MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION

AMENDED AND RESTATED PLAN OF OPERATION

Conversion to Retrospective Program

Effective: January 1, 2022

Preface

Pursuant to 24-A M.R.S. §3958(1)(A-1) the Board has resolved to convert the MGARA reinsurance program from the current prospective model to a retrospective model as of January 1, 2022. This Amended and Restated Plan of Operation amends and restates MGARA's existing Plan of Operation to convert to a retrospective reinsurance model. The existing Plan of Operation shall remain in force as required in connection with the close-out of the prospective reinsurance program operated during the years 2019 through 2021.

MGARA's enabling legislation is set forth at 24-A M.R.S. Chapter 54-A §§ 3951 – 3963 (the "Enabling Act"). MGARA's original Plan of Operation was adopted effective June 12, 2012 ("Original Plan"). Pursuant to legislative action, effective January 1, 2014, MGARA's operations were suspended during the pendency of the transitional reinsurance program pursuant to Section 1341 of the Patient Protection and Affordable Care Act ("Federal Program") in order to avoid redundancy with the Federal Program. Pursuant to such suspension, MGARA filed an Amended Plan of Operation with the Superintendent of Insurance on June 5, 2014 pursuant to 24-A M.R.S. §3962, which required MGARA to file with the Superintendent for approval an Amended Plan of Operation ("Suspension Plan") within 6 months following the implementation of the Federal Program.

On July 30, 2018, the State of Maine received approval from the United States Department of Health & Human Services, Centers for Medicare & Medicaid Services ("CMS") of its Application for State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act which is incorporated herein by reference ("Section 1332 Waiver Application"). On August 21, 2018 the State of Maine accepted the Section 1332 Waiver by executing and delivering to CMS the Specific Terms and Conditions of the Section 1332 Waiver, which are also incorporated herein by reference ("STCs"). The Section 1332 Waiver Application and the STCs are collectively referred to as the "Section 1332 Waiver".

On August 18, 2018, the MGARA Board approved the re-initiation of MGARA operations as of January 1, 2019, and the submission of an amended and restated Plan of Operation for approval by the Maine Superintendent of Insurance. In December 2018 MGARA received approval of its Amended and Restated Plan of Operation for a January 1, 2019 re-start of operations and has been operating under that plan from January 1, 2019 to the present.

Pursuant to Section 3958(1)(A-1) of the Enabling Act, as amended, the Board resolved on May 24, 2021 to convert the MGARA reinsurance program from the current prospective model to a retrospective model effective as of January 1, 2022.

Table of Contents

ARTICLE I - NAME 1

ARTICLE II - ASSOCIATION MEMBERS..... 1

ARTICLE III - PURPOSE..... 1

ARTICLE IV - DEFINITIONS 1

ARTICLE V - POWERS OF MGARA 6

ARTICLE VI - PLAN OF OPERATION AND FUNDING MODEL 6

ARTICLE VII - GOVERNANCE 7

ARTICLE VIII - ADMINISTRATOR 10

ARTICLE IX - REINSURANCE PROGRAM 16

ARTICLE XI - ASSESSMENTS 23

ARTICLE XII - FINANCIAL ADMINISTRATION..... 27

ARTICLE XIII - AUDIT FUNCTION..... 28

ARTICLE XIV - PENALTIES AND DISPUTE RESOLUTION..... 30

ARTICLE XV - INDEMNIFICATION AND LIABILITY 32

ARTICLE XVI - AMENDMENT 32

ARTICLE XVII -- REPORTING REQUIREMENTS 33

ARTICLE XVIII - TERMINATION..... 33

ARTICLE XIX – MATERIAL CHANGES 34

ARTICLE I NAME

1. 1 The Maine Guaranteed Access Reinsurance Association, hereinafter referred to as the "Association" or "MGARA," is a Maine mutual benefit nonprofit corporation created pursuant to Titles 13-B and 24-A, Chapter 54-A of the Maine Revised Statutes.

ARTICLE II ASSOCIATION MEMBERS

1. 2 The members of MGARA (each, a "Member Insurer") are Insurers (as defined herein) that offer individual health plans and are actively marketing individual health plans in the State of Maine.

ARTICLE III PURPOSE

1. 3 MGARA was established pursuant to Maine Public Law Chapter 90, "An Act to Modify Rating Practices for Individual and Small Group Health Plans and to Encourage Value-based Purchasing of Health Care Services", exclusively for the purpose of providing a reinsurance program for the higher risk segment of Maine's individual health insurance market in order to reduce insurance costs in that market and assure availability of affordable health insurance to residents of the State of Maine by providing reinsurance of a significant portion of the coverage provided through individual health insurance policies offered by its Member Insurers.

ARTICLE IV DEFINITIONS

1. 4 For purposes of this Plan, the following terms shall have the definition hereinafter set forth:

"Administrator" means the organization selected by the Board for the fair, equitable and reasonable administration of MGARA pursuant to the applicable provisions of the Enabling Act.

"Annual Claims Report" is defined in Section 9.8.

"Association" is defined in Section 1.1.

"Attachment Point" is defined in Section 9.3.

"Board" is defined in Section 7.2.

"Board Petition" is defined in Section 13.6(d).

"Bureau" means the Maine Department of Professional and Financial Regulation, Bureau of Insurance.

"Business Day" means any day other than Saturday, Sunday or any other day on which banks in the State of Maine are permitted or required to be closed.

"Claims Reports" is defined in Section 9.8.

"CMS" is defined in the Preface.

"Coinsurance Rate" is defined in Section 9.3.

"Covered Person" means an individual covered as a policyholder, participant or Dependent under an Eligible Health Plan.

"Deficit Assessment" is defined in Section 10.3.

"Dependent" means a spouse, a domestic partner as defined in 24 M.R.S. § 2319-A and 24-A M.R.S. §§ 2741-A and 4249, or a child under 26 years of age.

"Dispute Notice" is defined in Section 13.6(b).

"Eligible Claims" is defined in Section 9.7.

"Eligible Health Plan" is defined in Section 9.2.

"Enabling Act" means the Maine Guaranteed Access Reinsurance Association Act, 24-A M.R.S. Chapter 54-A §§ 3951 et seq.

"Enrolled Person" is defined in Section 10.2.

"Executive Dispute Process" is defined in Section 13.6(b).

"Federal Pass-Through Payments" means payments made by CMS and/or the United States Treasury Department pursuant to the Federal Program and the Section 1332 Waiver.

"Federal Program" is defined in the Preface.

"Health Maintenance Organization" means an organization authorized under 24-A M.R.S. Chapter 56 to operate a health maintenance organization in this State.

"IBNR" means losses that have been incurred but not reported.

"Insurance Code" means the Maine Insurance Code, M.R.S. Title 24-A.

"Insurer" means an entity that is authorized to write medical insurance or that provides medical insurance in the State of Maine, including an insurance company, a nonprofit hospital and medical service organization, a fraternal benefit society, a health maintenance organization, a self-insured employer subject to state regulation as described in 24-A M.R.S. §2848-A, a Third Party Administrator, a multiple-employer welfare arrangement, a reinsurer that reinsures health insurance in the State of Maine, a captive insurance company established pursuant to Chapter 83 of the Insurance Code that insures the health coverage risks of its members, the Dirigo Health Program established in Chapter 87 of the Insurance Code, or any other state-sponsored health benefit program whether fully insured or self-funded.

"Investment Policy" is defined in Section 11.5.

"Joint Standing Committee" means the joint standing committee of the Maine State Legislature having jurisdiction over health insurance matters.

"Legal Committee Hearing" is defined in Section 13.6(c).

