

FINAL

MASSACHUSETTS REINSURANCE PLAN
GOVERNING COMMITTEE

Minutes of a Meeting Tuesday November 12, 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 @ 9:00AM.

The following members were present and in person:

William T. McGrail, Chairman
Renee M. Jones, Esq., Member
Jose Zorola, Treasurer

Participating Remotely:

Margaret Bronneck, Esq., Secretary (*conference call*)
Peter Robertson, Esq., Vice Chairman (*conference call*)

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
William Pomponi, Crowe Horwath (*conference call*)
Steve Nestico, Crowe Horwath (*conference call*)

1. Call to Order

Mr. McGrail called the meeting to order at 9:00AM. Ms. Ward kept a record of the proceedings.

2. Quorum and Notice

Mr. McGrail stated that three Committee members were present and in person and Ms. Bronneck and Mr. Robertson would participate remotely, a quorum was present and that a roll call vote is required for this 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 from the previous meeting of August 7, 2019 had been distributed to all in attendance. Mr. Zorola made a *motion* to accept the minutes as presented and duly seconded by Mr. Robertson. The motion passed unanimously.

Roll call vote:

Mr. Zorola – yes

Mr. Robertson – yes

Ms. Jones – yes

Ms. Bronneck – yes

Mr. McGrail - yes

4. Quarter 3 – 2019 Financials– Eric Piurkowski, CPA CFO

Mr. Piurkowski began discussing the balance sheet portion of his financials, a copy had been distributed to all; and a copy is included within these minutes. Mr. Piurkowski stated that as of 9/30/2019 we had \$1.8M in Clinton Savings bank and \$1.4M in cash equivalents, \$7.3M in bonds and \$4.8M in equities. Mr. Piurkowski continued stating that the premium receivable due in Q3 has a large balance over \$1M due to it being our largest premium writing quarter. Mr. Piurkowski stated that our total assets were \$17.8M as of 9/30/2019. He continued by stating that our IBNR is \$11.5M this is up \$1.2M from 6/30/2019 due to the higher earned premium that we are seeing in 2019 and booking the loss ratio to 138% from the actuary report at year end.

Mr. Piurkowski reviewed the profit and loss portion of his financials stating that we continue to see a lot more written premium being ceded to the Plan this year, and that we are on pace for \$3.5M in written premium for 2019.

Mr. Piurkowski answered questions from members and continued reviewing his financials.

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

Roll Call Vote:

Mr. Robertson – yes

Mr. Zorola – yes

Ms. Jones – yes

Ms. Bronneck – yes

Mr. McGrail - yes

Mr. McGrail noted that all have a copy of the Policies in Force report; Summary of Ceded Premium report and the Summary of Ceded Policies Written report through 9/30/2019. A copy is included within these minutes.

5. Review of Audit Plan – Crowe Horwath

Mr. Pomponi joined the meeting via conference call and began by stating that his handout had been distributed to all; a copy of which is included within these minutes. Mr. Pomponi started to review the Audit Plan, reviewing the service team, stating that the biggest change this year is that he was promoted to Audit Managing Director which he stated is the equivalent of a nonequity partner and he is an authorized signer at the firm and that he would be taking over for Mr. Saslow who has since retired. Mr. Robertson asked if Mr. Pomponi was now subject to the five- year limitations? Mr. Pomponi

answered yes. Mr. Pomponi continued reviewing the services provided, he discussed the service fees of \$40,500, preparation for corporate tax return \$7,570 and federal tax provision \$3,295 and stated that the increases are slightly below 3% from prior year. Mr. Piurkowski stated that he had reviewed the increases and they are inline at a little under 3%. Mr. Pomponi continued reviewing the engagement management and timeline. He reviewed the audit cycle and answered questions from members. Mr. Nestico joined the meeting via conference call and discussed the areas of audit emphasis in detail. Mr. Nestico continued by stating that in accounting and auditing developments; there are three items to discuss the first item being SSAP No. 101 "Income Taxes" Implementation Q&A, second Leases and third Expected Credit Loss Model (CECL). Mr. Nestico answered questions from members.

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

Roll Call Vote:

Mr. Robertson – yes

Ms. Bronneck – yes

Ms. Jones – yes

Mr. Zorola – yes

Mr. McGrail – yes

6. Discussion on combining the Compliance Committee with Audit/Operations Committees

Mr. McGrail tabled discussion until February 14, 2020 meeting.

7. Investment Summary – James R. Bacon, Chairperson, MRP Investment committee

Mr. Bacon distributed Investment Summary to all; a copy of which is included within these minutes. He began by stating that the Plan de-risked asset preservation but flat returns. Mr. Bacon discussed fixed income; equities and the market change. He continued reviewing his summary YTD stock markets and elevated risks which are; Low/negative interest rates; US corporate debt; US election and anti-government social unrest and geopolitical conflict. Mr. Bacon continued reviewing his summary and answering questions from members. Mr. Robertson asked if interest rates drop again how would it effect the Plan, Mr. Bacon said he doesn't see it effecting the Plan significantly.

A *motion* was made by Mr. Zorola and seconded by Mr. Robertson to accept the Investment Summary Report. It passed unanimously

Roll Call Vote:

Mr. Zorola – yes

Mr. Robertson – yes

Ms. Jones – yes

Ms. Bronneck – yes

Mr. McGrail - yes

8. Other Business

Mr. McGrail stated that he had inquired of Mr. Mancini (DOI) about accepting and ceding Physician Assistants to the Plan. Mr. Mancini stated that he would recommend that Physician Assistants be added. Mr. McGrail stated that we would petition the Commissioner to add Physician Assistants and that if he agrees to add them, we will notify the Physician Assistant Association. Mr. McGrail asked Mr. Mancini about adding Nurse Practitioners separately from Registered Nurses after a short discussion it was agreed to add them separately.

Mr. Zorola made a *motion* and duly seconded by Ms. Jones to add Nurse Practitioners separately from Registered Nurses. It passed unanimously.

Roll Call Vote:

Mr. Zorola – yes

Mr. Robertson – yes

Ms. Jones – yes

Ms. Bronneck – yes

Mr. McGrail - yes

Mr. McGrail noted that the 2020 Governing Committee schedule had been distributed to all and he stated to please let Ms. Ward know if they have any conflicts with the proposed dates.

9. Public Comment

There being no public comment.

10. Adjournment

Mr. Zorola made a *motion* to adjourn the meeting it was seconded by Ms. Jones, it passed unanimously.

Roll Call Vote:

Mr. Zorola – yes

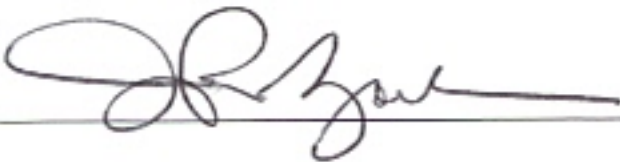
Mr. Robertson – yes

Ms. Jones – yes

Ms. Bronneck – yes

Mr. McGrail - yes

A true record transcribed on November 18, 2019



MRP Chairman/Officer