

NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
99 CVS 2896

WAKE COUNTY

2010 MAR -1 P 2:49
WAKE CO. CLERK OF SUPERIOR COURT

STATE OF NORTH CAROLINA,
COMMISSIONER OF INSURANCE
OF NORTH CAROLINA,

Petitioner,

v.

INTERNATIONAL WORKERS'
GUILD HEALTH AND WELFARE
TRUST FUND,

Respondent.

DOMICILIARY LIQUIDATOR'S
QUARTERLY REPORT

[AOC Cover Sheet Code OTHER – Report]

NOW COMES the Commissioner of Insurance of North Carolina and Liquidator of International Workers' Guild Health and Welfare Trust Fund (Liquidator), and hereby makes this report pursuant to North Carolina General Statute § 58-30-105 and the Order of this Court dated March 29, 1999, which requires the Liquidator to make a quarterly report to the Court including a statement of receipts and disbursements to date and a statement of financial position. Attached hereto and incorporated herein by reference as Exhibit A is the statement of financial position as of December 31, 2009, and the statement of receipts and disbursements of International Workers' Guild Health and Welfare Trust Fund for the three months ending December 31, 2009, and for the period from March 29, 1999, the date of liquidation, through December 31, 2009, as prepared by the Special Deputy Insurance Commissioner on behalf of the Liquidator.

This the 15th day of March, 2010.

ROY COOPER
Attorney General

David W. Boone
Assistant Attorney General
N. C. State Bar No. 8648
N. C. Department of Justice
P. O. Box 629
Raleigh, NC 27602-0629
(919) 716-6610

INTERNATIONAL WORKERS' GUILD HEALTH AND WELFARE TRUST FUND

NORTH CAROLINA COMMISSIONER OF INSURANCE AS RECEIVER

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2009

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE THREE MONTHS ENDING DECEMBER 31, 2009

AND FOR THE PERIOD FROM MARCH 29, 1999,

THROUGH DECEMBER 31, 2009

**INTRODUCTION TO INTERNATIONAL WORKERS' GUILD HEALTH
AND WELFARE TRUST FUND
FINANCIAL STATEMENTS**

DECEMBER 31, 2009

Introduction and Basis of Presentation: International Workers' Guild Health and Welfare Trust Fund (the Fund) had engaged in the writing of medical insurance in the State of North Carolina under a multiple employer welfare arrangement. The Fund is not licensed as an insurer in the State of North Carolina, but is subject to the jurisdiction of the Commissioner pursuant to Chapter 58, Article 49, of the North Carolina General Statutes. The Fund was placed into liquidation on March 29, 1999, and is under the control of the Commissioner of Insurance of the State of North Carolina, who is the Liquidator of the Fund. It is the Liquidator's responsibility to recover and liquidate assets and to investigate the events that led to the insolvency of the Fund.

The accompanying statement of financial position reflects general ledger balances of the Fund as of December 31, 2009, adjusted to reflect circumstances currently known to the Liquidator. Amounts will be further adjusted prospectively as deemed appropriate based on the Liquidator's continued investigation. The amounts reflected on the statement of financial position represent the Liquidator's best estimate, as explained in the accompanying notes, of the Fund's assets and liabilities as of December 31, 2009. The accompanying statement of receipts and disbursements presents all actual cash receipts and disbursements for the three months ending December 31, 2009, and for the period from March 29, 1999, the date of liquidation, through December 31, 2009.

INTERNATIONAL WORKERS' GUILD HEALTH AND WELFARE TRUST FUND
NORTH CAROLINA COMMISSIONER OF INSURANCE AS RECEIVER
Statement of Financial Position
As of December 31, 2009

Assets		
Cash on Hand and Deposit	(Note A)	\$ 17,556
Agents' Balances Due	(Note B)	0
Total Assets		<u>17,556</u>
Liabilities		
Consumer Protection Trust Fund		
Reimbursements	(Note C)	110,337
Health Benefits Payable	(Note D)	1,604,535
RAD Trust Deposit		2,500
Other Liabilities		1,101
Total Liabilities		<u>1,718,473</u>
Excess of Liabilities Over Assets		<u>\$ (1,700,917)</u>

The financial statements should be read together with the notes to the financial statements which are considered to be an integral part of this statement.

