



SCHOOLS EXCESS LIABILITY FUND EXECUTIVE COMMITTEE MEETING MINUTES

Time: Wednesday, September 21, 2022, 1:00 P.M.

Webinar Meeting Location: Pursuant to Executive Order: N-35-20

Log-In Information: <https://us02web.zoom.us/j/89814219191?pwd=YWk4dW9YVFA1ZGg1dTRuVC9VcGxRQT09>

MEMBERS

Renee Hendrick, Chair	Area VI Representative
Craig Schweikhard, Vice Chair	Area V Representative
Toan Nguyen, Comptroller (joined at 1:25 p.m.)	Area VI Representative
David Flores, Secretary	Area II Representative
Steve Salvati, Member-at-Large	Area VI Representative

ALTERNATES

Thuy Wong, Member Services & Communications Committee Chair	Area I Representative
Tony Nahale, Workers' Compensation Claims & Coverage Committee Chair	Area VI Representative

GUESTS

Byrne Conley	Legal Counsel
Mark Priven	Bickmore Actuarial
Mike Harrington	Bickmore Actuarial

STAFF

Dave George	Chief Executive Officer
Kathryn Mathes	Chief Fiscal Officer
Lois Gormley	Director of Communications and Member Services
Jimmy Rowe	Director of Claims
Susan Casey	Executive Assistant

I. CALL TO ORDER

Committee Chair Renee Hendrick called the meeting to order at 1:00 p.m. Executive Assistant Susan Casey called the roll and confirmed the presence of a quorum.

II. AGENDA – September 21, 2022

A. Amendments/Adjustments

None.

B. Approval

Schweikhard made a motion, seconded by Flores, to adopt the agenda as proposed.

Vote: Hendrick – yes
Schweikhard – yes
Nguyen – absent during voting
Flores – yes
Salvati – yes
Wong – yes
Nahale – yes

Motion passed.

III. MINUTES –May 12, 2022

A. Amendments/Adjustments

None.

B. Approval

Salvati made a motion, seconded by Flores, to approve the minutes of the May 12 meeting as presented.

Vote: Hendrick – yes
Schweikhard – yes
Nguyen – absent during voting
Flores – yes
Salvati – yes
Wong – abstain
Nahale – yes

Motion passed.

IV. ACTION ITEMS

A. Resolution of the Board Relating to Teleconference Meetings and Agendas

Schweikhard made a motion, seconded by Flores, to approve the resolution.

Vote: Hendrick – yes
Schweikhard – yes
Nguyen – absent during voting
Flores – yes
Salvati – yes
Wong – abstained
Nahale – yes

Motion passed.

B. Approve New Member Excess Liability Program – Empower Language Academy

Director of Communications and Member Services Lois Gormley said Empower Language Academy is a charter school that joined San Diego County Schools JPA as of July 1, and they

applied to join SELF on June 25, after the June Board meeting. She recommended approval of this new member effective July 1, 2022.

Salvati made a motion, seconded by Schweikhard, to approve Empower Language Academy as a new member of the Excess Liability Program as recommended.

Vote: Hendrick – yes
Schweikhard – yes
Nguyen – absent during voting
Flores – yes
Salvati – yes
Wong – yes
Nahale – yes

Motion passed.

V. PUBLIC COMMENTS

There were no members of the public who wished to address the Executive Committee.

VI. CHIEF EXECUTIVE OFFICER'S REPORT

George referred to the agenda for the strategic planning session the following week in San Diego.

George noted that Bob Kretzmer, SISC, and Dave Rawe, SIG, will be joining the SELF Board as alternates.

George reported that SELF sent communications to members about AB218 funding after the June Board meeting. He said SELF will be communicating further throughout the fall.

George advised that he had invited all primary pool managers to attend a meeting at the SELF office on November 14 to inform them about some significant adverse trial results this year and brainstorm about next steps. In addition, he noted that in past years, SELF has held symposiums for primary pool members and some external JPA's to foster a collaborative environment among the pools and discuss key topics. He said the staff is planning another symposium for late January in San Diego.

George stated that SELF recently sent out assessment invoices to members of the Excess Workers' Compensation Program for the tenth year of a ten-year assessment program. He noted that Mark Priven, Bickmore Actuarial, will be looking at the program and preparing a report as required by SELF's policy. He observed that based on the current actuarial report, it does not appear that further assessment will be necessary.

George provided an update on outreach activities since the last meeting. He said he visited many of the Southern California JPAs in June, gave a presentation specifically about the assessment at a SIG board meeting, met with San Francisco USD, a new member of ASCIP as of this year, gave a presentation for RESIG, and participated in a CAJPA presentation with Craig Bowlus and Craig Schweikhard regarding the effects of AB218.

George indicated that he also gave a presentation for ACSA's HR forum in June, an event that was very well attended, with about 250 people participating online. He remarked that ACSA has been very proactive in working with SELF to educate their constituency about the fiscal effects of AB218 and

sexual abuse and molestation (SAM) claims in general. He added that SELF will continue to emphasize the importance of training.

George said he and Gormley will be attending the SISC annual meeting in October, making a presentation about AB218 to county superintendents, and attending the CSRM annual meeting in November.

VII. INFORMATION/DISCUSSION ITEMS

A. Bill Report

Leilani Aguinaldo, School Services of California Inc., discussed the results of the 2021/22 legislative session ending August 31. She said bills that passed the Legislature are now before the Governor, and he has until September 30 to sign or veto them. She drew attention to her written report summarizing the status of specific bills of interest to SELF, and she noted that the Executive Committee adopted positions on a number of bills at its last meeting.

