



**OPEN SESSION MINUTES
OREGON STATE BAR
PROFESSIONAL LIABILITY FUND
BOARD OF DIRECTORS**

**February 11, 2022
Zoom Videoconference**

Chair Gina Johnnie called the regular meeting of the Board of Directors to order at approximately 9:00 a.m. In addition to Ms. Johnnie, the following board members attended the meeting: Harshi Waters, Michael Batlan, Oren Haker, Steve Hill, Michelle Johansson, and Ali Hilsher. Board members Chris Karlin and Akeem Williams did not attend the meeting. BOG liaisons Matthew McKean and Candace Clarke, BOG president Kamron Graham and OSB CEO Helen Hierschbiel attended open session. In addition, the following PLF staff attended all or part of the meeting: Megan Livermore, Betty Lou Morrow, Madeleine Campbell, Matt Borrillo, Cindy Hill, Emilee Preble, Hong Dao, Doug Querin, Tanya Hanson, Maureen DeFrank, Heather Bowman, Amy Hoven, Bryan Welch, and Jennifer Harrington.

This meeting was noticed and conducted in compliance with the Oregon Public Meetings Law, ORS 192.610, et seq. and a quorum was verified.

1. CHAIR REPORT (Ms. Johnnie)

Ms. Johnnie welcomed new board members, Ali Hilsher and Michelle Johansson.

Approval of Open Session Minutes.

(A) Draft Open Session Minutes (12/10/21) Board of Directors Meeting:

Ms. Waters moved and Mr. Batlan seconded that the December 10, 2021 open session minutes be approved. The motion passed 5-0 (2 absent; 2 abstained).

(B) Board News:

Ms. Johnnie acknowledged BOD birthdays for Michael Batlan (January) and Steve Hill and Oren Haker (February).

2. CEO REPORT (Ms. Livermore)

(A) Staffing Update:

Ms. Livermore announced that Tanya Hanson has been promoted to Communications Manager. Ms. Hanson has been with the PLF for 17 years.

(B) Coverage for Licensed Paralegals:

Ms. Livermore reported that the OSB Paraprofessional Licensing Implementation Committee decided to change the name of the proposed new licensees to “licensed paralegals” so it is more familiar. PLF staff continue to work on plans for how to provide PLF coverage for the proposed new licensees. Ms. Livermore proposed having one of the new licensees either on our board or an advisory board.

Ms. Livermore inquired whether the board would like to convene a committee to be involved in coverage planning. There was little interest in doing so.

(C) 2023 NABRICO Conference:

Ms. Livermore reported that the PLF will be hosting the NABRICO conference in 2023, likely to be held in Eugene.

(D) General Matters:

Ms. Livermore reported that we are working with Trüpp on a PLF salary market survey, updates to our job factoring system and a review of pay equity matters.

Ms. Livermore reported that we are in the final stages of a contract review on ISI software, a data management system. She expects it will be an 18-month process. In the meantime, we are working on better access to our data.

3. General Counsel Report (Ms. Campbell)

(A) Update on the Task Force for Alternative Pathways for Bar Admission (APBA):

Ms. Campbell reported that the Supreme Court approved the recommendations of the APBA. Law schools are beginning to work on what those programs will look like. The expectation is that it will be another year before something is in place.

4. CLAIMS REPORT - OPEN SESSION (Mr. Borrillo):

(A) General Claims Report:

Mr. Borrillo reported that the claims department continues to do well. The final claim number for last year was around 650. We are on track for a similar number this year, but it is still early in the year. Mr. Borrillo said that, historically, claims have averaged 850 to 950 claims per year (950 is on the high side). While there has

been a reduction in the number of claims, the severity of claims seems to be increasing. If things get back to normal, we expect claims to be 800+ per year.

Mr. Borrillo reported that the Defense Panel Conference is August 18-20 at Skamania Lodge. The conference will provide 7 or 8 CLE credits.

(B) 2021 Claims Attorney and Defense Counsel Evaluations and Sample Evaluation Form:

Mr. Borrillo reported that the 2021 evaluations were very favorable. The evaluations include comments, so while we are not including covered party names, the comments are shared in the materials.

