

FINAL

MASSACHUSETTS REINSURANCE PLAN  
GOVERNING COMMITTEE

Minutes of a Meeting Friday February 14, 2020

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  
Margaret Bronneck, Esq., Secretary

***Participating Remotely:***

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 (*conference call*)  
Matthew Mancini, Esq., Division of Insurance

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 four Committee members were present and in person and one, 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 November 12, 2019 had been distributed to all in attendance. Mr. Zorola made a *motion* to accept the minutes as presented and duly seconded by Ms. Jones. The motion passed unanimously

*Roll call vote:*

*Mr. Zorola – yes*

*Mr. Robertson – yes*

*Ms. Jones – yes*

*Ms. Bronneck – yes*

*Mr. McGrail - yes*

Ms. Jones made a *motion* to allow participation by conference call, it was duly seconded by Mr. Zorola. It passed unanimously.

*Roll call vote:*

*Ms. Jones – yes*

*Mr. Zorola – yes*

*Mr. Robertson – yes*

*Ms. Bronneck – yes*

*Mr. McGrail - yes*

4. Quarter 4– 2019 Financials & Proposed Budget 2020– 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 12/31/2019 we had \$1.4M in Clinton Savings bank and \$2.6M in cash equivalents, Mr. Piurkowski stated that there is a large balance in the cash equivalents due the fact that the Plan is in the process of changing bond managers, from Madison Scottsdale to IR&M. He continued by stating that there is \$7.7M in bonds and \$5.9M in equities. Mr. Piurkowski continued stating that the premium receivable is down quite a bit from Q3 to \$138K. Mr. Robertson asked that he sees nothing to indicate a membership fee receivable, he stated that we have done a wonderful job collecting those fees. Mr. Piurkowski continued by stating that under liabilities you are going to see quite an increase in our reserves; he explained that when you add up the IBNR and case reserves we now have \$14.2M in total reserves, that's up by \$1.8M from 2018, driving that is the increase in written premium compared to last year. Mr. Piurkowski reviewed

the profit and loss portion of his financials stating that written premium was over budget by \$1.2M, we ended up at \$3.7M, that was up from \$2.5M the previous year as we are seeing a lot more cessions. Mr. Piurkowski stated that incurred losses; paid losses were very low this year of about \$1M if you combine losses and LAE that was paid out, that was about \$2M underbudget. He stated that total incurred losses were \$3.1M. He continued reviewing the profit and loss and answering questions from the committee members.

Mr. Piurkowski reviewed the proposed budget for 2020; a copy of which is included within these minutes. Mr. Piurkowski stated that he expects the incurred losses to increase this year as well as case reserves from \$3M up to \$5M, bringing our incurred losses to \$4.9M. He stated that under audit claims expense there is no expense due to the fact that he will be taking over the claims audit as the Plan is no longer working with Ms. Geraldine Foley. Mr. Piurkowski continued reviewing the proposed budget and answered questions from committee members.

A *motion* was made by Mr. Zorola to accept the unaudited financials, Ms. Bronneck seconded the motion. It passed unanimously.

***Roll Call Vote:***

***Mr. Robertson – yes***

***Mr. Zorola – yes***

***Ms. Jones – yes***

***Ms. Bronneck – yes***

***Mr. McGrail – yes***

Mr. Zorola made a *motion* to accept the Proposed 2020 Budget as presented, Ms. Bronneck seconded the motion. It passed unanimously.

*Roll call vote:*

*Mr. Zorola – yes*

*Ms. Bronneck – yes*

*Mr. Robertson – yes*

*Ms. Jones – 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 12/31/2019. A copy is included within these minutes.

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

Mr. McGrail stated that all in attendance have a Committee reorganization chart; a copy of which is included within these minutes. He stated that Compliance committee never really met with much regularity and thinks that it would be efficient to eliminate that committee. He stated that on topic to topic basis items could be assigned to various Committees.

Mr. Zorola made a *motion* to eliminate the Compliance committee and retain separately the Operations and Audit Committees. Ms. Jones seconded the motion. It passed unanimously.

*Roll Call Vote:*

*Mr. Zorola – yes*

*Mr. Robertson – yes*

*Ms. Jones – yes*

*Ms. Bronneck – yes*

*Mr. McGrail – yes*

6. Ethics Discussion

Ms. Ward explained that the conflict of interest certificate that Governing Committee members are required to complete when they are reappointed to the Governing Committee needs to be completed every 2 years and a copy to be sent to the Plan is appreciated.

7. Other Business

Mr. Bacon distributed his Investment Summary to all; a copy of which is included within these minutes. He began by stating that the four main headlines are.

1. MRP “de-risking” = asset preservation but opportunity cost.
2. 2019 saw record total Plan return.
3. “Goldilocks” conditions but “wildcard” risks – manageable?
4. New MRP bond manager – IR&M.

Mr. Bacon discussed fixed income, equities and flexible capital strategies, and noted that there is room for improvement. Mr. Bacon continued reviewing his summary and answering questions from members. Ms. Jones asked what the process is for switching

bond managers, Mr. Piurkowski stated that was approved in December 2019, and they had a call with Madison Scottsdale earlier this week to start that process; signing letters and they will start liquidating bonds over the next month. Mr. Piurkowski stated that he believes the process will be done the end of March.

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

Mr. McGrail noted a handout called "Change in Diagnosis" has been distributed; a copy of which is included within these minutes. He stated that the Annual meeting is coming up in May at the Andover Inn and that Professor Erin O'Brien of UMASS Boston will be this year's speaker.

8. Public Comment

There being no public comment.

9. Adjournment

Mr. Zorola made a motion to adjourn the meeting it was seconded by Ms. Bronneck, 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 March 3, 2020

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

MRP Chairman/Officer