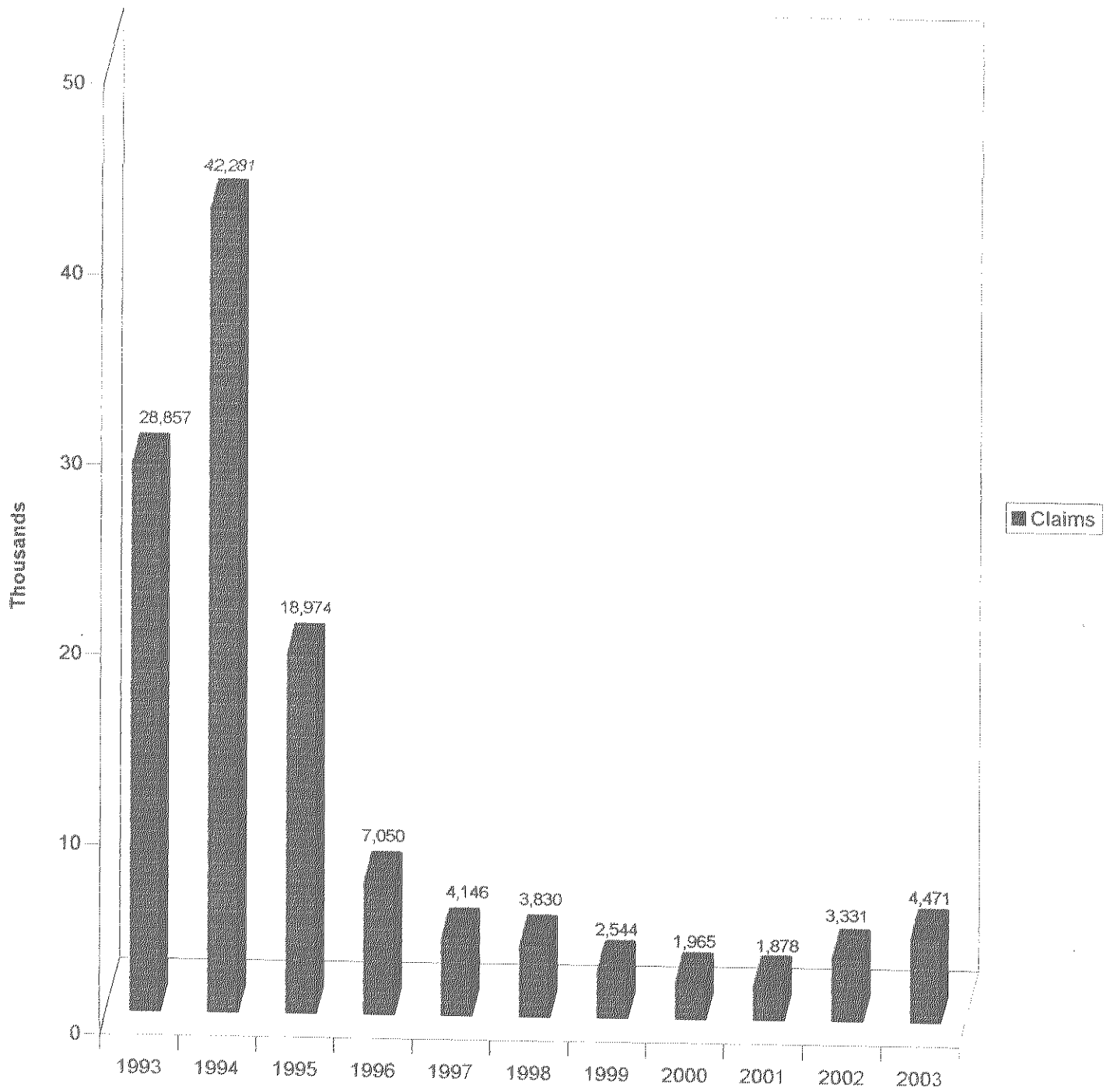
Receipt acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 2004