"Medical Insurance" means a hospital and medical expense-incurred policy, nonprofit hospital and medical service plan, health maintenance organization subscriber contract or other health care plan or arrangement that pays for or furnishes medical or health care services whether by insurance or otherwise, whether sold as an individual or group policy. "Medical Insurance" does not include accidental injury, specified disease, hospital indemnity, dental, vision, disability income, Medicare supplement, long-term care or other limited benefit health insurance or credit insurance; coverage issued as a supplement to liability insurance; insurance arising out of workers' compensation or similar law; automobile medical payment insurance; or insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.

"Medicare" means coverage under both Parts A and B of Title XVIII of the federal Social Security Act, 42 United States Code, Section 1395 et seq., as amended.

"Member Insurer" is defined in Section 2.1.

"Nonprofit Act" means the Maine Nonprofit Corporation Act, M.R.S. Title 13-B.

"Open Claims Report" is defined in Section 9.8(b).

"Organizational Assessment" is defined in Section 10.1.

"Petition" is defined in Section 13.6(c).

"Quarterly Assessment Report" is defined in Section 10.6(b).

"Quarterly Claims Report" is defined in Section 9.8.

"Regular Assessment" is defined in Section 10.2.

"Reinsurance Layer" is defined in Section 9.3.

"Reinsurance Limit" is defined in Section 9.3.

"Reinsurance Program" is defined in Section 9.1.

"Reinsurance Reimbursement" is defined in Section 9.4 and refers to the reinsurance proceeds to which the Member Insurers are entitled under the Enabling Act upon compliance with the terms and conditions thereof and the terms and conditions of this Plan.

"Reinsurance Thresholds" is defined in Section 9.3.

"Reinsured Losses" is defined in Section 9.3.

"Reinsurer" means an insurer from whom a person providing health insurance for a resident procures insurance for itself with the insurer with respect to all or part of the medical insurance risk of the person. "Reinsurer" includes an insurer that provides employee benefits excess insurance.

"Resident" has the same meaning as in 24-A M.R.S § 2736-C(1)(C-2).

"Section 1332 Reporting" is defined in Section 6.5.

"Section 1332 Waiver" is defined in the Preface.

"Section 1332 Waiver Application" is defined in the Preface.

"STCs" is defined in the Preface.

"Superintendent" means the Superintendent of Insurance of the State of Maine.

"Suspension Plan" is defined in the Preface.

"Third Party Administrator" means an entity that is paying or processing medical insurance claims for a resident.

The term "year" refers to a calendar year unless otherwise specified.

4. 1 Construction.

(a) Headings and the rendering of text in bold and/or italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Plan.

(b) A reference to an Exhibit, Schedule, Article, Section or other provision shall be, unless otherwise specified, to exhibits, schedules, articles, sections or other provisions of this Plan, which exhibits and schedules are incorporated herein by reference.

(c) Any reference in this Plan to another document shall be construed as a reference to that other document as the same may have been, or may from time to time be, varied, amended, supplemented, substituted, novated, assigned or otherwise revised.

(d) Any reference to "this Plan," "herein," "hereof" or "hereunder" shall be deemed to be a reference to this Plan as a whole and not limited to the particular Article, Section, Exhibit, Schedule or provision in which the relevant reference appears and to this Plan as varied, amended, supplemented, substituted, novated, assigned or otherwise transferred from time to time.

(e) References to the term "includes" or "including" shall mean "includes, without limitation" or "including, without limitation."

(f) Words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.

(g) If the time for performing an obligation under this Plan occurs or expires on a day that is not a Business Day, the time for performance of such obligation shall be extended until the next succeeding Business Day.

(h) References to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires.

(i) References to "assessment" shall refer to Organizational Assessments, Regular Assessments and Deficit Assessments, as the context requires.

(j) References to "primary coverage" shall mean the coverage provided by Member Insurer to a Covered Person under an Eligible Health Plan.

ARTICLE V POWERS OF MGARA

5. 1 MGARA shall have the powers and authority granted by the Nonprofit Act and the Enabling Act.

ARTICLE VI PLAN OF OPERATION AND FUNDING MODEL

6. 1 MGARA shall perform its functions pursuant to and in accordance with this Plan of Operation, the Enabling Act and the Section 1332 Waiver. This Plan is intended to assure the fair, reasonable and equitable administration of MGARA's Reinsurance Program. This Plan shall be effective upon the adoption by the Board and approval of the Superintendent.

6. 2 Beginning January 1, 2022, the MGARA reinsurance program will transition from a prospective model to the retrospective model described herein, subject to approval by the Superintendent of this Amended and Restated Plan of Operation.

6. 3 MGARA's funding model is summarized in the following Table.

Funding Mechanism	Description
Base Market Assessment	Assessment to health insurers and third party administrators based on the number of insured lives covered by each at a rate of up to $4 per Enrolled Person per month ("PMPM") for all insureds in the Individual, Small Group, Large Group and Self-insured Markets (excluding State and Federal employees)
Deficit Assessment	Optional Assessments to cover any net losses – up to a maximum of $2 PMPM assessed to health insurers based on the number of insured lives covered by each as required under Section 3957(5) of the Enabling Act.
Federal Pass-Through Payments	Payments made by CMS and the US Treasury Department pursuant to the Section 1332 Waiver.

6. 4 Pursuant to the Section 1332 Waiver, the State of Maine is to receive Federal Pass-Through Payments in an amount equal to the net reduction in federal expenditures due to the operation of the MGARA Reinsurance Program each year during the term of the Section 1332 Waiver. Federal

Pass-Through Payments will be made directly to MGARA under the Section 1332 Waiver.

6. 5 MGARA shall develop procedures to support the State of Maine's required periodic reporting to CMS pursuant to the Section 1332 Waiver, including:

(a) Required quarterly, annual and cumulative targets for the scope of coverage requirement, the affordability requirement, the comprehensive requirement, and the federal deficit requirement - 45 CFR 155.1308(f)(4);

(b) Quarterly reports - 45 CFR 155.1324(a); and

(c) Annual reports - 45 CFR 155.1324(b)

(collectively referred to as "Section 1332 Reporting").

ARTICLE VII GOVERNANCE

7.1 Governing Documents. The activities of MGARA shall be governed pursuant to and in accordance with the Nonprofit Act and the Enabling Act, the Articles of Incorporation and Bylaws of MGARA, and this Plan. In the event of a conflict between this Plan and any of the Enabling Act, the Nonprofit Act, the Bylaws, or the Articles, then the Enabling Act, the Nonprofit Act, the Articles, or the Bylaws, as applicable, shall control. MGARA's Articles of Incorporation are attached hereto as Exhibit B, and its Bylaws are attached hereto as Exhibit C.

7.2 Board of Directors. MGARA is governed by a Board of Directors (the "Board") appointed by the Superintendent and Member Insurers as provided in MGARA's Articles of Incorporation and Section 3953(2) of the Enabling Act.

7.3 Committees. The Board may establish and appoint its members (or other persons) to any of the committees described in Article IV, Section 2 of MGARA's Bylaws, or otherwise established by the Board. A written record of the proceedings of each committee shall be maintained by a secretary appointed from the membership of the committee. The Board shall, at a minimum, establish the following Committees, which shall have the responsibilities and scope of authority and operation set forth under its name below.

(a) Actuarial Committee – The duties of the Actuarial Committee are to:

i. Recommend to the Board appropriate Reinsurance Thresholds and Coinsurance Rates, as well as reinsurance premium rates (if any); and

ii. Review, determine and report to the Board the incurred claim losses of MGARA, including amounts for IBNR.

(b) Operations Committee – The duties of the Operations Committee are to:

i. Provide oversight of the Administrator's performance of its functions and responsibilities;

ii. Periodically review this Plan and the operation and implementation of MGARA's Reinsurance Program and make recommendations to the Board regarding amendments or changes to this Plan and/or the Reinsurance Program;

iii. Provide administrative interpretation as to the intent of the Plan and provide administrative direction of issues referred to the Board by the Administrator or the Member Insurers; and

iv. Identify items for which operating rules are needed and propose such rules for adoption by the Board.

