

**MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION**  
**Minutes of the Board of Directors**  
**December 20, 2021**

A regularly scheduled monthly update meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held via videoconference at 3:00 p.m. on December 20, 2021. Attendance is reflected in the record of attendance set forth below:

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

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

**1. Approval of Minutes**

The Board reviewed the minutes of the Board meeting of November 22, 2021 (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

**2. Monthly Operations Report**

Before presenting the monthly operations report, Mr. Walker provided a brief update on the recent working session for carriers regarding the upcoming shift to a retrospective reinsurance program. Overall, carriers seem comfortable with the operational changes and proposed timeframes for reporting that will apply starting in the first quarter of 2022.

Mr. Walker then provided the monthly operations report on program operations and financial results through and as of October 31, 2021. He briefly reviewed the Balance Sheet, which reports total assets of \$105.8 million and total liabilities of \$32.4 million with a Fund Balance of \$73.3 million. As of October 31 (all figures are approximate): Assessments were reported at \$14.5 million; premiums were reported at \$29.9 million, running slightly ahead of projection at 93% of anticipated yearly premium; 1332 and grant revenue reported at \$34 million. In response to Board members’ observation that October assessment levels appear low at only 58% of projections, Mr. Walker explained that these appear artificially low because the assessment due date is not until November. Mr. Walker reminded the Board that as of November 11th all 1332 Grant funds had been fully drawn down, as shown in Note 4 to the financial report. Accordingly, MGARA is now drawing on non-Grant funds, and will continue doing so until 2022 federal 1332 Grant funds are

received. He also reminded the Board that, going forward, assessments will be MGARA's sole source of non-Grant revenue, since the retrospective model does not contemplate premiums. Ceding into the program for 2021 will continue through year-end and the program runout period.

Total income was \$77.4 million YTD. Claims incurred were reported at \$59.1 million. Mr. Walker commented that claims continue to run somewhat behind projections.

As has consistently been the case throughout 2021, discretionary cedes lag projections.

A discussion ensued regarding the anticipated level of surplus going into 2022. Board members discussed, among other things, the need to maximize relief to the market while managing for sustainability, the position of the Bureau of Insurance (the "Bureau") regarding MGARA's projected surplus in the context of significant operational and market shifts, and the levers available to MGARA to provide relief to the individual insurance market.

### **3. Status Report on Preparation for 2022 Operations**

As reported by Mr. Walker, a working session for carriers took place recently, and it appears that the transition to a retrospective model as of January 1, 2022 is progressing smoothly. MGARA has not received additional questions or feedback from carriers beyond those addressed in the working session.

### **4. Discussion re 2022 Projected Surplus**

Participants engaged in continued discussion regarding MGARA's projected surplus for 2022 and how to responsibly utilize surplus in furtherance of the Association's mission. A number of themes were discussed, among them the desirability of avoiding year-over-year lurches (the "whipsaw" effect) to avoid feeding market instability; the vexing timing issue that annual carrier rate-setting occurs before MGARA is in a position to finalize and communicate significant adjustments to its model; and the importance of a continued dialogue at the Board level of these issues.

### **5. Report re Status of Proposed Bureau Rule 856 and Small Group Merger**

Mr. Howard reported no update, as there has been no movement on a decision regarding proposed Rule 856, *Combination of the Individual and Small Business Health Insurance Risk Pools* (the "Proposed Rule"). In response to a Board member inquiry regarding the Bureau's timeline for a final determination regarding the proposed market merger, he noted that no express timeline has been articulated; however, the generally applicable timeframe for adoption of a rule following the last date for submissions in response to the proposed rule is 120 days, which would expire 2/22/22, but he indicated there may be exceptions or extensions and he would need to review the relevant timeframe.

### **6. Executive Session**

No Executive Session was required.

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 'A' or similar character with a horizontal line through it, and a smaller character to the right.

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Duly Authorized Officer