

FINAL
MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN

INVESTMENT COMMITTEE

Minutes of a Meeting
Thursday, November 12, 2009

A Meeting of the Investment Committee of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”; the Plan) was held at its Executive Offices, 95A Turnpike Rd, Westborough, MA, on Thursday, November 12, 2009 at 9:30AM.

The following committee members were present:

James R. Bacon, Chairman (*via conference call*)
Peter F. Kiely (*via conference call*)
John W. Tympanick

The following MMMRP Staff/Consultants were present:

Moe Edwards, CPA, CFO
William T. McGrail

Scott Notargiacomo, Graystone Consulting (*via conference call*)

The meeting was called to order by Chairman Bacon at 9:30 AM. Mr. Bacon kept a record of the proceedings.

A meeting of the MMMRP Investment Committee was held by phone conference today. The purpose was to review the decisions made at the September 24, 2009 meeting to rebalance the asset portfolios, given a delay in implementation due to research into tax considerations and the need to explore alternatives to a commodity derivatives fund. Also, the equity market has risen additionally since then, requiring a larger re-allocation. The meeting covered the following areas:

1.) Asset Allocation/Statement of Investment Policy

The Committee first discussed whether the Plan's equity/fixed allocation should be stated in the new, revised Policy Statement. It was decided not to do so, and to create a new document, the “Quarterly Strategy Statement”, which will record strategic and tactical decisions by the Committee

and be reviewed at the periodic meetings. This will provide us with a template of intended Plan allocations, ranges and neutral positions for equity and fixed income, as well as for sub-categories within broad asset classes, and a chronology of changes by the Committee, along with the rationale. It was agreed to remove the detailed strategic ranges from the SIP, transferring them to the new QSS, and state in the SIP only what the allowable sub-categories are.

2.) Asset Allocation Rebalance

A discussion ensued about the asset allocation rebalance. The committee discussed an option to liquidate \$2.5 million from the equity portfolio, which would be transferred to a bank CD account at the most opportunistic yields available with maturity terms to match the Plan's need for dividend payouts in March, 2010. This is estimated to be approximately \$8.0 million. Currently, there is approximately \$3.5 million in CDs. It was felt that given the larger size of the allocation and the dynamics of the markets currently, it would be more prudent to "average-out" of equities.

After this discussion, a **motion** was made by Mr. Tympanick and seconded by Mr. Kiely to rebalance the portfolio by selling \$2.5 million out of the equity portfolio, with half of the dollars being sold immediately and the other half by December 2, 2009, and the proceeds to be deposited into MMMRP's local bank to purchase a short term CD. Secondly, to allocate \$150,000 to commodities utilizing S&P ETF IGE and S&P ETF GLD, along with an additional fund to be determined in the precious metals category. The \$150,000 is to be split between the three. The motion passed unanimously.

Graystone Consulting will execute the transaction, working with Mr. Edwards. These funds will not be transferred to the Madison accounts because of the near-term need for the dividends and advantageous yields on the Plan's CD arrangements.

3.) Natural Resources/Commodity Allocation/Re-allocation within Equities

Graystone has been researching an alternative to the commodity fund the Committee initially decided to invest \$150k in on September 24, 2009. Because commodities regulators are now restricting derivatives purchases by retail funds, certain funds are now no longer issuing shares, and/or are trading at substantial premiums. Therefore Graystone will shortly recommend a diversified combination of funds which purchase shares rather than derivatives. The purpose of the allocation is to create a foothold in sectors which would benefit from an increase in inflation driven by global growth and demand for materials and energy. Funds for this investment will come from Mid Cap Growth equities. In addition, it was noted that the sale of the Mid Cap equity ETF and purchase of Graystone's recommended combination of commodities/materials funds will be subject to a confirming email vote by the Committee and coordinated so as to minimize idle cash.

4.) Note on Fixed Income Performance a/o 9/30/09

<i>Per the new Madison statements-</i>	<u>3Q'09</u>	<u>YTD'09</u>
Case	1.61%	4.06%
Index	2.20	4.43
IBNR	2.99	8.04
Index	5.54	7.38

5.) Adjournment

A motion was made and duly seconded to adjourn the Investment Committee meeting at 11:00AM. The motion passed unanimously.

The next scheduled meeting will be held Tuesday, December 2, 2009.

A true record transcribed on November 12, 2009.

MMMRP Investment Committee

ACTION ITEMS -

All items are to be completed in advance of the next meeting by Scott Notargiocomo at Graystone.

- Implement asset re-balancing.
- Recommend via email to the members- to be voted on via email- a combination of resource funds to purchase within the ETF.
- Complete new SIP incorporating responses provided since 9/24/09, and those discussed today, and create the new Quarterly Statement, starting with the most recent allocation strategy and decisions.