

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

**April 14, 2017
Tigard, Oregon**

The regular meeting of the Board of Directors and the PPMAC meeting was called to order at approximately 9:00 a.m. at the Professional Liability Fund in Tigard, Oregon by Chair, Teresa Statler. Present in addition to Ms. Statler were Directors Tim Martinez, Dennis Black, Rob Raschio (via telephone), Molly Jo Mullen, Tom Newhouse, Holly Mitchell, and Megan Livermore. Present during a portion of open session was OSB BOG liaison Christine Costantino. Also present during all or part of the meeting were PLF staff members Carol Bernick, Barbara Fishleder, Bruce Schafer, Cindy Hill, Jeff Crawford, Amy Hoven, Holli Houston, Hong Dao, Rachel Edwards, Tanya Hanson, and Sharnel Mesirow.

These meetings were noticed and conducted in compliance with the Oregon Public Meetings Law, ORS 192.610, et seq.

Ms. Statler welcomed new board members, Holly Mitchell and Megan Livermore and asked people to introduce themselves.

1. OPEN SESSION

(A) Determination of Quorum and Compliance with Public Meetings Notice Statute Requirements:

Ms. Statler verified a quorum and confirmed that the public meetings notices had been done as required by statute.

(B) Open Session Minutes (02/03/17):

There was a minor revision to page one of the minutes. Rob Raschio moved and Tim Martinez seconded that the minutes be approved as revised. Motion passed unanimously 7-0 (2 absent).

(C) Committee Minutes: 01/24/17:

There were no comments regarding the minutes. No action is required.

2. PLF REPORT

(A) General Report:

Ms. Bernick introduced BOG liaison Chris Costantino and welcomed her to the meeting.

Solo and Small Firm CLE – March 15, 2017

Ms. Bernick reported that she and Teresa Statler presented a CLE titled *Understanding your PLF Coverage* to the Solo and Small Firm Section. About 25 to 30 people attended in person and others were online. The program was well received.

MBA Award of Merit – Emilee Preble

Ms. Bernick announced that Emilee Preble received the MBA Award of Merit. Ms. Preble served as the chair of the Equality and Diversity Committee of the Bar this year. Under her leadership, the MBA began a partnership with local law firms and law schools to launch the MBA Bar Fellow Program. The goal of the program is to recruit and support diverse law students who plan to practice in Multnomah County. Congratulations to Emilee.

Video Conferencing Equipment

Ms. Bernick reported that the PLF is exploring purchasing video conferencing equipment for the PLF boardroom.

NABRICO Conference

ALPS (Attorneys' Liability Protection Society – Montana) has pulled out of NABRICO. The PLF is scheduled to host the NABRICO conference in 2022.

BOD Recruitment for 2018

The PLF is seeking two new board members for the term beginning January 1, 2018. We are looking for one lawyer member and one public member. We have advertised in numerous places. Ms. Bernick asks the Board to think of qualified candidates and encourage them to apply.

ABA/LPL Conference – Boston

Ms. Bernick reported that she will be attending the ABA/LPL conference in Boston next week, along with Betty Lou Morrow, Emilee Preble, and Jeff Crawford. This conference includes our semi-annual meeting with our reinsurers. An update regarding the Excess Program will be addressed further in the meeting, but the renewal went well this year.

(B) Outside Activities on Behalf of the PLF:

Carol Bernick referred the Board to her list of activities on behalf of the PLF since the last board meeting. She noted that she attended the Western States Bar Conference and participated in a panel about mandatory malpractice. Idaho is requiring lawyers to carry minimal insurance effective January 2018. The discussion raised questions about the PLF's assessment compared to coverage. She and Ms. Morrow are going to do a comprehensive analysis of our costs compared to the commercial market.

3. CLAIMS REPORT

(A) General Claims Report (Open Session):

Bruce Schafer presented the Open Session Claims Report. As of Wednesday, April 12, 2017, the PLF had opened 231 new claims and 77 new suspense files. Extrapolating these figures at the same pace for the rest of the year would suggest 819 new claims and 272 new suspense files in 2017. Both of these numbers are lower than general experience over the last five to seven years. Mr. Schafer noted, however, that it is early in the year and the final numbers for 2017 could be significantly different.

The pending count as of March 31, 2017, was 763, which was a bit higher as of December 31, 2016. However, the pending count continued to be at recently relevant historical lows.

Mr. Schafer noted Amy Hoven is off to a great start. She started as a claims attorney on January 17, 2017.

Mr. Schafer asked the Board about its preferences regarding Board reporting. There was some confusion/question about whether the Board desired additional reports other than what the PLF Policies direct. Mr. Schafer noted that, at the request of Tim Martinez, the claims attorneys regularly provide copies of Board reports sent to single Directors (where settlement authority between \$100,000 and \$150,000 was sought) to the Public Members of the Board. Mr. Schafer's question was whether any additional reports (Pre-Trial Reports, other Board reports normally triggered by reserves, etc.) should be sent to the Public Members or other Board members, other than what is normally provided with materials prepared for Board meetings or in advance of scheduled conference calls with the Board. The Board responded that the current practice of providing the extra materials only to the Public Members as noted above was appropriate.

4. FINANCIAL REPORTS

(A) February 28, 2017 Draft Financial Statements:

Tom Newhouse gave the financial report.

Mr. Newhouse referred the Board to pages 26 and 27 of the materials. We are \$1.1 million over-budget for investments through February 28.

