

# MAINE STATE LEGISLATURE

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# MAINE INSURANCE GUARANTY ASSOCIATION

*One Bowdoin Square  
Boston, MA 02114-2916  
(617) 227-7020 (800) 852-2003  
Accounting and Administration Departments Fax: (617) 227-8903  
Claim Department Fax: (617) 305-0001*

VIA ELECTRONIC AND OVERNIGHT MAIL

March 30, 2021

The Honorable Eric A. Cioppa,  
Superintendent of Insurance  
Maine Bureau of Insurance  
34 State House Station  
Augusta, ME 04333-0034

Re: 2020 Annual Report and Meeting Minutes

Dear Superintendent Cioppa:

On behalf of the Maine Insurance Guaranty Association, enclosed please find the Association's Annual Report for the calendar year 2020, as well as copies of the minutes of the Association's board of directors meetings approved in 2020.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Barbara Petersen Law  
Executive Secretary

Enclosure

cc: Members of the Board of Directors of the  
Maine Insurance Guaranty Association (via electronic mail)  
Benjamin Yardley, Senior Staff Attorney  
Maine Bureau of Insurance (via electronic mail)

# MAINE INSURANCE GUARANTY ASSOCIATION

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Boston, MA 02114-2916  
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March 30, 2021

To: The Superintendent of Insurance and the Member Insurers of the Maine Insurance Guaranty Association

Re: 2020 Annual Report

On behalf of the board of directors of the Maine Insurance Guaranty Association (the "Association"), please accept this annual report for the calendar year 2020.

## Membership

The membership of the Association is comprised of insurers licensed to transact business in the State that write business to which the Association's enabling Act applies. See MRS Title 24-A, § 4431, *et seq.* In 2020, the following insurers became member insurers of the Association:

Cerity Insurance Company;  
Mobilitas General Insurance Company;  
Insurance Company of the South;  
BrickStreet Mutual Insurance Company;  
Great Plains Casualty, Inc;  
NorthStone Insurance Company;  
SummitPoint Insurance Company;  
PinnaclePoint Insurance Company;  
Lemonade Insurance Company;  
Cronus Insurance Company;  
Beazley America Insurance Company, Inc;  
Dairyland National Insurance Company  
Digital Edge Insurance Company;  
Falls Lake National Insurance Company; and  
Medical Mutual Insurance Company of NC.

## Board of Directors

Pursuant to the Association's Plan of Operation, the board of directors consists of seven members, three of which must be domiciled in the state. Directors are elected by the membership and fairly represent the diverse profiles of member insurers.

## 2020 MIGA Annual Report

March 30, 2021

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The two board members whose terms were due to expire in 2020 – MMG Insurance Company and Patriot Insurance Company – were re-elected at the annual meeting of the board of directors on October 22, 2020.

The members of the board of directors and their representatives as of that date are as follows:

MMG Insurance Company, Timothy W. Vernon, Chair;  
Patriot Insurance Company, Lincoln J. Merrill, Jr., Vice Chair;  
Liberty Mutual Insurance Company, Jeffrey Scott;  
Metropolitan Property and Casualty Insurance Company, Maura Travers;  
Patrons Oxford Insurance Company, Mark A. Pettingill;  
Travelers Indemnity Company, David D. Sutura; and  
Vermont Mutual Insurance Company, William J. Cahill.

### Insolvencies

In 2020, the Association accepted two new insolvencies:

- On March 13, 2020, the board voted via written unanimous consent to accept the insolvency of Maidstone Insurance Company, which was found to be insolvent and ordered liquidated by the Supreme Court of the State of New York, Nassau County on February 13, 2020.
- On June 16, 2020, the board voted via written unanimous consent to accept the insolvency of Gateway Insurance Company, which was found to be insolvent and ordered liquidated by the Circuit Court of Cook County, Illinois on June 10, 2020.

In both instances, the Association delegated the administration of the insolvencies to Guaranty Fund Management Services, Inc. (“GFMS”).

