

GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
December 16, 2013

A regular meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at 254 Commercial Street, Portland, Maine on December 16, 2013. Attendance is reflected in the record of attendance set forth below:

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

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

1. Public Comment

The meeting opened with providing an opportunity for public comment. The Association has implemented and posted on its website a process for signing up for public comment. There were no entries made through that process, and no members of the public appeared in person at the meeting. Following a brief discussion, the public comment period was closed.

2. Approval of Minutes

The Board reviewed the minutes of the November 18, 2013 meeting.

RESOLVED: To approve the Minutes of the Board’s November 18, 2013 meeting, as presented.

3. Monthly Operations Report

Laren Walker presented the Monthly Operations Reports for the month of October, 2013. Assessments were issued in October. The Association has received \$23.4 million in assessments YTD, with the full year projected at \$28 million. Based upon last year’s results, Ameriben expects assessments to come in at projection, within \$200,000+/-.

Premiums are tracking very close to projected levels. Through October, premiums are only \$270,000 under projection on a \$15 million total, which is less than a 2% deviation. Ameriben is projecting \$18.2 million in premiums for 2013, compared to a \$18.6 million budget .

Claims are tracking consistent with the model, with claims incurred for the month of \$3.3 million. This brings claims levels within 2% of projected levels on a YTD basis.

Fund balance is \$985,000 ahead of budget YTD.

Due to the wind down of operations, the Board discussed the possibility of terminating the Association’s line of credit with KeyBank in order to save on monthly charges; however, given the need to continue to satisfy claims well into 2014, and the possibility of deviation from

projection, and limited cash inflow after suspension at the first of the year, it was the consensus of the Board that we should leave the line open at KeyBank until there is greater certainty surrounding incurred claims and IBNR for 2013.

Ceding continues to gradually decline; however, Mr. Walker reported that ceding has continued through November. The Board discussed that this ceding is likely mandatory cedes, as discretionary cedes are not likely to hit their deductible for 2013 at this late date.

The Board discussed several administrative matters. Mr. Walker was authorized to engage the auditors for a 2013 audit and for preparation of tax returns. The preliminary cost of audit and tax return preparation (exclusive of field audit) is approximately \$15,000. With respect to Ameriben's continued service as administrator, the Board confirmed that Ameriben should continue to serve in that capacity, based on the post-suspension administrative claims processing fee of \$3.67 per claim previously quoted by Ameriben, and that, once specific activities and related costs are identified in the formal suspension plan, any associated increase in fees could be discussed and addressed. Mr. Walker indicated that he expects the per claim fee should be sufficient to cover all services during suspension.

4. Suspension Planning

The Board discussed preparation of a suspension plan. It was determined that preparation of a formal plan should be deferred until the audit is complete and IBNR for 2013 is determined. That schedule should leave ample time to prepare the required amendment to the Company's Plan of Operation, which must be submitted on or before June 30, 2014.

In the interim, the Board discussed several action steps related to suspension:

- Ameriben to notify carriers that enrollment and ceding terminates January 1, 2014, and remind carriers that MGARA will process claims incurred prior to January 1, 2014.
- Include a reminder to carriers regarding the deadline for claims submission, which is (i) within 90 days from the date the claim is paid, and (ii) no more than 12 months from the date expenses are incurred.
- Ameriben should write to carriers in March to inquire regarding any in-patient lives carried over from 2013 into 2014.
- The Association should audit larger claims on a basis to be discussed/developed in conjunction with Ameriben.

5. Report re Federal Reinsurance Program

Mr. Howard made a brief report to the Board regarding the status of the federal transitional reinsurance program. Although there are bills pending in Congress to alter the funding source for the federal program, there do not appear to be any initiatives to suspend, delay or terminate its implementation.

6. Board Schedule

The Board discussed and established the following schedule for Board meetings:

- January 27, 2014 – telephone conference call
- February 24, 2014 – telephone conference call
- April 8, 2014 – annual in person meeting, with opportunity for public comment, at Pierce Atwood offices, 254 Commercial Street, Portland, ME.

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 cursive name.

Duly Authorized Officer