

**MASSACHUSETTS MEDIAL MALPRACTICE
REINSURANCE PLAN**

COMPLIANCE COMMITTEE MEETING

Minutes of Meeting

Wednesday June 23, 2004

A Compliance Committee meeting of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”) was held at its Executive Offices located at 95A Turnpike Road, Westborough, MA on Wednesday, June 23, 2004 at 9AM.

The following committee members were present in person:

Peter T. Robertson, Esq. Committee Chairman
Jill Gold, Member

The following MMMRP staff/consultants were present in person:

John Tympanick, CFO
William T. McGrail, President
Dolores Ivester, Director of Administration

Mr. Peter T. Robertson, Committee Chairman, called the meeting to order at 9:05AM.

Dolores Ivester kept a record of the proceedings.

1. Minutes of Meeting

Mr. Robertson then noted the minutes to the previous meeting dated March 25, 2004 have been distributed. A motion was made to approve the March minutes. The motion was duly seconded and passed unanimously.

2. Ceding Commission

Mr. McGrail began discussion with information he had obtained from Mr. Thomas Ghezzi. Mr. Ghezzi indicated that there were no models for ceding commission

calculation, but rather a straight percentage is commonly used. Mr. McGrail further reported that on average it costs a member company 15-17% to cede a policy. The current market appears to have a lack of competition as carriers are concerned about the size of future assessments. Mr. John Tympanick gave monetary examples of potential ceding commission and indicated that the largest volume carrier would then pay the highest assessment. Currently 6-8% of the market cedes policies to the Plan. Mr. Robertson spoke in favor of adding a ceding commission to stimulate the insurance market. Mr. Tympanick recommends issuing ceding commission checks on a quarterly basis. A motion was made to recommend to the Governing Committee that a ceding commission be paid for policies effective on or after January 1, 2005 at a rate of 15%. The motion was duly seconded and passed unanimously.

3. Claims Adjustment

Consensus of previous Governing Committee meeting was to continue claims audits on a regular basis at least twice a year. Concern was expressed over trend of more severe settlements from companies that are getting out of the market. Ms. Geraldine Foley is reviewing late claim reports that were recently received by the Plan. It was noted that one of those claims has been settled for \$1M. Mr. McGrail began discussion of timely claims reporting to the Plan. It is agreed that current policy needs review and probably revision to circumvent future late reportings. It is also agreed that late reporting does affect the Plan financially, but to what extent cannot be completely clear.

There being no further business, the meeting was adjourned at 12 Noon.