LOUISIANA DEPARTMENT OF INSURANCE

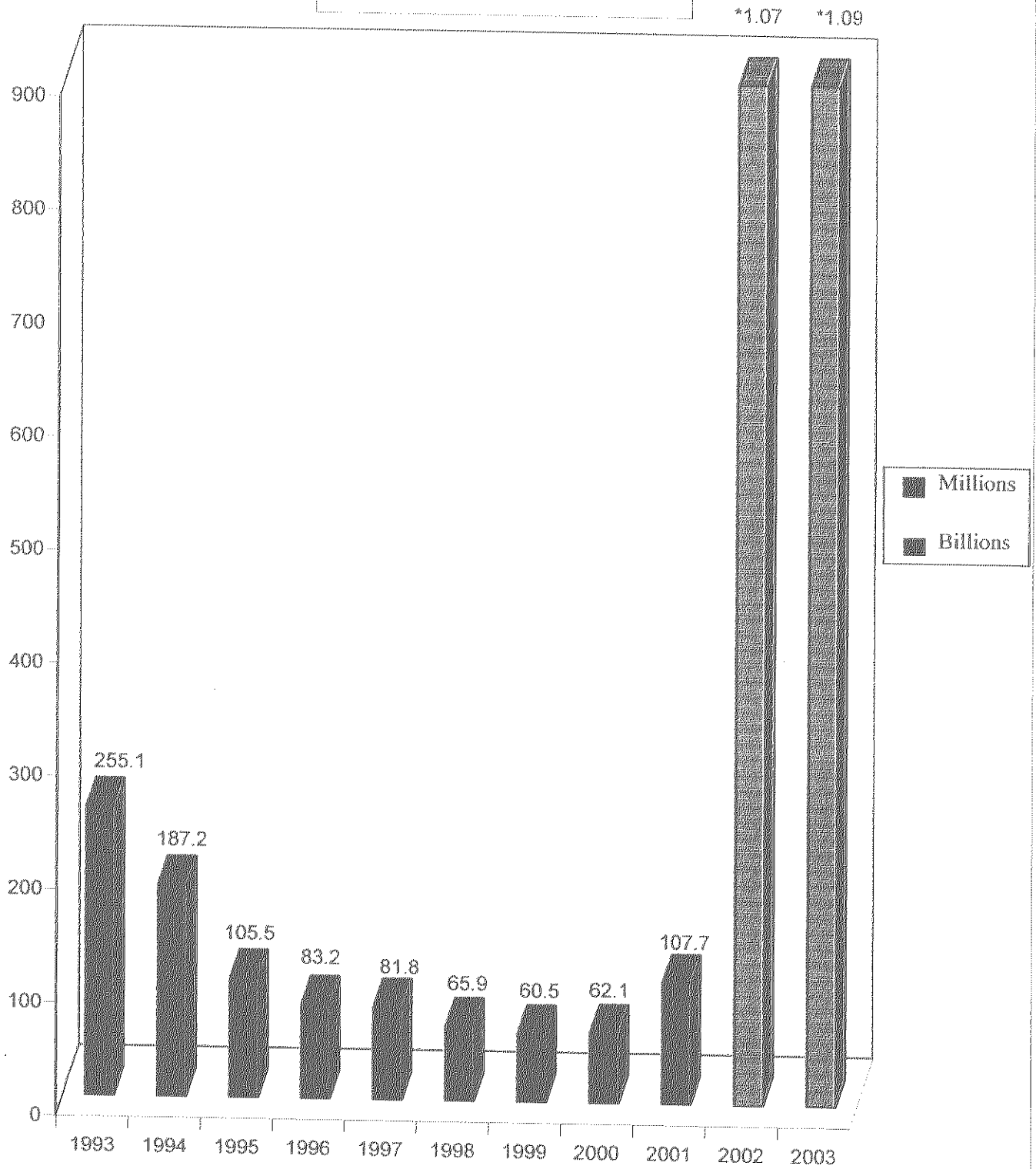
By: \_\_\_\_\_



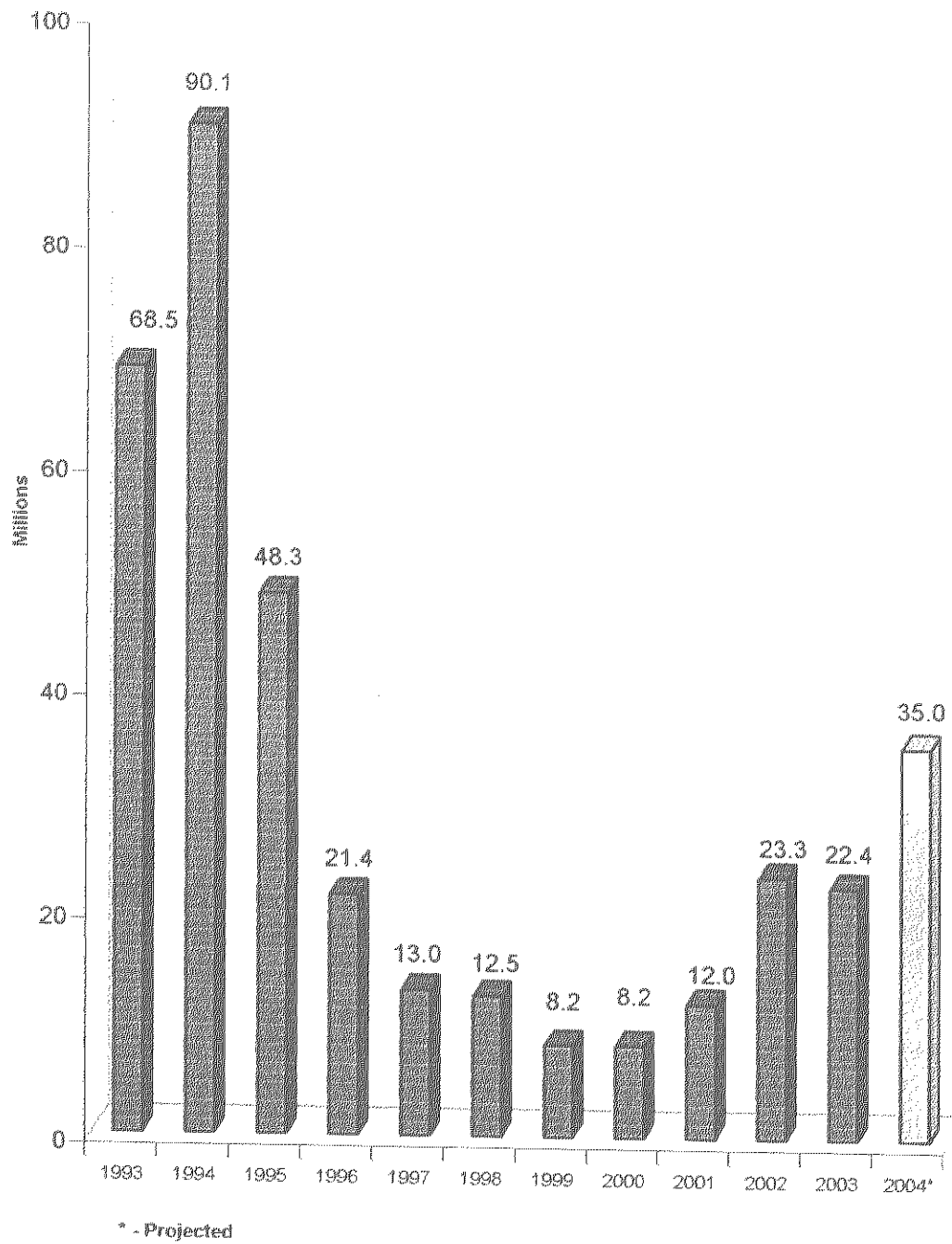
## CLAIMS PENDING PER YEAR



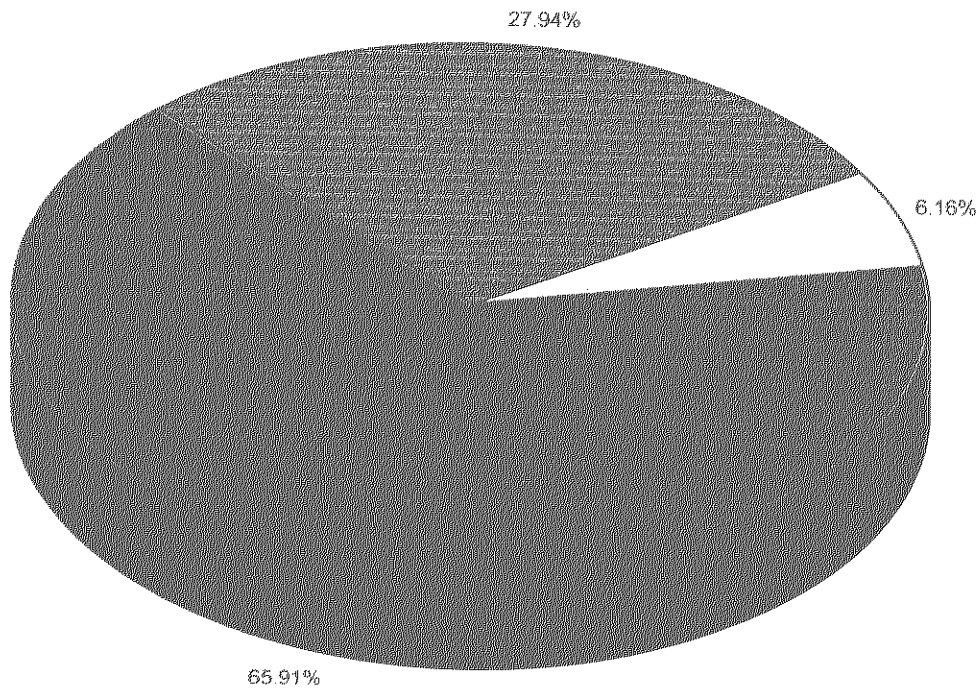
## Reserves Per Year



## LOSSES PAID PER YEAR



## 2003 Total Expenditures - \$34,757,150



■ Claims Paid - \$22,908,234

■ Allocated Expenses (Claims Handling) - \$9,708,877

□ Unallocated Expenses (Administrative) - \$2,140,040

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LOUISIANA INSURANCE GUARANTY ASSOCIATION

FINANCIAL STATEMENTS  
(Cash Basis)

YEARS ENDED DECEMBER 31, 2003 AND 2002

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LOUISIANA INSURANCE GUARANTY ASSOCIATION

FINANCIAL STATEMENTS  
(Cash Basis)

YEARS ENDED DECEMBER 31, 2003 AND 2002



## Postlethwaite & Netterville

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

### Independent Auditors' Report

Members and Directors  
Louisiana Insurance Guaranty Association  
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position arising from cash transactions of Louisiana Insurance Guaranty Association as of December 31, 2003, and the related statements of activities for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Association as of December 31, 2002, were audited by other auditors, whose opinion dated March 12, 2003, on those statements was qualified because of the departure from accounting principles generally accepted in the United States of America described in the third paragraph.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Insurance Guaranty Association as of December 31, 2003 and its changes in net assets during the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2004 on our consideration of the Louisiana Insurance Guaranty Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Since these financial statements are prepared on a cash basis, no liability is recorded for future payments for return of unearned premiums or claims. However, as discussed in Note 7 to the financial statements, the Association regularly estimates liabilities for such losses. These estimated losses have not been audited by us and accordingly we express no opinion or any other form of assurance on them.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 4, 2004

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION  
ARISING FROM CASH TRANSACTIONS  
DECEMBER 31, 2003 AND 2002

	<u>ASSETS</u>	
	<u>2003</u>	<u>2002</u>
Cash	\$ 1,718,882	\$ -
Investments	130,233,603	100,529,307
Building	-	810,161
	<u>\$ 131,952,485</u>	<u>\$ 101,339,468</u>

<u>LIABILITIES AND NET ASSETS</u>		
Outstanding checks in excess of bank balances	\$ 1,811,943	\$ 1,230,406
Net Assets	<u>130,140,542</u>	<u>100,109,062</u>
	<u>\$ 131,952,485</u>	<u>\$ 101,339,468</u>

The accompanying notes are an integral part of these statements.





