

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
May 19, 2014

A regular meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at 3:00 p.m. on May 19, 2014 by telephone conference call. 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 (absent)	Jolan F. Ippolito
Joel Allumbaugh	Dana Kempton
	Dr. David Howes

Also in attendance were Chris Howard and Laren Walker.

1. Approval of Minutes

The Board reviewed the minutes of the April 8, 2014 meeting. On motion duly made and seconded it was

RESOLVED: To approve the Minutes of the Board’s April 8, 2014 annual meeting and Board meeting, as presented.

2. Monthly Operations Report

Laren Walker presented the Monthly Operations Report for results through March 31, 2014. He reported March claims at \$383,083 and claims year to date at \$3,189,029. He confirmed unofficially that claims for April were in the vicinity of \$300,000. Discussion ensued regarding likely claims payments required to close out the program and the relationship to IBNR. Mr. Walker reported that we have likely seen 80-90% of claims as of the end of April, and that his rough estimate is another \$1M-\$2M in claims remaining.

Mr. Walker reported that, because the pace of claims is relatively slow, he has instructed Keybank to hold investment through maturity, and not to prematurely terminate investments at a penalty. The Board discussed the existing investment and was comfortable with the Association’s short-term maturities. The Board discussed the need to reexamine the Association’s investment policy at the end of the second quarter, at which point the actual claims levels for the first six months of the year should be known.

3. Update re Tax Issues

Mr. Howard reported that the 2012 penalty abatement had been filed by the Association’s accountants. He also reported on the rejection by the Internal Revenue Service of the Association’s electronic return filed for 2013. He indicated that the accountants had been instructed to file a paper return. It was not clear whether that rejection was reflective of the Service’s position on MGARA, or whether it was simply reflective of the lack of infrastructure around 501(c)(26) filings. Finally, Mr. Howard confirmed there had been no substantive communications as to the private letter ruling request.

4. Insurance

The Board discussed whether to maintain both D&O and comprehensive general liability policies in place. Following a brief discussion, it was the consensus of the Board that these insurances should be maintained in force through the end of 2014, and that the Board should reexamine the question of continuing insurance at that point.

5. Meeting Schedule

The Board discussed dates for 2014 Board meetings, and decided upon the following meetings, to be held by conference call at 3:00 p.m. on the following dates:

June 23, 2014
September 15, 2014
December 15, 2014

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



Duly Authorized Officer