

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
January 24, 2022

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. Attendance is reflected in the record of attendance set forth below:

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

Also in attendance were Marti Hooper, Life and Health Actuary with the Maine Bureau of Insurance (the “Bureau”) and Ben Yardley, Senior Attorney with the Bureau; Laren Walker of River 9 (administrator); Dave Williams 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 December 20, 2021 (the “Minutes”). On a motion duly made and seconded, it was

RESOLVED: To approve the Minutes as presented.

2. Monthly Operations Report

Mr. Walker provided the monthly operations report on program operations and financial results through and as of November 30, 2021. He briefly reviewed the Balance Sheet, which reports total assets of \$110.5 million and total liabilities of \$30.4 million with a Fund Balance of \$80.1 million. As of November 30 (all figures are approximate). Assessments were reported at \$21.4 million (with the most recent assessment deadline on October 15). Premiums were reported at \$31.7 million, running ahead of projection at 102% of anticipated yearly premium. Section 1332 grant revenue was reported at \$39.3 million. Claims were reported at \$66.0 million. As of November 11, all 1332 Grant funds have 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.

In response to a Board member’s question, Mr. Walker confirmed that MGARA has generally seen the typical uptick in claims volume that is expected as the year-end approaches. Although November claims came in lower than expected, he expects an

overall increase in claims volume in December and during the January/February runout period.

Mr. Walker pointed participants to MGARA's KeyBanc Capital Markets statements included in the meeting materials, and reported that River 9 continues to work with KeyBanc to meet MGARA's cash flow needs and objectives, particularly now that the year's 1332 Grant funds have been exhausted.

3. Report re Implementation of Retrospective Program

Mr. Walker provided a brief report regarding operational implementation of the retrospective reinsurance program, confirming that the carriers continue to move smoothly toward implementation and inviting carrier Board members to provide feedback and communicate concerns or obstacles should any arise.

At this time, the representatives of the Bureau departed the meeting.

4. Discussion of 1332 Waiver Actuarial and Economic Report and the MBOI Public Hearing

Mr. Howard reminded the Board that the meeting materials contain a preliminary draft of the 1332 Waiver Actuarial and Economic Report prepared by Gorman Actuarial, Inc. for the Bureau in association with Maine's Section 1332 Waiver application to the federal Centers for Medicare and Medicaid Services (CMS). Mr. Howard explained that this analysis will form the heart of the application, which is presently being prepared by the Bureau.

A discussion ensued. Mr. Howard and others noted that the report makes clear that the actuarial analysis uses a "without-MGARA" scenario as the baseline, consistent with the amended statutory requirement (versus the original statute's "without-market-merger" scenario). Several participants expressed concern that certain parameters that were used as assumptions in the actuarial analysis could be mistakenly understood to represent actual intended parameters for MGARA's program, which is not the case. It was widely agreed that this should be clarified in the final version of the 1332 Waiver application. Mr. Allumbaugh inquired about the consolidation to a universal January 1 renewal cycle that was reflected in the draft Bureau Rule 856; Mr. Howard responded that the operative language was deleted from the final rule, which suggests that this concept has been eliminated, but noted that it is worth confirming with the Bureau. Brief further discussion ensued regarding the timing of a market merger determination and the 1332 Waiver application process and next steps.

Mr. Howard briefly reported on the status of term-limited Board seats and the Bureau's plans to appoint successors for those positions over a staggered period of time to avoid undue disruption.

5. 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 initial 'A' followed by a cursive name.

Duly Authorized Officer