**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>RECEIPTS</u></b>		
Assessments	\$ 49,297,777	\$ 46,309,948
Distributions from liquidators	11,557,971	6,651,919
Interest income	6,153,363	4,768,083
Net loss on sales of investments	(2,381,868)	(308,237)
Restitutions	34,188	21,267
	<u>64,661,431</u>	<u>57,442,980</u>
<b><u>DISBURSEMENTS</u></b>		
Claims paid	22,394,864	23,254,370
Unearned premiums paid	386,171	651,373
Legal fees and expenses	7,242,064	5,797,355
Claims handling costs	2,466,811	3,049,493
Professional and bank fees	254,948	344,685
Staff salaries, taxes, and benefits	291,977	319,466
Travel, meetings, and seminars	17,868	14,280
Building and renovations	1,165,844	-
Administrative expenses	409,404	248,314
	<u>34,629,951</u>	<u>33,679,336</u>
<b><u>EXCESS OF RECEIPTS OVER DISBURSEMENTS</u></b>	30,031,480	23,763,644
Net Assets - beginning of the year	<u>100,109,062</u>	<u>76,345,418</u>
Net Assets - end of the year	<u>\$ 130,140,542</u>	<u>\$ 100,109,062</u>

The accompanying notes are an integral part of these statements.

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization

The Louisiana Insurance Guaranty Association (the Association) is an organization created by the Louisiana Insurance Guaranty Act to pay for the claims against insolvent member insurance companies. Funds are provided for the payment of the claims by the assessment of the remaining member insurance companies. All admitted insurance companies doing business in Louisiana except those writing life, health and accident, title, disability, mortgage guaranty, and ocean marine insurance as well as all types of reinsurance, are required to be members of the Association.

The Association's day-to-day operations and management are performed by the Association's staff under the direction of the Board of Directors. The Association also contracts with outside staffing services, claims service providers, and other professionals to carry out these functions.

Accounting Method

The Association's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, revenue and related assets are recognized when received, and expenses and related liabilities are recognized when paid. Accordingly, no liabilities are recorded for future payments for unearned premiums, loss claims or related expenses. As discussed in Note 7, the Association regularly estimates amounts for such liabilities.

Equipment and facilities

The Association recognizes equipment and facilities as cash disbursements when incurred. These items are not capitalized and depreciated under the Association's cash basis of accounting.

Income Taxes

The Association is exempt from income taxes under Internal Revenue Code Section 501(c)(6); therefore, no provision for income taxes has been made.

**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Investments**

The Association's investments are recorded at cost and consisted of the following at December 31, 2003 and 2002:

	<u>2003</u>		<u>2002</u>	
	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Cost</u>	<u>Estimated Fair Value</u>
U.S. Government securities under agreement to sell	\$ 2,685,995	\$ 2,685,995	\$ 3,842,533	\$ 3,842,533
Money market accounts invested in U.S. Treasury obligations	3,937,770	3,937,770	802,008	802,008
U.S. Treasury notes and bonds	39,856,164	39,572,074	38,458,819	37,309,842
U.S. Government Agency obligations	<u>83,753,674</u>	<u>83,770,406</u>	<u>57,425,947</u>	<u>59,237,166</u>
	<u>\$130,233,603</u>	<u>\$129,966,245</u>	<u>\$100,529,307</u>	<u>\$ 101,191,549</u>

The Association's policy is to purchase securities issued by the U.S. Treasury and obligations issued or guaranteed by the U.S. Government and its Agencies. The estimated fair value of these securities is based on quoted market prices. The Association enters into short-term repurchase agreements with Louisiana financial institutions whereby the Association purchases U.S. Government securities with an agreement to resell the securities to the financial institution at cost. The Association also deposits funds in money market funds invested in U.S. Treasury obligations.

The Association purchases securities at premiums or discounts from the contractual maturity amount of the security. Due to the use of the cash basis of accounting, these premiums and discounts are not amortized over the holding period of the security. Instead, these differences are reported as gains or losses upon maturity or sale of the respective security. Accordingly, interest income reflects the contractual interest payments required under the investment securities.

**3. Restricted Net Assets**

Net assets represent funds collected from member insurance companies, distributions from liquidators, interest income, and other receipts in excess of funds disbursed to pay claims and expenses of the Association. All assets are considered restricted under the Act creating the Association. Excess funds are to be used for the payment of claims, return of unearned premiums and reimbursement of expenses incurred for the insolvent member insurance companies (See Note 7).

**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. Assessments**

Louisiana Revised Statute 22:1382 gives the Association the authority to assess member insurance companies the amount necessary to pay the obligations and expenses of the Association. Beginning January 1, 1990, and ending December 31, 2002, the assessment to member insurance companies cannot exceed an amount equal to two percent (2%) of net direct written premiums during the preceding calendar year. Beginning January 1, 2003, and thereafter, the assessment to member insurance companies is not to exceed an amount equal to one percent (1%) of net direct written premiums during the preceding calendar year, unless changed by the Louisiana Legislature.

The Association has determined that six member companies qualify for earned credits of up to 80% of their annual assessments. Member companies can also qualify for assessment reductions by investing in qualifying Louisiana securities.

**5. Early Access Distributions by Liquidators**

The Association files claims against the estates of insolvent insurers in an effort to recover a portion of the policyholder claims paid and related expenses from the assets of the insolvent insurer. During the years ended December 31, 2003 and 2002, the Association received \$11,557,971 and \$6,651,919, respectively, of such distributions which are reflected as receipts in these financial statements. No estimate is available of future potential distributions from liquidations due to the uncertainty and difficulty in accurately estimating these amounts.

**6. Building**

On December 3, 2002, the Association purchased land and a building in Baton Rouge, Louisiana to be used as a new headquarter site. The building underwent renovations and was occupied and placed into service during 2003. The cost of the building and related improvements were reflected as building expenditures during 2003 as a result of the building being put into use.

**7. Estimate of Future Return of Unearned Premiums and Claims Payments (Not Audited)**

The funds of the Association are used to pay insurance claims of insolvent member insurance companies (See Note 3). These claims are pursuant to the Louisiana Insurance Guaranty Law, La. R.S. 22:1375-1394. As of December 31, 2003, the Association had 4,471 open claims files outstanding, a substantial portion of which are involved in litigation. The Association is also in the process of identifying and quantifying recent insolvencies for which estimated claims liability information is considered uncertain and or incomplete. Additionally, other member insurance companies may be declared insolvent subsequent to the date of these financial statements.

Due to the uncertainty involved in accepting and administering insolvent companies, as well as the difficulty in determining reliable estimates, the Association maintains its financial records on a cash basis. However, the Association regularly attempts to estimate the amount of claims and claims administration expenses related to insolvent member insurance companies. This "reserve setting" practice is a common function of managing and administering those losses.

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Estimate of Future Return of Unearned Premiums and Claims Payments (Not Audited) (continued)

Provided below is an unaudited condensed balance sheet of the Association at December 31, 2003, on a modified accrual basis which recognizes management's estimate of claims and related liabilities. This information is intended to reflect only certain estimated assets and liabilities of the Association and is not intended to represent the financial position of the Association in accordance with accounting principles generally accepted in the United States of America. These estimates are expected to vary as additional information becomes available.

