

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
February 24, 2020

A special meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held via teleconference at 3:00 p.m. Attendance is reflected in the record of attendance set forth below:

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| Joel Allumbaugh | Marybeth Liang |
| Dr. David Howes (<i>absent</i>) | Jim Lyon |
| Jolan F. Ippolito, Chair | Bruce Nicholson |
| Ben Johnston | Katherine Pelletreau |
| Dana Kempton | Dan Rachfalski |
| Kevin Lewis | |

Also in attendance were Laren Walker and Diane Kopecky of River 9 (administrator), Chris Howard and Emily Cooke of Pierce Atwood LLP (counsel to the Association), and Dave Williams and Sean Hilton of Milliman, Inc. (actuary to the Association).

1. Approval of Minutes

The Board reviewed the minutes of the January 27, 2020 Board meeting (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

2. Monthly Operations Report

Mr. Walker presented the Association’s Monthly Operations Report as of December 31, 2019. He emphasized that the year-end financials remain subject to change, and that MGARA’s auditors are expected to present the audited financials at the April Board meeting.

Mr. Walker noted several specific items in the financials. He reminded the Board of the decision to accrue fourth-quarter assessments in 2019, notwithstanding that they were due on February 15, 2020. The balance of the 1332 Waiver grant revenue (\$6.4MM) is reflected as a receivable at year-end. Carriers have until March to make mandatory ceding determinations for 2019; accordingly, MGARA could continue to receive 2019 mandatory cedes through March of 2020.

Preliminary data indicates that assessment premium was \$5MM higher than projected. A discussion ensued. Participants sought clarity as to the basis for this result, and whether it was a product of aggressive assessment collection efforts, flawed projections, or other variables – or an error in the preliminary year-end data. It was agreed that this would be examined further, as this appears somewhat anomalous.

Mr. Walker turned next to the data on cedes, noting that the program continues to see significant numbers of retroactive terminations. The cause for this is unclear; some movement may be due to adjustments in response to the issuance of mandatory ceding guidance, but these adjustments would only occur on a one-time basis and should not account for the ongoing prevalence of retroactive terminations.

In response to a question from Mr. Rachfalski, MGARA's practice of policy-level ceding was briefly discussed and clarified.

3. Report and Discussion re LD 2007

Mr. Howard provided an update with respect to LD 2007, An Act to Enact the Made for Maine Health Coverage Act and Improve Health Choices in Maine. He noted that significant momentum is building behind the legislation. He reminded the Board that two separate actuarial analyses are being conducted in parallel: that of Gorman Actuarial, commissioned by the Maine Bureau of Insurance, and Milliman's, on MGARA's behalf. Milliman's team is working hard to make progress as quickly and efficiently as possible; Gorman Actuarial is slated to present its preliminary findings at the legislative work session scheduled for Wednesday, February 26. Milliman is applying a slightly different methodology than Gorman; however, Mr. Williams commented their preliminary analysis is in the same neighborhood as the Gorman results, and is not showing cause for alarm.

4. Board Meeting Schedule Confirmation

Mr. Howard noted that the Board's next standing call is scheduled for March 23, with the option of scheduling calls sooner on an as-needed basis. Ms. Ippolito added that the Board will soon need to consider 2020 attachment points.

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

A handwritten signature in black ink, appearing to be a stylized 'A' or similar character, located below the text of the meeting adjournment.

Duly Authorized Officer