### Annual Board of Directors Meeting

The annual meeting of the board of directors was held on October 22, 2020, via video conference. At the annual board of directors meeting, the board, among other business:

- elected officers: Timothy W. Vernon, Chair; Lincoln J. Merrill, Jr., Vice Chair; Barbara Petersen Law, Executive Secretary; Dawne Mills, Claims Manager; and Heather Holland, Treasurer;
- reviewed the Plan of Operation;
- reviewed and approved a Delegated Services Agreement with GFMS;
- approved revised audit and legal committee charters;
- received and considered reports on claims, IT projects, and recoveries from receivers;

## 2020 MIGA Annual Report

March 30, 2021

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- voted to approve the 2019 audited financial statements presented by the Treasurer<sup>1</sup>;
- reviewed assessment capacity, which was set at the following amounts, per account, based on 2% of the calendar year 2019 net direct written premiums:

Auto	\$18,851,850
Other	\$21,968,612
Workers' Compensation	\$ 1,507,669

- reviewed the cash position of the Association, including its operating expenses and covered claim costs; and
- determined that neither an assessment nor a refund was warranted.

Claim Activity

As of December 31, 2020, the Association had seventy-seven open claim files – 54 workers' compensation, four private passenger automobile, 18 commercial automobile, and one homeowner claims – with reserves in the amount of \$ \$20,764,292.

The largest reserve exposures for the Association were attributed to the liquidations of Mission Insurance Company (\$ \$7,689,670), Reliance Insurance Company (\$4,485,735), and Home Insurance Company (\$ \$1,852,547). Claim loss and expense payments issued during the reporting period totaled \$1,980,322.

Recoveries

The Association pursues recoveries authorized by MRS Title 24-A, § 4442. In 2020, an aggregate amount of \$386,800 was collected and allocated directly back to the claim file. This amount reflected recoveries from the following sources:

Carrier reimbursement	\$347,934
Large Deductible Reimbursement	\$ 87
Supplement Benefit Fund	\$ 38,779

The Association also files claims against the estates of insolvent insurers, such as statutory deposits and distributions of assets from receivers. In 2020, the Association recovered \$97,502 from early access distributions, which are subject to clawback; NCCI settlement proceeds; and administrative expense reimbursements from various insolvencies.

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<sup>1</sup> The audited financial statements were approved by the Association's audit committee on March 31, 2020.

2020 MIGA Annual Report

March 30, 2021

Page 4 of 4

Financial Statements

The statement of account of the Association, from inception and for the calendar year 2020, and its balance sheet for the same periods, are attached and made a part of this annual report.

Respectfully submitted,

DocuSigned by:  
  
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Timothy W. Vernon, Chair

MAINE INSURANCE GUARANTY ASSOCIATION  
Balance Sheet  
December 31, 2020

	Inception To Date
Assets:	
Checking & Short-Term Cash	\$734,521.32
Investments	33,965,356.03
Total Assets	\$34,699,877.35
Fund Balance	\$34,699,877.35

**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2020  
Total All Insolvencies**

	<b>Year To Date</b>	<b>Inception To Date</b>
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$17,010.70)	\$189,235.49
Member Assessment	-	93,791,530.00
Member Assessment Special	-	37,890,048.00
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,274,285.00
Recovery	(97,502.20)	117,031,258.82
Interest Income	1,377,458.52	23,439,404.10
<b>Total Receipts</b>	<b>1,262,945.62</b>	<b>305,115,761.41</b>
<b>DISBURSEMENTS:</b>		
Claims Paid	1,416,928.89	143,920,671.04
Third-Party Administrator Claims Paid	109,973.21	46,230,226.93
Claims Expense Paid	63,071.23	6,610,573.20
Third-Party Administrator Claims Expense	98.28	3,191,386.73
Premium Refund	-	1,086,270.32
 Member Refund	 -	 19,517,157.00
Member Refund Special	-	7,615,763.00
 Operating Expenses:		
Service Fee - ISO, Etc.	-	30,077.28
G.F.M.S.	284,360.06	6,723,779.36
Legal & Audit	14,164.00	955,542.67
Travel	-	254,622.35
NCIGF Fee	41,928.00	691,818.55
Insurance	6,500.00	67,070.00
Other	5,991.55	271,141.80
Administrative Expense	-	196,626.53
Interest	-	278,872.30
Loan	-	2,500,000.00
Interaccount Special Transfer	-	30,274,285.00
<b>Total Operating Expenses</b>	<b>352,943.61</b>	<b>42,243,835.84</b>
 <b>Total Disbursements</b>	 <b>1,943,015.22</b>	 <b>270,415,884.06</b>
<b>Funds Available</b>	<b>(\$680,069.60)</b>	<b>\$34,699,877.35</b>