The condensed unaudited balance sheet does not provide for accruals of amounts due from liquidators of insolvent insurance companies, billed but uncollected member assessments due, adjustments of investments to estimated fair value, and accruals of operating costs owed at year end not included in the reserves for claims administration expenses.

As described in Note 4, the Association has been granted the authority to assess member insurers at a rate of one percent (1%) beginning January 1, 2003, which, if assessed, is expected to produce approximately \$50 million annually. Additionally, La. R.S. 22:1382 provides that if the maximum assessment and other assets available to the Association are insufficient to make all necessary payments, the Association may borrow additional funds or payments can be reduced on a prorated basis and unpaid balances are to be paid as funds become available.

ASSETS

	December 31, 2003
	<u>Unaudited</u>
Cash	\$ 1,718,882
Investments, at cost	<u>130,233,603</u>
Total assets	<u>\$ 131,952,485</u>

LIABILITIES AND NET ASSETS

Outstanding checks in excess of bank balances	\$ 1,811,943	
Estimated claims and claims administration expenses payable	<u>1,093,501,973</u>	(1)
Total liabilities	<u>1,095,313,916</u>	
Net assets (deficit)	<u>( 963,361,431)</u>	(2)
Total liabilities and net assets	<u>\$ 131,952,485</u>	

(1) Represents management's estimate of claims and claims administration expense reserves related to open claim files at December 31, 2003.

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Estimate of Future Return of Unearned Premiums and Claims Payments (Not Audited) (continued)

The Association has been notified of claims, as well as threatened claims, by certain large insureds of insolvent insurance companies relating to the use and production of asbestos, silica, tobacco, and environmentally hazardous materials. The Association continues to evaluate the merits of these claims, the appropriateness of coverage under the Act, and the amount of potential liability to the Association.

Management includes in the reserve for claims and claims administration expense amounts estimated as the Association's liability for these claims based on present statutes and based on the best information available at this time. However, there are numerous and significant uncertainties regarding the amount of ultimate liability the Association may be responsible for under these claims and when amounts ultimately determined as owed by the Association become due and payable. As facts and circumstances develop, management intends to revise its estimates of these claims liabilities. Revisions in these estimates could result in significant increases or decreases in these estimates.

- (2) Due to the uncertainty of the timing and amount of claims to be paid by the Association, it is unknown whether the Association can meet its claims obligations as they become due. As described in Note 4, the Association has the statutory authority to assess up to 1% of member insureds' direct written premiums annually if necessary to pay its obligations. The Association financial resources also include receipt of investment earnings and the continued receipt of proceeds from liquidators of insolvent insurance companies.



**Postlethwaite & Netterville**

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**Report on Compliance and on Internal Control over Financial Reporting**  
**Based on an Audit of Financial Statements Performed in**  
**Accordance with Government Auditing Standards**

Board of Directors  
Louisiana Insurance Guaranty Association  
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Insurance Guaranty Association as of and for the year ended December 31, 2003, and have issued our report there on dated March 4, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Louisiana Insurance Guaranty Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Louisiana Insurance Guaranty Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we considered to be reportable conditions. Reportable conditions involve matters coming to our attention related to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Association's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We noted the following reportable condition:

**Reconciliation of Investment Account:** The Association reconciles the transaction activity in the investment custodial accounts maintained by the Association's investment manager to the activity reported in the Association's general ledger. Complete reconciliation procedures should also include reconciliation of the ending cost balances as reported on the monthly investment statements and the cost balances as reflected on the Association's general ledger.

We recommend that the Association's monthly reconciliation procedures be expanded to include reconciliation of the investment cost balances as reported by the investment manager to the investment balance maintained in the Association's general ledger. This reconciliation should be performed promptly, reconciling items investigated, and reviewed by another individual. Management has stated their agreement with this recommendation and implemented the expanded reconciliation procedures.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weakness. However, we believe that the reportable condition previously described is not a material weakness.

This report is intended solely for the information and use of the Board of Directors, management of the Louisiana Insurance Guaranty Association, the Commissioner of Insurance, State of Louisiana, and the Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 4, 2004



February 10, 2004

**Report of General Counsel  
Year Ending December 31, 2003**

**I. 2003 Legislation**

The 2003 Legislative Session was a general session, in accordance with the Louisiana Constitution of 1974, as amended. In accordance with a recently-adopted constitutional amendment, general sessions will be held in the future in even-numbered years, and "fiscal only" sessions in odd-numbered years. Therefore, the Legislative Session in 2004 will again be a general session.

The Board of Directors authorized LIGA staff to proceed with proposed legislation in 2003 to continue LIGA's authority to assess Member Insurers up to two (2%) percent of net direct written premiums for the years 2003 and following, at its June 2002 meeting. Accordingly, LIGA drafted and had introduced House Bill Nos. 1218 and 1361, and Senate Bill No. 848, to accomplish that. Based on comments of the House Insurance Committee and legislative feedback LIGA received, these Bills were not pushed.

In addition, LIGA drafted and had introduced House Bill No. 1219, to provide for the disposition of unclaimed property held by LIGA, as it relates to its responsibility to return said property to the State Treasurer in accordance with the Escheat Law. LIGA also decided not to pursue this legislation during this Session.

Lastly, LIGA drafted and had introduced Senate Bill No. 837, governing the procedure for asserting claims involving exposure to asbestos against LIGA. LIGA supported the insurance industry's bill to establish a procedure for asserting any asbestos claims (Senate Bill No. 853), which passed Senate Committee but was never heard on the Senate Floor. Given the Legislature's reception of the latter Bill, LIGA's asbestos Bill was never heard in Committee.

The Chairman of the House Insurance Committee introduced House Bill No. 1424, which would have required LIGA to promulgate its Plan of Operation and Amendments thereto according to the Administrative Procedure Act. After a discussion with the Chairman, this Bill was dropped.

## II. Significant Jurisprudence

As always, there were several important cases decided in 2003 which affect the insurance industry at large and therefore indirectly affect LIGA. However, this report will include a discussion of only those cases which involve or directly affect the application of LIGA Law.

- 1) *Freeman v. Philan and Reliance Insurance Company*,  
859 So. 2d 821 (La. App. 2<sup>nd</sup> Cir. 10/9/03)

Allen Philan was driving a Wray Ford, Inc. shuttle bus and rear-ended Shannon Freeman. Freeman filed suit against Wray Ford and Reliance Insurance Company. After Freeman's suit, Reliance was put into liquidation. Freeman filed an amending petition adding LIGA and RLI Insurance, then another petition adding Philan's personal automobile liability insurer, Allstate. Freeman then filed a Motion for Partial Summary Judgment requesting a finding that Allstate's liability coverage would rank second after RLI's, thus bumping LIGA to third. The Court found that Philan was in the course and scope of his employment and that Allstate's policy for the loss suffered by Freeman under the circumstances of the case were excluded. Therefore, the Court found that RLI's policy provided primary coverage for the damages sustained by Freeman, and that it must be exhausted before coverage under LIGA is triggered.

- 2) *Dalleo v. River Construction, Inc.*,  
2003 WL 1916873 (E.D. La. 2003)

The Plaintiff brought suit individually and on behalf of her husband who was injured while climbing down the timbers of a dock owned by Bunge to reach a work barge owned and operated by River Construction. On July 29, 2002, Bunge filed a Cross-Claim against River Construction for defense costs and indemnification. In response, River Construction filed a third-party demand against LIGA. In the interim, the Court granted summary Judgment in favor of Bunge, dismissing all claims by Plaintiff. The Court also granted summary Judgment in favor of River Construction. In its third-party demand, River Construction alleged that LIGA was liable to it for attorney fees and costs incurred by it and Bunge in defense of the underlying lawsuit.

