



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
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**Notice of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust Date:
Tuesday, April 20, 2021
9:00 AM**

Join Zoom Meeting

<https://us02web.zoom.us/j/81118817683?pwd=bzdrZDdERHNwMy9YUXBDM1RJamRhZz09>

Meeting ID: 811 1881 7683

Passcode: 180970

One tap mobile

+16699006833,,81118817683#,,,,*180970# US (San Jose)

+12532158782,,81118817683#,,,,*180970# US (Tacoma)

Dial by your location

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

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Meeting ID: 811 1881 7683

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AGENDA

Notices:

- 1. Items on the agenda may be taken out of order.**
- 2. Two or more items on the agenda may be combined for consideration.**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time.**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken. Public Comments are limited to three minutes per person.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Roll**
- 2. Public Comment**
- 3. For Possible Action: Approval of minutes of Joint Executive Committees Meeting of April 5, 2021**
- 4. For Possible Action: Approval of Risk Management Programs, Insurance/Reinsurance Coverage:**

- a. **Approval of POOL/PACT insurance/reinsurance coverage programs for recommendation to the POOL and PACT Boards for 2021/2022:**
 - i. **Retention Options for NPAIP and PACT Renewal and Reinsurance Strategies**
 - ii. **Ancillary Programs Including Student Accident, Pollution Legal Liability, and the TULIP Program**
- b. **Review Proposed 2021-2022 Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards**

5. Public Comment

6. For Possible Action: Adjournment

This Agenda was posted at the following locations and linked to the Official State Website <https://notice.nv.gov>:

N.P.A.I.P.
201 S. Roop
Carson City, NV 89701

Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701

Eureka County Courthouse
10 S. Main Street
Eureka, NV 89316

Churchill County Courthouse
155 North Taylor Street
Fallon, NV 89406

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Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701-4790, or by calling (775) 885-7475 at least three working days prior to the meeting.



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**Minutes of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Monday, April 5, 2021
9:00 AM**

1. Roll

Committee Members in attendance: Cash Minor, Paul Johnson, Ann Cyr, Chris Mulkerns, Dan Murphy, Gina Rackley, Josh Foli, Mike Giles, Elizabeth Francis, and Cindy Hixenbaugh. Others in attendance: Wayne Carlson, Alan Kalt, Marshall Smith, Debbie Connally, Mike Van Houten, Stacy Norbeck, Neal Freitas, Kathy Parks, Kelly Sullivan, Patrick Sullivan, Dan Smereck, Donna Squires, Margaret Malzahn, Mary Wray, Stephen Romero, Amalia Lyons, Lorena Dillinger, Wendy Lang and Cynthia Gregory.

Chair Minor confirmed a quorum was present and called the meeting to order.

2. Public Comment

Chair Minor opened public comment and hearing none, closed the comment period.

3. For Possible Action: Approval of minutes of Joint Executive Committee Meeting of February 16, 2021

On motion by Paul Johnson and second by Josh Foli the minutes were approved.

4. For Possible Action: Review of Investment Reports and Approval of Enterprise Based Asset Allocation Recommendations

- a. Investment Advisor SAA**
- b. Fixed Income Investment Manager NEAM**

Dan Smereck from SAA walked the Committee through the ESG presentation. He noted that responsible/sustainable investing is not a separate asset class; rather, it refers generally to strategies that consider traditional financial analysis in combination with ESG factors weighted by each organizations' goals, values, and/or priorities. He noted that ESG investing, as defined, is NOT a political concept or construct. E is for Environment, S is for Social and G is for Governance. Mr. Smereck indicates that investment policy awareness and acknowledgement as well as ESG Integration into the portfolio for the POOL family of companies might be appropriate in the future.

Kelly Sullivan, NEAM, presented the preliminary results and implications of the Enterprise Based Asset Allocation (EBAA) which was included in the members' packet. She noted this is an integral part of the Investment Philosophy to take an integrated approach to move along the efficient frontier wherein we work towards getting higher risks with the same level of risks or go after the same level of return with a lower risk profile. They perform this technical analysis on an annual basis to make the investment portfolio optimal on a risk adjusted return basis.

The last couple of years, the adjustments have not been significant as they have been working towards this goal since NEAM became our investment advisors. The data indicated that prospective returns within enterprise risk limits offer some return opportunities for the POOL/PRM and PACT/PCM portfolio. The incremental return increase could occur if we increase allocations to US corporate bonds, taxable munis, and high yields. She says the movement could result in a potential book yield pick-up of 40 bps on POOL/PRM and 36 bps on PACT/PCM increasing potential income of \$370K in POOL/PRM and \$620K in PACT/PCM. It sets the strategic guidepost for the investment portfolio and the tactical direction as investments matures.

Paul Johnson made a motion to accept the investment reports. Gina Rackley seconded the motion which carried.

5. For Possible Action: Approval of Risk Management Programs, Insurance/Reinsurance Coverage, and Employee Assistance Program:

- a. Approval of POOL/PACT insurance/reinsurance coverage and risk management programs to determine what coverages and programs to offer for 2021/2022:**
 - i. Willis Pooling Report on the State of the Insurance Market**
 - ii. POOL and PACT Rate Indications and PACT Class Code Relativities Adjustments**
 - iii. Retention Options for NPAIP and PACT Renewal and Reinsurance Strategies**
 - iv. Ancillary Programs Including Student Accident, Pollution Legal Liability, and the TULIP Program**

Mary Wray from Willis Pooling provided a market overview which continues to be a seller's market or a hard market. The companies are rising rates, reducing capacity, and using very strict underwriting criteria in the renewals. The insurance marketplace has been difficult with another year of high losses due to named storms, California fires, and low fixed income investment returns. As such, the current renewal rate standard has been 30% across multiple lines of business. She reviewed the year over year quotations and market indications for both the POOL and PACT. It was noted that they are still working to complete the coverage layers with the market. They are receiving additional quotes for School coverage with new carriers since United Educators quote was a significant increase (18%) and is requiring changes such as increasing the SAM retentions, policy aggregate limits to \$12.5m or 5 full retention losses in any one year and exclude cyber coverage for schools. Willis is looking at the property coverage options including additional retention levels for the program. Wray continued to go over all programs including the Joint Purchase Insurance Programs and the participation within the NPAIP structure. It is likely that changes with options will be received in the next two weeks prior to the Annual Meeting before the final options and recommendations will be ready.

The PACT coverage quilt and programs were reviewed by Mary Wrey. These program costs are closer to being finalized than the POOL operations. After discussion, no action was taken until a future meeting.

b. Review Proposed 2021-2022 Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards

CFO Alan Kalt went over the PACT Budget worksheet for FY 2021-2022. Noting that the budget reflects the adoption of the rate relativity study performed by our independent actuary for the assessments. He reviewed the Loss Fund & Insurance Expense from PCM noting that the worksheet values were at the 75% Confidence Level for the Claims loss expenses. The proposed program expenses show a slight increase with most of the increase in the Member Education and Services area. The Administrative expenses reflected the new apportionment of

the NRP contract on a 50/50 basis between POOL/PRM and PACT/PCM. Kalt went over the Rate Relativity and highlighted the eliminated classes, changes in the rate classes and the blended rates for Police/Fire to include the former class of 9999 for heart lung. He noted that the 9999 class would be eliminated, and the new blended rate would be subject to the x-mod rates as determined by the actuary. A brief discussion was held on the impacts of the rate relativity, the mod factors and eliminated classes.