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**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2020  
Total All Insolvencies**

	<b>Year To Date</b>	<b>Inception To Date</b>
<b>Reserves:</b>		
Claims Liability Auto		\$379,055.00
Claims Expense Liability Auto		25,380.65
Subtotal Auto		<u>404,435.65</u>
Claims Liability Other		37,000.00
Claims Expense Liability Other		8,287.89
Subtotal Other		<u>45,287.89</u>
Claims Liability Workers		19,933,206.31
Claims Expense Liability Workers		392,193.78
Subtotal Worke		<u>20,325,400.09</u>
Total Reserves		<u><u>\$20,775,123.63</u></u>
<b>Funds Available Per Account</b>		
Auto		\$467,025.91
Other		448,021.14
Workers		33,697,473.68
<b>Total</b>		<u><u>\$34,612,520.73</u></u>

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**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2020  
Consolidated Statement of Closed Insolvencies**

	<b>Inception To Date</b>
<hr/>	
<b>RECEIPTS:</b>	
Member Assessment Administrative	\$18,001,763.52
Member Assessment	31,794,127.00
Member Assessment Special	24,081,290.00
Interaccount Special Transfer	24,081,290.00
Recovery	9,640,294.39
Interest Income	916,882.24
Total Receipts	<hr/> 108,515,647.15 <hr/>
<b>DISBURSEMENTS:</b>	
Claims Paid	70,294,023.60
Third-Party Administrator Claims Paid	973,613.76
Claims Expense Paid	2,652,586.13
Third-Party Administrator Claims Expense Paid	141,322.95
Premium Refund	338,862.92
Member Refund	8,602,313.00
Operating Expenses:	
Service Fee - ISO, Etc.	30,077.28
G.F.M.S.	816,181.99
Legal & Audit	200,498.07
Travel	49,575.09
NCIGF Fee	72,984.24
Other	71,687.88
Administrative Expense	190,630.24
Interaccount Special Transfer	24,081,290.00
Total Operating Expenses	<hr/> 25,512,924.79 <hr/>
Total Disbursements	<hr/> 108,515,647.15 <hr/>
Funds Available	<hr/> - <hr/>

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**Maine Insurance Guaranty Association  
Statement of Cash Receipts and Disbursements  
From Inception Through December 31, 2020  
Administrative**

	<b>Year To Date</b>	<b>Inception To Date</b>
<b>RECEIPTS:</b>		
Member Assessment Administrative	(\$17,010.70)	(\$17,545,338.07)
Recovery	30.01	30.01
Interest Income	-	5,899.78
<b>Total Receipts</b>	<b>(16,980.69)</b>	<b>(17,539,408.28)</b>
<b>DISBURSEMENTS:</b>		
Operating Expenses:		
G.F.M.S.	-	94,241.12
Other	-	1,000.00
Administrative Expense	-	5,996.29
<b>Total Operating Expenses</b>	<b>-</b>	<b>101,237.41</b>
<b>Total Disbursements</b>	<b>-</b>	<b>101,237.41</b>
<b>Funds Available</b>	<b>(\$16,980.69)</b>	<b>(\$17,640,645.69)</b>
<b>Reserves:</b>		
<b>Total Reserves</b>		<b>-</b>
<b>Funds Available Per Account</b>		
Auto		\$66,924.61
Other		77,272.95
Workers		(17,872,199.87)
<b>Total</b>		<b>(\$17,728,002.31)</b>

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MINUTES OF THE ANNUAL BOARD OF DIRECTORS MEETING OF THE  
MAINE INSURANCE GUARANTY ASSOCIATION  
OCTOBER 25, 2019

The Annual Meeting of the Board of Directors (the "Board") of the Maine Insurance Guaranty Association (the "Association") was held on October 25, 2019, in Newport, Rhode Island, in conjunction with other meetings of the member guaranty associations of Guaranty Fund Management Services ("GFMS") and its committees.