(C) 2021 Claims Statistics 2011-2021 (by Claim Year):

(D) 2021 Claims Statistics 2011-2021 (by Year Closed):

Mr. Borrillo referred the Board to the materials and reported that the above statistics (C and D above) are in line with what they have been all along.

5. FINANCIAL REPORTS (Ms. Morrow)

(A) 2021-December 31 Financial Statements:

Ms. Morrow reported that the aggregate balance sheet (primary and excess) combined cash and investments are up by about \$5.3 million over last year (about an 11% return on our portfolio). Overall, operation expenses are up by about 1%. Other asset categories have remained relatively consistent with YE 2020. The PERS actuarial data will likely not be received from the State until April or May. Therefore, the current balances reflect the 2020 balances. The auditors will begin their 2021 audit on March 14, 2022.

BOG liaison, Ms. Clarke, questioned the assets due from reinsurers. Ms. Morrow said this amount represents claim reimbursement that has been submitted to the reinsurers by payment has not yet been received.

With regard to the Statement of Revenue, Expenses, and Changes in Net Position, the PLF ended the year with 6,721 full-pay attorneys, budget was 6,715. Return on investment was approximately 11% while the budget was 4.25%. The final claim count was 652.

Ms. Morrow discussed budgeted financial expenses that were not incurred due to COVID. These included conferences, out of town board meetings, and travel.

For the Primary Program, Ms. Livermore pointed out (for the benefit of new board members) that deficit numbers are listed because the assessments do not cover all of our expenses. This is why we rely on investment returns.

Mr. Haker asked if defense panel costs are increasing. Ms. Morrow responded to the question of defense panel costs. When we lost several defense panel members who had been with us for a long time (due to retirement), we expected the fees would increase. The current high inflation rate is also a factor.

Mr. Borrillo noted that we do not actually negotiate defense panel rates. The firms generally provide us a discounted rate as a courtesy. He also noted that some of them do not raise rates on a regular basis, but bump the rates all at once, so many times when we see hikes in defense panel rates, they are related to a long pause of no increases.

6. PRACTICE MANAGEMENT ASSISTANCE PROGRAM (PMAP) (Ms. Dao)

(A) Practice Management Assistance Program Update:

Ms. Dao noted that changes were made in the way we report the PMAP statistics on how lawyers contact us (see report). The majority (about 70%) contact us by phone; about 16% is via email; and others are through the website. There are also some referrals from the OAAP and other organizations.

In 2021, there was a large increase in PMA contact. Ms. Dao referred the board to the data on demographics and noted that downtown Portland and Tri-County areas are the bulk. We will be advertising in the *OSB Bulletin*, reaching out to more remote areas and we will be tailoring access to those lawyers.

Trends in 2021 related to remote work issues, transitions, alternative practice arrangements, how to train and onboard staff, and moving to the cloud and going paperless.

Ms. Dao reported that they are hiring a new PMA. They have received very good candidates and hope to hire someone to begin in April.

7. OREGON ATTORNEY ASSISTANCE PROGRAM (OAAP) (Mr. Querin):

(A) OAAP Report

Mr. Querin reported that the OAAP staff met earlier this year for strategic planning to map out goals and planning for the coming year.

After the December break in programming and presentations, they are busy gearing up for a year that looks about the same as last year. They already have more than a dozen presentations scheduled and receive more requests weekly.

Following up on HOD Resolution No. 5 – Conference of Well-Being Stakeholders, they are actively working with other members of the PLF and members of the Oregon State Bar in putting together by June a conference of well-being stakeholders to advance well-being initiatives for Oregon attorneys. The group will work with stakeholders such as law schools, law firms, judiciary, etc. This will be a major project and we are proud to be a part of it.

Mr. Welch discussed the website and collaborations with the communications department and HUB Collective (HUB). He thanked Ms. Preble and Ms. Hanson for spearheading efforts to improve their advertising on the website and outward facing materials and also appreciates HUB's efforts as well.

The OAAP continues to work on one of their goals of continuing cross-department coordination. Joint CLEs are being planned for 2022. The first CLE, scheduled for February 23 is on time management and

organization (500 people have already signed up). They continue to serve lawyers by providing online workshops. A past conference “finding meaningful work,” was filled within 30 minutes. They are planning a second one.

Mr. Querin referred the board to the materials regarding statistics on who is accessing their program and services.