An overview of the POOL budget was discussed. The budget worksheet provides two options for consideration. The first option was at the 75% CL and the second option at the 70% CL. There is still more work to be done to complete the budget based on completing the coverage and programs within the coverage quilt. Kalt went over the Loss Fund and Insurance Expenses, Program Expenses and Administrative Costs. The budget narrative document provided the changes between both options and the fiscal impact of funding levels. He noted that during the audit, the loss expense calculation is based on the 75%. So, if we fund at the 70% in the budget, it is likely that we could have an underwriting loss if claims develop above the projected amounts. Kalt discussed the funding of the cyber coverage and a contribution of \$250,000 for the POOL's cyber layer. He noted that there are entities within both POOL and PACT that provided notice that they are going to bid for coverage. After a discussion, Paul Johnson made a motion to accept the consolidation of the class code and the blending of the heart/lung rate into the Police/Fire rate as presented in the Rate Relativity Study. Gina Rackley second the motion which carried.

6. For Possible Action: Approve Amendment to SpecialtyHealth Contract to Extend Term to June 30, 2021 and Adjusted Fees from December 2020 through June 30, 2021 and to Recommend to the PACT Board a New Three-Year Contract from July 1, 2021.

Executive Director Wayne Carlson went over the Specialty Health program. It was indicated that significant amount of work has been done to review this program and negotiate an amendment to the existing contract. The existing contract expires May 18, 2021 and staff recommends extending the term to expire on June 30, 2021. The present fee for service arrangement will be amended to a fixed monthly not to exceed amount of \$46,650 for the period of December 2020 through June 30, 2021. All previous payments made and received are agreed upon by all parties as completed billing for services received up to December 2020. Staff will draft the appropriate contract amendment for approval.

Wayne Carlson went on to address the possible new contract to be brought forward for these services. A new three-year contract is proposed effective July 1, 2021 including a typical termination provision by each party. The new contract will be a fixed monthly fee not to exceed amount of \$51,250 monthly or \$615,000 annually. Staff will establish a staff operated Oversight Committee that will review the program scope, progress, and results with SpecialtyHealth consistent with the contract requirements. Staff will provide periodic reports from the Oversight Committee to the PACT Executive Committee and PACT Board about its regular (planned quarterly) meetings. The Oversight Committee and Specialty Health will establish performance standards and measurables for each year of the contract. SpecialtyHealth will commit 50 hours of subject matter expertise content to assist POOL/PACT with developing ELearning classes, podcasts, webinars, etc. which will be used by both parties to promote participation by individuals in the Fit for Retirement program. SpecialtyHealth will allow Fit for Retirement participants access to their portal that has participant medical records. PACT will not have access to this private medical information. Staff will draft a proposed new contract incorporating these provisions for approval at the annual board meeting. The proposed contract will be reviewed by Legal Counsel Kathy Parks before it is presented at the Annual Meeting.

Cash Minor lead a discussion on how you measure the success of this program. Wayne spoke to the anecdotal evidence of the program and some of the challenges of plan participants who

embrace the program and over a period their activities and participation levels diminished no different from the gyms being packed in January and by March the levels return to normal levels. Paul Johnson spoke on the ability of this program being available to others not within the Police/Fire section. Wayne Carlson indicated that those employees may be able to access the services through their health insurance program. He noted that it is focused on the Police/Fire. CFO Alan Kalt noted that the new contract has a provision for the development of e-learning, podcasts, and webinars to get the information at to employees outside the Police/Fire. He said the employees can get the blood draws and share that data with their doctors and take the initiative to make the necessary lifestyle changes. The educational products being developed will help all members.

Paul Johnson made a motion to approve the extension to the existing contract to June 30th and make a recommendation to the full board at the Annual Meeting to enter the new contract with Specialty Health with the provisions noted by staff upon approval by legal counsel. Dan Murphy seconded the motion which carried.

7. For Possible Action: Approval of Proposed POOL Coverage Form and POOL Cyber Risk Coverage Form Amendments/Endorsements for Fiscal Year 2021-2022 for Adoption by the POOL Board at its Annual Meeting

Wayne Carlson noted that there are no specific items that need to be changed in the POOL Form as it relates to Cyber at this time. If some issues surface in the next week, it will be addressed at the Annual Meeting. No action was taken.

8. For Possible Action: Notice of Withdrawal of Members

- a. PACT – Central Lyon Fire Protection District
- b. PACT – Nye County
- c. POOL – Carson City School District
- d. POOL – Douglas County
- e. POOL – Douglas County School District

Wayne Carlson noted that we received timely notification from these entities. They have met the requirements of the Interlocal Cooperation Agreement. POOL/PACT will be proposing and providing quotes to these members. These entities are doing their due diligence and going to bid as requested by their governing boards. Some early indications from one member shows that the POOL is very competitive in price and providing additional services. We will be doing our best to retain these members.

Member Ann Cyr indicated that they are looking at going self-insured at various SIR levels as requested by their School Board of Trustees. She indicated that the POOL is unique and no one else provides the same level of services and coverage levels. They intend to stay in the POOL and are very proud members for years and years. Wendy Lang from Douglas County indicated that they are doing their due diligence by going to bid as requested by their board. Lorina Dillinger from Nye County echoed the comments previously made and are doing their due diligence.

Paul Johnson made a motion to accept the Notice of Withdrawal of the members listed on the agenda. Motion was seconded by Dan Murphy and carried.

9. For Possible Action: Approval of Prospective Members

- a. POOL – Carson City

Wayne Carlson went through the underwriting information from Carson City. They were a member of POOL until 2010. They went self-insured and paid \$1,500 more for the Self-Insured Program with none of the support services provided by the POOL. The senior staff members involved in that decision in 2010 are no longer with the City. Their broker asked the POOL if we would be willing to provide a quote for Carson City. Senior POOL staff had a meeting with the Carson City Finance

Director and Risk Manager to discuss the POOL, POOL services and commitment of joining the POOL. Wayne emphasized the long-term commitment to be a member of the POOL and not jumping in and out of the POOL. Carson City understood the requested commitment and was not just shopping for coverage. Carlson explained the losses in the various classifications and retention. He indicated that Legal Counsel Kathy Parks served as defense counsel for their litigated claims with the POOL and continued to work with the city when they were self-insured. Member Ann Cyr asked that this item be tabled until we can get ground up losses on the claims as it appears it may be incomplete especially with the employment practices losses. Wayne reviewed the claims information specifically looking at the \$1.3M G/L claim. He asked the Board to take an action so that both parties could continue the due diligence to provide a quote. Member Josh Foli stated it is important to take action to move this forward so that a quote could be provided to them. Wayne Carlson addressed the new leadership at Carson City. Noting they have a new City Manager, District Attorney and Finance Director compared to staff in 2010. Kathy Parks indicated that the former DA and City Manager wanted to have control over the claims process which caused issues for the legal folks and the claims administrators. She continues to work with them and noted they have a positive approach today compared to the relationship in 2010. Member Elizabeth Francis asked if we would see the claims loss report in the level of detail as requested prior to submitting POOL's quote. Wayne indicated that we should receive all that information prior to finalizing our quote. Member Ann Cyr stated that she believes that we have not received all the information on employee practices claims over the past five years. Carlson indicated that the loss report in the packet was provided by their third party administrator from their claims database. Member Francis noted that the claims data presented does not provide information to exclude them from membership. Wayne Carlson noted that we will receive this information as our reinsurance partners need this information as well for pricing the risk. Josh Foli made a motion to approve the application from Carson City to provide a quote for POOL coverage. The motion was seconded by Elizabeth Francis and motion carried.

