

**MASSACHUSETTS MEDICAL MALPRACTICE
REINSURANCE PLAN**

OPERATIONS & AUDIT COMMITTEE MEETING

Minutes of Meeting

May 6, 2010

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 Thursday, May 6, 2010 at 7:00AM.

The following committee members were present in person:

Gerald J. Cassidy
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

Mr. Cassidy called the meeting to order at 7:00AM. Ms. Susan Smith kept a record of the proceedings.

1. Minutes of Meeting

The minutes to two previous meetings dated November 23, 2009 and April 10, 2010 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 fifth (5th) year as Audit Partner, and introduced Eric Piurkowski, Audit Senior Manager. All in attendance received a copy of the Independent Auditors' Statutory Financial Statement Audit Results and Communications for the Years ended December 31, 2009 and 2008 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 became effective January 1, 2010. This rule requires a five (5) year audit partner rotation, as opposed to the previous seven (7) year rotation. Therefore, SL&B will abide by the rule and appoint a new partner to the MMMRP audit next year. He also discussed new international principals and standards in the accounting industry which will be effective in the future, as well as the newly established Federal Insurance Office in Washington. It is still to be determined what impact this will have on the Plan.

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, he noted that the only audit adjustment was an impairment on five ETFs of \$481k. In conclusion, Mr. Saslow noted that there were no material weaknesses. Mr. Edwards added that the Plan has exhausted their cash position due to the \$11M return and various claims payments. He further stated that this was the first time the Plan had to obtain cash from investments.

At 7:55AM, 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 8:03AM, MMMRP staff 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.

4. Meeting Adjourned

A **motion** was made and duly seconded to adjourn the meeting at 8:05AM. The motion was voted unanimously.

A true record transcribed on May 7, 2010 by Susan S. Smith.

MMMRP Operations & Audit Committee