**Board Members Present:**

Tim Vernon, Chair	MMG Insurance Company (via telephone)
Lincoln Merrill, Vice-Chair	Patriot Insurance Company
Brian Eagan	Vermont Mutual Insurance Company
Mark Pettingill	Patrons Oxford Insurance Company (via telephone)
Jeffrey Scott	Liberty Mutual Insurance Company
David Sutera	Travelers Indemnity Company
Maura Travers	Metropolitan Property and Casualty Insurance Company

**Association Officers Present:**

Barbara Petersen Law, Executive Secretary  
Dawne Mills, Claims Manager

**GFMS Staff Present:**

Linda Angelone	Vice President, Human Resources and Compliance
Heather Holland	Vice President, Accounting and Finance
Dimitar Kotzev	Vice President, Information Technology
Andrea Rossi	Vice President, Operations

**Others Present:**

Amy DiPerna	Andover Companies
Greg P. Deschenes	Nixon Peabody LLP
Lisa Redding	Payden & Rygel
Roger Schmelzer	NCIGF
Rowe W. Snider	Locke Lord LLP

**Call to Order**

Mr. Merrill called the meeting to order after noting that a quorum was present. Those in attendance were introduced.

**Review of Antitrust Compliance Policy**

Ms. Law stated that the meeting was being conducted pursuant to the Antitrust Compliance Policy previously adopted by the Board.

**Approval of Minutes**

Upon motion made, seconded, and carried, the Board voted to approve the minutes from its Annual Meeting on October 26, 2018.

**Report on Balloting for Directors**

Ms. Law stated that 675 proxy ballots were sent to members, and 167 ballots were returned. Ballot results, based on a weighted vote using premium volume as a determining factor, are as follows:

Metropolitan Property and Casualty Insurance Company	0.15126986
Vermont Mutual Insurance Company	0.15059325

There being no objection, the two companies listed above were elected as Directors for a three-year term expiring in 2022.

**Election of Officers**

Upon motion made, seconded, and carried, the following individuals were elected to the position noted:

Timothy Vernon, Chair  
Lincoln Merrill, Vice-Chair  
Barbara Petersen Law, Executive Secretary  
Dawne Mills, Claims Manager  
Heather Holland, Treasurer

**Appointment of Audit Committee**

Mr. Merrill appointed the following Members to the Association's Audit Committee:

Metropolitan Property and Casualty Insurance Company  
Safety Insurance Company  
The Hanover Insurance Company

**Review of Plan of Operation**

The Board reviewed the Plan of Operation. No changes were recommended.

**Claim Report**

Ms. Mills provided the Board with a report of recent Association claim activity, including information regarding the 2019 claim department audit.



### **Report on Recoveries from Receivers**

Ms. Rossi provided a report of the amount of funds received as recovery from Receivers by the Association from October 1, 2018, through September 30, 2019. Ms. Rossi also reported on the amount of recoveries to the Association since inception.

### **Acceptance of 2018 Audit Report**

Ms. Holland referred Board Members to materials distributed to members prior to the meeting related to the Audit Committee and the 2018 audit of the Association by PwC. Upon motion duly made, seconded, and carried, the Board voted to accept PwC's 2018 Association audit report. Upon motion duly made, seconded, and carried, the Board voted to accept the minutes of the Audit Committee.

The Executive Committee recommended the adoption of the Audit Committee Charter with the following edit to the first sentence under the Membership section:

The committee members will be appointed annually by the ~~Chairman~~ Chairperson of the Board of Directors in accordance with the Association's Plan of Operation.

Upon motion duly made, seconded, and carried, the Board voted to accept the Audit Committee charter as recommended by the Executive Committee.

### **Assessment Review**

Ms. Holland reviewed the Association's financial position by account and recommended that neither an assessment nor a refund be issued. Upon motion duly made, seconded, and carried, the Board voted to accept the recommendation as presented.

### **Investment Report**

Ms. Holland provided the Board with an update of investment activity, including performance and compliance with the investment guidelines. Upon motion made, seconded, and carried, the Board voted to accept the investment report.