10. For Possible Action: Review Tracked Legislation

Wayne Carlson indicated that a legislative tracking document was provided in the packet. Wayne indicated their focus has been on diversity and equity as well as law enforcement as major themes during the session. Stacy Norbeck, PRI General Manager, gave a broad overview of the bills they are tracking. Wayne Carlson noted that there is likely to be significant fiscal impacts related to law enforcement changes in the legislation. Some of the provisions in the Law Enforcement bills, we are already in compliance with many of those provisions. He went on to talk about the changes in the PPD ratings and allow the injured workers to receive their Workers' Comp and work at a different job. This does not appear to be a permanent disability if they are able to work at a different job. Our legal counsel and worker comp adjusters on these proposed bills. This could have a significant impact on our claims. Margaret Malzahn discussed the fiscal impacts of the apportionment noting that it is typically a 50% reduction for previous injuries. Paul Johnson noted that perhaps we look to future legislation sessions to present bills on behalf of PACT by one of the member entities. An entity must be strong enough to address the issue and sponsor the bill to make changes to the Workers Compensation statutes. Perhaps, we work with the other self-insured groups to work on re-balance some of the imbalances within the laws today. Carlson noted that POOL/PACT does not receive request for Fiscal Notes from LCB for proposed legislation. He noted that this is very frustrating. No action was taken.

11. Public Comment

There was no Public Comment.

12. For Possible Action: Adjournment

Paul Johnson made a motion to adjourn the meeting. It was seconded by Dan Murphy, Meeting adjourned at 11:13 am.

N.P.A.I.P.
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Carson City, NV 89701

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885 E. Musser Street
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DRAFT

2021 - 2020 NPAIP Renewal Quotes & Indications

	Premium with 2020 Rates applied to 2021 Exposures	Premium with 2021 Rates applied to 2021 Exposures		
Coverages	\$300 Million Property and \$150 Million Flood and Quake, EXCEPT \$25 Million Flood Zone A, \$100 Million Equipment Breakdown, \$2.5M xs \$500K UE Casualty 100% (Schools), 70% CRL & 30% PRM (Non-Schools), \$7M xs \$3M GEM 35%, BRIT 40%, PRM 25%	Renewal \$300 Million Property and \$150 Million Flood and Quake, EXCEPT \$25 Million Flood Zone A, \$100 Million Equipment Breakdown, \$2.5M xs \$500K UE Casualty 100% (Schools), 70% CRL & 30% PRM (Non-Schools), \$7M xs \$3M GEM 35%, BRIT 40%, PRM 25%	% Change	\$ Change
CRL - Casualty w/o Schools (1)	\$726,707	\$741,177	1.99%	\$14,470
United Educators - Casualty Schools 100%	\$385,249	\$454,595	18.00%	\$69,346
PRM Casualty UE Schools: Limit Reductions	\$0	\$295,000		\$295,000
PRM Casualty (1)	\$675,222	\$691,607	2.43%	\$16,385
GEM	\$260,834	\$264,969	1.59%	\$4,135
Brit (1)	\$269,028	\$280,680	4.33%	\$11,652
Lloyds of London/Property	\$3,758,204	\$3,992,312	6.23%	\$234,108
PRM Property (2)	\$934,235	\$909,468	-2.65%	-\$24,767
NPAIP Cyber Liability	\$250,000	\$250,000	0.00%	\$0
CRL Cyber Liability	N/A	\$43,013	N/A	N/A
Travelers Boiler Re	\$147,547	\$147,547	0.00%	\$0
Total	\$7,407,026	\$8,070,368	8.96%	\$663,342
Joint Purchase Insurance Programs				
Terrorism Property - Retention \$200K	\$133,500	\$128,700	-3.60%	-\$4,800
Terrorism Liability Retention \$250K	\$44,000	\$40,260	-8.50%	-\$3,740
Student Accident - \$25,000 Limit	\$199,122	\$179,929	-9.64%	-\$19,193
Environmental Liability \$250k Ded.	\$297,474	\$297,474	0.00%	\$0
Total	\$674,096	\$646,363	-4.11%	-\$27,733
Grand Total	\$8,081,122	\$8,716,731	7.87%	\$635,609
Retentions				
Property - NPAIP and PRM	\$500,000	\$500,000		
Casualty - NPAIP Only	\$500,000	\$500,000		
Participation in NPAIP Structure				
CRL Casualty w/o school exposure	70% of \$2.5M xs \$500K	70% of \$2.5M xs \$500K		
PRM Casualty w/o school exposure	30% of \$2.5M xs \$500K	30% of \$2.5M xs \$500K		
United Educators - Casualty Schools Only, Renewal with \$1M SAM SIR, \$12.5M Aggregate, No Cyber	100% of \$2.5M xs \$500K	100% of \$2.5M xs \$500K		
PRM Casualty w/o school exposure	25% of \$7M xs \$3M	25% of \$7M xs \$3M		
GEM Casualty	35% of \$7M xs \$3M	35% of \$7M xs \$3M		
Brit Casualty	40% of \$7M xs \$3M	40% of \$7M xs \$3M		
Boiler Re (Equipment Breakdown Limits)	\$100,000,000	\$100,000,000		
PRM Property	\$300K xs \$200K	\$300K xs \$200K		
Lloyds Property	\$300,000,000 xs \$500k	\$300,000,000 xs \$500k		
Lloyds Property - Flood Zone A Limits	\$25,000,000	\$25,000,000		
Exposure Data				
Property TIV	5,350,370,280	5,493,082,373		
EB TIV	4,784,223,444	4,918,235,125		
Liability Payroll	680,372,007	690,868,961		
Liability Payroll, no schools	339,808,459	355,204,633		
ADA	47,130	47,981		as of 4.16.21
<i>(1) 2020 rate averaged by using payroll as exposure</i>				
<i>(2) 2020 rate averaged by using TIV as exposure</i>				

2021 - 2021 PACT Renewal Quotes & Indications

	Premium with 2020 Rates applied to 2021 Exposures	Premium with 2021 Rates and 2021 Exposures		
Insurance Market	CRL/Safety National	CRL/Safety National		
	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	% Change	\$ Change
Premium				
PCM	\$2,579,235	\$2,583,635	0.17%	\$4,400
CRL	\$317,055	\$370,979	17.01%	\$53,924
Safety National	\$160,927	\$168,268	4.56%	\$7,341
Total Premium	\$3,057,217	\$3,122,882	2.15%	\$65,665
Program Limits				
PACT SIR	\$300,000	\$300,000	No Change	No Change
PCM Primary Layer	\$700k xs \$300k	\$700k xs \$300k	No Change	No Change
PCM 25% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
CRL 75% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
Excess of \$3M	Statutory	Statutory	No Change	No Change
PCM 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
CRL 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
Payroll	\$276,158,974	\$282,328,223	2.23%	\$6,169,249
				as of 3.24.21

