

FINAL

MASSACHUSETTS REINSURANCE PLAN
GOVERNING COMMITTEE

Minutes of a Meeting Wednesday February 7, 2018

A Meeting of the Governing Committee of the Massachusetts Reinsurance Plan ("MRP"; the Plan) was held at the Executive offices of the Massachusetts Reinsurance Plan, 106 Southville Road, Southborough, MA 01772 @ 10:30AM.

The following members were present:

William T. McGrail, Chairman
Peter Robertson, Esq.
Renee M. Jones, Esq.
Jose Zorola (*via conference call*)
Margaret Bronneck, Esq. (*excused*)

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

Robin M. Ward, Director of Administration
Eric Piurkowski, CPA, CFO
James R. Bacon, Investment Committee (*via conference call*)

Matthew Mancini, Esq., Division of Insurance

1. Call to Order

Mr. McGrail called the meeting to order at 10:30AM. Ms. Ward kept a record of the proceedings.

2. Quorum and Notice

Mr. McGrail stated that Ms. Margaret Bronneck, Esq. was excused from the meeting, and three committee members were in attendance and one via conference call 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 noted the minutes to the previous meeting of November 8, 2017 had been distributed to all in attendance. Mr. Robertson made a *motion* to accept the minutes as presented. Ms. Jones seconded the motion. The motion passed unanimously.

4. Quarter 4 – 2017 Financials – Eric Piurkowski, CPA CFO

Mr. Piurkowski began discussing the balance sheet portion of the financials; a copy of which is included within these minutes. He stated that as of 12/31/2017 there is \$1.3M in the Clinton Savings Bank and in Q4 we did move \$1M into the bond portfolio as it was excess cash and to get a return on it, he stated that it has been invested. He continued by stating that our bonds have increased due to that investment making it \$6.3M and our equities are also at \$6.3M stating that our total investments are \$12.6M. He continued reviewing the balance sheet stating that the total assets are at \$15.4M. Mr. Piurkowski explained to new members case reserves; stating that it is what the ceding company establish on each case and that case reserves as well as the paid losses is what the actuary uses to put their report together at year end and they estimate and IBNR; incurred but not reported, which is claims that are out there that you don't know about or claims that have adverse development. He explained Premium Deficiency Reserve stating that is unique its only if you have a loss ratio expected over 100%. Mr. Piurkowski continued reviewing the financials and answered questions from members. Mr. Piurkowski stated that he included the 2018 budget with his handouts; a copy of which is included within these minutes. He stated that the reason he included it is because when he prepares the budget it only has 9/30/2017 actual numbers this has the actual numbers as of yearend 12/31/2017.

Mr. Piurkowski passed out another handout titled "2018 Tax Reform Impact"; a copy of which is included within these minutes. He began by stating the big item was lowering the tax

rate from 34% to 21% so in the future when we have net income we will save by paying 21% rate. He continued reviewing his handout highlighting non-life insurance net operation losses (NOLs); dividends received deduction (DRD) and corporate AMT being repealed. He noted another big item is the meals & entertainment deduction has been changed to meals which remain at 50% deductible but entertainment expenses are no longer deductible.

Mr. McGrail noted that all in attendance have a copy of the Policies in Force report; Summary of Ceded Premium report and the Summary of Ceded Policies Written report through 12/31/2017. A copy is included with these minutes.

5. Other Business

Mr. McGrail asked Mr. Bacon “what happened?” regarding the stock market. Mr. Bacon stated that conditions build over a period of time and that it was a sharp correction that was overdue during a long bull market.

6. Adjournment

Mr. Robertson made a motion to adjourn the meeting at 11:10AM; Ms. Jones seconded the motion it passed unanimously.

A true record transcribed on February 20, 2018



MRP Chairman/Officer