

FINAL

MASSACHUSETTS REINSURANCE PLAN  
GOVERNING COMMITTEE

Minutes of a Meeting Wednesday August 7, 2019

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., 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, CFO, CPA  
Robin M. Ward, Director of Administration  
James R. Bacon, Investment Committee Chairman  
Matthew Mancini, Esq., Division of Insurance (*conference call*)

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 four Committee members were present and in person and Ms. Bronneck was excused from the meeting and a quorum was present. 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 from the previous meeting of May 2, 2019 had been distributed to all in attendance. Mr. Zorola made a *motion* to accept the minutes as presented. Mr. Robertson seconded the motion. The motion passed unanimously.

4. Quarter 2 – 2019 Financials– Eric Piurkowski, CPA CFO

Mr. Piurkowski began discussing the balance sheet portion of his financials, a copy had been distributed to all in attendance; and a copy of which is included within these minutes. Mr. Piurkowski stated that as of 6/30/2019 we had \$850K in Clinton Savings bank, \$7.4M in bonds and \$4.8M in equities. Mr. Piurkowski stated that we do our membership fee billing in June which was \$345K we have collected all but \$92K as of 6/30/2019. Mr. Piurkowski continued stating that the IBNR of \$10.3M and case reserves of \$3.2M. He stated that surplus started the year at \$917K and has increased to \$1,139,573 as of 6/30/2019.

Mr. Piurkowski stated that the actuaries current 2018 loss ratio is 139%, Mr. Robertson asked is that what they are telling us we have too book to? Mr. Piurkowski stated that we have always come in a little lower and he has asked the actuaries if it can be lower but because we are a residual market, they expect it to be worse than it has been.

Mr. Piurkowski reviewed the profit and loss portion of his financials; noting that written premium was a little over \$1M. Mr. Piurkowski answered questions from members and continued reviewing his financials.

A *motion* was made by Mr. Robertson to accept the unaudited financials as presented and seconded by Mr. Zorola. 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 6/30/2019. A copy is included within these minutes.

5. Investment Report Q1 & Q2 – James Bacon, Chair Investment Committee

Mr. Bacon began by stating that his handout had been distributed to all in attendance; a copy of which is included within these minutes. He stated that MRP assets were de-risked on two levels; one being to allocate away from equities and into fixed income to a greater extent and the other level was in equities which is the riskier asset class of the two, we shifted money from public traditional equities into a couple new categories called Flexible capital and Real assets. He continued by stating that U.S. equities continue to dominate by far and that there is a fear that Global growth might slowdown across the world. Mr. Bacon stated that at the end of June we have \$8.6M in fixed income and \$5.1M in equities.

Mr. Bacon continued with his presentation reviewing stock markets, US Q2 GDP and what can we expect with interest rate reversal and Central banks. He answered questions from Committee members.

Mr. Robertson made a *motion* to accept the Investment Summary as presented, Mr. Zorola seconded the motion; it passed unanimously.

6. Other Business

Mr. McGrail stated that during the Investment Committee meeting he reported that Mr. Kiely has asked to step back from being a member of the Investment Committee. Mr.

McGrail stated that they had spoken, and he mentioned awarding Mr. Kiely with the title of Chairman Emeritus of the Investment Committee. As such he would be entitled to receive all the materials from Prime Buchholz, Madison Scottsdale and Mr. Bacon. Also he would be invited to any of the Investment Committee meetings that he cared to attend, we could ask him for his opinion on any matter that the Investment Committee was debating. Mr. Robertson made a *motion* to award Mr. Kiely the title of Chairman Emeritus of the Investment Committee and seconded by Mr. Zorola; it passed unanimously.

Mr. McGrail stated that he had asked Mr. Richard Brewer to replace Mr. Kiely as a member of the Investment Committee. He stated that he would. Mr. McGrail to appoint Mr. Brewer in Mr. Kiely's place with no objections it will be considered to have happened.

Mr. McGrail noted that for the next Governing Committee meeting he would like members to consider combing the Compliance Committee with the Operations/Audit Committee there is overlap in the membership and overlap in the mission of both committees. They meet infrequently, and it would be efficient to combine the two. It will be on the agenda for the next meeting.

## 7. Adjournment

A *motion* was made by Mr. Robertson to adjourn the meeting at 11:10AM, Mr. Zorola seconded the motion; it passed unanimously.

A true record transcribed on August 27, 2019

A handwritten signature in black ink, appearing to be "Walter", written above a horizontal line.

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MRP Chairman/Officer