April 22, 2021

Public Agency Compensation Trust Renewal Presentation 2021-2022

April 22, 2021

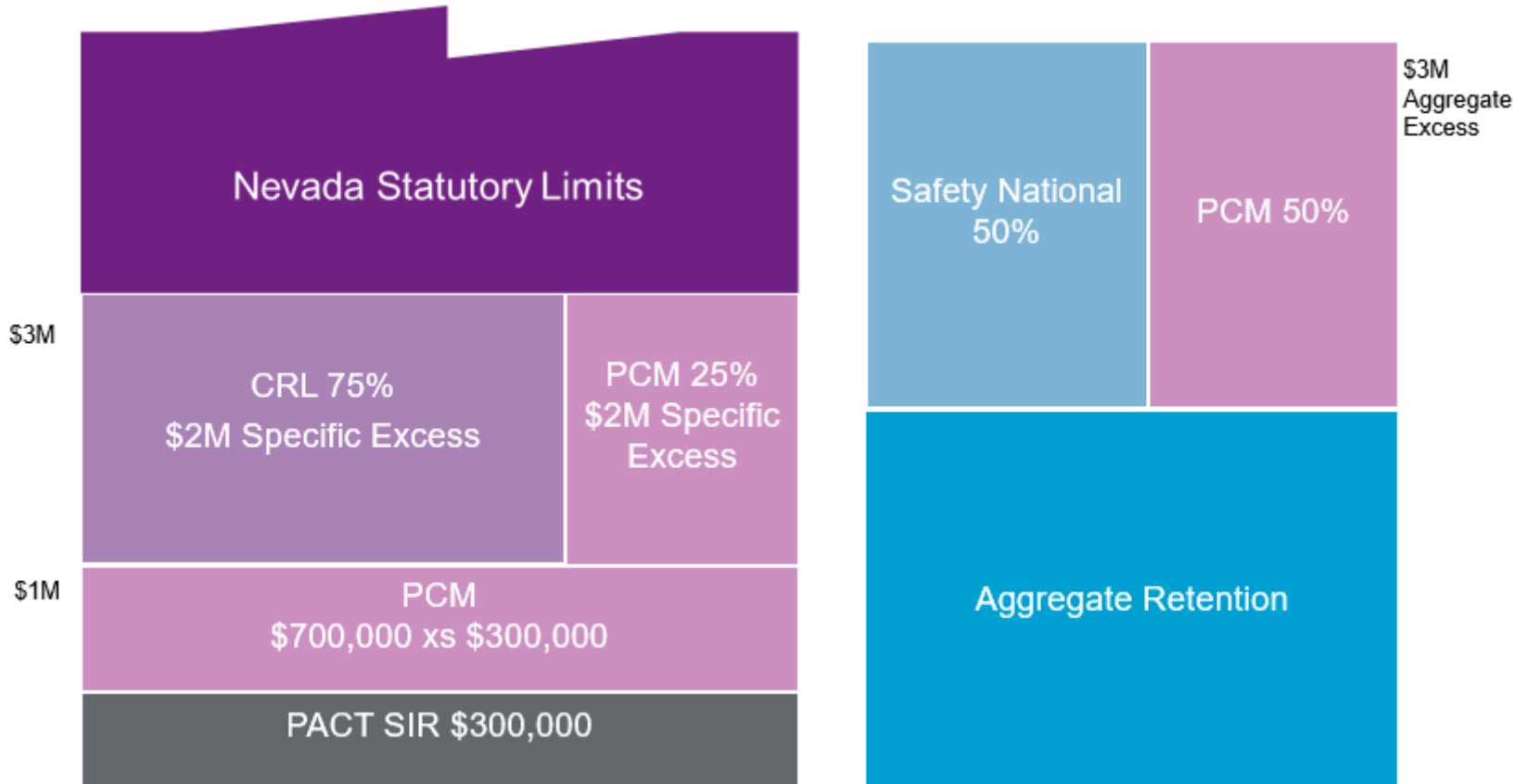




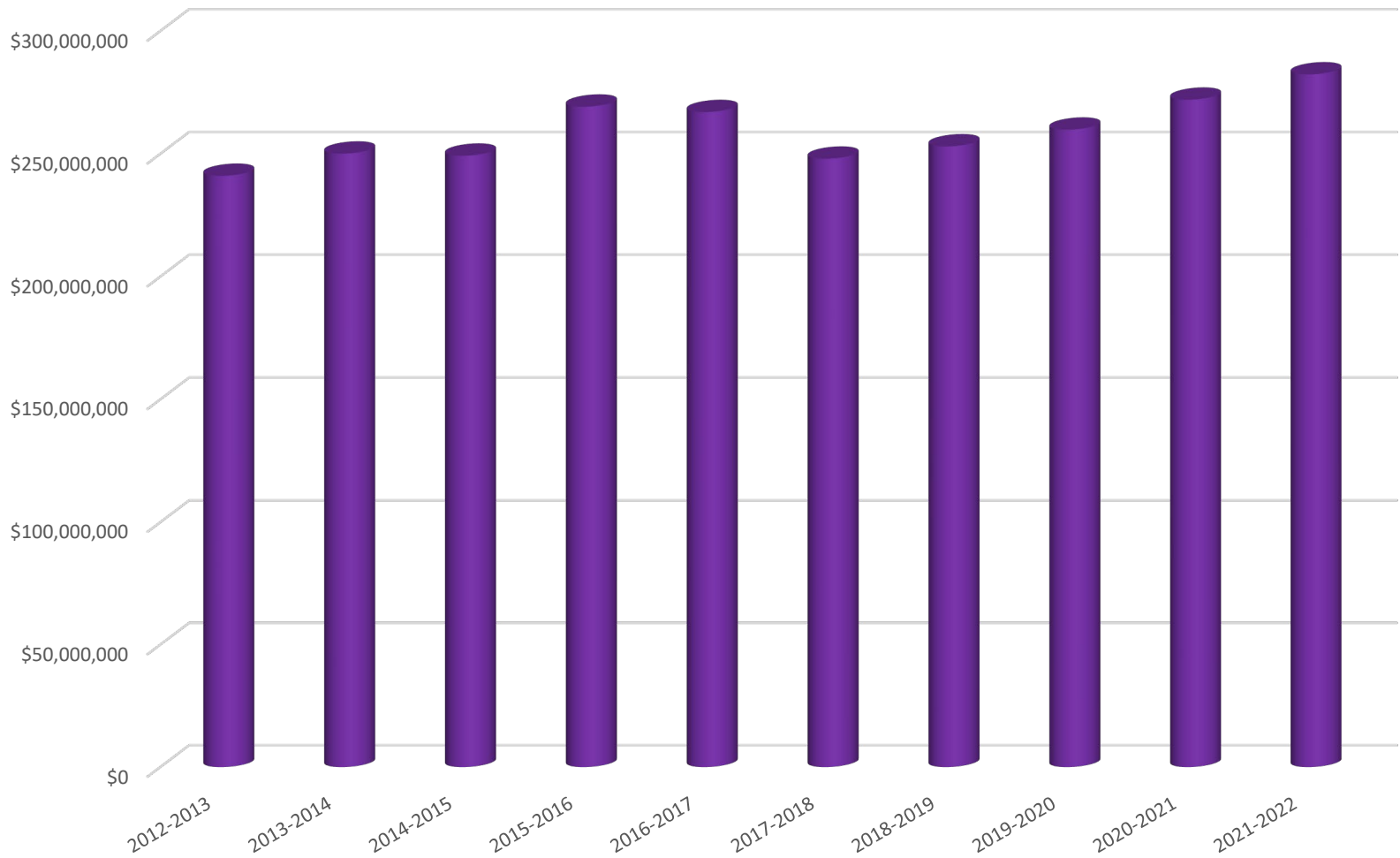
Workers Compensation

- 2019's combined ratio for private carriers was 85, up from 83 in 2018, marking the sixth consecutive year of underwriting profit. However, we believe this stretch of profitability could be under threat due to COVID-19 claims. Presumptive legislation regarding COVID-19 cases could play a large role.
- Workers' compensation continues to be the casualty line of business with the most COVID-19 claim activity. The circumstances around coverage are complex, vary by state, and are impacted by new presumptive legislation.
- The NCCI estimates that average indemnity claim severity for accident year 2019 will be 4% higher than accident year 2018. This trend is in line with the projected countrywide average wage increase for 2019.
- Over the last five years, auto accidents accounted for 28% of workers compensation claims above \$500K.
- New medical technology along with increased use of existing technology may inflate loss costs by 40% to 50% and are a key driver in mega claims.
- Telehealth, which has seen a large increase in utilization during the COVID-19 pandemic, continues to play a key role in the industry by providing more efficient access to high quality medical care, mitigating medical expenses and lost time from work, and resulting in reduced claim severity.
- Workers' Compensation and Excess Workers' Compensation for qualified self-insureds continue to present challenges due to limited availability of markets.

