



**UNDERWRITING COMMITTEE MEETING
of
MARCH 26, 2007**

MINUTES

The Underwriting Committee convened a meeting on Monday, March 26, 2007, at 12:00 Noon at The Trust Offices.

In attendance were Committee Chair Michael Petrarca and Committee members Stephen Alfred, John Mainville, John H. Ambrogi and Gerry Kempen. Also in attendance were Trust President and Executive Director Thomas Dwyer; Colleen Bodziony, Membership Services Manager; Ronald Slovak, Chief Financial and Administrative Services Officer; and Michael Riccitelli, Underwriting Analyst.

1. ADOPTION OF MINUTES

Mr. Petrarca moved, seconded by Mr. Alfred, to adopt the Minutes of the January 24, 2007, meeting as presented; it was so voted unanimously.

2. PRO-FORMA UNDERWRITING FOR POLICY YEAR 2007 TO 2008

Prior to the meeting Mr. Dwyer forwarded to the Committee memoranda dated March 20, 2007 describing the *pro forma* underwriting approach proposed by management for Policy Year 2007-2008. Accompanying the memos were various financial exhibits and analyses. Mr. Dwyer reviewed and explained these memos and accompanying exhibits in detail.

Workers' Compensation

Considerable discussion focused on the *pro forma* premium estimates for the Workers' Compensation Pool. Mr. Dwyer explained that the basic same methodology that has been used in the past for calculating the workers' compensation premium was again used for the Policy Year 2007-2008 premium projection, but he also identified pertinent changes and explained management's rationale for proposing them. He said that the model once again incorporates premium "caps" and "floors" and the usual loss sensitive pricing techniques.

Committee members questioned management on its recommendation that the "adjusted cap" feature be eliminated from the model methodology. Discussion followed on the pros and cons of this feature with the Committee by consensus determining that it wished to retain the adjusted cap as part of Member pricing for the coming year.

Committee members also reviewed the detail of the individual Member pricing recommendations presented by management and inquired about the reasonableness of some of the projections.

Mr. Alfred then moved, seconded by Mr. Kempen, to approve the pricing and underwriting approached proposed by management for the coming policy year for the Workers' Compensation Pool. It was so voted unanimously.

Property/Liability Pool

A discussion next ensued regarding management's recommended Property/Liability *pro forma* underwriting scenario for the Policy Year commencing July 1, 2007.

Mr. Dwyer indicated that, in terms of underwriting methodology used, it is again virtually the same as that used in the current year. He briefly identified changes being incorporated into the model and, in response to a question from Mr. Kempen, reviewed the allocation of costs to school and municipal Members in the underwriting model. Mr. Dwyer advised that a floor and a cap on Member premium would be utilized again this coming policy year.

Mr. Mainville moved, seconded by Mr. Ambrogi, that management's recommended pricing and underwriting approach for Property/Liability Pool for the coming policy year be approved. It was so voted unanimously.

Allocating Flood Zone A and V Reinsurance Surcharges

In response to a directive from the Underwriting Committee at the January meeting, Mr. Riccitelli, distributed a spreadsheet illustrating three (3) options for allocating the flood zone A and V reinsurance costs in the underwriting model. Mr. Riccitelli explained the three options, the manner in which each was derived and the advantages and disadvantages of each approach.

General discussion ensued with Committee members weighing the equity of each method.

Mr. Kempen moved, seconded by Mr. Mainville, that Option III be implemented in the pricing and underwriting model for Property/Liability Pool. It was so voted unanimously.

3. UPDATE ON LIABILITY COVERAGE FOR THE GOVERNMENTAL HEALTH GROUP OF RHODE ISLAND

Prior to the meeting Mr. Dwyer had forwarded to the Committee memoranda dated March 20, 2007 describing the status of the request for Liability Coverage by the Governmental Health Group of Rhode Island. Accompanying the memo were copies of letters (including an application) that were sent to the Group. Mr. Dwyer reviewed and explained the situation.

A general discussion ensued. Mr. Alfred briefed new Committee members on the background of the issue.

Mr. Dwyer stated that as of this date he has not received a response or a completed application from the Group.

4. ADJOURNMENT

Mr. Ambrogi moved, seconded by Mr. Kempen, to adjourn the meeting. It was so voted unanimously.

The meeting stood adjourned about 1:45 P.M.

Respectfully Submitted,



THOMAS E. DWYER