

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**December 15, 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 September 15, 2014 by telephone conference call. 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
Joel Allumbaugh	Dana Kempton
	Dr. David Howes

Also in attendance were Chris Howard, counsel and Laren Walker, administrator.

**1. Approval of Minutes**

The Board reviewed the minutes of the September 15, 2014 meeting. On motion duly made and seconded it was

RESOLVED: To approve the Minutes of the Board’s September 15, 2014 annual meeting and Board meeting, as presented.

**2. Monthly Operations Report**

Laren Walker presented the Monthly Operations Report for results through October 31, 2014. He briefly reviewed the September report, but focused on the October report. Cash in investments as of October 31 were \$6,014,058, with total assets of \$6,017,058. Mr. Walker reported IBNR of \$5,110,892, and a fund balance of \$885,237.

Mr. Walker reviewed the Statement of Revenues and Expenditures, which showed nominal activity for the period. The Board discussed the process for making appropriate adjustments to IBNR and fund balance at year end. Mr. Walker projected \$5,000,000+/- in cash and investments as of year end.

Mr. Walker indicated that the Association is still processing some claims, but these are largely the result of adjustments, as opposed to any claims activity. All claims activity should come to rest by the end of the year, with carriers having been notified that the program will be closed out as of that date.

**3. IRS Ruling**

The Board discussed the Internal Revenue Service ruling that the Association did not qualify for 501(c)(26) status due to providing reinsurance for same sex spouses and children through age 26. The Service’s position is that, notwithstanding that this insurance is required under the ACA, Section 501(c)(26) of the Internal Revenue Code is not updated in connection with the ACA and, therefore, restricts the “insurance” which qualifies for 501(c)(26) status to insurance that is not ACA compliant.

Mr. Howard reported on the ability to file a protest with the Service. Following discussion, it was, on motion duly made and seconded

RESOLVED: to authorize counsel to file and pursue the necessary protest with the Internal Revenue Service.

General discussion ensued regarding the plan for dealing with an adverse determination, aside from continued appeal. No decisions were made in this regard, with the subject matter to be revised as the protest progresses.

**4. Late Ceding**

Mr. Howard presented a memorandum summarizing Harvard Pilgrim's petition to the Board to reconsider an adverse determination by the Administrator regarding the denial of coverage for an infant on the basis that the infant was ceded to MGARA after the ceding deadline set forth in Section 9.4(d) of the Plan of Operation. The discussion was prefaced by recognition of the need to provide Harvard Pilgrim with an opportunity to make a live, in person presentation to the Board. Following extensive discussion, a motion to accept Harvard Pilgrim's petition without the necessity of an in person presentation was defeated by a 5 to 3 vote. The Board discussed scheduling a special meeting to accommodate an in person special meeting and left those details to counsel to work out with Harvard Pilgrim.

**5. Board Status**

The Board discussed the status of the Board roster. The Board noted that Mr. Whitmore's and Mr. Roach's terms expired November 30, 2014, but they continue to serve until their reappointment or until their successor is duly appointed and qualified. Action on their reappointment is anticipated at the annual meeting in April. The Board also discussed the need for the Superintendent to take action on reappointment of all public interest members and requested that Mr. Howard contact the Superintendent and discuss with him directly the process for reappointment.

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



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Duly Authorized Officer