INTERNATIONAL WORKERS' GUILD HEALTH AND WELFARE TRUST FUND
NORTH CAROLINA COMMISSIONER OF INSURANCE AS RECEIVER
Statement of Receipts and Disbursements

	For The Three Months Ended <u>December 31, 2009</u>	Cumulative From March 29, 1999 Through <u>December 31, 2009</u>
OPERATING ACTIVITIES		
<u>Receipts</u>		
Agent Balances Collected	\$ 0	121,725
RAD Trust Deposit	0	2,500
Consumer Protection Trust Fund	0	110,337
Total Operating Receipts	<u>0</u>	<u>234,562</u>
<u>Disbursements</u>		
<u>Policy Related Disbursements</u>		
Claims Administration Expense	0	63,936
Health Benefits Claims Paid	0	106,493
Total Policy Related Disbursements	<u>0</u>	<u>170,429</u>
<u>General Expenses and Other</u>		
Personnel Expense	0	32,217
Rent and Occupancy	0	3,587
Legal Fees	0	145
Office Expenses	0	1,834
Travel Expense	0	7,059
Miscellaneous Expenses	0	1,830
Total General Expense Disbursements	<u>0</u>	<u>46,672</u>
Total Operating Disbursements	<u>0</u>	<u>217,101</u>
Net Cash Provided by Operating Activities	0	17,461
OTHER ACTIVITIES		
Escheat Liability	0	95
Total Other Activities	<u>0</u>	<u>95</u>
Net Change in Cash and Cash Equivalents	0	17,556
Cash on Hand and on Deposit at Beginning of Period	<u>17,556</u>	<u>0</u>
Cash on Hand and on Deposit at End of Period	<u>\$ 17,556</u>	<u>17,556</u>

The financial statements should be read together with the notes to the financial statements which are considered to be an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

- Note A:** All cash and cash equivalents have a maturity of less than 1 year and are carried at cost which equals market value.
- Note B:** The Liquidator has suspended pursuing actions against the agents who sold IWG Health and Welfare Fund insurance. Each agent is individually liable for the claims outstanding for insurance they sold. The Liquidator has been attempting to collect from each agent the total approved claims outstanding from the business they placed and will then distribute the money to claimants on a pro-rata basis. At December 31, 2009, \$1,131,533 remains due. For purposes of this statement of financial position, a zero value has been judgmentally established as a net recoverable amount due to the uncertainty of collection.
- Note C:** As provided under N.C. General Statutes § 58-2-215, the Consumer Protection Trust Fund reimburses the Fund for certain expenses incurred in the liquidation and recovery of the Fund's assets. The Consumer Protection Trust Fund is billed for the reimbursable costs, as needed, on an interim basis. The Consumer Protection Trust Fund has a claim against the estate, and such reimbursements may be refunded to the Consumer Protection Trust Fund should sufficient assets be recovered through the liquidation proceedings.
- Note D:** The reserve for health benefits payable represents claims processed by the Fund's third party administrator and approved for payment, but not yet paid by the Liquidator.

NORTH CAROLINA

WAKE COUNTY

VERIFICATION

JEFFREY A. TRENDEL, being first duly sworn, deposes and says that he is a Deputy Commissioner of Insurance for the North Carolina Department of Insurance and appointed as Special Deputy Insurance Commissioner of International Workers' Guild Health and Welfare Trust Fund by the Commissioner of Insurance and Liquidator, that he has read the foregoing Statement of Financial Position as of December 31, 2009, and the Statement of Receipts and Disbursements for the three months ending December 31, 2009, and for the period from March 29, 1999, the date of liquidation, through December 31, 2009, and that the contents of same are true and correct to the best of his knowledge and belief.

This the 1st day of March, 2010,

Deputy Commissioner of Insurance and
Special Deputy Insurance Commissioner for
International Workers' Guild Health and Welfare
Trust Fund

NORTH CAROLINA

WAKE COUNTY

Sworn to and subscribed before me this

the 1st day of March, 2010.

PEGGY HOUSTON DEHART
Official Notary Public
JOHNSTON COUNTY, N.C.
My Commission Expires _____

Notary Public

My Commission Expires: 5-4-2013

CERTIFICATE OF SERVICE

This is to certify that the original Domiciliary Liquidator's Quarterly Report was this day filed with the Wake County Clerk of Superior Court and that a copy of the Report was sent by first class United States mail to the following persons:

Honorable Donald W. Stephens
Senior Resident Judge
Wake County Superior Court
P.O. Box 351
Raleigh, NC 27602-0351

This the 1st day of March, 2010.

ROY COOPER
Attorney General

David W. Boone
Assistant Attorney General
N. C. State Bar No. 8648
N. C. Department of Justice
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