PACT 2020-2021 and 2021-2022 Program Structure



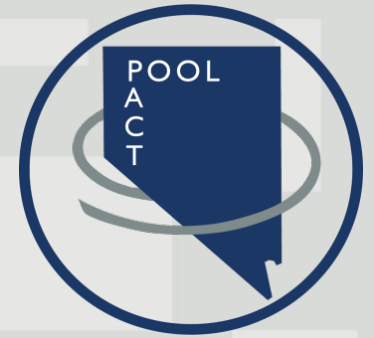
PACT Historical Payroll



2021-2022 PACT Renewal Quotations

2021 - 2021 PACT Renewal Quotes & Indications				
	Premium with 2020 Rates applied to 2021 Exposures	Premium with 2021 Rates and 2021 Exposures		
Insurance Market	CRL/Safety National	CRL/Safety National		
	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	% Change	\$ Change
Premium				
PCM	\$2,579,235	\$2,583,635	0.17%	\$4,400
CRL	\$317,055	\$370,979	17.01%	\$53,924
Safety National	\$160,927	\$168,268	4.56%	\$7,341
Total Premium	\$3,057,217	\$3,122,882	2.15%	\$65,665
Program Limits				
PACT SIR	\$300,000	\$300,000	No Change	No Change
PCM Primary Layer	\$700k xs \$300k	\$700k xs \$300k	No Change	No Change
PCM 25% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
CRL 75% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
Excess of \$3M	Statutory	Statutory	No Change	No Change
PCM 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
CRL 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
Payroll	\$276,158,974	\$282,328,223	2.23%	\$6,169,249

Thank you!





About Your 2021 Renewal

For Public K-12 Schools, Districts, and Pools


United Educators (UE) and our members are facing the most difficult liability landscape since 1987, when a group of committed, innovative business officers created UE because appropriate coverage for education was unavailable. Today, UE remains committed to providing coverage for our members, acknowledging the current challenges the rising cost of claims and the global pandemic pose.

As other carriers retrench from critical coverages, reduce capacity, or walk away from education, UE continues to provide the vital insurance education needs. To fulfill our mission in this challenging environment, we must balance member needs against the necessity to increase premiums, revise coverages, and lower capacity due to the severity of the claims environment.


The erosion of societal trust, resulting in lawsuit abuse, is unlikely to change course. There is little

possibility of tort reform to offset steadily growing jury awards or plaintiff attorney tactics such as the Reptile Theory. Sexual misconduct remains a top source of liability, and state reviver statutes are extending the impact of sexual misconduct, in some cases without any statute of limitations at all. A global pandemic arose amid this difficult environment, and our members will feel its economic and social effect for years.


A risk landscape that changes at an increasing pace also requires UE to adapt as we fulfill our mission to provide vital liability coverage for education at the highest limits possible. This includes updating our policy forms to, among other things:



Exclude pandemics/COVID-19 from Public School Liability (PSL) policies effective Jan. 1, 2021, or later;



Provide new core PSL and School Board Legal Liability (SBL) policy forms for renewing or new business effective on or after May 1, 2021; and



Offer coverage for sexual misconduct (except for employment-related sexual harassment, which remains under the SBL) to eligible members exclusively by endorsement to the PSL policies for renewing or new business effective on or after May 1, 2021.

The enclosed specimen policies and endorsements reflect the specific changes that have been made to our core policy forms. This document provides a high-level summary of these changes for convenience and does not alter, expand, change, or limit the policy language itself, which always controls the coverage available.

Pandemic/Epidemic/COVID-19 Exclusion

Insurance is intended to indemnify the losses of the few using resources of the larger group. Because a pandemic or epidemic impacts all insureds — and at roughly the same time — the principles of insurability do not apply to pandemics. Consequently, UE’s PSL policies effective on or after Jan. 1, 2021 exclude the ongoing COVID-19 pandemic as well as future pandemics, epidemics, or public health emergencies declared by designated authorities. However, this new exclusion does not apply to other infectious diseases.

Claims Allocation

The PSL and SBL policies both now contain allocation language that clearly outlines how UE will allocate payments involving both covered and uncovered elements of a claim, as well as what process governs in the event of a dispute over allocation.

Contracts

The SBL breach of contract exclusion clarifies that it applies to loss arising out of or related to the formation, interpretation, or breach of any contract or agreement, while maintaining the existing exception for claims arising out of individual employment contracts and contracts with a student for educational services.

Cyber Liability

UE policies included limited cyber liability coverage before the dedicated cyber market emerged to specifically underwrite for and price this exposure. The mature cyber market offers both first and third-party coverage options for educational institutions.

UE’s PSL and SBL policies now exclude cyber liability, removing any overlap with cyber liability policies specifically designed to cover this exposure; thereby allowing UE to focus on risks for which we have specialized underwriting expertise. To do so, UE’s PSL and SBL policies introduce:

- Several new definitions: computer system, secure data, digital data and health, financial and identifying information; and
- New broad exclusions to address unauthorized releases of these types of data and information, failure to comply with law applicable to secure data, hacking or any unauthorized access of a computer system, and ransomware.

The policies do provide limited exceptions for claims brought under FERPA on the SBL policy, and bodily injury and damage to tangible property on the PSL policy.

Limit of Liability

UE offers some of the highest limits available for education and its most challenging risks, such as athletic traumatic brain injuries and sexual misconduct, providing options that may not otherwise be available in the current insurance market. Limits are subject to underwriting requirements, with up to \$10 million in capacity available for both SBL and PSL policies.

Balancing the need for both capacity and critical coverages in an environment of social inflation requires changes to avoid runaway claim or defense costs. The PSL policy is subject to an overall general aggregate

limit for all occurrences. This aggregate limit equals the per-occurrence limit.

Prior Endorsements

Previously, UE provided certain terms and conditions via endorsements to the PSL and SBL policies. We incorporated many of these endorsements into our core policy forms, such as the interrelated claims endorsement.

Sexual Misconduct Liability

UE's claims history shows that sexual misconduct claims impact all types of UE members, including public school districts, independent and charter schools, community colleges, small to mid-size colleges and universities, and large research universities. The frequency of sexual misconduct lawsuits, their associated costs, and their percentage of overall claim costs for UE grew sharply in the past 10 years.

The sexual misconduct application UE has required to evaluate a member's risk management policies and procedures continues in 2021, with no change. However, for policies effective May 1, 2021 and later, sexual misconduct coverage is provided in a new way:

- PSL and SBL policies define sexual misconduct, child molestation, non-employee sexual harassment, and student discipline process, and exclude all sexual misconduct.
- The SBL policy continues coverage for employment-related sexual harassment and Title IX respondent due process and includes definitions for employee sexual harassment and student discipline process and related exclusions.
- If a member qualifies under underwriting requirements, sexual misconduct coverage is offered by endorsement to our PSL policy offerings as part of the policy's aggregate limit. The sexual misconduct coverage endorsement is subject to all other terms and conditions of the PSL policy, and includes the following key elements:
 - To enable UE to continue offering sexual misconduct coverage despite latency issues and state reviver statutes, the PSL endorsement reduces the limit of liability for sexual misconduct occurrences reported 10 years or more after the end of the policy period, to the lesser of \$5 million or the remainder of the policy annual aggregate limit.
 - Sexual misconduct by a single perpetrator is deemed to be a single sexual misconduct occurrence subject to a single policy limit, regardless of how many UE policies were in place during the period the sexual misconduct took place. In addition, sexual misconduct and physical assaults by the same perpetrator or perpetrators acting in concert are deemed to be a single occurrence, likewise subject to a single policy limit. However, for sexual misconduct occurring after the policy period, there is no coverage if the member no longer maintains sexual misconduct coverage with us at the time of such sexual misconduct.
 - The endorsement excludes liability for a sexual misconduct occurrence if a reporting officer knew or should have known about sexual misconduct committed by the perpetrator prior to the date of the endorsement.
 - As a condition of coverage, sexual misconduct must be reported to UE as soon as practicable.
 - UE's Seamless Coverage endorsement does not apply to sexual misconduct.