Tom Newhouse stated that he would review the audit report later in the meeting, but complimented Ms. Morrow on the audit results. Ms. Morrow asked Mr. Newhouse to inform the board that the success of the audit goes to her team: Kathy Medford, Kelly Maxwell, Tracey Anderson, Pearl Besand, and Cyndi Cruz.

5. PLF PERSONAL AND PRACTICE MANAGEMENT ASSISTANCE COMMITTEE REPORT

(A) 2017 1st Quarter Report and Loss Prevention Update:

Ms. Fishleder introduced three loss prevention staff members, Rachel Edwards, Hong Dao, and Tanya Hanson. She noted that Ms. Hanson is our editor and Ms. Dao and Ms. Edwards are Practice Management Advisors.

The annual Women's retreat was held last week at The Oregon Garden in Silverton; it was well attended and well received. Teresa Statler attended the Retreat and thanked Shari Gregory and Jeanne Ulrich for their hard work.

For specific information pertaining to the OAAP and Practice Management Advisors, see materials.

The OAAP held an OLAF fundraiser. OLAF provides grants and loans to lawyers who are in need of treatment, but cannot afford it. Sovereign Health sponsored the fundraiser. They presented on brain plasticity. The event raised between \$3,000 and \$5,000. The OAAP is holding its annual dinner next month to celebrate lawyers and judges in recovery.

6. COMMITTEE REPORTS AND ASSIGNMENTS

(A) Claims Committee:

Dennis Black reported the Claims Committee met prior to the board meeting. It was a typical good year for claims handling. There were no unexpected trial results to report. The number of claims is at a steady decline, and the organization is solvent from a claims point of view.

There is a quarterly claims committee conference call scheduled for next week.

(B) Coverage Committee:

Molly Jo Mullen stated that there is nothing to report.

Jeff Crawford reported on the PLF's Pro Bono Coverage, provided free of charge to organizations that are certified pro bono programs through the Oregon State Bar. There is increasing interest in providing services through pro bono programs. Since the PLF provides coverage free of charge, there is always a concern about the potential for claims. We are working with the Oregon State Bar to overhaul their certification process and are working with the Pro Bono programs directly.

(C) Excess Program Committee: PLF Excess Flip Book – ABA LPL Conference - 2017:

Jeff Crawford reported in Ms. Easley's absence. He reviewed the excess renewal for 2017. Overall, our premiums increased by 8.5%. We declined coverage for some firms due to claims history or other risk. We have developed a more comprehensive risk assessment for lawyers engaged in business investments (Oregon Securities). We are also carefully assessing our risk with lawyers doing cannabis law, especially given the change of philosophy from the current Attorney General.

(D) Finance:

- (i) Draft Governance Financial Audit Letter – December 31, 2016

Tom Newhouse referred the Board to the materials but, in summary, it was a very clean opinion. There were no adjustments. There was one minor accounting change on how financials are presented. Mr. Newhouse noted that the clean audit is very impressive.

- (ii) Draft Audit – Years Ended December 31, 2016 and 2015

The auditors have not received the final PERS numbers, so the financial statements are drafts. Once we receive those numbers, it will be final.

There was a positive year-end adjustment (an additional \$1.5 million to net position). We anticipated a credit of \$1 million but ended up with a credit of \$2.5 million. Ms. Bernick noted that we budgeted for 840 claims for last year. The numbers then increased to between 870 and 875 claims and Ms. Morrow made adjustments accordingly. We then ended the year at 839 claims and thus, the higher than anticipated adjustment.

- (iii) PLF Policy 5.150 – Fidelity Bond

Mr. Newhouse noted that Ms. Morrow will look into eliminating the fidelity bonds and adding certain criminal coverage to our umbrella policy.

(E) Investments:

Tim Martinez stated that there is nothing to report. The committee hopes to meet in May.

(F) Long Range Planning/Communications:

Holly Mitchell stated that there is nothing to report.

(G) Special Issues:

Megan Livermore stated that there is nothing to report.

7. LIAISONS' REPORT (BOG) – Draft BOG Minutes: 02/10/17 and 03/17/17

Carol Bernick stated that when there is a joint BOG/BOD meeting, the BOG liaisons typically do not attend the PLF board meeting. Ms. Costantino attended the PLF meeting briefly, and then moved to the OSB meetings.

See draft minutes in the materials.

8. CHAIR REPORT

(A) Updates:

Teresa Statler suggested we turn the information from the Solo and Small Firm Section CLE into an article for the OSB Bulletin. Ms. Bernick is checking with the Bar on this suggestion.

9. EXECUTIVE SESSION

Teresa Statler called the meeting 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.

The meeting was called back into open session to approve the executive session minutes and other executive session issues.

10. OPEN SESSION

(A) Approval of Closed Session Minutes in Open Session: 02/03/17:

Tim Martinez moved and Tom Newhouse seconded that the minutes of February 3, 2017 be approved as written. Motion passed unanimously 6-0 (2 absent – 1 abstained [Raschio]).

Ms. Bernick noted that she appreciated everyone who attended the joint BOD-BOG dinner.

11. ADJOURNMENT

The meetings adjourned at approximately 10:55 a.m.

Ms. Bernick noted that the working lunch at the OSB begins at 11:30 a.m.

These minutes were approved by the PLF Board of Directors at its June 9, 2017 board meeting.