



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

**June 9, 2023  
Pendleton, Oregon**

Board Chair Steve Hill called the open session meeting of the Board of Directors to order at 9:04 a.m. Present in addition to Mr. Hill were board members Valerie Saiki, Oren Haker, Chris Karlin, Michelle Johansson, Ali Hilsher (via Zoom), and Harshi Waters (via Zoom). In addition, BOG liaison Ryan Hunt (in person) and OSB CEO Helen Hirschbiel (via Zoom) attended open session. PLF staff members Megan Livermore, Betty Lou Morrow, Heather Bowman, Matt Borrillo, Hong Dao, Tanya Hanson, Kyra Hazilla, Cindy Hill, and Maureen DeFrank (via Zoom) attended all or part of the meeting. In addition, Chuck Faerber of Rudd & Wisdom (Texas) attended open session.

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 (Mr. Hill)**

Mr. Hill welcomed and thanked everyone for participating. Ms. Livermore introduced Mr. Faerber and asked meeting attendees to introduce themselves.

**(A) Approval of Open Session Minutes**

- i. 2023-02-03 Amended Open Session Minutes (BOD)
- ii. 2023-04-14 Draft Open Session Minutes (BOD)

**Approval of Executive Session Minutes in Open Session**

- iii. 2023-04-14 Executive Session Minutes (BOD/Claims)
- iv. 2023-04-14 Special Executive Session Minutes
- v. 2023-05-18 Executive Session Minutes (Standing BOD Meeting)

*Mr. Karlin moved, and Mr. Haker seconded that the amended open session minutes of February 3, 2023, open session minutes of April 14, 2023, executive session minutes of April 14, 2023, special executive session minutes of April 14, 2023, and executive session minutes of May 18, 2023 be approved as written. Motion passed 7-0 (2 absent).*

**(B) Committee Minutes**

- i. 2023-04-06 Finance/Investments Committee Meeting Minutes

There was no discussion and no action required.

**(C) CEO Evaluation**

The CEO evaluation will be discussed in executive session.

**2. General Counsel Report (Ms. Bowman)**

**(A) General Counsel Update**

Ms. Bowman reported that the Governor signed the legislation implementing the Licensed Paralegals (LP) program, effective July 1. Licenses will not be issued until 2024. We have revised the 2024 Primary Plan to include LPs. See materials regarding changes being proposed to the Primary Plan, which will cover both attorneys and LPs. Ms. Bowman cautioned the board that the name “Licensed Paralegals” may be changed and, if so, we may need to revisit the Primary Plan.

Ms. Bowman provided an overview of the revised Primary Plan. It includes the same level of coverage as for our attorney covered parties and the same annual assessment. Since most LPs will be new covered parties, they will qualify for various discounts over their first 3 years of coverage (same as what is offered to lawyers). If there are related claims between LPs and a lawyer, it will be treated the same as related claims between lawyers. LPs will have limited scope of practice and any work done outside of that scope of work will not be covered.

**(B) Approval of Updated Coverage Plan to provide coverage to LPs**

*Ms. Johansson moved to accept the changes to the revised Coverage Plan.*

*Mr. Karlin seconded the motion to accept the changes to the revised Coverage Plan. Ms. Hilsher abstained. Motion passed 6-0 (2 absent; 1 abstention).*

**3. Claims Report – Open Session (Mr. Borrillo)**

**(A) General Claims Report**

Mr. Borrillo reported that claims remain steady (no influx of claims post-pandemic). We currently anticipate 675 claims for the year. This projected number is under budget (budget is for 720 claims). The claims department is fully staffed and running efficiently. Ann Ledgerwood is our newest claims attorney. Claims assistant Jenny Babb was recently added to the claims staff. Both are doing a great job.

A discussion was had regarding the sufficiency of current indemnity limits. Mr. Borrillo and Ms. Morrow provided details regarding current cost of claims, defense panel rates, and settlement demands and no further action was recommended by the board.

Ms. Johansson questioned what would trigger raising the \$300,000 indemnity limits. Ms. Morrow explained that not many claims hit that limit. An increase in the indemnity limits could also impact our excess coverage. It does not make sense to increase limits at this time. Mr. Borrillo said that \$300K is more than sufficient for the vast majority of claims. We recently increased the expense allowance to cover increasing claim-related costs.

#### **4. Financial Reports (Ms. Morrow)**

##### **(A) 2023-April 30 Financial Statements**

Ms. Morrow discussed the reserves that are in Mr. Faerber's report. Additional details can be found in the materials.