Bunge filed a cross-claim against River Construction for insurance coverage, specifically indemnification and defense costs, based on a contract between the parties for the repair of Bunge's dock, a maritime instrumentality. LIGA argued that claims brought pursuant to this type of insurance policy, which insures against a maritime peril, are excluded from LIGA coverage under the "ocean marine insurance" exclusion in La. R.S. 22:1377. River Construction countered that the issue presented was whether the claims asserted by Dalleo fall under the ocean marine exclusion of the LIGA statute or under the Longshore Harborworker's Act. The Court held that the real issue to be decided was whether River Construction's claim to LIGA for defense costs incurred in defending a maritime personal injury claim is a "covered claim." River Construction argued that its claim to LIGA was an "inland marine" claim because Dalleo was not a seaman. The Court rejected this

argument, stating that the mere fact that Dalleo was not a seaman and that his accident involved a dock rather than a vessel or that his underlying claim was brought pursuant to the LHWCA does not negate the “ocean marine” nature of River Construction’s claim to LIGA. Therefore, River Construction failed to demonstrate that its claim for reimbursement of defense costs for which it may be held liable in the cross-claim asserted by Bunge is a “covered claim” as defined by LIGA Law.

3) *Jackson v. Cockerham*  
2002-2493 (La. App. 4<sup>th</sup> Cir. 5/21/03), 847 So. 2d 698

An injured bus driver and passenger brought an action against a truck driver, his employer, and LIGA. The Trial Court granted summary Judgment in favor of LIGA, dismissing it from the case. Plaintiffs moved for a new trial. After the bus company was added as a defendant, LIGA again moved for summary Judgment, seeking to enforce the “LIGA Credit Statute,” La. R.S. 22:1386, to require the plaintiffs to recover against all other sources before the statutory LIGA limits would be available. Specifically, LIGA argued that the \$1 million Self-Insured Retention by TMSEL and the \$14 million Lexington policy provided a total of \$15 million in UM benefits to be exhausted before LIGA limits would be available. The Court rendered Judgment in LIGA’s favor, holding that there was a combined \$15 million in UM coverage available. The Court ruled that LIGA was entitled to a credit for the full \$15 million, and dismissed LIGA from further proceedings upon the stipulation by plaintiffs that the total damages did not exceed \$15 million. TMSEL appealed, arguing that the Self-Insured Retention cannot be a “policy” for purposes of the application of the “other insurance” provision in LIGA Law, citing *Hebert v. Williams*, 526 So.2d 835 (La. App. 3<sup>rd</sup> Cir. 1988).

The Court of Appeal noted that *Hebert* was decided prior to the 1999 amendment to the LIGA Law. Thus, the Court found that this case is distinguishable, as La. R.S. 22:1386(A) now requires a credit for the entire Self-Insured Retention amount held by TMSEL, and the limits of the Lexington policy. Application of the “other insurance” credit to the instant facts confers the status of “insurer” upon TMSEL, a distinction the Court found to be pivotal to the general intent that LIGA should always be the obligor of last resort.

**III. New and Anticipated Insolvencies; Estate Closures and Distributions of Assets from the Estates of Liquidated Insurers**

In 2003, one (1) domestic insolvency was closed by the Office of Receivership. Five (5) out-of-state insolvencies were closed during the year. LIGA received \$11,027,687.84 in distributions from insolvent estates during the year.

One (1) domestic insurer, Patterson Insurance Company, was declared insolvent on March 17, 2003. This insolvency generated over 1,881 claims files, with 1,285 pending claims as of the end of the year, primarily concerning personal automobile policies. Outstanding reserves for Patterson claims were \$8,856,777 at 2003 year end.

February 10, 2004

Millers Insurance Company, a Texas insurer, was declared insolvent on March 24, 2003. This insolvency generated 38 more claims for LIGA, the majority being personal automobile claims. As of the end of the year, there were 28 pending Millers claims. Outstanding reserves for Millers claims were \$423,975 as of 2003 year end.

Reciprocal of America, a Virginia insurer, was declared insolvent on June 20, 2003. This insolvency generated 41 more claims files for LIGA, the majority being medical malpractice claims. As of the end of the year, there were 39 pending Reciprocal of American claims. Outstanding reserves for Reciprocal of America claims were \$974,298 as of 2003 year end.

Freemont Insurance Company, a California insurer, was declared insolvent on July 2, 2003. This insolvency generated eight (8) more claims files for LIGA, the majority being workers' compensation claims. As of the end of the year, there were eight (8) pending Freemont claims. Outstanding reserves for Freemont claims were \$494,451 as of 2003 year end.

Home Insurance Company, a New Hampshire insurer, was declared insolvent on June 13, 2003. This insolvency generated 46 more claims files for LIGA, the majority being workers' compensation and general liability claims. As of the end of the year, there were 45 pending Home Insurance Company claims. Outstanding reserves for Home Insurance Company claims were \$1,651,742 as of 2003 year end.

Legion/Villanova Insurance Company, a Pennsylvania insurer, was declared insolvent on July 28, 2003. This insolvency generated 226 more claims files for LIGA, the majority being workers' compensation and general liability claims. As of the end of the year, there were 226 pending Legion/Villanova claims. Outstanding reserves for Legion/Villanova claims were \$8,576,559 as of 2003 year end.

#### **IV. Plan of Operation Revisions**

The Plan of Operation was amended at the Board meeting held on March 20, 2003, to require Board Members to execute an Oath of Office upon their appointment to the Board. This amendment to the Plan of Operation was approved by the Commissioner of Insurance.

#### **V. Significant Board Actions**

The Board of Directors met four (4) times during 2003 to conduct the regular business of LIGA. There were no Special Board of Directors meetings in 2003. The following Board actions were of significance:

1) The Board received the results of a claims audit by Tillinghast-Towers Perrin, and a financial audit by Legier & Materne, to assist in the assessment and evaluation of its operations and fiscal position.

February 10, 2004

2) The Board purchased an office building at 2142 Quail Run Drive in Baton Rouge, Louisiana, on December 3, 2002. After significant renovations, LIGA moved into its new headquarters on August 15, 2003.

3) The board accepted the resignation of Kevin Couhig as the appointee of the Speaker of the House of Representatives, on March 20, 2003. W. Jay Luneau was appointed by the Speaker of the House on April 3, 2003 to replace Mr. Couhig. Ann Metrailer and Terrence Hardin were reappointed to new three-year terms at the Annual Meeting held on June 19, 2003.

4) Desiree Worsley was hired as the Assistant Executive Director of Operations & Logistics on February 3, 2003. Kenneth Schnauder was hired as the Assistant Executive Director of Claims & Litigation on November 12, 2003.

5) The Board voted to assess Member Insurers one (1%) percent of net direct written premiums at its September 25, 2003 meeting.

Milling Benson Woodward, L.L.P.