(c) Audit Committee – The duties of the Audit Committee are to:

i. Develop a uniform audit program to be utilized to conduct a review of agreed upon procedures between the Member Insurers and MGARA that assures compliance with the provisions of this Plan;

ii. Establish standards of acceptability for the selection of independent auditors or consultants;

iii. Assist the Board in the selection of an independent auditor for the annual audit of MGARA's financial statements; and

iv. Assist the Board in the review of the reports prepared by the independent auditors in conjunction with subsections (i) and (iii) above, and any other audit-related matters the Board deems necessary.

(d) Legal Committee – The duties of the Legal Committee are to:

i. Coordinate with legal counsel, as needed, on routine legal matters relating to MGARA's operations, including proposed contracts and operational practices;

ii. Be familiar with, and provide assistance to the Board concerning, litigation and other disputes involving MGARA and its operations;

iii. Participate in the dispute resolution procedures set forth in Section 13.6 hereof; and

iv. Assist the Board in other legal-related matters as appropriate.

Any or all Committees may be organized as committees of the whole Board, as determined by the Board.

7.4 Policies. The Board shall adopt and implement policies governing the conduct of members of the Board. These shall include the following policies, in addition to any others that may be adopted from time to time at the Board's discretion.

(a) Conflict of Interest Policy. The Conflict of Interest Policy shall be designed to avoid improper conflicts of interest in the actions of and decisions by directors, officers and employees of MGARA.

(b) Confidentiality Policy. The Confidentiality Policy shall be designed to protect MGARA's confidential information from improper disclosure.

(c) Whistleblower Policy. The Whistleblower Policy shall be designed to protect directors, officers, and employees of MGARA from retaliation or victimization for raising, in good faith, concerns or complaints that activities of MGARA, or the action or inaction of its directors, officers, employees or contracted agents, are improper or unlawful.

(d) Reimbursement Policy. The Reimbursement Policy shall be designed to reimburse members of the Board for expenses they incur while fulfilling their duties as directors of MGARA while limiting costs to MGARA and its Member Insurers.

7.5 Annual Meeting. An annual meeting of the Board shall be held on the second Tuesday in April of each year unless the Board designates some other date and time. At the annual meeting, the Board shall:

(a) Review this Plan of Operation and submit proposed amendments, if any, to the Superintendent for approval.

(b) Review the annual audited financial statements for MGARA and such other annual reports as the Board may require from the Administrator regarding the financial position of MGARA, the

operation of the Reinsurance Program and all other material matters, as determined by the Board.

(c) Review reports of the committees established by the Board.

(d) Determine whether any technical corrections and amendments to the Enabling Act should be proposed by MGARA.

(e) Review and duly consider the performance of MGARA in support of its purpose.

(f) Review the Reinsurance Thresholds and Coinsurance Rates (and rates for MGARA's Reinsurance Program, if any).

(g) Review MGARA's administration expenses, incurred losses and IBNR and related reserves.

(h) Determine if any Regular Assessment or Deficit Assessment is necessary and establish the rate for such assessments.

(i) Review, consider and act on any matters deemed by the Board to be necessary and proper for the administration of MGARA.

ARTICLE VIII ADMINISTRATOR

8. 1 Role. The Administrator performs administrative functions associated with the operations of MGARA as delegated by the Board to the Administrator. The Administrator is responsible, together with the Board, for the fair, equitable and reasonable administration of the Reinsurance Program.

8. 2 Selection. The Administrator shall be selected by the Board through a competitive bidding process and shall serve pursuant to the terms of a contract with MGARA that complies with the requirements of §3956(2) of the Enabling Act and Section 8.5 hereof.

8. 3 Statutory Duties. The Administrator shall perform the following functions under the supervision of, and as directed by, the Board.

(a) Perform all administrative functions relating to MGARA, as required or directed by the Board, including the functions more particularly described in Section 8.4 below;

(b) Submit regular reports to the Board regarding the operation of MGARA, with the frequency, content and form of such reports to be as determined by the Board;

(c) Following the close of each calendar year, determine reinsurance premiums (if any) less any administrative expense allowance, the expense of administration pertaining to the reinsurance operations

of MGARA and the incurred losses of the year, and report this information to the Superintendent; and

(d) Pay reinsurance amounts as provided for in this Plan.

8. 4 Board-Determined Functions. The Board shall, from time to time, in its discretion, assign to the Administrator such functions as the Board determines necessary or appropriate in connection with the proper administration of the business of MGARA, which may include, but shall not be limited to, the following:

(a) Organizational Assistance. The Administrator shall assist the Board and its professional service providers in organizing and implementing the operations of MGARA consistent with this Plan and the Enabling Act. The Administrator shall be charged with working with the Board and other professional service providers to expedite the foregoing, including:

(i) Assisting the Board in developing financial modeling and determination of appropriate Reinsurance Thresholds and Coinsurance Rates, levels of assessments and premiums, if any;

(ii) Assisting the Board in selection and development of a work plan for actuarial support;

(iii) Assisting the Board in developing rules, protocols and other requirements associated with claims submission and reporting by Member Insurers; and

(iv) Analysis of potential reinsurance of MGARA's claims exposure and assisting the Board with the structuring of any such reinsurance.

(b) Management Services. The Administrator shall be responsible for managing all aspects of MGARA's Reinsurance Program, under the direction of the Board, and working in conjunction with the other professional service providers retained by MGARA, and shall ensure the efficient and effective operation of MGARA, respond to the needs of Member Insurers, coordinate service providers and assure compliance with all applicable laws, rules and regulations. The scope of management services shall be determined by the Board from time to time in its discretion, and may include, but shall not be limited to, the following:

(i) Administration of the day-to-day operations of MGARA;

(ii) Implementation and oversight of the Reinsurance Program;

(iii) Implementation and oversight of the assessment process, including assessment calculation, billing, processing and collection;

(iv) Work with Member Insurers in the implementation and administration of the Reinsurance Program, including collection of premium (if any) and submission and processing of claims for reimbursement, as more specifically described below;

(v) Assisting the Board and MGARA's actuarial consultants in the determination of assessment levels, premiums (if any) and all financial modeling associated therewith, including the provision of all data necessary for actuarial analysis of the Reinsurance Program and determination of appropriate assessments and premiums (if any);

(vi) Establish procedures and install and maintain the systems needed to properly administer the operations of MGARA in accordance with the Enabling Act, any rules or regulations issued by the Bureau, this Plan and the directives of the Board;

(vii) Assemble and file all reports required under applicable laws, rules and regulations, together with any other required filings and reports which are not within the expertise or contracted services of any service provider (e.g., any rate and policy form filings with the Bureau);

(viii) Prepare and file for approval all insurance policy forms and endorsements needed from time to time for the operation of the Reinsurance Program, if any (reviewed annually for necessary modifications based on experience, change in operations or change in laws and regulations);

(ix) Monitor and propose to the Board, for its consideration, any needed revisions to this Plan;

(x) Act as a communications resource for Member Insurers regarding the Reinsurance Program;

(xi) Prepare Board required reports and maintain all records pertaining to MGARA and the operation of its business in

accordance with record retention policies adopted by the Board; and

(xii) Provide all necessary assistance to the Board and the Superintendent with respect to Section 1332 Reporting.