Aguinaldo advised that the Legislature had approved SB 1127, a workers' compensation bill SELF opposed. She explained that SELF's primary concern was that the bill would have reduced the time period for an employer to deny workers' compensation claims from 90 days to 75 days. She indicated that the bill was amended and narrowed in scope to only apply to peace officers.

Aguinaldo drew attention to two new bills included in the report, AB 99 and AB 312, and stated that neither bill passed the Legislature. She noted that the committee had not talked about these "zombie bills" previously, as both surfaced with substantial amendments at the end of August. She reported that she worked closely with George and Gormley and ACSA to formally register concerns about the proposed legislation.

Aguinaldo said AB 99 would have mandated LEA's to establish local threat assessment teams, and there were concerns about the composition of those teams and potential liability. She added that as a result of this opposition, the bill was eventually shelved.

Aguinaldo stated that AB 312 would have established a "Safe to Tell" program, with a state crisis call center to field calls about a potential crisis at a local school district. She said local education agencies would have been required to identify three staff contacts to receive that information. She observed that although this kind of bill might work well in other states, it was too cumbersome for California's large population. She noted that the author was advised of these concerns, and AB 312 also failed to pass the Legislature.

Aguinaldo indicated that AB 185 is the clean-up trailer bill legislation specifically for TK-12 schools, and LEA's statewide are waiting for an increase in the LCFF augmentation to 6.7 percent. She said the bill passed the Legislature but had not yet been signed by the Governor.

Hendrick thanked Aguinaldo for her report.

B. Excess Liability Program Actuarial Study 6/30/22

Mark Priven, Bickmore Actuarial, provided an overview of the actuarial study of the Excess Liability Program for the period ending June 30, 2022. He said the prior study was for the period ending October 31, 2021, and it covered all claims; a partial study of just the sexual abuse and molestation (SAM) claims was done in March of 2022. He advised that the March study showed a substantial increase in SAM claims since the previous October, and as a result, projected liabilities

increased by close to \$50 million. Priven observed that the results of the June study are fairly consistent with the March report. He added that activity on non-SAM claims has been favorable.

In reviewing claims by layer, Priven noted that the \$4 million excess of \$1 million layer has a fair amount of SAM claims, totaling about \$25 million, and mostly for old years. He said case reserves decreased in the excess of \$5 million layer, and those claims tend to be in more recent years. He displayed a chart comparing liabilities and their components with the results of the last complete report, October 31, 2021. Priven pointed out large overall increases in case reserves and IBNR, resulting in total liabilities going up by a little over 30 percent.

Priven displayed a chart showing liabilities as of June 30, 2022, at various confidence levels and net present value discount rates. He presented a comparison of activity, payments, case reserves, and IBNR, by layer and policy year. He noted that AB218 and SAM claims are broken out from other types of claims. He advised that most of the case reserves and IBNR projections for prior years are associated with SAM claims. Priven remarked that activity for non-SAM cases has been very low in recent years. He showed a chart depicting incurred activity and by year incurred, reserved, and paid.

Hendrick thanked Priven for his report.

C. Excess Workers' Compensation Program Actuarial Study 6/30/22

Priven reported that the Excess Workers' Compensation Program is doing very well, with liabilities, case reserves, and IBNR decreasing as claims are closed and the program winds down. He displayed a chart showing liabilities at different rates and confidence levels. Priven noted that this is the tenth year of a ten-year assessment program. He advised that his analysis shows that the program most likely has sufficient case reserves to pay claims without having another assessment.

Schweikhard asked if it would make sense to sell off the tail of the program to transfer the remaining losses. George confirmed that a loss portfolio transfer could be beneficial. He observed that SELF is already considering the possibility of creating a captive for that purpose.

Hendrick thanked Priven for his report.

D. Captive Feasibility

George referred to the updated feasibility study in the meeting packet. He indicated that this topic would be addressed in more detail at the strategic planning meeting. He added that representatives of AIG Captives Solutions would be present to discuss the concept and answer questions.

Hendrick said the Finance Committee proposed postponing action on creating a captive subsidiary until the December Board meeting to allow ample time for discussion and consideration.

VIII. CLOSED SESSION

Schweikhard made a motion, seconded by Nahale, to adjourn to closed session for the purpose of discussing existing litigation.

Vote: Hendrick – yes
Schweikhard – yes
Nguyen – yes
Flores – yes
Salvati – yes

Wong – yes
Nahale – yes

Motion passed. The committee adjourned to closed session at 1:36 p.m.

A. CONFERENCE WITH LEGAL COUNSEL
EXISTING LITIGATION (Gov. Code 54956.9(d)(1))

- Board of Trustees of California State University System v. Schools Excess Liability Fund, Los Angeles Superior no. 21-LBCV-00335

At the conclusion of the closed session, Schweikhard made a motion, seconded by Flores, to resume the open meeting.

Vote: Hendrick – yes
Schweikhard – yes
Nguyen – yes
Flores – yes
Salvati – yes
Wong – yes
Nahale – yes

Motion passed. The open meeting was resumed at 1:49 p.m.

Hendrick reported that during the closed session, the Board gave direction to staff but took no other reportable action.

IX. FUTURE MEETINGS

The committee reviewed the schedule of upcoming meetings. Hendrick said the November 17 meeting conflicts with the CASBO CBO Symposium, so she suggested changing the date. Schweikhard proposed scheduling the meeting for November 14, the same day as the JPA meeting. He added that he would not be available during the week of Thanksgiving.

Hendrick asked Casey to contact committee members with some alternate dates

X. ADJOURNMENT

There being no further business, Salvati made a motion, seconded by Schweikhard, that the meeting be adjourned.

Vote: Hendrick – yes
Schweikhard – yes
Nguyen – yes
Flores – yes
Salvati – yes
Wong – yes
Nahale – yes

Motion passed. The meeting was adjourned at 1:51 p.m.