By: Stephanie B. Laborde  
Stephanie B. Laborde

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
 COMPANY CLAIMS ACTIVITY  
 FOR YEAR ENDING 2003

COMPANY NAME	CLOSED IN 2003	PENDING 12/31/03	LOSSES PAID IN 2003	CLAIMS EXPENSES PAID IN 2003	OUTSTANDING RESERVES
A.N.A.	1	0	0	222	0
ACCELERATION NATIONAL	1	6	73,600	8,142	164,675
ALLIANCE CASUALTY	0	2	10,719	3,999	375,107
AMERICAN DRUGGIST	0	1	25,246	1,001	95,227
AMERICAN EAGLE	3	2	0	8,663	125,026
AMERICAN FIDELITY	0	1	0	676	41,584
AMERICAN LLOYDS	1	2	112,443	1,683	24,319
AMERICAN MUTUAL BOSTON	1	16	155,692	10,893	1,593,422
AMERICAN MUTUAL LIABILITY	60	1,218	700,087	1,750,895	301,293,857
AMERICAN SURETY & FIDELITY	3	3	9,900	1,995	19,786
ANDREW JACKSON	0	1	0	33	3,729
ANGLO AMERICAN	3	20	133,753	22,259	1,507,978
ARIST NAT'L/CERTIFIED	5	4	9,000	7,115	74,444
CALIFORNIA COMPENSATION	0	9	121,902	60,035	421,494
CAR (AUTOMOTIVE CASUALTY)	12	14	9,900	37,511	96,428
CARRIERS	0	1	8,394	42	74,801
CASCADE	1	1	8,000	5,580	17,226
CHAMPION	1	2	0	501	1,487
COLONIAL LLOYDS	6	5	0	4,436	40,738

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
COMPANY CLAIMS ACTIVITY  
FOR YEAR ENDING 2003

COMPANY NAME	CLOSED IN 2003	PENDING 12/31/03	LOSSES PAID IN 2003	CLAIMS EXPENSES PAID IN 2003	OUTSTANDING RESERVES
COMCO	0	2	0	2,321	31,728
COMMERCIAL COMPENSATION	11	26	417,153	127,062	1,173,723
CREDIT GENERAL	48	123	2,095,523	572,124	7,460,073
EARLY AMERICAN	0	1	0	569	4,943
EMPLOYERS CASUALTY	0	15	3,930	7,742	12,008,872
EMPLOYERS NATIONAL	15	109	578,161	115,749	13,469,293
EXCALIBUR	2	0	15,000	3,546	0
FIDELITY FIRE & CASUALTY	0	4	0	664	51,182
FIRST SOUTHERN	0	2	4,008	888	46,477
FREEMONT INSURANCE CO.	0	8	20,255	2,848	494,451
GENERAL	0	6	0	3,475	11,232
GULF COAST CASUALTY	1	1	0	1,299	7,400
HOME INSURANCE CO.	1	45	142,404	32,735	1,651,742
IDEAL MUTUAL	1	3	82,848	27,431	1,055,717
INSURANCE CORP. OF AMERICA	12	21	365,000	187,309	1,570,537
INTEGRITY	1	17	37,500	4,004	215,436
LARAMIE	0	2	0	708	559,502
LEGION/VILLANOVA INSURANCE CO.	0	226	383,805	133,782	8,576,559
LIBERTY LLOYDS	8	15	20,250	23,550	79,430

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
COMPANY CLAIMS ACTIVITY  
FOR YEAR ENDING 2003

COMPANY NAME	CLOSED IN 2003	PENDING 12/31/03	LOSSES PAID IN 2003	CLAIMS EXPENSES PAID IN 2003	OUTSTANDING RESERVES
LLOYDS ASSURANCE	2	2	0	3,862	(3,701)
LUTHERAN BENEVOLENT	2	0	10,000	1,682	0
MAGNOLIA FIRE & CASUALTY	1	2	0	90	38,294
MERIT	2	4	1,516	4,363	15,177
MIDLAND	2	19	129,249	14,168	1,030,993
MILLERS INSURANCE CO.	10	28	52,784	21,329	423,975
MISSION	0	16	9,789	18,428	462,756
MISSION NATIONAL	0	2	0	1,157	176,269
NATIONAL ALLIED	0	1	9,516	61	141,041
NEW ENGLAND INTERNATIONAL	1	0	0	49	0
NORTH AMERICAN INDEMNITY	0	1	0	558	2,953
OLD HICKORY	2	7	35,894	4,540	300,621
PACIFIC MARINE	0	3	56,469	9,215	740,975
PATTERSON INSURANCE CO.	596	1,285	2,509,354	1,407,559	8,856,777
PELICAN STATE MUTUAL	3	10	20,000	22,333	261,117
PETROSURANCE	10	8	166,270	38,645	305,160
PHICO	22	27	92,176	266,410	731,158
PINNACLE	1	6	34,900	44,054	367,382
PRESIDENTIAL FIRE & CASUALTY	1	9	165,690	19,460	1,395,236



LOUISIANA INSURANCE GUARANTY ASSOCIATION  
COMPANY CLAIMS ACTIVITY  
FOR YEAR ENDING 2003

COMPANY NAME	CLOSED IN 2003	PENDING 12/31/03	LOSSES	CLAIMS	OUTSTANDING RESERVES
			PAID IN 2003	EXPENSES PAID IN 2003	
PROTECTIVE CASUALTY	0	2	20,586	100	160,547
RECIPROCAL OF AMERICA	2	39	14,447	65,914	974,298
RELIANCE NATIONAL	296	738	10,396,857	4,447,293	696,789,623
ROCKWOOD	4	56	873,628	80,239	11,138,974
SAVANT	23	22	241,333	51,945	1,300,779
SOUTHERN AMERICAN	0	14	0	22,926	252,606
SUNBELT SOUTHERN LLOYDS	0	1	0	216	786
TRANSIT	2	51	115,684	34,919	3,646,338
U.S. CAPITAL	9	10	129,100	40,402	385,566
UNITED AGENTS	101	134	1,497,644	681,289	2,692,698
UNITED COMMUNITY	5	21	278,211	70,330	677,104
UNITED SOUTHERN ASSURANCE	4	8	1,300	63,542	203,732
UNIVERSAL SECURITY	0	1	0	0	300
INACTIVE COMPANY TOTALS	0	10	0	205	5,592,815
TOTALS	1,299	4,471	22,406,872	10,610,771	1,093,501,974

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
RETURN PREMIUMS PROCESSED  
2003

<u>COMPANY</u>	<u># OF POLICIES</u>	<u>PAYMENTS</u>
CREDIT GENERAL	1	\$ 939.00
PATTERSON	1712	\$ 388,693.85
UNITED AGENTS	2	\$ 473.73
<hr/>		
TOTALS	1715	\$390,106.58

**LOUISIANA INSURANCE GUARANTY ASSOCIATION  
REPORT ON INSOLVENT COMPANIES  
MONIES PAID FROM  
DATE OF INSOLVENCY TO 12/31/2003**

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* A.N.A LA 5/17/1993	10,518,850.34	2,573,034.54	1,546,450.81	\$14,638,335.69
ACCELERATION NATIONAL OH 2/28/2001	74,141.80	50,213.25	0.00	\$124,355.05
ALLIANCE LA 6/19/1992	5,333,452.32	1,248,689.28	612,959.46	\$7,195,101.06
* ALLIED FIDELITY IN 7/15/1986	1,151,896.75	684,836.19	14,865.30	\$1,851,598.24
* AMBASSADOR VT 3/10/1987	0.00	4,474.11	0.00	\$4,474.11
AMERICAN DRUGGIST OH 4/30/1986	1,620,535.17	518,061.34	0.00	\$2,138,596.51
AMERICAN EAGLE TX 12/22/1997	912,630.02	500,995.17	0.00	\$1,413,625.19
* AMERICAN EXCEL TX 5/31/1988	62,754.68	30,734.41	0.00	\$93,489.09
AMERICAN FIDELITY NY 3/14/1986	328,458.62	261,592.32	189,538.09	\$779,589.03
* AMERICAN GUARANTY LA 2/26/1988	30,335.99	21,939.89	73,358.82	\$125,634.70
AMERICAN LLOYDS LA 6/21/1989	9,373,835.10	1,955,266.91	658,423.33	\$11,987,525.34
AMERICAN MUTUAL BOSTON MA 3/9/1989	6,311,935.08	813,871.63	0.00	\$7,125,806.71
AMERICAN MUTUAL LIABILITY MA 3/9/1989	6,141,530.10	8,400,160.84	0.00	\$14,541,690.94
* AMERICAN RESERVE RI 6/12/1979	0.00	8,672.73	0.00	\$8,672.73
AMERICAN SURETY & FIDELITY LA 7/8/1992	8,573,147.25	2,523,608.16	996,119.57	\$12,092,874.98
* AMERICAN UNIVERSAL IL 1/8/1991	335,335.00	22,209.45	0.00	\$357,544.45
ANDREW JACKSON MS 4/4/1992	3,696,783.16	1,310,264.59	1,308,283.76	\$6,315,331.51
* ANDREW JACKSON PROPERTY MS 4/4/1992	52,248.80	3,290.90	20,877.85	\$76,417.55