(c) Financial Services. The Administrator shall be responsible for managing the financial affairs of MGARA. The scope of financial services shall be determined by the Board, from time to time, in its discretion, and may include, but shall not be limited to, the following:

(i) Provision of all finance and accounting services necessary for the operation of the Reinsurance Program, as described herein;

(ii) Preparation and maintenance of all financial information and reports of MGARA, including timely preparation and presentation to the Board of accurate, easy-to-understand monthly financial reports, and such interim reporting as the Board may direct;

(iii) Maintain general ledger systems and administer all accounts payable and accounts receivable;

(iv) Budget preparation, implementation and monitoring;

(v) Maintenance of and accounting for Association funds;

(vi) Management of billing, payment, and collection process for assessments and premiums (if any);

(vii) Working with MGARA's independent accountants in the preparation of its annual audited financial statements, and managing the certification and filing with any necessary state and federal authorities;

(viii) Establish on behalf of MGARA one or more bank accounts for the transaction of Association business, as approved by the Board. Recommend to the Board and implement, from time to time, appropriate procedures for cash management and short-term investment with the financial institutions(s) designated by the Board. Deposit all cash collected on behalf of MGARA in the established bank account(s) on a timely basis;

(ix) Recommend to the Board and apply for, from time to time, appropriate grants or other sources of funding or credits;

(x) Perform Reinsurance Reimbursement consistent with this Plan;

(xi) Issue checks or drafts on and/or approve charges against bank accounts of MGARA;

(xii) Collect and provide all information required in order to calculate assessments in accordance with this Plan;

(xiii) Invest available cash in accordance with investment guidelines approved by the Board and report to the Board all cash management and investment activities results;

(xiv) Assist MGARA in establishing and maintaining any necessary lines of credit or other credit facilities necessary for the operation of MGARA's business, as determined by the Board; and

(xv) Perform other necessary functions as directed by the Board.

(d) Technology and Systems. The Administrator shall be responsible for installing, managing and operating all information technology and related systems necessary for the effective and efficient operation of MGARA's Reinsurance Program. The scope of technology and systems services shall be determined by the Board, from time to time, in its discretion, and may include, but shall not be limited to, the following:

(i) Provide all necessary technology, systems, software and related support required in connection with MGARA's operations;

(ii) Implement and maintain information and network security controls reasonably designed to safeguard the confidentiality of MGARA's records and information, protect against any anticipated threats or hazards to the security or integrity of such records, and protect against unauthorized access to or use of such records or information that could result in harm or inconvenience to MGARA, Member Insurers, or Covered Persons;

(iii) Create, host, maintain and update MGARA's website, with basic public information and public relations data on MGARA; and

(iv) Maintain a complete database of all information related to the business of MGARA and the Reinsurance Program, including Insurers, Member Insurers, assessments, billing and collection, claims payments, Section 1332 Waiver administration, including accessing the federal PMS on behalf of MGARA, and such other information as is relevant to MGARA's operations.

(e) Planning and Compliance. The Administrator shall be responsible for assisting the Board with planning and working with the Board and its professional service providers regarding compliance with all applicable laws, rules and regulations, as well as the requirements of this Plan. The scope of planning and compliance services shall be determined by the Board, from time to time, in its discretion, and may include, but shall not be limited to, the following:

(i) Serve the Board in an advisory capacity, developing recommendations and submitting reports as needed or requested; and

(ii) Work with MGARA's legal counsel to maintain compliance by MGARA with all laws and regulations applicable to MGARA and the operation of the Reinsurance Program, including without limitation all filing and reporting requirements, and with the provisions of the Enabling Act, its Bylaws and this Plan.

(f) Government and Public Relations. The Administrator shall be responsible for assisting the Board with government and public relations. The scope of government and public relations services shall be determined by the Board, from time to time, in its discretion, and may include, but shall not be limited to, assisting the Board with regulatory, governmental and public relations matters, as directed by the Board.

8. 5 Administrator Contract. Subject to the provisions of the Enabling Act, the Board shall have responsibility for determining the terms and conditions of the contract with the Administrator, including without limitation the compensation paid to the Administrator for its services. The contract shall provide, at a minimum, for reimbursement to the Administrator for its

direct and indirect expenses incurred in the performance of its services, as provided in §3956(4) of the Enabling Act.

8. 6 Subcontracted Services. The Administrator shall not subcontract for any services except to the extent expressly permitted pursuant to the terms of its contract with MGARA.

8. 7 Confidentiality. The Administrator shall maintain the confidentiality of all information pertaining to Insurers and/or Covered Persons in accordance herewith and pursuant to all applicable federal and state statutes, regulations and principles of common law pertaining to confidentiality and trade secrets. Such information shall be used only for the purposes necessary for the operation of MGARA and shall be strictly segregated from other records, data or operations of the Administrator. Unless specifically required by this Plan or by the Enabling Act, no information that identifies a specific Covered Person shall be retained or used by the Administrator or disclosed to any third party.

ARTICLE IX REINSURANCE PROGRAM

9.1 Reinsurance Program. MGARA shall provide reinsurance in accordance with the requirements of the Enabling Act and this Plan (the "Reinsurance Program"). The Reinsurance Program will commence operation as of January 1, 2022. The Reinsurance Program shall be operated on a calendar year basis with all Eligible Health Plans in force during a calendar year being eligible for participation in the Reinsurance Program to the extent of any Eligible Claims.

9.2 Eligible Health Plans. Upon request by the Administrator, each Member Insurer shall provide to MGARA a summary of each plan of Medical Insurance offered by the Member Insurer in the individual market in the State of Maine during a calendar in which the Reinsurance Program is operated (each, an "Eligible Health Plan"), and if requested by the Administrator, a copy of each new Eligible Health Plan, and each amendment, change or revision to any existing plan, shall be provided within sixty (60) days following such request.

9.3 Reinsurance Provided. The reinsurance provided under the retrospective program will reimburse Member Insurers at the applicable Coinsurance Rate based on the total Eligible Claims for each Covered Person under an Eligible Health Plan in force during each calendar year, subject to the applicable Reinsurance Threshold. Entitlement to reinsurance is determined on a cumulative per Covered Person basis, and not on a per claim basis. The Reinsurance Thresholds and Coinsurance Rate are as follows:

(a) Reinsurance Thresholds. The reinsurance provided hereunder shall reimburse Member Insurers at the Coinsurance Rate for Eligible Claims payments actually paid by the Member Insurer on account of a given Covered Person that meet or exceed the attachment point set forth on Exhibit A hereto ("Attachment Point") and are not in excess of the reinsurance limit set forth on Exhibit A hereto ("Reinsurance Limit"). There is no entitlement to reinsurance payments for Eligible Claims payments below the Attachment Point or above the Reinsurance Limit per Covered Person. The Attachment Point and Reinsurance Limit are referred to collectively as the "Reinsurance Thresholds". Eligible Claims payments within the Reinsurance Thresholds are referred to as "Reinsured Losses."

(b) Coinsurance Rate. The rate of reinsurance payments ("Coinsurance Rate") is the coinsurance rate percentage set forth on Exhibit A hereto, applied to claims payments within the Reinsurance Thresholds.

(c) Annual Exhibit A Update. The Reinsurance Thresholds and Coinsurance Rate are subject to annual adjustment, as determined by the Board in its discretion and approved by the Superintendent. Each annual adjustment shall be entered on Exhibit A for the relevant calendar year and the revised Exhibit A will be promptly distributed to the Member Insurers.

9.4 Reinsurance Reimbursement. MGARA shall pay reinsurance payments to Member Insurers as follows:

(a) Quarterly Payments. MGARA shall reimburse Member Insurers on a calendar quarter basis at the Coinsurance Rate for Reinsured Losses ("Reinsurance Reimbursement"). Reinsurance Reimbursement shall be paid as promptly as reasonably possible following the submission of Claims Reports.

(b) Annual Payments. On or before June 30 of each calendar year the Member Insurers shall submit to MGARA a final Claims Report for all Eligible Claims for the preceding calendar year. On or before July 31 of each calendar year a final adjudication of Reinsured Losses for the preceding calendar year shall be conducted and final payment of reimbursement for Reinsured Losses shall be made to Member Insurers, subject to the provisions set forth in Section 9.8(b) below regarding claims included in an Open Claims Report.

