

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
April 24, 2023

A special meeting of the Board of Directors of the Maine Guaranteed Access Reinsurance Association (“MGARA” or the “Association”) was held at 3:00 p.m. at the offices of Pierce Atwood LLP, 254 Commercial Street, Portland, ME. Attendance is reflected in the record of attendance set forth below:

Terry Brann (<i>absent</i>)	Kevin Lewis
Scott Cremens	Jim Lyon
Dr. David Howes	Bruce Nicholson
Jolan F. Ippolito, Chair (<i>absent</i>)	Ellen Schneider
Eric Jermyn	Bill Whitmore
Ben Johnston	Dan Demeritt (<i>absent</i>)

Also in attendance were Laren Walker and Diane Kopecky of River 9 (administrator), Chris Howard and Emily Cooke of Pierce Atwood LLP (counsel to the Association), and Dave Williams, Sean Hilton, Tom Murawski, and Jeremy Siborg of Milliman, Inc. (actuary to the Association). A set of meeting materials was distributed to all Board members prior to the meeting.

2024 Reinsurance Thresholds

Mr. Howard reminded participants of the single agenda item for this meeting: setting MGARA’s 2024 reinsurance thresholds. He added that, as expected, Q1 claims data had not been fully processed, so Milliman’s initial 2023 claims assessment will be presented at a future meeting once that information is available.

Mr. Williams shared Milliman’s preliminary analysis of 2024 reinsurance thresholds. This included a review of various sources of uncertainty affecting 2024 projections: impacts of the small-group merger; various regulatory changes; Covid-related macro and micro effects; and the possibility of a recession. He then walked through several selected scenarios for 2024, displaying the effects of various scenarios on program volatility, MGARA’s market value, and the Association’s ending surplus.

The Board discussed at length the several threshold examples presented in the materials. The Board focused on the appropriate RBC range for MGARA given the volatility expected in the next year or so and guided Milliman toward a 460% to 744% RBC ratio that is projected to generate a 6-8% impact of MGARA program in 2024 rates. The Board discussed its responsibility to deliver maximum savings to the market consistent with maintaining appropriate actuarially determined levels of solvency. The guidance to Milliman reflected that balance.

It was widely observed that, absent legislative change, maximizing MGARA’s market impact in the coming years must necessarily come at a cost to MGARA’s financial stability, and vice-versa. Several participants inquired whether, under MGARA’s current program design, there is any path for MGARA that is financial sustainable over the long term – or whether MGARA’s ability to beneficially impact insurance market rates is destined to shrink.

A brief discussion ensued, in which participants discussed pros and cons of a selection of potential reinsurance thresholds. Among other things, it was broadly observed that adding small-group market coverage to MGARA's mandate without altering MGARA's revenue base is financially problematic for the program.

Following further discussion, it was agreed that Milliman would prepare an updated, final Memorandum regarding the 2024 MGARA Reinsurance Thresholds for Board review and approval at its next meeting.

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 'D'.

Duly Authorized Officer