### **Recommendation Related to Investment Guidelines**

Ms. Holland summarized for the Board recent changes to the investment guidelines recommended by the GFMS Investment Committee, including:

- Extending the maturity of individual securities from 5 to 7.25 years

- Moving from a duration band of a maximum of 2.5 years to +/- 0.5 years relative to the benchmark
- Adding "Nationally Recognized Statistical Rating Organization" ("NRSRO") language with a requirement for at least one rating to be from the main three (S&P, Moody's, or Fitch)
- Reducing the "Emerging Market Debt" ("EMD") maximum from 20% to 10%
- Adopting a new portfolio benchmark (Bloomberg Barclays 1-5 year Government/Credit Index)

Upon motion made, seconded, and carried, the Board voted to approve the changes to the investment guidelines as presented.

### **IT Report**

Mr. Kotzev provided the Board with a report of recent IT Department activity at GFMS, including personnel status, completed projects, ongoing and planned projects, the 2019 security audit, and the 2019 disaster recovery test.

### **Guaranty Fund Management Services**

Ms. Law informed the Board that Mr. Vernon's term on the GFMS Board of Directors expires in 2020.

### **Legal Report**

Mr. Deschenes had no matters of substance to report to the Board.

### **Legal Committee Charter**

Ms. Law recommended that the Association consider forming a legal committee to work, on an as-needed basis, to consider recommendations from the GFMS Legal Committee. Ms. Law indicated that this structure would allow the Association to retain ultimate decision making on local legal and public policy matters, and it would allow the Association to retain attorney-client privilege where necessary. Upon motion made, seconded, and carried, the Board voted to form a legal committee and adopt the charter as presented.

### **Appoint Legal Committee**

Legal committee appointments were deferred.

### **Other Matters**

Ms. Law presented proposed changes to GFMS's Third Revised Articles of Agreement that reflected changes to the indemnification provisions and other minor language changes. Upon



motion made, seconded, and carried, the Board voted to recommend that the GFMS Board of Directors adopt the changes as presented.

**Executive Session**

There were no other matters brought before the Board and no need to convene in executive session.

**Adjournment**

Having no additional business, upon motion made, seconded, and unanimously approved, the meeting adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Barbara Petersen Law', with a long horizontal flourish extending to the right.

Barbara Petersen Law  
Executive Secretary



ACTION BY UNANIMOUS WRITTEN CONSENT  
OF THE BOARD OF DIRECTORS OF THE  
MAINE INSURANCE GUARANTY ASSOCIATION

It is deemed desirable and in the best interests of the Maine Insurance Guaranty Association (“MIGA” or “the Association”) that the following actions be taken by its Board of Directors pursuant to this Unanimous Written Consent:

WHEREAS, Maidstone Insurance Company (“Maidstone”), was licensed to transact the business of insurance in Maine;

WHEREAS, on February 13, 2020, Judge Diccia Pineda-Kirwan of the Supreme Court of the State of New York, Nassau County, entered an order of liquidation against Maidstone with a finding of insolvency;

WHEREAS, the MIGA is responsible for paying covered claims against Maidstone pursuant to MRS Title 24-A, § 4431, et seq., the Maine Insurance Guaranty Association Act (“the Act”);

WHEREAS, the undersigned, being all the Directors of the Association, do hereby consent to the taking of the following action without a meeting of the Board of Directors of the Association and do hereby adopt the following resolutions by written consent;

NOW, THEREFORE, BE IT RESOLVED THAT, the Maidstone insolvency is within the scope of the Act;

BE IT FURTHER RESOLVED THAT, Guaranty Fund Management Services shall carry out Maidstone’s obligations under the Act and the MIGA Plan of Operation including but not limited to: considering and deciding what method or methods should be adopted to pay and discharge covered claims; considering and deciding what immediate action, if any, should be taken to assure the proper retention of the records of the insolvent insurer; considering and deciding to what extent and in what manner the MIGA Board shall review and contest settlements and releases or judgments, orders, decisions, verdicts and findings; and taking all steps permitted by law and deemed necessary to protect MIGA’s rights against the estate of the insolvent insurer will be taken; and

BE IT FURTHER RESOLVED THAT, no assessments should be levied on MIGA member insurers at this time based on Maidstone’s insolvency.

This Unanimous Written Consent may be executed in one or more counterparts, each of which shall be an original and all of which together shall be one and the same instrument. This Unanimous Written Consent shall be filed with the minutes of MIGA and become a part of the records of the Association.

