

FINAL

**MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN**

OPERATIONS & AUDIT COMMITTEE MEETING

Minutes of Meeting

May 6, 2009

An Operations & Audit Committee meeting of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”; “the Plan”) was held at The International Conference Center, 159 Ballville Road, Bolton, MA on Wednesday, May 6, 2009 at 5:00PM.

The following committee members were present in person:

Gerald J. Cassidy
Michael J. Sabbagh
James Bacon
John Coldiron, MD

The following MMMRP staff/consultants were present in person:

William T. McGrail, President
Susan S. Smith, Director of Administration
Moe Edwards, CPA, CFO

Glenn Saslow, Saslow, Lufkin & Buggy, LLP
Eric Piurkowski, Saslow, Lufkin & Buggy, LLP

Dr. Coldiron called the meeting to order at 5:10PM. Ms. Susan Smith kept a record of the proceedings.

1. Minutes of Meeting

The minutes to previous meetings dated July 31, 2008 and December 8, 2008 had been distributed. A **motion** was made and duly seconded to approve the minutes as presented. The motion was voted unanimously.

2. Receive Independent Auditors Report

Mr. Glen Saslow introduced himself and noted this was his fourth (4th) year as Audit Partner, and introduced Eric Piurkowski, Audit Senior Manager. All in attendance received a copy of the Independent Auditors' Report and Statutory Financial Statements for the Years ended December 31, 2008 and 2007 and a copy is included with the minutes. Mr. Piurkowski summarized what SL&B does for the Plan including issuing an opinion, producing statutory financial reports, as well as issuing letters of qualifications.

Mr. Saslow reviewed required communications, internal controls, fraud considerations and loss reserves, as well as a management letter. Mr. Saslow also discussed the Model Audit Rule from the NAIC, which is proposed to become effective January 1, 2010. This rule would require a five (5) year audit partner rotation. If Massachusetts adopts this as expected, SL&B will need to abide by the rule and appoint a different partner to the MMMRP audit.

Mr. Piurkowski reviewed the financial statements including Balance Sheet, Statement of Operations, Statement of Changes in Members' Deficit and Statement of Cash Flows. Mr. Piurkowski also reviewed the Notes to the Financial Statements. During his discussion on investments, he noted that if the market doesn't recover there could potentially be impairments in the audit next year. In conclusion, Mr. Saslow noted that there were no material weaknesses.

At 5:50PM, Mr. McGrail, Mr. Edwards and Ms. Smith exited the meeting so the committee could discuss the audit process that took place at the Plan's office. The committee ascertained that there were no additional issues that were not disclosed in the general report. The auditors assured the committee that all members of the MMMRP staff had been fully cooperative and helpful throughout the audit process. The staff was complemented on maintaining reasonable and practical internal controls which can be inherently hard to do in a small organization such as MMMRP. At 5:55, MMMRP staff returned to the meeting. At 6:00PM, Mr. Saslow and Mr. Piurkowski exited the meeting so the committee could discuss the audit process with the Plan's management. All in attendance agreed that the SL&B staff

had been thorough during the audit process and there were no further issues to be discussed.

At 6:03PM, the auditors returned to the meeting.

A **motion** was made and duly seconded to recommend to the Governing Committee that the SL&B audit report be accepted as presented. The motion was voted unanimously.

3. Committee Update

Dr. Coldiron notified the committee that he relinquished his seat on the Governing Committee and therefore was no longer a Governing Committee member, and was thus unable to bring the issues on the Agenda before the committee at this meeting. The items to be deferred included:

- CEO's Annual Report
- Proposed Commission of Total Compensation Solution Inc. (salary analysis)
- Pension Plan Administration – Mr. McGrail requested this be discussed and possibly voted on at tomorrow's Governing Committee meeting.

Lastly, Mr. McGrail noted that he will speak with Governing Committee members to determine who will be on the Operations/Audit Committee in the future.

4. Meeting Adjourned

A **motion** was made and duly seconded to adjourn the meeting at 6:10PM. The motion was voted unanimously.

A true record transcribed on May 8, 2009 by Susan S. Smith.

MMMRP Operations & Audit Committee

Action Items:

- Determine Governing Committee Member to sit on Operations/Audit Committee.