This document is provided for illustrative purposes only. It does not amend, alter, or extend any policy of insurance. For a complete understanding of the coverage available, please consult the terms, conditions, definitions, and exclusions of the insurance contract issued by United Educators, which solely governs the insurance coverage available. Please be advised that all products and coverages referenced herein or provided by UE may not be available in all states or to all educational institutions.

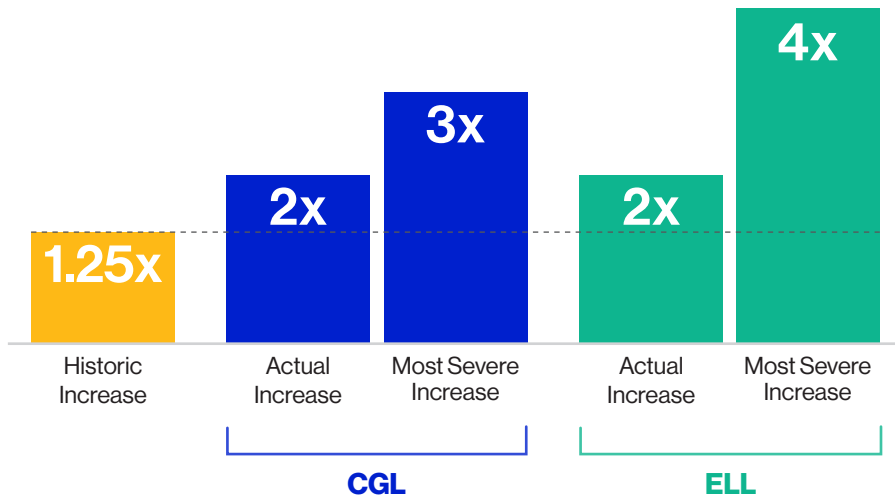


The Rising Cost of Claims for Independent Schools: By the Numbers

United Educators (UE), like other insurance companies, has been affected by issues of social inflation and other societal factors that are drastically increasing the cost of claims. Across the nation, the average personal injury award in 2018 was double that of 2011; the median award was 64% higher. The graphics below show how these trends are impacting education claims.

Primary General Liability (CGL) and Educators Legal Liability (ELL) Claims Trends: Increased Severity

Average 2015-2020 Loss Trends



Sexual Misconduct

Excluding employment-related harassment and high-profile claims related to mass serial abusers, UE saw sexual misconduct claims:



Grow **3x faster** than all other claims types over the last 15 years

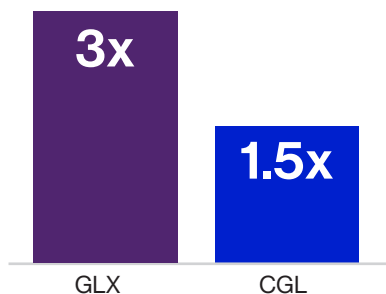


Comprise **nearly 20%** of all claims costs in the latest year

Independent School Insights

Social inflation and increased settlements affect all UE members.

Average losses for independent K-12 school claims have increased in the past 3-4 years:



The frequency of independent K-12 school claims with payments or expected future payments **increased 80% across all lines of coverage.**



The loss ratio (which measures the portion of each premium dollar attributable to claims activity) for independent K-12 school policies has **increased 23%**, indicating that total loss cost trends are outpacing premium increases.



Large Loss Report 2021

The Large Loss Report 2021 summarizes major damage awards and settlements of more than \$500,000 that affected K-12 schools, colleges, and universities in 2020.

When United Educators (UE) initially started reporting these sizable settlements 26 years ago, we considered any six-figure settlement as “large” — outsized compared to typical settlements at that time. This year, for the first time, we are reporting losses over a threshold of \$500,000, with many of these reaching the multimillions. Moreover, of the 38 damage awards and settlements reported below, 31 exceeded \$1 million. This offers a grim reminder of the ways that social inflation impacts education claims, with high escalation of not only settlements, but defense costs as well.

These summaries are drawn solely from published accounts. While most don't involve UE members and some wouldn't be subject to UE coverage, the summaries do reflect trends UE has seen among education claims. Notwithstanding the COVID-19 pandemic, liability claims in education marched on and continued to be resolved in response to claims of discrimination, bullying, negligence, and sexual abuse and assault.

Some of the outcomes outlined here may have changed due to the progress of legal proceedings since they were reported. However, these cases demonstrate that losses, in terms of financial and reputational impact, can be significant.

Accidents or Crimes Resulting in Death

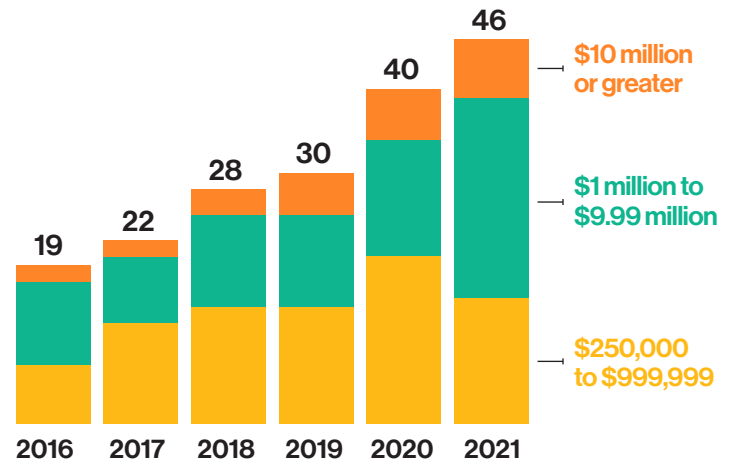
Central Oregon Community College in Bend, Ore., agreed to pay **\$2 million** to the family of a student who was kidnapped and murdered by a campus safety officer. The student's family had filed a federal lawsuit against the college, contending she accepted a ride because she believed he was a police officer — but that instead she became trapped in a car equipped with a cage and doors that wouldn't open from the inside. The lawsuit argued the college had failed to conduct an adequate background check and had allowed its safety vehicles to closely resemble police cars.

Riverside Community School District in Carson, Iowa, will pay a **\$4.8 million** settlement to the family of 16-year-old girl who died in a 2017 school bus fire. In the incident, the bus got stuck in a ditch; this caused a fire in the engine compartment that spread to the passenger compartment, according to reports. The driver also died in the fire. The girl's family sued the district for negligence and wrongful death, contending the district knew the driver had been in poor health but still let him drive. In 2019, the National Transportation Safety Board found 18 probable causes for the fire and blamed the school district for letting the driver drive even though it was known he had trouble walking due to chronic back pain. In the settlement, the district didn't admit liability.

Trends From 2016-21

An analysis of Large Loss Reports from 2016 through 2021 shows troubling trends for K-12 schools and higher education institutions.






Damage Awards and Settlement Trends



The number of publicly reported awards or settlements of at least \$250,000 has risen each year, from **19 in 2016 to 46 in 2021**.

When compiling this year's report, UE identified **31 awards or settlements of at least \$1 million**. That's far more major damage awards and settlements than in prior years.

Of the 31 awards or settlements reported in 2021:

-  11 involved **sexual abuse and molestation**, with awards and settlements ranging from **\$1.49 million to \$73 million**
-  Four involved **retirement plans** (**\$5.8 million to \$117.5 million**)
-  Four involved **accidents or crimes resulting in death** (**\$2 million to \$8 million**)
-  Four involved **false claims or grant-related issues** (**\$1 million to \$4.8 million**)
-  Two involved **discrimination** (**\$1 million to \$1.46 million**)

This demonstrates that higher awards and settlements are becoming increasingly common.