##### **(B) 2023-March Quarterly Performance Report**

At the end of March, investment performance was at 4.48% return, an 11.35% decline in value since the end of the year. This does not include short duration which brings us down to 4.24%.

Assessments. We have 6,850 full-pay attorneys (normally, the number would be around 7,000 attorneys). The result is about a \$500,000 loss in revenue. See reports in the materials for more specific information.

PERS. We have not received the information from PERS for 2022 yet. We are hoping we will receive it by the end of the month so our financial audit can be completed. Ms. Morrow allocated \$750,000.

Excess Program. Information pertaining to the Excess Program can be found on page 85 of the materials.

2022 Greenwich Quality Leader Award. Ms. Morrow referred to page 2 of the RVK March 31, 2023 quarterly report. She discussed the award and said that it speaks to the quality we are receiving from RVK. RVK has received this award six years in a row.

The total fund portfolio indicates a 4.22% return to date this year.

The budget will be discussed at the next board meeting.

##### **(C) 2023 – OSB PLF Net Position Summary Page**

Ms. Morrow referred to the materials beginning on page 130. She noted that line one of the Summary indicates \$12,250,000 based on an 80% confidence level. Looking at the balance sheet, we are at around \$20 million net position. We are not at net position goal, but plan to keep the assessment where it is, unless something changes drastically by the end of July.

Mr. Haker asked if there have been any thoughts about decreasing the assessment. Ms. Morrow indicated that is not advisable nor recommended considering our investment losses in 2022, among other things.

**(D) 2024 Budget Update**

The 2024 budget will be discussed at the August board meeting.

**(E) 2022 Audit Update**

Ms. Morrow reported that there are no adjustments for accounting.

**(F) Guest Speaker, Mr. Chuck Faerber, F.S.A., A.C.A.S (Rudd & Wisdom)**

Mr. Faerber thanked the PLF for the opportunity to be at the board meeting and said it has been a fun trip to Oregon so far.

i. "The Actuarial Process at the PLF"

Mr. Faerber explained that Rudd and Wisdom determines PLF financial reserves, the role of case estimates, then rating. He then gave a PowerPoint presentation. See materials for specific information.

ii. 2022-June 30 Rudd & Wisdom Reserve Analysis

Mr. Faerber discussed the financial reserves. See materials beginning on page 168.

iii. 2023-Rudd & Wisdom Assessment Analysis

Mr. Faerber reported that the assessment analysis is based on frequency, severity, average claim cost, and trends. See materials on page 178.

iv. 2022-June 30 Finance/Investment Committee Actuarial Memo

Ms. Morrow explained that there is an operational shortfall of expenses in the budget because we use investment returns to make up the difference in assessment payments.

**5. Practice Management Assistance Program (PMAP) (Ms. Dao)**

**(A) PMAP Update**

Ms. Dao referred the board to the materials beginning on page 194.

New PMAP Software. Ms. Dao discussed the launch of new PMAP software (developed by Praxent). This software helps the PMAs track contacts and other information in one system.

CLEs and Presentations. The PMAP continues to offer many CLEs and other presentations. They are also nearing completion of the update of their practice aids.

Program Access. Lawyers continue to download CLEs if they cannot attend in person and they find the practice aids to be very helpful. There are new practice aids that include tips about data breaches.

Shredding Events. See materials. These shredding events are free and we are working on scheduling more shred days in more rural areas in the fall. This is a great service as it provides the opportunity to securely dispose of documents.

Learning the Ropes. The department is planning now for the CLE in November. This CLE is for new lawyers and LPs and we are hoping to incorporate a new section for incoming LPs. We are also hoping to incorporate some tribal judges into the program.

**6. Oregon Attorney Assistance Program (OAAP) (Ms. Hazilla)**

**(A) OAAP Update**

Ms. Hazilla referred the board to the materials beginning on page 202. She reported that community involvement has been very robust in the first five months of the year. She thanked Tanya and the communications team for assisting with wellbeing week, modeling great practices internally, and mental health awareness month. See OAAP website for new materials.

The OAAP is also hard at work with wellbeing stakeholders. There is a report in draft form to be presented to the BOG in a couple of weeks. Ms. Hazilla gave special thanks to Mr. Nik Chourey, Assistant Disciplinary Counsel at the OSB.

