

FINAL

MASSACHUSETTS REINSURANCE PLAN
GOVERNING COMMITTEE

Minutes of a Meeting Friday August 10, 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 @ 9:00AM.

The following members were present:

William T. McGrail, Chairman
Peter Robertson, Esq., Vice Chairman
Renee M. Jones, Esq., Member
Jose Zorola, Treasurer
Margaret Bronneck, Esq., Secretary

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

Eric Piurkowski, CPA, CFO
James R. Bacon, Investment Committee

1. Call to Order

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

2. Quorum and Notice

Mr. McGrail stated that all Committee members were present and in person 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 May 3, 2018 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 2 – 2018 Financials & Actuarial Report Review– 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 06/30/2018 there is \$1.1M in the Clinton Savings Bank and cash equivalents (money market) was a little over \$800K. Mr. Piurkowski stated that in March of 2018 we shifted money from equities over to bonds to bring the portfolio percentage down close to 30%, bonds are at \$8M while equities are at \$4.9M which puts us at 33% of total invested assets. Mr. Piurkowski continued reviewing the financials; stating that total assets are at \$15.2M. Mr. Robertson asked if the interest rate tick up would affect unrealized losses; Mr. Piurkowski stated that it could, but it would be a minor effect because we have short duration of 2.5 years and the impact will not be that great for us. Mr. Piurkowski then reviewed the balance sheet stating that our paid losses were very low at \$12K and the LAE paid \$185K; he noted that we had very low case reserves. Mr. Zorola asked that when the case reserves are set, are we taking case reserves from the ceding company, Mr. Piurkowski stated yes and we do not adjust them. Mr. Zorola also asked when is the next claims audit? Mr. McGrail stated this year, Ms. Foley has already been notified by the Plan. Mr. Piurkowski continued reviewing the financials and answering questions from Committee members.

Mr. Piurkowski reviewed the deficit analysis that was performed by Willis Towers Watson and requested by Medical Protective Company, he stated that we will not be paying out any return assessments at this time.

A *motion* was made by Mr. Robertson to accept the unaudited financials as presented and seconded by Ms. Jones. The motion passed unanimously.

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 6/30/2018. A copy is included within these minutes.

5. New Web Site Debut

Topic tabled until November 9, 2018 meeting.

6. Ad-hoc Document Review Report – Joe R. Zorola – Committee Chairman

Mr. Zorola began by stating that Professor Jones and Atty. Bronneck; Atty. Bronneck participated remotely, discussed the documents before the Annual meeting in Andover, MA on 5/3/2018; which were the lease for the space the Plan leases from Hospitality Insurance Group as well as the document that discusses Mr. Piurkowski's relationship with the Plan. Mr. Zorola stated that he forwarded the documents to Atty. Carl Valvo and had a conversation with him as well. Mr. Zorola advised Atty. Valvo to revise the documents because the documents were written and signed originally in 1998 there has been changes in the lease amounts as well as the salary amount, name change for the Plan as well as new location.

7. Operations Committee Report – Peter T. Robertson – Committee Chairman

Mr. Robertson began by stating that the Committee met earlier today to discuss and review Mr. McGrail's performance and compensation as it does every year. Mr. McGrail made a presentation of some details of things the Plan had accomplished in 2017 as well as the annual state of the Plan report that he distributed at the Annual meeting. There was a discussion on Mr. McGrail's salary in relation to other industry organizations and insurance surveys. Mr. Robertson stated that the Committee felt comfortable with a merit increase of 3.5% for 2018 retroactive to April 1, 2018 it was approved by the Operations Committee. The Governing Committee voted unanimously to approve the Operations Committee recommendation.

8. Mission Expansion

Mr. McGrail raised the issue that there is an area of new commerce in the commonwealth that may need the assistance of a reinsurance/insurance market. He asked if the Governing Committee would have him inquire as to what assistance the Plan may have to offer in this area. The Governing Committee instructed Mr. McGrail to proceed in gathering data on the issue.

9. Other Business

There being no other business to come before the Governing Committee, the meeting was adjourned.

10. Adjournment

A *motion* was made by Mr. Robertson to adjourn the meeting at 9:45AM, the motion was seconded by Mr. Zorola and passed unanimously.

A true record transcribed on September 20, 2018

A handwritten signature in black ink, appearing to be "F. Robertson", written over a horizontal line.

MRP Chairman/Officer