The **Orange Unified School District** in Orange, Calif., will pay a **\$7.5 million** settlement to the family of an autistic 15-year-old boy who died in a golf cart crash at a high school. The boy was in the campus electric golf cart in 2019 when it accelerated and crashed into a railing. In a lawsuit, his family argued he and the vehicle had been left unsupervised. The district had denied this accusation, saying the boy had two aides assigned to supervise him and that they tried stopping the cart and persuading him out of it. Police investigating the crash didn't find criminal actions had occurred. In addition to the settlement agreement, the district agreed to evaluate campus golf carts to enhance safety and to conduct driver training, according to reports.

San Ramon Valley Unified School District in Danville, Calif., reportedly reached an **\$8 million** settlement in a lawsuit involving the drowning of a 15-year-old boy during his high school's swim class. The boy drowned in May 2018 after he and classmates were told to tread water for three minutes at the end of their gym class. According to the lawsuit, the teacher warned students that if they touched the line, he would extend the treading time by 30 seconds; the teacher did, and during the extended time the student got exhausted and slipped underwater. At the time this occurred, the teacher was looking at his cell phone, the lawsuit states. While police and coroner's officials said the student died from accidental drowning, the lawsuit argued school officials allowed a rumor to linger that the student might have killed himself. The district has since barred use of swimming pools during gym classes and requires the presence of dedicated, certified lifeguards when pools are used for sports or other activities.

Accidents Resulting in Injury

The **Palo Alto Unified School District** in Palo Alto, Calif., agreed to a **\$1.5 million** settlement with a former student who suffered an eye injury during a potato gun science experiment when he was 13. According to a 2018 claim filed in Santa Clara County Superior Court, the student's parents believed teachers and the district failed to conduct the experiment with reasonable care and failed to protect the student from foreseeable dangers. The parents also argued that the two teachers and volunteer in the classroom hadn't provided proper supervision or adequate training. The experiment itself involved firing homemade potato guns. The student turned a valve to release pressurized air. While nothing happened at first, after several seconds the gun suddenly discharged and the student was struck in the face, causing permanent injuries, according to the claim.

Asbestos

The **School District of Philadelphia** will pay **\$850,000** to a teacher diagnosed with asbestos-linked cancer. The teacher spent about 30 years working in schools now known to have had asbestos. The school board signed off on the settlement. According to reports, the former teacher had routinely swept up particles that flaked off asbestos-wrapped heating pipes in the classroom of her 90-year-old school building. The former teacher claimed the school district never told her material around the pipes was carcinogenic. The teacher was diagnosed with mesothelioma in August 2019.

Bullying

The family of a 13-year-old Michigan boy who committed suicide after he said he was bullied in school has reached a **\$500,000** settlement with the **Lansing School District** in Lansing, Mich., according to reports. The boy's mother told the media that he had been bullied for months and that she had asked multiple times for school staff and the company that provided bus services for the district to help address bullying on the bus and at school. The mother maintained that she never received help. The district didn't admit liability.





Defamation

The **Oak Ridge school system** in Oak Ridge, Tenn., reached a **\$1.75 million** settlement in June 2020 with a former teacher who accused officials of defaming him. The former track coach and longtime teacher contended he had been wrongfully terminated, defamed, and received lack of due process. He won a roughly \$1.7 million verdict after a federal trial in 2019, but the school system appealed.

Discrimination

A federal jury awarded more than **\$800,000** to a former assistant professor of elementary education at **Newman University** who alleged she had been discriminated and retaliated against because she is a woman. The verdict also allowed her to seek reinstatement at the private Catholic university in Wichita, Kan. The lawsuit contended that her supervisor had a hostile attitude toward women and harassed and treated her differently than her coworkers due to her sex. A week after she complained to Newman's Human Resources department, her supervisor gave her a performance improvement plan, the lawsuit stated. She contended Newman failed to investigate her concerns, didn't remove the performance improvement plan from her file, and ended her employment as a punishment for speaking out. Her lawsuit is one of five filed by former employees alleging unfair termination. A statement from the university indicates the institution is disappointed in the jury's decision and is considering appealing.

Princeton University reached a settlement with the Department of Labor to resolve an allegation of pay discrimination for female full professors. Princeton will provide more than **\$1 million** in back pay and salary adjustments to 106 women on the faculty. Preliminary findings from the Department of Labor's Office of Federal Contract Compliance Programs (OFCCP), which announced the settlement, showed disparities for women in the full professor position; they were paid lower salaries than "similarly situated" male professors from 2012 through 2014.

Northern Michigan University paid **\$1.46 million** to settle a lawsuit filed by four female professors who alleged they suffered gender discrimination and received disparate pay compared with male colleagues. The lawsuit contended the professors were paid about 9% to more than 71% less than equally qualified male colleagues. The women also contended that male professors received preferential treatment when picking classes and going up for tenure. The university said the settlement isn't an admission of fault or liability.

False Claims, Grant-Related Issues

The **University of Virginia** agreed to pay **\$1 million** to settle claims that it didn't properly account for certain credits and rebates on purchases made related to federal awards and grants. Some discounts and rebates from 2009 to 2017 weren't accounted for in reducing charges against awarded funds, according to reports about the settlement.

Harvard University agreed to a nearly **\$1.4 million** settlement with the federal government involving allegations that a research team overcharged grants funded by the National Institutes of Health (NIH) and the Health Resources & Services Administration (HRSA). In 2016, the university disclosed the potential overcharges to the government, according to Department of Justice.

The **University of San Francisco (USF)** agreed to pay nearly **\$2.6 million** to resolve allegations under the False Claims Act that it knowingly presented fraudulent and false claims to the Corporation for National and Community Service — an independent federal agency — so it could secure federal grant funds under the AmeriCorps State and National Program. USF received AmeriCorps funding to support a teacher residency program that allowed students, who were working toward

teaching degrees, to serve as teacher apprentices in high-need schools in the San Francisco Unified School District and earn living allowances and money for tuition. A United States investigation contended that USF falsified more than 1,500 timesheets and falsely certified more than 60 education awards so it could qualify its program and students for receipt of more than \$1.7 million in federal grant money. The United States contacted senior USF management, and the university voluntarily relinquished the grant and actively cooperated during an investigation.

Caldwell University agreed to pay the United States more than **\$4.8 million** to resolve claims that it violated the False Claims Act, the Department of Justice announced. From Jan. 1, 2011, through Aug. 8, 2013, the university in Caldwell, N.J., submitted false claims for payment to the Department of Veterans Affairs so it could get education funds and benefits pursuant to the Post-9/11 Veterans Education Assistance Act (Post 9/11 GI Bill). According to a Department of Justice release, the university wasn't entitled to those funds and benefits. Unbeknownst to the university's board and cabinet, a then-employee and a contracted company that provided online training courses to veterans engaged in a scheme to defraud the government, according to the university. The \$4.8 million agreement represents the funds that Caldwell received under the contract with the other company. With this scheme, three people — including the university's former associate dean of the Office of External Partnership — previously pleaded guilty to charges of conspiracy to commit wire fraud. One of those people was sentenced to five years in prison, while the others were sentenced to three years of probation. A Justice Department release states that all three defendants were ordered to pay \$24 million in restitution.

Free Speech

The **University of North Carolina Wilmington (UNCW)** reached a nearly **\$505,000** settlement with an embattled professor. The professor had been controversial due to a history of social media posts that many considered sexist, racist, or homophobic. Many faculty, students, alumni, and others signed petitions for his removal. The university's Chancellor told the community that when deciding what to do with the professor, the university had been left with three choices — keep employing him and accept the fact that he was disrupting the school's educational mission, causing hurt and anger; fire him and face litigation that the school might not win; or negotiate a

settlement. The professor previously had been victorious against the university in a First Amendment retaliation lawsuit in which the university had spent about \$700,000.