OAAP Access. The numbers are stable compared to last year. They may have increased by 10 or more, so the numbers remain high. The OAAP has presented 19 CLEs to-date. Ms. Hazilla pointed out in looking at Ms. Dao's materials that mental health and substance use are the 3<sup>rd</sup> most downloaded topics on the website.

Ms. Hazilla noted that Ms. Blume has been presenting programs on her own and they have received great comments on her mindfulness group. We are very happy to have her.

Ms. Hazilla asked that if anyone is interested in getting involved with the Stakeholders group, they are welcome to join at any time. If interested, please reach out to her.

Ms. Hazilla also noted that there is an OAAP ad at the end of their cover story in the *Oregon State Bar Bulletin* regarding an August 22, 2023, CLE in the Columbia rooms at the Oregon State Bar, specifically about suicide intervention.

**7. Excess Program (Ms. Livermore)**

**(A) Excess Program Update**

Ms. Livermore said there is nothing to report at this time. A full report will be given at the August board meeting.

## **(B) Administrative Update**

There were no updates at this time.

### **8. Communications Program (Ms. Hanson)**

#### **(A) Communications Department Update**

Ms. Hanson referred the board to the materials beginning on page 209 and noted that it has been a busy quarter. She reported on current projects in the Communications Department including: new *inSight* publication and *inBrief* publication, the annual report, redesigning PLF books that are currently in antiquated form, branding for NABRICO swag, and preparing a communications plan to support the LP program. Ms. Johansson said she likes the idea of welcoming the LPs.

Ms. Dao noted that the *inBrief* is sent out not just to PLF-covered lawyers but to partners in other countries. Alberta, Canada contacted us for reprint permission for one of Rachel's articles, so this indicates that the content is also valuable internationally.

Ms. Hanson noted that Ms. Dao has written a two-part article pertaining to potential malpractice on ChatGPT (AI technology) for *inBrief*. It is the first of its kind. We are also looking for testimonials in general and are looking for some anonymous testimonials to include in our publications. If interested, or know of someone who is interested, please let Tanya know.

### **9. CEO Report (Ms. Livermore)**

#### **(A) CEO Update**

Ms. Livermore reported that the contract with ISI has finally been signed (new enterprise software). Jason Ouellette, the PLF's database administrator, will take the lead on the project, along with Ms. Morrow and Ms. Livermore. It does not serve all needs. The PMAP department had special software prepared that will be implemented with this new software. Mr. Karlin noted that it will reduce risk for the company. The implementation will take about 18 months. Cameron Scott is the project lead with ISI. Mr. Hill asked how long it has been since our database was updated. Ms. Livermore said that as far as we know, it has never had an update.

Ms. Livermore reported that she went to Toronto for a National Insurance Directors meeting with our Canadian NABRICO colleagues. Issues discussed were similar to what we are facing here: lawyer mobility, succession planning and attorney wellbeing.

The NABRICO conference will be held August 16-18, 2023, in Eugene, hosted by the PLF. We are very excited about the program we have put together and look forward to welcoming our NABRICO colleagues from across the U.S. and Canada. An afternoon PLF board meeting will be held prior to the conference on Wednesday, August 16, beginning with lunch.

## **(B) 2024 Proposed Board Meeting Schedule**

Ms. Livermore referred the board to the 2024 PLF board meeting schedule on page 240 of the materials.

There was a question regarding the training mentioned on April 18 (joint BOG/BOD training). Ms. Hierschbiel said that the BOG and BOD have done a training session together in the past. The BOG typically has one or two training sessions for BOG members annually.

### **10. Liaisons' Report (BOG)**

#### **(A) BOG Update**

BOG liaison, Ryan Hunt, noted that most everything regarding the LPs has been covered.

The Oregon New Lawyers Division (ONLD) provided a Rural Work Group survey for rural practitioners (an off-shoot from the economics survey). Essentially, people in rural areas are happier but it is hard to find people to work in those areas. Ideas for assisting rural attorneys include a job fair and fellowship programs.

Mr. Hunt reported that they are doing outreach for out of state applicants to encourage more rural attorneys.

### **11. Unfinished and New Business**

There was no unfinished or new business to discuss.

### **13. Executive Session**

Mr. Hill concluded the open session meeting and said they would move into executive session, pursuant to ORS 192.660(2)(f) and (h) to discuss claim matters and other executive session issues. See separate executive session minutes.

### **14. Adjournment**

The meeting adjourned at approximately 12:11 p.m.

**These minutes were approved by the PLF Board of Directors at its August 16, 2023 board meeting.**