Date: March 13, 2020

DocuSigned by:

*Timothy Vernon*

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Timothy Vernon, Chair

DocuSigned by:

*Lincoln Merrill*

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Lincoln Merrill, Vice Chair

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*Brian Eagan*

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Brian Eagan, Director

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*Mark Pettingill*

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Mark Pettingill, Director

DocuSigned by:

*JEFFREY SCOTT*

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Jeffrey Scott, Director

DocuSigned by:

*David Sutera*

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David Sutera, Director

DocuSigned by:

*Maura Travers*

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Maura Travers, Director

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
THE MAINE INSURANCE GUARANTY ASSOCIATION

May 18, 2020

A telephonic meeting of the Board of Directors (the "Board") of the Maine Insurance Guaranty Association (the "Association") was held on May 18, 2020.

**Board Members Present:**

Timothy Vernon, Chair	MMG Insurance Company
Lincoln Merrill, Vice Chair	Patriot Insurance Company
Mark Pettingill	Patrons Oxford Insurance Company
Jeffrey Scott	Liberty Mutual Insurance Company
David Sutera	Travelers Indemnity Company
Maura Travers	Metropolitan Property and Casualty Insurance Company

**Board Members Absent:**

Brian Eagan	Vermont Mutual Insurance Company
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**MIGA and GFMS Representatives Present:**

Barbara Petersen Law, Executive Secretary  
Heather Holland, Treasurer  
Linda Angelone, Vice President of Human Resources & Compliance  
Dimitar Kotzev, Vice President of Information Technology  
Andrea Rossi, Vice President of Operations

**Others Present:**

Rowe W. Snider, Esq.	Locke Lord LLP
Benjamin Yardley, Senior Staff Attorney	Maine Bureau of Insurance

**Call to Order**

Chair Vernon called the meeting to order after noting that a quorum was present.

**Roll Call and Antitrust Compliance Policy**

Ms. Law called roll and stated that the meeting was being conducted pursuant to the Antitrust Compliance Policy previously adopted by the Board.

**Approval of Minutes**

The Board reviewed the minutes of the October 25, 2019, annual board of directors meeting. Upon motion duly made, seconded, and carried, it was unanimously voted to accept the minutes as presented.



**Resolutions of the Board of Directors of Guaranty Fund Management Services ("GFMS")**

Ms. Law reported that the GFMS Board of Directors - in seeking to enhance governance and reduce risk to member guaranty associations and to the officers and directors of GFMS and its member guaranty associations – recently recommended, subject to the unanimous agreement of member guaranty associations: (1) that GFMS be converted from an unincorporated association to a non-profit corporation under the laws of the state of Delaware; and (2) that GFMS and its member guaranty associations consider entering into a formal servicing agreement. These recommendations, and conveyance of authority to management to undertake necessary action to accomplish the same, were memorialized in resolutions passed by the GFMS Board on April 1, 2020.

Mr. Snider, GFMS's legal counsel on these matters, presented information relevant to the GFMS Board's decisions and a proposed timeline to undertake the conversion and seek board and regulator approval for a written services agreement.

Mr. Snider described how a number of longstanding insurance sector organizations, which originally formed as associations, have since assumed a corporate form. He stated that a corporate structure offered the following advantages:

- Insulation of each member guaranty association from liability arising from GFMS's operations and liability arising from actions of a single member guaranty association;
- Protection of GFMS employees, officers and directors of GFMS from potential personal liability and clarification of fiduciary obligations; and
- The establishment of GFMS as a formal counterparty for contracts, including a definitive services agreement with member guaranty associations, which is discussed below.

Mr. Snider further explained that it was recommended to incorporate under Delaware law due to a statutory provision that allows "other organizations," like GFMS, to assume a corporate form as a matter of law. This approach provides an efficient means for GFMS to assume the protections and benefits of a corporation while affording continuity from a legal (including tax status and contracts) and operational standpoint.

Mr. Snider stated that it would also be beneficial to GFMS and its member guaranty associations to memorialize the relationships between the parties in a formal agreement as contemplated by member guaranty associations' plans of operation. A definitive services agreement will provide:

- a clear articulation of the member guaranty associations delegation of authority to GFMS, including duties and limitations, if any;
- for a more formal and better-defined risk allocation structure, including improved indemnity provisions;
- for further clarity regarding limitations on member guaranty associations' liability for actions of GFMS or another member guaranty association; and
- an enforcement mechanism in the event such need shall arise.