The OAAP is beginning a search for another attorney counselor to bring staff back to normal numbers. Many people are accessing services from outside the Portland area and he expects it is because of promotion, word of mouth, increased need, and COVID. Mr. Querin believes that access to recovery meetings have increased between 20 and 30% due to remote access. They expect to continue remote recovery services, even when returning to in-person contact.

Mr. Querin said that Ms. Hazilla is doing a fantastic job in her role as Director of the OAAP and believes she is the right person at the right time and place.

8. EXCESS PROGRAM (Ms. Preble)

(A) Excess Program 2022 Renewal Update:

Ms. Preble reported that excess coverage renews January 1 each year. 658 firms have bound coverage for a total of 2,038 attorneys. This will float up throughout the year. This year, we have 25 new firms and 633 renewing firms. We generally see about 90+% retention. Firms usually stick with us once they have bound coverage. 17 firms bought tail coverage (this number is pretty standard).

9. Committee Reports (Board Members):

(A) Finance and Investments Committee (Ms. Morrow/Mr. Batlan)

The Finance and Investments Committee recommends approval of the following actions:

1. With a 50% confidence level, adopt the following **liabilities for primary claims** as of December 31, 2021.
 - Indemnity Liabilities (\$12.6 million); and
 - Expense Liabilities \$9.3 million.
 - **Total Liabilities: \$21.9 million**
2. Adopt an average **cost of new claims** of **\$22,500** (\$11,500 indemnity and \$11,000 expense) for the first six months of 2022.
3. Adopt **AOE, ERC, and Suspense liabilities** as follows:
 - **AOE Liability** – increase of \$200,000 to **\$2.6 million**
 - **ERC Liability** – decrease of \$400,000 to **\$3.2 million**
 - **Suspense Liability** – no change. **Remains at \$1.5 million**

Mr. Batlan moved and Ms. Johansson seconded that the Board adopt the liabilities for primary claims as listed in #1 above, adopt the cost of new claims for the first six months of 2022 as listed in #2 above, and adopt the AOE, ERC, and Suspense liabilities as listed in #3 above. Motion passed 6-0 (3 absent; Mr. Haker was present at the meeting but not present for the vote).

Ms. Morrow noted that the December 31, 2021 Rudd and Wisdom Actuarial Analysis, the February 21, 2022 Valuation Summary, and the January 31, 2022 RVK report are in the materials.

10. LIAISONS' REPORT (BOG) (Mr. McKean/Ms. Clarke/Ms. Graham/Ms. Hirschbiel):

(A) BOG Update:

Mr. McKean introduced Candace Clarke, a new public member of the BOG. She has extensive experience with non-profits in finance and is a great asset to the Board of Governors.

Mr. McKean gave the BOG report.

The BOG has met once this year and swore in the new president, Kamron Graham (present at the PLF meeting).

Mr. McKean said the main purpose of the recent meeting was to approve an action plan for 2022 and adopted areas of focus. The OSB is collaborating with the PLF on some of the topics. The topics were as follows:

1. Identify and implement board leadership development needs;
2. Conduct All Program review and consider whether to revise the program review policy;
3. Provide oversight and support for OSB Diversity Action Plan implementation;
4. Plan for possible unified bar litigation outcomes (Mr. Haker and Ms. Livermore are participants in the collaboration)
5. Address impact of remote work on OSB elections and programs (there is a special joint committee to work on that with the PLF);
6. Continue support for development implementation of paraprofessional licensing program and portal project. There is a BOG meeting on February 18 and much of that meeting is dealing with the paraprofessional licensing project and taking testimony – everyone is invited to participate;
7. Support lawyer wellbeing (the OAAP is taking the lead on this);
8. Provide OSB budget oversight;
9. Support Implementation of Compensation Study recommendations; and
10. Implement legislative priorities adapted for 2022.

11. UNFINISHED AND NEW BUSINESS:

There was no unfinished or new business to discuss.

12. EXECUTIVE SESSION

Ms. Johnnie called the meeting into executive session at approximately 10:22 a.m., pursuant to ORS 192.660(2)(f) and (h) to discuss claim matters and other executive session issues. See separate executive session minutes.

13. ADJOURNMENT

The meeting adjourned at approximately 10:19 a.m.

These minutes were approved by the PLF Board of Directors at its April 22, 2022 board meeting.