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
ANGLO AMERICAN LA 3/20/1989	21,501,991.78	3,820,467.21	1,004,371.48	\$26,326,830.47
ARIST LA 5/4/1992	10,820,659.09	2,391,866.55	438,254.04	\$13,650,779.68
* ASPEN CO 9/6/1984	792,587.37	268,847.18	111.10	\$1,061,545.65
* BONNEVILLE OF OREGON OR 10/22/1993	450,638.63	159,163.80	0.00	\$609,802.43
* CADILLAC MI 1/2/1990	956,259.45	116,082.23	61,087.16	\$1,133,428.84
CALIFORNIA COMPENSATION CA 9/26/2001	593,483.91	257,049.66	11,580.00	\$862,113.57
CAR (AUTOMOTIVE CASUALTY) LA 1/20/1993	30,231,833.10	11,938,046.62	371,788.99	\$42,541,668.71
CARRIERS IA 1/16/1986	1,254,762.80	268,565.52	0.00	\$1,523,328.32
CASCADE LA 8/12/1993	2,562,426.11	559,051.13	3,149.16	\$3,124,626.40
CHAMPION LA 6/5/1989	90,325,686.58	30,431,720.30	5,281,404.54	\$126,038,811.42
* CITIZENS NY 6/14/1971	0.00	24,975.51	0.00	\$24,975.51
COLONIAL LLOYDS LA 3/27/1992	22,400,437.32	5,950,131.93	5,869,054.50	\$34,219,623.75
COMCO TX 1/13/1992	2,319,545.42	1,105,103.47	120,636.04	\$3,545,284.93
COMMERCIAL COMPENSATION CA 9/26/2001	2,736,727.55	931,882.99	148,830.00	\$3,817,440.54
* COMMERCIAL STANDARD TX 10/4/1985	23,249.13	3,863.14	793.36	\$27,905.63
* COMMODORE TX 12/20/1990	16,566.66	1,298.27	0.00	\$17,864.93
* COMMONWEALTH GENERAL MO 9/1/1995	11,500.00	2,751.79	0.00	\$14,251.79
* CONSOLIDATED UNDERWRITERS MO 3/24/1978	0.00	800.48	0.00	\$800.48
* COTTON BELT TN 7/9/1982	0.00	820.00	0.00	\$820.00
CREDIT GENERAL OH 1/5/2001	9,100,377.69	2,597,804.60	327,406.94	\$12,025,589.23
* DIXIE LLOYDS LA 12/20/1990	9,202,792.23	4,115,878.36	2,103,022.53	\$15,421,693.12

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* DOMINION NY 8/19/1986	0.00	1,932.62	0.00	\$1,932.62
EARLY AMERICAN AL 2/1/1985	3,542,520.19	1,215,621.97	460,371.68	\$5,218,513.84
* EASTERN INDEMNITY MD 1/11/1985	2,050,786.19	255,293.23	0.00	\$2,306,079.42
EMPLOYERS CASUALTY TX 2/11/1994	573,979.90	373,414.45	0.00	\$947,394.35
EMPLOYERS NATIONAL TX 2/11/1994	8,839,411.21	2,586,051.92	7,638.00	\$11,433,101.13
* ENTERPRISE CA 2/24/1987	116,628.80	52,462.58	0.00	\$169,091.38
* EXCALIBUR TX 9/5/1984	658,030.74	244,240.25	0.00	\$902,270.99
FIDELITY FIRE & CASUALTY LA 9/4/1991	11,488,500.16	4,893,511.98	685,620.36	\$17,067,632.50
FIRST SOUTHERN FL 10/31/1992	1,613,081.24	293,544.59	299,295.45	\$2,205,921.28
FREEMONT INSURANCE CO. CA 7/2/2003	20,255.19	2,847.94	0.00	\$23,103.13
GENERAL	(111,616.81)	2,407,890.14	5,300.68	\$2,301,574.01
* GLACIER GENERAL ASSURANCE MN 11/12/1985	0.00	784.25	0.00	\$784.25
* GREAT GLOBAL AZ 4/27/1987	224,848.26	109,147.30	12,286.04	\$346,281.60
* GREAT PLAINS NE 3/4/1992	0.00	429.58	0.00	\$429.58
* GULF AMERICAN FL 3/3/1984	54,042.46	12,151.02	0.00	\$66,193.48
GULF COAST CASUALTY LA 4/2/1993	3,613,356.60	772,822.35	646,645.01	\$5,032,823.96
* HERITAGE IL 2/26/1986	266,838.34	41,196.52	0.00	\$308,034.86
* HOLLAND-AMERICA MO 3/6/1987	0.00	1,288.98	0.00	\$1,288.98
HOME INSURANCE CO. NH 6/13/2003	142,404.18	32,735.28	0.00	\$175,139.46
* HOME OWNERS IL 4/8/1979	34,836.44	26,039.29	0.00	\$60,875.73
* HORIZON NY 1/11/1985	228,917.73	50,132.60	1,367.25	\$280,417.58

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
IDEAL MUTUAL NY 2/7/1985	8,622,078.59	2,326,418.63	5,380.60	\$10,953,877.82
* IMPERIAL CA 1/10/1978	133,091.51	47,699.87	0.00	\$180,791.38
* IMPERIAL LLOYDS LA 7/8/1991	1,806,692.05	719,215.67	0.00	\$2,525,907.72
* INDUSTRIAL FIRE & CASUALTY IL 3/6/1991	0.00	264.58	0.00	\$264.58
INSURANCE CORP. OF AMERICA TX 4/28/1997	3,669,333.62	3,858,840.41	414,669.43	\$7,942,843.46
INTEGRITY NJ 3/24/1987	2,984,050.26	927,643.41	2,648.55	\$3,914,342.22
* INTERCONTINENTAL IL 1/12/1990	0.00	758.25	142.00	\$900.25
* INTERNATIONAL SERVICE TX 7/30/1991	25,000.00	357.64	0.00	\$25,357.64
* INTERSTATE NJ 10/1/1975	0.00	1,481.96	0.00	\$1,481.96
LARAMIE WY 2/14/1990	6,404,833.33	2,386,756.84	1,302,478.13	\$10,094,068.30
LEGION/VILLANOVA INSURANCE CO. PA 7/28/2003	383,805.43	133,781.77	0.00	\$517,587.20
LIBERTY LLOYDS LA 5/17/1993	43,000,605.65	11,956,101.36	190,597.88	\$55,147,304.89
LLOYDS ASSURANCE LA 6/21/1994	4,396,534.65	1,508,266.26	91,863.34	\$5,996,664.25
* LLOYDS OF LOUISIANA LA 3/6/1986	4,009,454.37	1,130,316.21	1,596,984.03	\$6,736,754.61
* LUTHERAN BENEVOLENT MO 12/2/1996	1,037,103.96	241,539.59	102,801.53	\$1,381,445.08
* M.C.A. OK 10/23/1992	0.00	3,915.54	0.00	\$3,915.54
MAGNOLIA FIRE & CASUALTY LA 5/14/1993	751,512.78	179,277.21	79,219.50	\$1,010,009.49
* MANCHESTER OH 2/13/1976	1,647,092.78	385,961.89	132,507.56	\$2,165,562.23
* MARKET IL 12/16/1980	0.00	41.25	0.00	\$41.25
* MARYLAND INDEMNITY MD 11/10/1977	36,714.22	45,576.17	0.00	\$82,290.39
* MEDALLION MO 9/12/1975	205,134.51	126,821.40	493,223.25	\$825,179.16

