

**MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN**

OPERATIONS & AUDIT COMMITTEE MEETING

Minutes of Meeting

November 23, 2010

An Operations & Audit Committee meeting of the Massachusetts Medical Malpractice Reinsurance Plan (“MMMRP”; “the Plan”) was held at the Executive Offices, 95A Turnpike Road, Westborough, MA on Tuesday, November 23, 2010 at 1:30PM.

The following committee members were present in person, unless otherwise noted:

Gerald J. Cassidy (*via conference call*)
Michael J. Sabbagh
James R. Bacon
Richard W. Brewer

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
Todd Thiesfeldt, Saslow, Lufkin & Buggy, LLP (*via conference call*)

The meeting was called to order at 1:30PM by Mr. Cassidy. Ms. Susan Smith kept a record of the proceedings.

1. Minutes of Meeting

The minutes to the previous meeting dated May 6, 2010 had been distributed. A **motion** was made by Mr. Sabbagh and duly seconded by Mr. Brewer to approve the minutes as presented. The motion was voted unanimously.

2. Review of Proposed Budget

A printed copy of the 2011 Budget was distributed and is included with these minutes. Mr. Edwards reviewed the budget with the committee. He noted that total premium earned was \$2.1M and assumed losses paid were \$6M. Mr. Cassidy questioned the assumed LAE paid figure of \$125K, and Mr. Edwards replied that there was an error and it will be corrected. Mr. Edwards then reviewed underwriting expenses, and explained that he is now working full-time for HMIC and is on their payroll and covered by their benefits. As a result, his MMMRP salary is now reflected under Service Contract Expense. Therefore, Service Contract Expenses have increased, while Personnel Expenses have decreased. Mr. McGrail added that Conferences and Seminars went down due to the fact that the Annual Meeting is not planned to be held at The International in 2011. Mr. Edwards explained that actuarial expenses have decreased due to the fact that the Plan believes they will only need one reserve study this year, so there will not be the expense of the mid-year study. Mr. Bacon questioned the increase in legal expenses. Mr. McGrail and Mr. Edwards replied this was due to the review of the Plan's structure as well as the legal review of HIPAA requirements and its applicability to the Plan. Mr. McGrail also noted that actual Directors Fees may increase in 2011 from actual FY10 as he would like to rewrite the Plan and Rules of Operations. This effort is expected to require more meetings which will have an impact on Directors Fees. Mr. Edwards then reviewed the Investment Income section. He noted that we are estimating a \$5M return for 2010, and most likely a similar return for 2011, but that it is still too early to determine. A **motion** was made by Mr. Sabbagh and duly seconded by Mr. Brewer to

approve to recommend to the Governing Committee that the Budget be accepted as presented. Mr. Cassidy noted that the Assumed Loss Adjustment Expenses paid portion of the budget needs to be updated. Mr. Edwards will update the figures and distribute to committee members. The motion was voted unanimously.

3. Auditor Engagement Letter

Glenn Saslow, Eric Piurkowski and Todd Thiesfeldt from Saslow, Lufkin & Buggy, LLP introduced themselves and stated that they would be reviewing audit plans for 2011. They distributed an Agenda and a Timeline, and copies of both are included with these minutes. Mr. Saslow first reviewed the mandatory five-year rotation and explained that Mr. Thiesfeldt would be the first audit partner. In addition, he noted that Eric Piurkowski will continue to work on the audit, adding that Eric Lothian has relocated to Arkansas. Mr. Piurkowski then reviewed the audit team for next year, noting that he would be the Senior Audit Manager, Urzula would be an Audit Senior and Lauryn Cifuentes would be Audit Staff. Mr. Saslow then gave Mr. McGrail two copies of the Engagement Letter for his review and signature. He noted that the fees reflect a cost of living increase of less than 3%, and that there had been some minor tweaks to the letter as well as the removal of indemnification provisions. Mr. McGrail will review the letter after the meeting and get back to SL&B with any questions, or with a signed copy. He reviewed the timeline of the audit process and stated that they will present their report at the May Annual Meeting. Lastly, he reviewed the Audit Risk Areas (cash, salaries, benefits, investments, loss reserves, income taxes and revenue risk retention). Mr. Saslow then provided an overview of Financial Reporting in the U.S. and stated that SL&B is studying the impact and implications of possible changes.

4. Other Business

The Committee then moved to Executive Session. Mr. McGrail, Mr. Edwards, Ms. Smith, Mr. Saslow, Mr. Piurkowski and Mr. Thiesfeldt left the meeting.

5. Meeting Adjourned

A **motion** was made and duly seconded to adjourn the meeting at 2:40PM. The motion was voted unanimously.

A true record transcribed on November 23, 2010 by Susan S. Smith.

MMMRP Operations & Audit Committee