9.5 Annual Determination of Reinsurance Thresholds and Coinsurance Rate.

On an annual basis, the Board will determine the applicable Reinsurance Thresholds and Coinsurance Rate and submit the same to the Bureau for approval as an amendment to this Plan of Operation. The Association will exercise commercially reasonable efforts to notify Member Insurers of annual changes in the Reinsurance Thresholds and Coinsurance Rate prior to March 31 of each year for the following calendar year, and will in any event will notify Member Insurers not later than July 31 of each year for the following calendar year, except to the extent there are changes in federal or state laws, rules or regulations, or interpretations or applications thereof, that, in the Board's discretion, necessitate a later notification of adjustment; provided, however, that the Association will exercise commercially reasonable efforts to collaborate with the Member Insurers and the Bureau to determine and notify Member Insurers of any adjustments as early as reasonably possible in order to facilitate an orderly rate filing and determination process.

9.6 Premium Calculation and Payment. MGARA reserves the right (subject to approval by the Bureau) to amend this Plan to provide for the payment of premiums as a precondition to participation in the Reinsurance Program. Any such change will be made at the same time as the annual determination of Reinsurance Thresholds and Coinsurance Rate pursuant to Section 9.4 above.

9.7 Eligible Claims. "Eligible Claims" are only those amounts that are actually paid by a Member Insurer for benefits provided to a Covered Person for the applicable calendar year pursuant to an Eligible Health Plan. Eligible Claims do not include such amounts as administrative expenses, attorneys' fees, or non-medical benefits. Eligible Claims do not include:

(a) Claim expenses or salaries paid to employees of the Member Insurer who are not providers of health care services;

(b) Court costs, attorney's fees or other legal expenses;

(c) Claim expenses incurred as a result of the investigation of any submitted claims prior to payment;

(d) Any amount paid by the Member Insurer for (i) punitive or exemplary damages; (ii) compensatory or other damages awarded to any Covered Person, arising out of the conduct of the Member Insurer in the investigation, trial, or settlement of any claim or failure to pay or delay in payment of any benefits under any policy; or (iii) the operation of any managed care, cost containment, or related programs;

(e) Any statutory penalty imposed upon a Member Insurer, whether on account of any unfair trade practice, any unfair insurance practice, or otherwise;

(f) Non-medical benefits, such as stand-alone dental, vision, disability, or other non-medical benefits or services; provided, however, that coverages embedded in the Health Plan, such as pediatric dental and vision or non-EHB adult vision are included in Eligible Claims; or

(g) Claims expenses that are subject to reimbursement through any other reinsurance agreement, plan or program.

9.8 Claims Reporting.

(a) Members Insurers shall provide a report of all Eligible Claims to MGARA on a calendar quarter basis within 20 days following the end of each calendar quarter in a form approved by the Board ("Quarterly Claims Reports"). A final Claims Report shall be submitted on or before July 20 with a June 30 cut-off date for each calendar year for all Eligible Claims for the preceding calendar year ("Annual Claims Report" and generically referred to together with the Quarterly Claims Reports as "Claims Reports"). Claims Reports shall be in a form approved by MGARA and shall contain the following information for each claim reported:

(i) the Covered Person's name;

(ii) the Covered Person's identification number;

(iii) the Covered Person's date of birth;

(iv) the claim incurred date and paid date;

(v) any claim payment and the reinsurance claim amount;

(vi) any reversals of claims payments previously reported;

(vii) any other reinsurance, subrogation or other reimbursement amounts received by the Member Insurer with respect to a reported claim; and

(viii) such other information as may be required by the Board.

(b) Open Claims. Together with the Annual Claims Report, Member Insurers shall submit to MGARA a list of any claim that remains open for the preceding calendar year that the Member Insurer projects is reasonably likely to meet or exceed the Reinsurance Thresholds, together with an estimate of expected payments associated with the relevant open claim ("Open Claims Report"). Claims reported as open claims shall be eligible for reimbursement at such time as Reinsured Losses are finally determined, subject to a final cut-off date of September 30 of the year in which the applicable Annual Claims Report was due. The final Claims Reports on Open Claims is due October 20. Any claims (i) for which Reinsured Losses are not finally determined and submitted for Reinsurance Reimbursement by July 20, and (ii) that are not included in the Open Claims Report and submitted for reimbursement by October 20, shall not be eligible for Reinsurance Reimbursement.

(c) Additional Reporting. MGARA reserves the right to require additional reporting from Member Insurers as the Board deems appropriate from time to time.

9.9 Conduct of Member Insurers.

(a) Member Insurers shall promptly investigate, settle, defend and take other appropriate action on all claims arising under the risks reinsured in a manner consistent with the Member Insurer's non-reinsured business, without regard to whether claims are eligible for Reinsurance Reimbursement by MGARA. Upon the request of MGARA, Member Insurers shall promptly forward to MGARA copies of such reports of investigation.

(b) Member Insurers shall adjudicate all claims subject to Reinsurance Reimbursement by MGARA in a manner consistent with the Member Insurer's non-reinsured business, without regard to whether claims are eligible for Reinsurance Reimbursement by MGARA.

(c) Each Member Insurer shall use its cost containment programs to control costs on reinsured business to the same extent it would use such programs on its non-reinsured business, including but not limited to utilization review, individual case management, preferred provider arrangements, claims processing and other methods of operation on the same basis as the Member Insurer's

non-reinsured business, without regard to whether claims are eligible for Reinsurance Reimbursement by MGARA.

(d) Failure to satisfy the requirements of Sections 9.9(a), (b) and (c) may result in the denial or reduction of reinsurance claim payments, as determined by the Administrator. Disagreements regarding denial of claims for Reinsurance Reimbursement may be appealed to the Board for a final and binding determination pursuant to the provisions of Section 13.6 hereof.

(e) MGARA shall have the right, at its own expense, to participate jointly with a Member Insurer in the investigation, adjustment or defense of any primary coverage claim. Notwithstanding any such participation, the investigation, adjustment and defense of claims shall remain the responsibility of the Member Insurer, and any such participation shall in no way prejudice MGARA's rights to deny or reduce reinsurance claims payments pursuant to Section 9.9(d) above.

(f) MGARA shall have the right (1) to inspect the records of the Member Insurer in connection with Eligible Health Plans or claims reimbursed by MGARA and (2) to request Member Insurers to provide to MGARA records, data, or other information relevant to the operation of MGARA. Member Insurers shall submit to MGARA any additional information within their possession or control that MGARA may request in connection with claims submitted to MGARA for Reinsurance Reimbursement or otherwise in connection with the operation of MGARA. Member Insurers shall exercise reasonable efforts to secure necessary authorization from Covered Person(s) for this purpose, such as including MGARA, or reinsurers generally, in any information disclosure authorizations.

(g) All information disclosed to MGARA by the Member Insurer or to the Member Insurer by MGARA in connection with operations pursuant to this Plan shall be considered by both the Member Insurer and MGARA to be confidential information.

(h) In the event that the Member Insurer is reimbursed by another party for claims previously reimbursed by MGARA, the Member Insurer shall reimburse MGARA for the amount of any duplicate reimbursement from sources such as co-ordination of benefits, excess loss reinsurance obtained by the carrier, and payments under the federal high cost risk pool, to the extent such are applicable. The Member Insurer shall execute and deliver any instruments and otherwise undertake any actions necessary in order

to preserve and secure its right to reimbursement from third parties, including notifying MGARA of any actions that may be required by MGARA.

(i) Member Insurers shall pay claims that are subject to Reinsurance Reimbursement on the same basis as the Member Insurer's non-reinsured claims, and shall not delay payment of otherwise valid claims due to such claims' being subject to Reinsurance Reimbursement by MGARA.

9.10 Audit and Inspection Rights. As a condition of each Member Insurer's membership in MGARA and as a condition of the Member Insurer's ability to obtain Reinsurance Reimbursement by MGARA, MGARA shall have the following audit and inspection rights:

(a) At any time and from time to time upon reasonable advance notice to any Member Insurer, audit and inspect all the Member Insurer's books and records relating in any way to the identification of Covered Persons or claims eligible for Reinsurance Reimbursement, the issuance and administration of primary coverage, and the Member Insurer's systems for managing each of the foregoing.

