

MAINE GUARANTEED ACCESS REINSURANCE ASSOCIATION
Minutes of the Board of Directors
March 25, 2024

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

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

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), Tom Murawski and Jeremy Siborg of Milliman, Inc. (actuary to the Association), Bob Carey, Superintendent of Insurance, Timothy Schott, Deputy Superintendent of Insurance and Marti Hooper, Life & Health Actuary of the Maine Bureau of Insurance (the “Bureau”). A set of meeting materials was distributed to all Board members prior to the meeting.

Mr. Howard welcomed Superintendent Carey. He reminded participants that the sole agenda item for the meeting is to receive and review Milliman’s updated analysis regarding the 2025 reinsurance parameters and the resulting surplus levels and 2025 projected value of MGARA, as well as discuss 2025 reinsurance thresholds and potential net loss assessment.

Mr. Walker noted that MGARA’s draft audited financials have just been received from the auditors; they remain preliminary and not yet subject to distribution, but are unlikely to change. He reported that they reflect a net loss of \$26MM, on top of the 2022 year-end net loss of \$21MM. Dr. Howes noted that it would be helpful to see a multi-year depiction of MGARA’s financial performance, mapped to the implementation of various significant policy changes.

Mr. Siborg then presented Milliman’s updated financial projections.

Mr. Siborg first reviewed certain key features of MGARA’s 2022-23 experience:

- There was a targeted drawdown on surplus in 2022 and 2023 to fund richer reinsurance parameters.
- 2022 saw a 17% value of MGARA in the individual market, which led to a \$15.7 MM loss. Experience was more unfavorable in 2022 than expected.
- 2023 saw a 15% value of MGARA in the merged market, which led to a projected \$41.9MM loss. Higher trends and unfavorable claims experience appear to be persisting from 2022.
- Milliman projects a \$27.1MM year-end surplus for 2023 after all 2023 runout is received.

Mr. Siborg next reviewed Milliman's projections for 2024-25:

- Milliman's revised estimates project a \$17.5MM loss in 2024, resulting in a year-end surplus estimate of \$9.6MM.

The necessary parameters for MGARA to achieve a projected breakeven in 2025 (\$135k - \$175k at 75%) yield a **2.8%** impact (i.e., value) of MGARA.

Mr. Siborg emphasized that various areas of market uncertainty generate a wide level of variability in projecting, including claims experience in the merged market, national claims variability, the timing of any net loss assessment receipts, and 1332 Waiver grant revenue dependencies.

Mr. Siborg presented a series of hypothetical scenarios that adjust MGARA's three principal available "levers" while assuming a \$2ppm net loss assessment has been collected: 1332 Waiver grant revenue, the Board-established surplus target, and MGARA's value (and the parameters that drive it). He noted the difficulty of balancing these and the need for the Board to revisit them each year.

A lengthy discussion ensued. Board members offered a range of observations, many of which underlined the even more precipitous decline in surplus and value to the market that Milliman now projects for 2024-25.

The Board discussed at length the process and status for apprising stakeholders, including legislative leads and the public, of the status of any net loss decision. To that end, on a motion duly made and seconded, it was

RESOLVED: To communicate to potentially interested parties that MGARA is considering whether to adopt a net loss assessment pursuant to its statutory authority to do so and to remind them of the opportunity to publicly comment at MGARA's upcoming Annual Meeting and/or via its website.
(J. Lyon opposed; D. Regan abstaining)

Participants agreed to keep the Monday timeslot available over the next few weeks, to be used as needed.

There being no further business to come before the Board, the meeting was adjourned.



Duly Authorized Officer

