

**NORTH BAY SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING
March 23, 2022**

MINUTES

- Call to Order** The meeting was called to order at 12:00 p.m. by President Henson.
- Attendance** Those in attendance were:
Michelle Henson, Solano County Office of Education
Josh Schultz, Napa County Office of Education
Attending by videoconference/Zoom:
Dana Page, Napa Valley USD

Absent: Matt Best, Davis Joint USD
- Staff and Guests** Janet Selby, NBSIA
Kim Santin, NBSIA
Brandon Schlenker, NBSIA
Carrie Green, NBSIA
Rob Cutbirth, General Counsel (presentation under Item 7(E))
- Approval of Agenda** Motion made by Schultz, seconded by Page, and carried unanimously to approve the agenda as presented. (*Ayes: Henson, Page, Schultz; Noes: none; Absent: Best; Abstain: none*)
- Public Comments** No public present.
- Member Reports and Collaboration** Schultz reported that NCOE is considering forming a JPA for group purchase of business systems software. Page reported on her attendance at the annual AGRiP governance conference. She found the conference very informative and recommended it to other board members, especially newer members. She will share her experience with the full Board at the meeting in April.
- Executive Briefing** Selby provided a written report to the Executive Committee, along with several articles on current topics of interest. Selby also noted a couple of key legislative bills being watched for their impact on NBSIA and its members, including one on school funding (SB 830).
- ACTION ITEMS**
Consent Calendar Motion was made by Page, seconded by Schultz, and carried unanimously to approve all items listed on the Consent Calendar, including the Regular Meeting Minutes November 10, 2021; Special Meeting Minutes December 6, 8, 13, 14, and 20, 2021; Personnel Actions (November 2021–February 2022); and Expenditure Report: October–December 2021 (*Ayes: Henson, Page, Schultz; Noes: none; Absent: Best; Abstain: none*)

Administration

Revision to Board Procedure 3.2

Selby reported that during a routine review of Board Investment Policy and Procedures, it was discovered that conforming changes were not made to the investment procedures following board-approved changes to the Investment Policy in April 2021. At the same time, additional updates to other areas of the procedure were found to be in order, to eliminate duplication and align with current practice.

Motion was made by Schultz, seconded by Page, and carried unanimously to approve the amendments to the Investment Procedure 3.2 as presented, for recommendation to and final approval by the Board of Directors. (*Ayes: Henson, Page, Schultz; Noes: none; Absent: Best; Abstain: none*)

Property/Liability Program

Renewal and Updating of Endorsements to Memorandum of Liability Coverage (MOLC)

Selby reviewed the current coverage Endorsements #3 (Limited COVID Coverage) and #4 (Class Action Defense Coverage) and reminded that these were added in 2020-21 in response to pandemic-related exposures and renewed for the 2021-22 fiscal year.

For the FY2022-23 MOLC renewal, staff recommends continuing these coverage endorsements, as the exposures they address continue to be of concern. Under the staff recommendation, coverage under Endorsement #3 would remain as current, while some updates to Endorsement #4 are proposed. The proposed changes would add defense coverage related to non-monetary claims that allege the same or substantially similar wrongful acts against a member such that there is a commonality of interest in NBSIA involvement, even if only one member is named in the claim. These changes have been reviewed and approved by General Counsel, Rob Cutbirth.

The intent of the changes to Endorsement #4 are to address the types of "serial" claims that schools have been receiving recently around mask and vaccine mandates. Letters, claims, and lawsuits have been circulating through various advocacy groups. While they are not technically class-action, they do make the same or similar allegations against schools. The proposed changes to End. #4 would enable NBSIA to assist a member or members who receive such claims with defense, providing a more consistent and controlled response that lowers expenses and reduces risk to the JPA.