(b) At any time and from time to time upon reasonable advance notice to any Member Insurer, audit and inspect all the Member Insurer's books and records relating to the investigation, adjustment and defense of any claims, including, without limiting the generality of the foregoing, all books and records relating to the Member Insurer's claims administration process and systems and the compliance or non-compliance by the Member Insurer with the requirements of Sections 9.9(a), (b) and (c) hereof.

(c) All references to books and records shall include all data and information storage regardless of the technology or media used to produce, capture and retain such data and information. Member Insurers shall provide access to qualified personnel sufficient in all respects to assist MGARA's audit personnel with access to and review and analysis of all books, records, data and other information required in connection with performing complete audits and inspections, in accordance with the foregoing.

9.11 Computation of Time Period. In computing a period of time allowed by this Article IX, the date of the event after which the period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a day that is not a Business Day, in which event the period runs until the end of the next day which is a Business Day.

9.12 Notices. All notices and other communications required or permitted by this Article IX shall be deemed given when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or internet e-mail with confirmation of transmission by the transmitting equipment to a fax number or email address provided by the recipient; or (c) deposited in the U.S. mail properly addressed and with sufficient postage.

ARTICLE X ASSESSMENTS

10.1 Organizational Assessment. The Board assessed each Insurer a one-time initial organizational assessment in in 2012 ("Organizational Assessment"). No further Organizational Assessment is permitted.

10.2 Regular Assessments. On an annual basis, the Board shall assess each Insurer an amount ("Regular Assessment") not to exceed four dollars ($4) per month per covered person resident in the State of Maine enrolled in Medical Insurance insured, reinsured or administered by the Insurer (each, an "Enrolled Person"). Absent a change in assessment rate by the Board, the prior year assessment rate shall continue in force. MGARA will exercise commercially reasonable efforts to notify Member Insurers of annual changes in the rate of assessments prior to March 31 of each year for the following calendar year, and will in any event will notify Member Insurers not later than July 31 of each year for the following calendar year, except to the extent there are changes in federal or state laws, rules or regulations, or interpretations or applications thereof, that, in the Board's discretion, necessitate a later notification of adjustment; provided, however, that MGARA will exercise commercially reasonable efforts to collaborate with the Member Insurers and the Bureau to determine and notify Member Insurers of any adjustments in assessment rates as early as reasonably possible in order to facilitate an orderly rate filing and determination process. Regular Assessments shall be payable on a quarterly basis, due within forty-five (45) days after the end of each calendar quarter.

10.3 Assessments to Cover Net Losses. In addition to the Regular Assessments described in Sections 10.1 and 10.2, the Board may assess Insurers at such a time and for such amounts as the Board finds necessary in its discretion to cover any net loss in an amount not to exceed two dollars ($2) per month per Enrolled Person ("Deficit Assessment").

10.4 Self-Reporting. Both Regular Assessments and Deficit Assessments shall initially be calculated and paid by each Insurer on a self-reported basis. When such an assessment payment is due, each Insurer shall submit to MGARA (i) the calculation of the assessment applicable to such Insurer,

together with (ii) the payment required under Sections 10.2 or 10.3 above, as applicable, and (iii) a certification by an authorized officer of the Insurer that all self-reported enrollment data, if any, has been prepared consistent with the basis, reporting methodology, and sources used by such Insurer to calculate enrollment data for purposes of reporting to the Superintendent pursuant to the provisions of the Insurance Code. The Insurer's determinations shall be subject to verification by MGARA, either through audit or through any other independent means available to MGARA for verification of Insurer enrollment. Notwithstanding the self-reporting process described herein, MGARA reserves the right to undertake such billing and collection measures or activities as the Board may deem appropriate and nothing set forth herein shall be construed as limiting that authority.

10.5 Federal or State Employees. An Insurer shall not be subject to assessments pursuant to Sections 10.2 or 10.3 on policies or contracts insuring federal or state employees, except with respect to coverage of Maine state legislators and their dependents.

10.6 Determination and Payment of Assessments.

(a) Basis. The Regular Assessment payable by each Insurer pursuant to Section 10.2, and the Deficit Assessment payable by each Insurer pursuant to Section 10.3, will each be calculated based upon the rate of assessment determined by the Board and each Insurer's Enrolled Person enrollment.

(b) Calculation of Assessments. For purposes of calculating their Regular Assessments, Insurers shall report to MGARA their Enrolled Person enrollment (determined on a basis consistent with Section 10.6(f) below) within forty-five (45) days after the close of each calendar quarter ("Quarterly Assessment Report") and shall remit payment of the Regular Assessment due, calculated in accordance with the enrollment reported therein. The most current enrollment information shall also be used for calculation of Deficit Assessments payable by Insurers if, as and when Deficit Assessments are declared by MGARA.

(c) Third Party Administrator Enrollment and Assessment Determination. In the event a Third Party Administrator demonstrates to the Administrator's satisfaction that it is unable to determine the actual number of Enrolled Person enrolled in a self-insurance program or plan administered by the Third Party Administrator with reasonable effort, then the Administrator may, in its discretion, calculate, and allow the Third Party Administrator to calculate, its enrollment and the resulting assessment based on

an estimated average number of covered persons per employee enrolled in the plan or program, based on such actuarial analysis as the Administrator deems necessary or appropriate to make such determination.

(d) Assessment Payments. Regular and Deficit Assessment payments shall be made on a provisional basis, and MGARA shall have a right to adjust enrollment reported by Insurers to reflect any additional information obtained or provided to MGARA regarding an Insurer's enrollment and make appropriate adjustments in the amount of Regular Assessments and/or Deficit Assessments.

(e) Verifying Enrollment. The Board may verify the amount of each Insurer's assessment based on annual statements and other reports determined to be necessary by the Board. The Board may use any reasonable method of estimating the number of Enrolled Person enrolled with an Insurer if a specific number is not reported, including, without limitation, the Insurer's enrollment as reported to the Bureau of Insurance pursuant to Rule 945. With respect to self-insured health plans subject to assessment, MGARA shall develop and apply a consistent reasonably appropriate methodology to determine the enrollment in those plans based on such information as may from time to time be or become available to MGARA. In the event a self-insured health plan subject to assessment does not provide a Quarterly Assessment Report or other adequate information to allow for determination of its enrollment, then MGARA may extrapolate its enrollment based on such other data as the Board may deem appropriate.

(f) Determining Enrollment: Special Provisions. In preparing its count of Enrolled Person for assessment purposes:

(i) The Board shall make reasonable efforts to ensure that each Enrolled Person is counted only once with respect to a given assessment;

(ii) Each Insurer that obtains excess or stop loss insurance shall include in its count of Enrolled Person all persons whose coverage is insured, in whole or in part, through excess or stop loss coverage; and

(iii) A Reinsurer shall be permitted to exclude from its number of Enrolled Person those who have been counted by the primary insurer or by the primary reinsurer or primary excess or stop loss insurer for the purpose of determining its assessment.

(g) Responsibility for Paying Assessments. As between an insurance carrier that insures an Enrolled Person and a Third Party Administrator that administers such insurance (or provides any related service) with respect to such Enrolled Person on behalf of such insurance carrier, the payment of Regular Assessments and Deficit Assessments based on the coverage of such Enrolled Person shall be the responsibility of the insurance carrier, unless the insurance carrier and the Third Party Administrator agree otherwise (and provided that the assessment is paid on a timely basis). The carrier and the Third Party Administrator shall be responsible to coordinate their respective responsibilities with respect to payment and self-reporting to assure timely reporting and payment in accordance with this Plan.

