

**MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN**

AUDIT COMMITTEE MEETING

Minutes of Meeting

May 2, 2018

An Operations & Audit Committee meeting of the Massachusetts Medical Malpractice Reinsurance Plan ("MMMRP"; "The Plan") was held at The Andover Inn, 4 Chapel Avenue, Andover, MA on Wednesday May 2, 2018 @ 4:00 P.M.

The following committee members were present:

Margaret Bronneck, Esq, Chairperson (*via conference call*)
Joseph Duffy
Renee Jones, Esq
Richard W. Brewer

The following MMMRP staff/consultants were present in person:

William T. McGrail, President
Robin Ward, Director of Administration
Eric Piurkowski, CPA, CFO
Peter Kiely, Investment Committee, MRP
Steve Nestico, Audit Manager, Crowe Horwath
William Pomponi, Senior Audit Manager, Crowe Horwath

Ms. Bronneck called the meeting to order at 4:00 PM. Ms. Ward kept a record of the proceedings. Ms. Bronneck noted that a quorum is present with herself being on conference call. Ms. Bronneck 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.

1. Presentation by Crowe Horwath regarding 2017 audit results

Mr. Pomponi reviewed the 2017 audit report in detail; a copy of which is included within these minutes. He discussed the agenda; service team; timeline and identified risks, testing and risk assessment. Mr. Pomponi stated that he is the Senior Audit Manager on the account and that this is his sixth year on the account. Mr. Pomponi discussed the timeline beginning in December and the Final audit report being completed end of February and presented in May. Mr. Pomponi stated that taxes this year were their biggest hurdle due to tax reform. Mr. Nestico began by reviewing the Audited Financial Report on page 1 stating that is a clean audit opinion with no change from the prior year. He continued reviewing the financials noting that the big change in assets was due to the Plans investments with Equity securities at \$6.3M. Mr. Nestico stated that assumed premiums were consistent with the prior year and losses and unpaid losses adjustment expenses had a slight increase from the prior year. He stated that net income was \$1.1M compared to \$1.3M from prior year. Mr. Nestico continued reviewing the financials. He stated that we had favorable development of \$2.9M in 2016 from prior years and \$2.1M in 2017. Having an \$8.9M reserve at the beginning of 2017 and ending with an \$8.7M reserve. Mr. Nestico noted that "note 6 on page 16" Federal Income taxes is new this year stating that the President signed a tax reform bill that caused a rate change from 34% to 21% which means that they had to remeasure the deferred taxes from 34% to 21% effective rate the rate at which they will reverse in the future. He stated that the result of the remeasurement of those deferred taxes resulted in a reduction of member's surplus of \$43K. Mr. Nestico continued reviewing the financials and answering questions from members.

Mr. Pomponi reviewed the other communications tab of the handout which includes required letters and communications.

Mr. McGrail, Mr. Piurkowski and Ms. Ward and Mr. Kiely left the meeting @ 5:00PM for the Executive Session portion of the presentation.

2. Other Business

There being none the meeting was adjourned.

Transcribed by Robin Ward on May 25, 2018



MMMRP Operations & Audit Committee