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* MENTOR	0.00	1,112.50	0.00	\$1,112.50
MERIT CASUALTY CO. IL 4/1/1997	659,633.89	169,789.12	0.00	\$829,423.01
* MID-AMERICAN CASUALTY LA 11/7/1990	277,171.33	85,233.90	271,502.07	\$633,907.30
MIDLAND NY 4/3/1986	10,693,410.49	2,646,729.12	16,652.59	\$13,356,792.20
MILLERS INSURANCE CO. TX 3/24/2003	52,783.88	21,329.11	0.00	\$74,112.99
MISSION CA 2/24/1987	1,809,960.34	603,953.64	0.00	\$2,413,913.98
* MISSION AMERICA CA 2/24/1987	0.00	2,760.92	0.00	\$2,760.92
MISSION NATIONAL CA 2/24/1987	831,992.73	608,600.21	0.00	\$1,440,592.94
* MISSION REINSURANCE CORP. CA 2/24/1987	115,000.00	1,964.45	0.00	\$116,964.45
* MUTUAL FIRE, MARINE & INLAND PA 12/8/1986	0.00	707.42	0.00	\$707.42
NATIONAL ALLIED TX 10/31/1986	1,369,451.05	216,585.80	0.00	\$1,586,016.85
* NEW ENGLAND LA 9/22/1989	6,918,893.50	1,614,462.23	400,134.03	\$8,933,489.76
NORTH AMERICAN INDEMNITY LA 5/26/1992	2,567,683.75	548,359.79	296,837.86	\$3,412,881.40
* NORTH-WEST OR 12/4/1984	0.00	3,958.97	0.00	\$3,958.97
* NORTHEASTERN FIRE PA 6/1/1984	0.00	105.00	0.00	\$105.00
* OHIO GENERAL OH 3/28/1990	185,374.74	56,061.74	24,688.00	\$266,124.48
OLD HICKORY LA 10/31/1991	10,759,693.73	4,117,112.74	1,999,616.42	\$16,876,422.89
* OPTIMUM IL 5/5/1986	0.00	2,120.41	0.00	\$2,120.41
* PACIFIC AMERICAN DE 1/23/1985	233,705.95	52,183.07	0.00	\$285,889.02
PACIFIC MARINE WA 6/7/1989	2,611,586.79	282,933.83	0.00	\$2,894,520.62
PATTERSON INSURANCE CO. LA 3/17/2003	2,509,353.84	1,407,559.10	388,693.85	\$4,305,606.79

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* PAXTON PA 6/26/1989	12,000.00	16,757.82	0.00	\$28,757.82
PELICAN STATE MUTUAL LA 2/26/1993	18,569,391.75	5,213,346.17	326,622.33	\$24,109,360.25
PETROSURANCE OK 3/14/2002	402,285.28	76,033.71	0.00	\$478,318.99
PHICO PA 2/1/2002	194,801.91	385,583.64	0.00	\$580,385.55
PINNACLE INS. CO. GA 9/20/1999	419,868.50	219,752.94	0.00	\$639,621.44
* PREMIER ALLIANCE CA 8/2/1994	199,218.00	132,983.22	0.00	\$332,201.22
PRESIDENTIAL FIRE & CASUALTY LA 11/13/1991	12,440,149.31	2,697,377.96	598,435.42	\$15,735,962.69
* PROFESSIONAL NY 4/12/1974	67,589.75	88,023.05	0.00	\$155,612.80
* PROPRIETORS OH 8/5/1981	144,658.25	40,673.03	7,648.00	\$192,979.28
PROTECTIVE CASUALTY MO 5/24/1991	5,251,970.47	1,269,845.57	632,627.81	\$7,154,443.85
RECIPROCAL OF AMERICA VA 6/20/2003	14,447.46	65,914.35	0.00	\$80,361.81
* REGAL	0.00	15,618.90	0.00	\$15,618.90
* RELIABLE OH 1/29/1988	110,140.01	21,087.38	0.00	\$131,227.39
* RELIANCE	5,000.00	0.00	0.00	\$5,000.00
RELIANCE NATIONAL PA 10/3/2001	23,963,884.87	9,738,265.40	0.00	\$33,702,150.27
* RESERVE IL 5/7/1979	976,532.67	209,197.16	302,030.80	\$1,487,760.63
ROCKWOOD PA 8/26/1991	23,054,437.85	3,734,579.02	23,089.95	\$26,812,106.82
* S & H CA 4/16/1985	0.00	32.50	0.00	\$32.50
SAVANT LA 11/7/2001	690,190.69	184,564.17	0.00	\$874,754.86
* SECURITY CASUALTY IL 12/4/1981	9,651.11	27,178.79	0.00	\$36,829.90
* SOUTH CENTRAL LA 1/5/1989	1,496,640.55	356,707.26	387,532.96	\$2,240,880.77
SOUTHERN AMERICAN UT 3/20/1992	811,116.50	601,735.99	0.00	\$1,412,852.49



<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* SOVEREIGN FIRE & CASUALTY LA 5/29/1991	7,825,397.25	2,913,123.82	3,382,524.64	\$14,121,045.71
* ST. LOUIS FIRE & MARINE	1,500.00	652.30	0.00	\$2,152.30
* STANDARD FIRE AL 3/5/1985	0.00	13,737.86	0.00	\$13,737.86
* SUMMIT NY 5/28/1975	527,145.12	98,467.34	0.00	\$625,612.46
SUNBELT SOUTHERN LA 12/2/1988	290,415.70	291,516.73	0.00	\$581,932.43
* TEXAS FIRE & CASUALTY TX 11/25/1986	0.00	2,950.08	0.00	\$2,950.08
TRANSIT CASUALTY CA 12/3/1985	28,846,936.16	8,654,446.42	18,868.39	\$37,520,250.97
U.S. CAPITAL NY 11/20/1997	1,939,349.02	1,420,449.12	0.00	\$3,359,798.14
* U.S. INDEMNITY LA 10/13/1989	2,192,153.64	428,503.71	38,849.76	\$2,659,507.11
* UNION INDEMNITY NY 6/16/1985	683,366.39	209,907.69	5,553.00	\$898,827.08
UNITED AGENTS LA 3/3/2002	2,762,229.62	1,080,563.72	172,430.10	\$4,015,223.44
* UNITED BONDING IN 2/18/1971	62,054.83	39,152.58	0.00	\$101,207.41
UNITED COMMUNITY NY 11/10/1995	5,556,185.63	2,348,616.54	166,571.56	\$8,071,373.73
* UNITED SAVINGS LIFE	0.00	273.75	0.00	\$273.75
UNITED SOUTHERN ASSURANCE FL 9/18/1997	1,251,715.58	478,957.42	0.00	\$1,730,673.00
UNIVERSAL SECURITY TN 10/13/1991	1,145,779.85	280,744.83	8,772.65	\$1,435,297.33
* WESTERN EMPLOYERS CA 4/19/1991	10,583.52	33,014.56	0.00	\$43,598.08
* WESTERN PREFERRED CASUALTY CO 4/16/1986	0.00	0.00	0.00	\$0.00
* YORKTOWN IL 2/7/1989	174,800.00	7,457.76	0.00	\$182,257.76
TOTALS	\$555,988,536.78	\$181,074,058.53	\$37,163,089.29	\$774,225,684.60

\* - INACTIVE INSOLVENCY