

GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
January 27, 2014

A regular meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held by telephone conference call at 3:00 p.m. on January 27, 2014. Attendance is reflected in the record of attendance set forth below:

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| Jennifer Juke | Edward J. Kane |
| Katherine Pelletreau | Christopher T. Roach |
| William M. Whitmore | Jolan F. Ippolito |
| Dr. David Howes (absent) | Dana Kempton |
| | Joel Allumbaugh (absent) |

Also in attendance were Chris Howard (in person) and Laren Walker (by telephone).

1. Approval of Minutes

The Board reviewed the minutes of the December 16, 2013 meeting.

RESOLVED: To approve the Minutes of the Board’s December 16, 2013 meeting, as presented.

2. Resignation and Action Related Thereto

Prior to the meeting, Scott Davis had communicated to the Chair his resignation as a Board member and as Treasurer of the Association. The Board accepted Scott’s resignation, noting that their acceptance was with regret and deep appreciation for his commitment and service to the Association over the past two years.

The Board discussed the need to fill open Board positions. It was the consensus of the Board that the Association should use its annual meeting in April as a target date for identifying potential Board members to fill the open Board positions.

The Board discussed the need to appoint a new Treasurer. Following discussion, it was

RESOLVED, to appoint Dana Kempton as Treasurer of the Association to serve until his replacement is duly appointed and qualified.

Given his resignation, Scott Davis was uncomfortable approving a \$456,712 payment to United Healthcare associated with overpayment of assessments. The Board reviewed payment and delegated approval of such amount to the new Treasurer.

3. Monthly Operations Report

Laren Walker presented the Monthly Operations Report for the month of November, 2013. He noted that the Association can expect cash receipts to begin to decrease as assessment revenue drops off following final assessments in October. His current projection anticipates assessments will be approximately \$600,000 below budget.

Mr. Walker reported that premiums are tracking approximately \$500,000 below budget and that, combined with the assessment shortfall, the Association should expect to be approximately \$1M below the total income projection for the 2013 year.

Claims are tracking essentially at budget, with claims incurred for the month of \$3.4 million.

Other expenses are expected to be approximately \$500,000 under the \$1 million projection utilized for purposes of the budget.

Extensive discussion ensued regarding the Association's cash position. Given that there will be no significant revenue generated after 12/31/13, the major factor in determining whether the Association has sufficient liquidity for operations during suspension will be our IBNR. The Board acknowledged that Milliman has not yet reviewed the IBNR, but should be doing so in the next several weeks. The Board discussed the need to generate liquidity projections, once they have visibility on the IBNR for 2013.

The Board discussed the need to begin planning for the Association's suspension, once we have visibility on 2013 IBNR and liquidity projections.

4. Newborn Cede Request

Mr. Walker raised a question with the Board regarding whether a late ceding decision for a premature infant should be allowed. Following vigorous discussion, it was determined that the carrier should submit a written request, with an explanation of the situation, supported by factual data so that the Administrator, with assistance of legal counsel, could make a determination.

5. Discussion of ACA Transitional Reinsurance

There was limited discussion regarding the federal Transitional Reinsurance Program. Although the program is in operation, there is not, as yet, any real clarity regarding how the program will work, and, in fact, there are still many questions regarding systems, timing of assessments and claims reimbursement. There is no real likelihood, however, that any of these questions would result in discontinuation of the program such that the Association would need to reinvigorate its reinsurance in the immediate future.

There being no further business to come before the board, the meeting was adjourned.



Duly Authorized Officer