10.7 Late Payment of Assessments. Assessment payments paid after the applicable due date shall be subject to interest at the rate of 12% per annum, to be charged on and after the applicable due date.

10.8 Deferral of Assessments. An Insurer may apply to the Superintendent for a deferral of all or part of an assessment imposed by MGARA. The Superintendent may defer all or part of the assessment if the Superintendent determines that the payment of the assessment would place the Insurer in a financially impaired condition. If all or part of the assessment is deferred, the amount deferred shall be assessed against other Insurers in a proportionate manner consistent with this Article XI. The Insurer that receives a deferral remains liable to MGARA for the amount deferred and is prohibited from reinsuring any person through MGARA until such time as the Insurer pays the assessments.

10.9 Failure to Pay Assessment.

(a) MGARA shall report all unpaid assessments to the Superintendent requesting that appropriate action be taken to facilitate collection of such amounts.

(b) The Superintendent may suspend or revoke, after notice and hearing, the certificate of authority to transact insurance in Maine of any Insurer that fails to pay an assessment.

(c) As an alternative, the Superintendent may levy a penalty on any Insurer that fails to pay an assessment when due.

(d) In addition, the Superintendent may use any power granted to the Superintendent under the Insurance Code to collect any unpaid assessment.

10.10 Excess Funds. If assessments and other receipts by MGARA exceed the actual losses and administrative expenses of MGARA, the Board shall

hold the excess in an interest bearing account or otherwise invested in accordance with MGARA's Investment Policy and shall use those excess funds to offset future losses or to reduce reinsurance premiums (if any), or adjust the Reinsurance Thresholds or Coinsurance Rate, as determined by the Board in its discretion and approved by the Superintendent. As used in this Section 10.10, "future losses" includes reserves for IBNR.

10.11 Disputes Regarding Assessments. The Administrator will act on behalf of the Board in connection with billing, payment and collection of assessments. In the event of any dispute between an Insurer and MGARA, the Administrator will act on behalf of MGARA in attempting to resolve any dispute; provided, however, in the event such dispute cannot be resolved within thirty (30) days following written notice of the dispute, the Insurer shall be entitled to petition the Board for an appearance before the Board in connection with such dispute, as more particularly described in Section 13.6 hereof.

ARTICLE XI FINANCIAL ADMINISTRATION

11.1 Books and Records. MGARA shall maintain books and records to satisfy any applicable requirements of law and/or of the Board, the Superintendent, and outside auditors, and may contract with the Administrator or such other third party as the Board shall in its discretion select to carry out one or more of the following functions:

(a) The receipt and disbursement of cash by MGARA and financial statements shall be prepared on the accrual basis of accounting.

(b) Non-cash transactions shall be recorded when the asset or the liability should be realized by MGARA in accordance with generally accepted accounting principles (as applicable).

(c) Assets and liabilities of MGARA, other than cash, shall be accounted for and described in itemized records.

(d) For each Insurer, the net balance due to/from MGARA shall be calculated and confirmed with Insurers as deemed appropriate by the Board or when requested by the respective Insurer. Such net balance shall be supported by a record of such Insurer's financial transactions with MGARA. For each Insurer, this record shall include:

(i) Assessments, including any late, deferred, or unpaid assessments.

(ii) Any adjustments to the amount due to/from the Insurer resulting from corrections to information submitted by the Insurer.

(iii) Interest charges due from the Insurer for late payments.

(iv) If the Insurer is a Member Insurer, the amount of reinsurance premium (if any) due from the Member Insurer to MGARA.

(v) If the Insurer is a Member Insurer, the amount of Reinsurance Reimbursement due from MGARA to the Member Insurer.

(vi) Such other records as may be required by the Board.

(e) MGARA shall maintain a general ledger whose balances are used to produce MGARA's financial statements in accordance with generally accepted accounting principles (as applicable).

(f) MGARA shall maintain all records as to premium (if any), Reinsurance Reimbursements, and administrative expenses with respect to a given calendar year for a period of seven (7) years following the end of such calendar year.

11.2 Handling and Accounting of Assets and Money. Money and marketable securities shall be kept in bank accounts and investment accounts as approved by the Board. The Administrator, or other party selected by the Board, shall deposit receipts into and make disbursements from these accounts.

11.3 Bank Accounts. All bank accounts/checking accounts shall be established in the name of the Maine Guaranteed Access Reinsurance Association, and shall be approved by the Board. Authorized check signers shall be approved by the Board.

11.4 Lines of Credit. All lines of credit shall be established in the name of the Maine Guaranteed Access Reinsurance Association, and shall be approved by the Board. Lines of credit may be used for any operating expense, including to meet cash shortfalls.

11.5 Investment Policy. There shall be an "Investment Policy" established by the Board with the assistance of professional investment advisors selected by the Board, which shall identify the appropriate types of investments to be held by MGARA, together with any applicable limitations on such investments. All cash shall be invested in accordance with the Investment Policy.

ARTICLE XII AUDIT FUNCTION

12.1 Statutory Reporting. On an annual basis, MGARA shall provide the following audits and reports to the parties indicated:

(a) Annual Audit. The Board shall cause an audit of MGARA to be conducted annually and shall provide the certified audit report to the Superintendent and the Joint Standing Committee.

(b) Annual Report to the Legislature. MGARA shall report to the Joint Standing Committee not later than March 15th of each year. The report shall include information on the financial solvency of MGARA and the administrative expenses of MGARA.

(c) Annual Review for Solvency. The Board shall cause a review of MGARA for solvency to be conducted annually and shall submit the results of such review to the Superintendent. Before April 1st of each year, MGARA shall determine and report to the Superintendent (i) MGARA's expected net losses for the previous calendar year, including administrative expenses and incurred losses for the year, taking into account investment income and other appropriate gains and losses, and (ii) an estimate of the assessments needed to cover the losses incurred by MGARA in the previous calendar year, including IBNR reserves.

12.2 Audit Scope. The audit shall review both MGARA and the relevant operations of the Administrator. The audit report shall include the auditor's opinion as to whether the financial statements of MGARA fairly present in all material respects the financial position of MGARA. Auditors of MGARA shall also provide the Audit Committee and the Board a report of any reportable conditions or material weaknesses in the internal controls and processes of MGARA. Each of the Board or Audit Committee may at its discretion request copies of audit programs and details of audit testing from the auditor.

12.3 Auditor. MGARA's annual audit shall be conducted by a firm of Certified Public Accountants selected by the Board. The audit firm shall be independent and have no conflicting interests with any Member Insurer, MGARA, or the Administrator. MGARA's annual audit examinations shall be made in accordance with the Generally Accepted Auditing Standards of the American Institute of Certified Public Accountants, and all annual solvency reviews shall be made using generally accepted accounting principles (as applicable).

12.4 Additional Testing, Audits and Investigation. The Board may, at its discretion, cause such additional audit procedures to be conducted as it deems appropriate. Such additional audits may include detailed testing of representative samples of items required in order to inform the Audit Committee regarding the accuracy, completeness and timeliness of the Administrator's performance of all duties and responsibilities specified hereunder and under the Administrator's contract; the compliance by the

Administrator and MGARA with all applicable laws, rules, regulations and industry standards; and the adequacy of internal financial and operating controls and procedures.

ARTICLE XIII PENALTIES AND DISPUTE RESOLUTION

13.1 Good Faith and Due Diligence Of Insurers. Given the numerous factual determinations and tasks to be performed by Insurers in connection with their participation in MGARA, it is expected that all Insurers will exercise the highest degree of good faith and due diligence in all aspects of their relationship with MGARA.

13.2 Common Administrative Errors. There are certain common administrative errors that, notwithstanding the exercise of good faith and due diligence can be expected to occur. MGARA and Member Insurers shall exercise good faith efforts to resolve any administrative errors. Any errors in Reinsurance Reimbursements shall be promptly paid by MGARA to Member Insurers or returned by Member Insurers to MGARA , as applicable.

