

FINAL

MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN
GOVERNING COMMITTEE

Minutes of a Meeting Wednesday, November 12, 2014

A Meeting of the Governing Committee of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”; the Plan) was held at its executive offices, 95A Turnpike Road, Westborough, MA 01581.

The following members were present:

William T. McGrail, Chairman
Richard W. Brewer
Gerald J. Cassidy
Jose R. Zorola
Peter T. Robertson, Esq.

The following MMMRP Staff/Consultants/Sub-Committee members were present:

Robin M. Ward, Director of Administration
Eric Piurkowski, CPA, CFO
Robert White, Legislative Agent (*via conference call*)
Todd Thiesfeldt, Saslow, Lufkin & Buggy, LLP (*via conference call*)
William Pomponi, Saslow, Lufkin & Buggy, LLP (*via conference call*)

Others Present:

Matthew Mancini, Esq., DOI
Stephen Langlois, Coverys

1. Call to Order

Mr. McGrail called the meeting to order at 10:40AM. Ms. Ward kept a record of the proceedings.

2. Quorum and Notice

Mr. McGrail stated that all committee members were in attendance and that a quorum was present at the meeting. Mr. McGrail reported that the required notices for the meeting had been sent to the Secretary of State, Executive Office of the Administration and Finance, and the Division of Insurance and placed on the Plan's website.

3. Minutes of Prior Meeting

Mr. McGrail acknowledged the contributions of former Governing Committee member Ms. Jill Gold and welcomed Mr. Zorola as a new member.

Mr. McGrail noted the minutes to the previous meeting of August 13, 2014 had been distributed to all in attendance. Mr. Robertson noted a correction be made on page 3, change the word "department" to "division". Mr. McGrail made a **motion** to accept the minutes with the correction, Mr. Brewer seconded the motion. The motion passed unanimously.

4. Salsow, Lufkin & Buggy – Auditors audit plan (via conference call)

Mr. Thiesfeldt began by having his handout distributed to all in attendance; a copy is included with these minutes. He started reviewing the audit plan for 2014; which included the agenda, the fees which are unchanged from the previous audit. He continued by reviewing the engagement team, stating that this is his 5th year on the audit team.

Mr. Pomponi continued reviewing the audit plan which included the audit approach overview, significant audit areas and the proposed audit timeline.

Mr. Cassidy made a **motion** to accept the audit plan as presented. Mr. Robertson seconded the motion. The motion passed unanimously.

5. Legislative Report – Robert F. White (via conference call)

Mr. White joined the meeting via conference call. He began by discussing the recent elections and the outcome. He stated that the Federal Senate turned Republican and that it was unknown how that would affect Massachusetts. He continued discussing the changes to the legislature and answered questions from Members.

6. Quarter 3 – 2014 Financials– Eric Piurkowski, CPA CFO

Mr. Piurkowski reviewed the Quarter 3-2014 financials; a copy is included with these minutes. He began by reviewing the balance sheet and stated as of 9-30-2014 the cash accounts; which include the checking, savings accounts and cash equivalents; which are held in our bond and ETF portfolio were \$2.5M. He continued by stating that the Plans total assets are \$18.9M. He then reviewed the income statement noting that net earnings are just over \$1M loss, he explained that the reason that it is greater than the budgeted amount is because last year's budget was prepared before the actuarial loss ratio was complete.

A **motion** was made by Mr. Cassidy to accept the financial report. Mr. Brewer seconded the motion. It passed unanimously.

7. Report of Operations Committee on Budget- Gerald J. Cassidy, Committee Chairman

Mr. Piurkowski began by distributing the updated 2015 budget to all in attendance. A copy is included with these minutes. He started by highlighting the changes, noting that the ceded premium was budgeted at \$1.5M he updated that to \$2M because of strong Q3 activity.

Incurred losses were updated to \$2.7M and the ceded commission was updated to \$285K. He stated that the dividend income was updated to \$150K.

Mr. Cassidy stated that in October the Audit and Operations Committee met to discuss the 2015 budget, he stated that next year the Committee will wait until December to receive the 2016 budget to ensure that Q3 numbers will be included.

Mr. Brewer made a **motion** to approve the updated 2015 budget. Mr. Robertson seconded the motion. It was passed unanimously.

8. Preliminary discussion on Plan reconfiguration

Mr. McGrail began by stating that the Plans landlord (Hospitality Mutual Insurance Co.), has purchased a building in Southborough, MA and plans on occupying that building on or before December 2016. He stated that the Plan intends on moving with HMIC. He asked the members if there was going to be a change in how the Plan does business that would necessitate a change in the space that we occupy then we should talk about in now. He continued by asking if there was any interest by the committee to change to look more like a JUA than a Reinsurance Plan. He noted two reasons to change; one would be to do away with the take all comers and second would be to try and change the way that any deficit assessment is made. Currently it is on a ratio to companies that actually write Medical Malpractice in Massachusetts.

Mr. Zorola stated that at this point the market is working the way it should be. Mr. Robertson added that the providers do not have fond memories of the JUA.

Mr. Zorola made **motion** to table the discussion on Plan Reconfiguration. Mr. Robertson seconded the motion. The motion passed unanimously.

9. Report of the Statutory Examination

Mr. McGrail began by distributing handouts to all in attendance; copies are included with these minutes. He began by reviewing the summary of recommendations that the Division of Insurance recommended in their Report of Statutory Examination and the Plans response/corrections to those recommendations.

10. Adjournment

A **motion** was made to adjourn the Governing Committee meeting at 11:40AM. The motion passed unanimously

A true record transcribed on December 5, 2014

MMMRP Chairman/Officer