

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
July 26, 2021

A regular meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held both in-person at Pierce Atwood LLP offices at Merrill's Wharf, 254 Commercial Street, Portland, ME and via videoconference at 3:00 p.m. Attendance is reflected in the record of attendance set forth below:

Joel Allumbaugh	Jim Lyon
Dr. David Howes	Bruce Nicholson (<i>absent</i>)
Jolan F. Ippolito, Chair	Katherine Pelletreau
Ben Johnston	Ellen Schreiber
Dana Kempton	Geoff Shannon
Kevin Lewis	Bill Whitmore

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

1. Public Session

The Public Session of the Board meeting was opened. There being no members of the public present, the Board concluded the Public Session without comment.

2. Approval of Minutes

The Board reviewed the minutes of the Board meeting of June 28, 2021 (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

3. Monthly Operations Report

As Laren Walker was unable to attend the meeting, Mr. Howard provided the monthly operations report as of May 2021.

As of May 31 (all figures are approximate): Cash and investments stood at \$78MM. Premium receivables totaled \$3MM. Liabilities totaled \$9MM. Assessments stood at \$6.8MM, which is slightly down year-over-year and slightly behind projections at this time. Incurred claims stand at \$3.9MM, which is 27% of the total projected for the year; this is to be expected, since claims are generally back-loaded in the year.

The balance of 1332 Waiver grant revenue draws for 2021 stood at \$15.8MM as of July 13. The discrepancies in mandatory cedes (among carriers and between projections and

actuals) persists, and at this point in the year is unlikely to change, so some corresponding adjustments to projections may be merited.

4. Administrative Services RFP

As discussed at recent Board meetings, it is time to commence the RFP process for third-party administrator services. Mr. Howard called the Board attention to the draft RFP documentation contained in the meeting materials, including a proposed list of recipients, which includes approximately 30 accounting and actuarial firms, insurance industry consultants, and other entities that are known to have salient experience and expertise. A brief discussion ensued, in which Board members offered questions and comments regarding timing and process of the RFP and anticipated follow-up steps.

Following further discussion, there was broad consensus that the services agreement between MGARA and its existing administrator, River 9, should be amended to cover services with respect to the runout of 2021, the final year of MGARA's prospective reinsurance program, in the event River 9 is not awarded the bid. Board members agreed that it would be costly and inefficient to expect an incoming administrator to learn the intricacies of the prospective model for runout purposes, only to promptly pivot to administering the retrospective model.

5. Amended and Restated Plan of Operation – Conversion to Retrospective Program

Mr. Howard directed the Board's attention to the draft Amended and Restated Plan of Operation contained in the meeting materials (the "Plan"). This document reflects revisions appropriate to the shift from a prospective to a retrospective reinsurance model, slated to take effect on January 1, 2022. In addition, the materials include a list of key decision points that bear on any revisions to the Plan and require Board input.

A discussion ensued. Topics considered at length by the Board included the timing of carrier claims submission and resulting implications for MGARA's cash flow and carrier operations; the timing and breadth of required reporting by carriers; and the likelihood of, and exposure associated with, a potential scenario in which claims in a given year outstrip available program funds. Following robust discussion, the Board provided input on each of the key decision points, which input will be reflected in an updated draft of the Plan that will ultimately be submitted to the Bureau of Insurance for review and approval.

6. Small Group Merger Status Report

Mr. Howard reported that the Bureau of Insurance has not yet reported any decision with respect to the potential merger of Maine's individual and small-group markets. Participants generally observed the importance and time-sensitivity of obtaining certainty as to this item, as well as the fact that any 1332 Waiver application relating to the market merger will have direct implications for MGARA.

Participants briefly discussed L.D. 1725's high-priced items and services reporting regime, which requires carriers to report certain metrics to MGARA and MGARA to annually compile and publish a subset of this information. The timing and logistics of this reporting regime remain uncertain, as does the impact of a market merger.

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