

GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
November 18, 2013

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 on November 18, 2013. Attendance is reflected in the record of attendance set forth below:

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

Also in attendance were Chris Howard and Laren Walker, by telephone.

1. Approval of Minutes

The Board reviewed the minutes of the October 21, 2013 meeting.

RESOLVED: To approve the Minutes of the Board’s October 21, 2013 meeting, as presented.

2. Monthly Operations Report

Laren Walker presented the Monthly Operations Reports for the months of August and September 2013. Ameriben advanced the production of the September Operations Report ahead of schedule in order to provide best possible financial information as the Association approaches year end suspension. The report focused primarily on the September Report. August Revenues and claims were tracking consistent with the financial model.

The September Report reflects a full three quarters of operations. Mr. Walker reviewed the period end balance sheet and reported a reduction in cash due to the claims processed as a result of the claims audit. Although revenues were slightly behind projection at \$20.3M as compared to \$21M, Anthem has reported an underpayment of approximately \$650,000, which would bring revenues into line with expectation. Premiums were on target with projection.

Claims were reported at \$4.5M, which is approximately \$1M above expectation and prior period results. Claims are projects at \$3.5M in the model. That heavy claims level put claims over projection by approximately \$500,000. The Board discussed the heavy claims volume. Some increase in claims at year end is normal, but too early to draw any conclusions from a single month’s results.

Ceding is tracking consistent with the model, with a slight decline from may 2013 peak.

Following Mr. Walker’s report the Board discussed upcoming operations and the impact on financial results. The final assessment prior to suspension has been billed. The Association is projecting \$8M in assessment revenue in the fourth quarter.

The Board received a brief report regarding so-called “Grace Period” claims allowed by the Board following its last meeting. Ameriben expressed the concern that it cannot identify whether claims are Grace Period claims or not. The processing of these claims will be a “manual” process and subject to human error.

Need to verify with each carrier

- Was it cancellation for nonpayment
- Was it within 30 days
- Certain there was no other coverage
- Premium paid for Grace Period

The Board discussed whether a premium for the Grace Period should apply and it was the unanimous sense of the Board that the Association should charge a premium for that period.

Administrative Run Out Claim Fee

Consistent with the Board’s request at its last meeting, Ameriben submitted a proposal for a post-suspension administrative claims processing fee of \$3.67 per claim. That fee is based on the allocable services to claims administration, without including the cost of any additional administrative services. Mr Walker indicated the fee was consistent with what they are seeing in other states. However, the fee does not include non-claims related administrative services that will be required during the period of suspension. The Board directed Mr. Walker to hold off on projecting any administrative fees expense until the actual level of required services is identified in the Suspension Plan

4. Public Meeting Protocol

Mr. Howard reviewed the draft protocol for taking public comment at Board meetings that had been circulated to the Board prior to the meeting. Following discussion, on motion duly made and seconded it was:

RESOLVED: To approve the Public Meeting Protocol as presented, with one change suggested by Jolan Ippolito specifically referring to “face-to-face” meetings in the Protocol to make clear the comments are taken in person, and to post the Protocol on the MGARA Website.

5. Federal Reinsurance Program

Mr. Howard made a brief presentation to the Board regarding the then current status of the federal transitional reinsurance program. General discussion ensued with no specific action to be taken other than to continue to monitor the situation and report any developments to the Board.

6. Recommendations for Vacant Board Seats

The Board discussed the need to make some recommendations to the Superintendent for Board nominees. The discussion recognized the difficulty in generating interest in serving on the Board of a suspended organization that is winding down its operations.

7. Future Board Meetings

The Board confirmed the date and time for the 4th Quarter in person meeting to be held at 3 p.m. on December 16, 2013 at Pierce Atwood offices, 254 Commercial Street, Portland, ME. It was also confirmed that the first item on the agenda for the December 16 meeting would be taking public comment, if any.

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

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a smaller, less distinct mark.

Duly Authorized Officer