

**MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN**

OPERATIONS & AUDIT COMMITTEE MEETING

Minutes of Meeting

April 30, 2008

An Operations & Audit Committee meeting of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”; “the Plan”) was held at the International Conference Center, 159 Ballville Rd, Bolton, MA on Wednesday April 30, 2008, 4:00PM.

The following committee members were present in person:

John S. Coldiron, MD, Chairman
Michael J. Sabbagh
Gerald J. Cassidy
Peter F. Kiely

The following MMMRP staff/consultants were present in person:

William T. McGrail, President
Dolores M. Ivester, Director of Administration
Moe Edwards, CPA, CFO

Eric Piurkowski, Saslow, Lufkin & Buggy
Glenn D. Saslow, Saslow, Lufkin & Buggy

Dr. John Coldiron called the meeting to order at 4:10PM. Ms. Dolores Ivester kept a record of the proceedings.

1. Minutes of Meeting

The minutes to the previous meeting dated October 23, 2007 had been distributed. A **motion** was made by Mr. Cassidy and duly seconded by Mr. Kiely to approve the minutes as presented. Dr. Coldiron asked for a correction on last page to delete the sentence referring to 401K funding. The motion as amended was voted unanimously.

2. Independent Auditors Report – Saslow, Lufkin & Buggy

All in attendance received a copy of the *Independent Auditors' Report and Statutory Financial Statements for the Years ended December 31, 2007 and 2006* and a copy is included with the minutes. Mr. Piurkowski summarized what SL&B does for the Plan including issuing an unqualified opinion, producing *statutory* financial reports, issuing letters of qualifications and accounting controls as well as preparing Federal income tax return. He noted this audit included eight new audit standards of which one involved reviewing all financial cycles of the Plan with the staff. Mr. Piurkowski noted that SAS70 was reviewed for US Bank, the Plan's custodian, and SunGard. Claim and policy samples are selected and reviewed as part of the audit. Mr. Glen Saslow further discussed required communications, internal controls, heightened standards for fraud and the risk retention market. Lastly, he discussed the possibility of International Accounting Standards within perhaps 10 years. A Management Letter requested by the Plan has been provided and a copy is included with the minutes. Mr. Piurkowski reviewed the financial statements including Balance Sheet, Statement of Operations, Statement of Changes in Members' Deficit and Statement of Cash Flows. The Plan was not in an AMT tax position for the year and has \$8M NOL carry-forward for future years. Mr. Piurkowski reviewed the Notes to the Financial Statements which cover the following areas: General, Summary of Significant Accounting Policies, Investments, Insurance Activity and Federal Income Taxes. He confirmed the Plan had no sub-prime exposure in its investment portfolio. Mr. Piurkowski pointed out the Independent Auditor's Qualifications and Internal Accounting Controls letters at the end of the financial statements. In response to a question, it was noted that about 3 weeks total time is needed for the audit with 2 weeks spent at the Plan's office. SL&B will present a brief report at the Annual Meeting being held tomorrow. At 5:05PM, Mr. McGrail, Mr. Edwards and Ms. Ivester exited the meeting so the committee could discuss the audit process that took place at the Plan's office. At 5:10, MMMRP staff returned to the meeting.

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

Mr. McGrail noted the committee would be notified when the final DOI audit report is received by the Plan.

Meeting Adjourned

A **motion** was made and duly seconded to adjourn the meeting at 5:15PM. The motion was voted unanimously.

A true record transcribed on November 11, 2008 by Dolores M. Ivester.

MMMRP Operations & Audit Committee