Motion was made by Schultz, seconded by Page, and carried unanimously to recommend continuing coverage under current Endorsement #3 and updated Endorsement #4 as presented, for recommendation to and final approval by the Board of Directors. (*Ayes: Henson, Page, Schultz; Noes: none; Absent: Best; Abstain: none*)

Dental/Vision Programs

Dental Actuarial Report

The actuarial study reports an increase in dental claims over the past few years. Expenses are projected to exceed premiums at current rates, and

industry trends indicate that rates should increase by 10.5%. However, this recommendation is based on a standard industry trend factor of 5%, and NBSIA dental claim experience has historically trended below industry averages.

Also, recent trends were impacted by the pandemic, and it is unclear if they will hold longer-term. Santin reported that in the months following the actuarial study, costs were trending down. The actuary acknowledged all of this and worked with staff on a proposal to phase in rate increases over the next three years, with a mid-cycle check to ensure we are on the right track.

Staff and the actuary developed a three-year plan to phase in the proposed increase, using accumulated surplus to cover any cost overages. The rate would increase 2-3% per year for 3 years, which would compound to nearly the 10.5% rate adjustment indicated in the report. The proposed plan would include a mid-cycle actuarial review in 2023 to review the feasibility and impact of the 3-year plan and adjust as needed.

Motion was made by Page, seconded by Schultz, and carried unanimously to accept and file the 2021 dental actuarial report as presented. (*Ayes: Henson, Page, Schultz; Noes: none; Absent: Best; Abstain: none*)

NON-ACTION/DISCUSSION ITEMS

Actuarial Reports and Rates for FY2022-23

Selby reviewed the staff report in detail, providing information from the actuarial reports and an update on the development of program rates for FY2022-23. Actuarial information and excess renewal estimates are being reviewed. Early indications are positive at the pool level but remain challenging at excess. Increases are expected in property, liability, and especially cyber. Workers' comp, crime, dental and vision are more stable, with flat or small increases expected. It was anticipated that most rates will be presented for approval at the April Board of Directors meeting.

SB 830: Change in Education Funding

Selby reported that Senate Bill 830 was introduced in January. Starting with fiscal year 2022-23, it would establish a new component to the funding formula – average daily membership (ADM) – and provide supplemental funding based on the difference between ADA and ADM, with requirements to use of some of the supplemental funding to address chronic absenteeism and truancy. Since NBSIA uses lottery ADA as the exposure base for general liability, cyber, and crime coverages, if the bill passes, we will need to consider whether to use ADM as our exposure base or stay with ADA. Any change would likely start in FY2023-24.

Executive Transition Plan Update

Selby provided an update on the Deputy Executive Director transition. Kim Santin has been adjusting well and familiarizing herself with staff, Board Members, and consultants. The plan is to do an evaluation at the May 4th Executive Committee meeting, followed by discussion of contract terms at the May 25th meeting and Board approval in June.

Teacher Housing Coverage

Selby reported that this issue is gaining momentum as districts consider ways to address staff shortages and the high cost of living. There are districts in the region who are providing or planning to provide housing as part of their teacher recruitment process. While the need is understood, any plans to build housing should be fully vetted with district/COE leadership teams and NBSIA to ascertain risk exposure. Staff housing presents unique risks and coverage issues in property, liability, and workers' comp. Some carriers are limiting property coverage and excluding liability completely. Our excess pools are also requiring early notice of planned construction to determine coverage. Staff will include this topic in the April Board agenda.

Ad Hoc Committee on Work Experience Programs Update
(Guest, Rob Cutbirth General Counsel)

Property/Liability Manager Brandon Schlenker and General Counsel Rob Cutbirth provided an update on the Ad Hoc Committee on Work Experience Programs. The committee included representatives from Napa Valley USD, Fairfield-Suisun USD, and the Solano County Office of Education.

The committee met three times. Out of those conversations, a form was developed that covers 90+% of programs, including student paid work and adult education. There is also a supporting checklist to assist members in taking the right steps to administer these programs legally and safely. The ask from the Ad Hoc Committee is to share the documents amongst district/COE leadership teams for review and feedback. Staff will also circulate to other members and review again at the April board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:57 p.m.

Respectfully submitted by:  3/23/2022
Janet Selby, Executive Director Date

Approved by Committee: 5/25/2022
Date