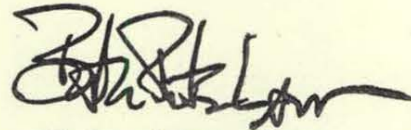
If member guaranty associations unanimously agree, Mr. Snider set forth a timeline of events, including effectuating the conversion of GFMS immediately following the GFMS Board of Director's July meeting. Mr. Snider also stated that the GFMS Board of Directors would seek to approve a draft service agreement in July. Subject to regulatory approval, the agreement would be presented to the boards of directors of member guaranty associations in October, with a proposed implementation date of January 1, 2021. Ms. Law set forth the timing and steps for legal review of a proposed agreement on behalf of counsel for the member guaranty associations. Ms. Law also described in greater detail the proposed communications to regulators.

Discussion regarding the recommendations and proposed benefits, including liability enhancements, ensued. Upon motion duly made, seconded, and carried, the Board voted to approve the conversion of GFMS to a Delaware non-profit corporation.

**Adjournment**

There being no further business before the Board, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Barbara Petersen Law', with a stylized flourish at the end.

Barbara Petersen Law  
Executive Secretary

ACTION BY UNANIMOUS WRITTEN CONSENT  
OF THE BOARD OF DIRECTORS OF THE  
MAINE INSURANCE GUARANTY ASSOCIATION

It is deemed desirable and in the best interests of the Maine Insurance Guaranty Association (“MIGA” or “the Association”) that the following actions be taken by its Board of Directors pursuant to this Unanimous Written Consent:

WHEREAS, Gateway Insurance Company (“Gateway”), was licensed to transact the business of insurance in Maine;

WHEREAS, on June 10, 2020, Judge Pamela Meyerson of the Circuit Court of Cook County, Illinois, entered an order of liquidation against Gateway with a finding of insolvency;

WHEREAS, the MIGA is responsible for paying covered claims against Gateway pursuant to MRS Title 24-A, § 4431, et seq., the Maine Insurance Guaranty Association Act (“the Act”);

WHEREAS, the undersigned, being all the Directors of the Association, do hereby consent to the taking of the following action without a meeting of the Board of Directors of the Association and do hereby adopt the following resolutions by written consent;

NOW, THEREFORE, BE IT RESOLVED THAT, the Gateway insolvency is within the scope of the Act;

BE IT FURTHER RESOLVED THAT, Guaranty Fund Management Services shall carry out Gateway’s obligations under the Act and the MIGA Plan of Operation including but not limited to: considering and deciding what method or methods should be adopted to pay and discharge covered claims; considering and deciding what immediate action, if any, should be taken to assure the proper retention of the records of the insolvent insurer; considering and deciding to what extent and in what manner the MIGA Board shall review and contest settlements and releases or judgments, orders, decisions, verdicts and findings; and taking all steps permitted by law and deemed necessary to protect MIGA’s rights against the estate of the insolvent insurer; and

BE IT FURTHER RESOLVED THAT, no assessments should be levied on MIGA member insurers at this time based on Gateway’s insolvency.

This Unanimous Written Consent may be executed in one or more counterparts, each of which shall be an original and all of which together shall be one and the same instrument. This Unanimous Written Consent shall be filed with the minutes of MIGA and become a part of the records of the Association.



Date: 6/16/2020

DocuSigned by:  
*Timothy Vernon*  
D9D307F8CB18465...

Timothy Vernon, Chair

DocuSigned by:  
*Lincoln Merrill*  
77F1DE939968405...

Lincoln Merrill, Vice Chair

DocuSigned by:  
*Brian Eagan*  
E8F75CEBED1E492...

Brian Eagan, Director

DocuSigned by:  
*Mark Pettingill*  
88A7E7D39C514CA...

Mark Pettingill, Director

DocuSigned by:  
*JEFFREY SCOTT*  
D2AAB7EFBC6640A...

Jeffrey Scott, Director

DocuSigned by:  
*David Sutera*  
284C6C0A26BA4DE...

David Sutera, Director

DocuSigned by:  
*Maura Travers*  
0B75ACB1ED6E488...

Maura Travers, Director