13.3 Errors Related to Assessments. All Insurer errors related to assessments shall require the immediate payment of any additional amounts due plus interest calculated from the date such sum should have been paid and an administrative charge. Nothing set forth in this Section shall limit MGARA's right to take any action or exercise any remedies provided in this Plan, the Enabling Act or other applicable law.

13.4 Other Errors. All additional sums due to MGARA as a result of errors made by Insurers (including Member Insurers) other than those listed above shall be paid immediately. Nothing set forth in this Section shall limit MGARA's right to take any action or exercise any remedies provided in this Plan, the Enabling Act or other applicable law.

13.5 Interest and Administrative Charges. Usual and ordinary errors and corrections shall not result in interest or administrative charges. In the event MGARA determines that errors are the result of intentional, negligent or habitual behavior, then interest and administrative charges may be imposed in MGARA's discretion. Any such charges shall require Board approval. All interest payments required under this Article XIII shall be calculated from the date the incorrect payment occurred or correct payment should have been made through the date of payment, and shall bear interest at eighteen percent (18%) per annum. Any applicable administrative charge shall be established by the Board, in its discretion.

13.6 Dispute Resolution. In the event of any dispute between MGARA and a Member Insurer, the following provisions shall govern resolution of the

dispute. In the event of a dispute with an Insurer other than a Member Insurer, MGARA shall make dispute resolution available based on the following provisions, to the extent the Insurer agrees to follow such provisions.

(a) In the event of a dispute between the Administrator and any Member Insurer regarding the implementation of this Plan or the operation of the Reinsurance Program, the Administrator and the Member Insurer shall exercise good faith efforts to resolve such dispute in the normal course of business.

(b) In the event a dispute is not resolved in the ordinary course of business, then a Member Insurer may give MGARA written notice of such dispute (a "Dispute Notice"). The executive of the Administrator and counsel for MGARA shall meet with authorized representatives of the Member Insurer within thirty (30) days following the receipt of a Dispute Notice in an attempt in good faith to resolve any such dispute through informal communication accompanied by such documentation, presentation or other materials as the parties may mutually find helpful in facilitating an informal, amicable resolution ("Executive Dispute Process").

(c) In the event the dispute has not been resolved within thirty (30) days after the Executive Dispute Process, the Member Insurer shall have the right to submit a petition to the Legal Committee of the Board for an appearance before the Legal Committee in connection with the dispute ("Petition"). The Petition shall include with reasonable particularity (i) the name and title of the executive who will represent that party and of any other person who will accompany the executive, (ii) a statement of each party's position and a summary of arguments supporting that position, (iii) any supporting documentation the Member Insurer deems relevant or appropriate. At the next regularly scheduled meeting of the Legal Committee following receipt of a Petition, the Legal Committee shall provide the Member Insurer an opportunity to meet with the Legal Committee and make a presentation regarding the dispute ("Legal Committee Hearing"). The Legal Committee shall provide the Member Insurer with notice of the time and place of the meeting. The Legal Committee shall provide notice of its determination regarding the dispute within fifteen (15) days after the Legal Committee Hearing.

(d) In the event the dispute has not been resolved within thirty (30) days after the Legal Committee Hearing, the Member Insurer shall have the right to submit a petition to the full Board for an appearance before the Board in connection with the dispute

("Board Petition"). The Board Petition shall include with reasonable particularity (i) the name and title of the executive who will represent that party and of any other person who will accompany the executive, (ii) a statement of each party's position and a summary of arguments supporting that position, (iii) any supporting documentation the Member Insurer deems relevant or appropriate and for the clear and concise statement of the Member Insurer's objection to the determination by the Legal Committee. Within forty-five (45) days following receipt of a Board Petition, the Board shall schedule a special meeting at which the Member Insurer shall have the opportunity to make a presentation regarding the dispute. The Board shall provide the Member Insurer with notice of the time and place of the meeting. The Member Insurer shall provide such further information, documentation and other data as the Board may reasonably request, in advance of the hearing. The Board shall provide notice of its determination regarding the dispute within thirty (30) days after the hearing, which determination shall be final and binding.

(e) All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in subsections (a)-(d) of this Section 13.6 are pending and for fifteen (15) calendar days thereafter. The parties will take such action, if any, required to effectuate such tolling.

ARTICLE XIV INDEMNIFICATION AND LIABILITY

14.1 Indemnification. MGARA shall indemnify directors and officers of MGARA, and may indemnify employees and agents of MGARA, pursuant to and as provided in the Bylaws of MGARA.

14.2 Liability. Liability of directors and employees of MGARA and others is limited as set forth in the Enabling Act.

ARTICLE XV AMENDMENT

15.1 Amendments to this Plan of Operation may be adopted by the Board at any time, subject to the approval of the Superintendent.

ARTICLE XVI REPORTING REQUIREMENTS

16.1 General. This Plan sets forth certain reports and reporting requirements for Insurers summarized in Section 16.2 below. MGARA reserves the right to adopt additional reporting requirements and require submission of additional reports, or require additional information in the existing reports, as the Board, in its discretion, deem appropriate. The identification in this Plan of reports and the information contained therein shall not limit MGARA's ability to establish additional reporting requirements, as determined necessary to effectively implement this Plan.

16.2 Summary of Reporting Requirements. The following summarizes the reports required by this Plan. This section is included for reference and organizational purposes, and does not alter the reports or reporting requirements set forth in other sections of the Plan.

(a) Claims Reports. Described in Section 9.8 are the Quarterly Claims Report, Annual Claims Report, and Open Claims Report to be submitted by each Member Insurer.

(b) Quarterly Assessment Report. Described in Section 10.6(b) is the Quarterly Assessment Report of each Insurer's Enrolled Person enrollment utilized to calculate the Insurer's Regular Assessment payment, and any Deficit Assessment.

ARTICLE XVII TERMINATION

17.1 MGARA shall continue in existence perpetually, subject to termination in accordance with the requirements of any law or laws enacted by the State of Maine or the United States of America. In case of enactment of a law or laws which, in the determination of the Board and the Superintendent, shall result in, or require, the termination of MGARA, MGARA shall terminate and conclude its affairs in a manner to be determined by the Board and set forth in a Plan of Termination, which shall be subject to approval by the Superintendent. Any funds or assets of any nature held by MGARA at the time of adoption of the Plan of Termination shall be applied and distributed in the following order of priority:

(a) To the payment of the expenses of liquidation and the debts and liabilities of MGARA, including all claims for reimbursement by the Member Insurers;

(b) To the setting up of any reserves which the Board may deem necessary or desirable for any contingent or unforeseen liabilities or obligations of MGARA, which reserves shall be held for such period as the Plan of Termination may specify for the purpose of payment of the aforesaid liabilities and obligations, at the expiration of which period the balance of such reserves shall be distributed in accordance with the following subparagraph; and

(c) After satisfaction of all liabilities and obligations for which reserves have been established pursuant to subparagraph (b) above, all remaining property and assets of MGARA shall be transferred to a trust, non-profit corporation or other fund established pursuant to the Plan of Termination to be used and applied for the general purposes for which MGARA was originally organized, and provided that no part of the remaining assets or net earnings of MGARA shall inure to the benefit of any private entity or individual.

ARTICLE XVIII MATERIAL CHANGES

18.1 MGARA will exercise commercially reasonable efforts to collaborate with the Member Insurers and the Bureau to determine and notify Member Insurers of any material changes or adjustments in this Plan, its operations or its reinsurance program as early as reasonably possible in order to facilitate an orderly rate filing and determination process.

EXHIBIT A

Reinsurance Thresholds and Coinsurance Rate Percentage

2022

Attachment Point	$76,000
Reinsurance Limit	$250,000
Coinsurance Rate percentage	100%

EXHIBIT B

ARTICLES OF INCORPORATION

EXHIBIT C

BYLAWS