San Ramon Valley Unified School District in Danville, Calif., agreed to provide a **\$665,000** settlement and issue an apology to a former junior class president involved in a first-amendment lawsuit. In 2017, the then-student posted a video on Twitter that some people said was lewd, insensitive, and depicted armed students as “Muslim terrorists.” The former student's legal team contended the video was a “James Bond-style parody.” According to reports about the lawsuit, the video was removed within hours of when students began casting ballots for the election; he was initially disqualified from being president and removed from the school's leadership class, but district officials later reinstated him as president. He didn't drop the lawsuit even after his title was reinstated. He said district employees had retaliated against him and publicly disparaged him.

Heat and Athletics

Hillsborough County Public Schools in Tampa, Fla., will pay a **\$1 million** settlement to the family of a high school student who, in 2019, collapsed during football conditioning drills and died. The Superintendent at the time of the student's death said an internal investigation found incomplete records and athlete clearance forms for the student. As a result, two administrators were removed from the school. The student's family said they had alerted coaches that the student hadn't participated in rigorous physical training before and would need instruction, guidance, and supervision. No certified Athletic Trainer was on staff when the student collapsed and died. The district now has one in all 27 high schools.



Retirement Plans

Princeton University agreed to pay a **\$5.8 million** settlement following a complaint involving the Employee Retirement Income Security Act of 1974 (ERISA). The complaint was filed by a participant in two university 403(b) plans. The university admitted no wrongdoing but agreed to regularly meet with its independent investment consultant for the next five years so it could “evaluate expense and performance of each investment option in the plans, to review and consider changes to the investment option line-up,” as well as evaluate costs and expenses.

Johns Hopkins University received final court approval for a **\$14 million** settlement to a class of current and former employees who sued for alleged breach of fiduciary duties in mismanaging employee retirement funds. The university — which denied allegations in the case — previously announced it would make a series of changes in plan management and administration to address alleged ERISA violations.

Emory University agreed to pay **\$16.75 million** to settle an ERISA complaint, according to a preliminary settlement agreement. The complaint alleged Emory caused plan participants to pay excessive fees for administrative and investment services. Emory denied liability.

The **DeKalb County School District** in Stone Mountain, Ga., agreed to let employees recoup lost retirement contributions after a supplemental plan was halted. District officials had cited revenue shortfalls as the reason for ending the plan. The settlement was reported by a DeKalb County Board of Education member and by a law group representing the plaintiffs. According to the board member, the district will pay **\$117.5 million** over five years. The original lawsuit contended the district breached an agreement that district officials would give employees two years’ notice before reducing contributions to the Georgia Tax Shelter Annuity Plan. The Georgia Supreme Court issued an opinion in October 2019 upholding a Georgia Court of Appeals ruling that the district should have given employees two years’ notice before changing the annuity.



Sexual Abuse, Molestation, and Misconduct

A woman who accused several **University of Minnesota** football players of sexually assaulting her in 2016 accepted a **\$500,000** settlement from the university. While the settlement details that the university provided to the media by were sparse, it was reported that the incidents at issue resulted in the expulsion of four football players. The claimant contended that while the university’s Equal Opportunity and Affirmative Action office, Office for Community Standards, and Student Sexual Misconduct Subcommittee, appropriately conducted the disciplinary process following her report of sexual misconduct, the university violated her rights relating to events occurring prior to the incident in the Fall of 2016 and, as a result, she suffered physical injuries. In the settlement agreement, the university denied that events prior to fall 2016 “give rise to any legal responsibilities of the university to claimant for the incident.” The woman doesn’t appear to have filed a lawsuit related to the incident.

The **Big Sky School District** in Gallatin Gateway, Mont., agreed to a **\$1.49 million** settlement with a former high school student who alleged she had been sexually abused by a basketball coach at her school. The lawsuit alleged that the district gave the coach unfettered and inappropriate access to teenage girls and that those who suspected the abuse either didn’t report it or looked the other way. In addition to the financial settlement, the district agreed to take additional steps to “enhance” its processes and procedures, according to the district.

A police officer at **Central Connecticut State University (CCSU)** received a **\$1.75 million** settlement against the university, her lawyers say. The lawyers contended the university fostered an environment where at the police department “sexual harassment and even sexual assault was the norm, emboldening a fellow officer to rape her on three separate occasions.” A lawsuit she filed claimed police department members “sexually harassed female undergraduate students,” and one officer, later promoted to sergeant, “openly pursued a sexual relationship with an undergraduate student.” In a statement, the university’s president said the university had previously terminated the male officer and that the President “has worked to transform the campus culture while sending a loud and clear message that sexual misconduct and bullying are not tolerated at CCSU.”

The **Marion Independent School District** in Marion, Iowa, reached a **\$2 million** settlement involving the sexual abuse of a then-5-year-old girl. The girl was abused in 2015 by a classroom volunteer who was 15 at the time. Five prior lawsuits, brought by parents of children who allegedly were also abused by the former volunteer, already had been settled for **\$3.3 million** total. The former volunteer was convicted in January 2017 on three counts of second-degree sexual abuse; he was released from Iowa State Training School for Boys in April 2019, when he turned 18.

The **Los Angeles Unified School District** reached — and a Los Angeles Superior Court judge approved — a **\$2.1 million** settlement with a 17-year-old girl who said she had been abused by her third-grade teacher during the 2010-11 school year. The district previously had reached settlements with other students who alleged abuse involving that teacher, including a dozen who agreed to a \$30 million combined settlement in 2016. In 2012, the teacher pleaded no contest to committing lewd acts on 13 former students; he was sentenced to 25 years in prison.

A **\$2.5 million** settlement was reportedly reached in a case between the **Elko County School District** in Elko, Nev., and victims of a teacher who was convicted of sexual contact with four high school students. The teacher, Tennille Whitaker, had been sentenced to serve two to five years for each count of sexual conduct between a school employee or volunteer and a pupil. The lawsuit contended officials should have acted sooner to protect the students and fire the teacher.



A jury awarded **\$3 million** to a 21-year-old woman who said her former elementary school principal molested her in his office when she was in the second, third, and fourth grade, according to reports. The public school is part of the **Gresham-Barlow School District** in Gresham, Ore., which is responsible for the payment. Meanwhile, a different female student — now in her late teens — who also alleged the then-principal had abused her, settled with the school district in January 2020 for **\$425,000**, according to reports.

The **University of Michigan** reached a **\$9.25 million** settlement with eight women — current or former employees — who said a former Provost emotionally and sexually abused them. According to a law firm hired by the university, the Provost committed sexual misconduct during his career, harassing staff and graduate students. The university said in a statement that it had “failed on many levels as this individual advanced through the administrative ranks.”

The **University of Rochester** reached a **\$9.4 million** settlement with current and former faculty and students who accused it of discrimination and retaliation associated with sexual misconduct allegations. The settlement was neither an admission of guilt nor gag order for plaintiffs, according to reports. Several plaintiffs from the university's Brain and Cognitive Sciences Department initially sued the university in federal court in 2017; the lawsuit was connected to a professor's alleged misdeeds and the university's response. The lawsuit accused senior administrators at the university of covering up complaints and retaliating against those who brought them.

A federal judge gave final approval to a **\$14 million** settlement in a class action lawsuit against **Dartmouth College**. Nine women accused Dartmouth of failing to protect them once they alleged sexual misconduct against three tenured professors within the department of Psychological and Brain Sciences. Their complaint contended the three professors leered at, groped, sexted, and intoxicated students; one former student contended one of the professors raped her, and a current student contended a different professor raped her.

The Ohio State University (OSU) released details of a **\$40.9 million** settlement with 162 survivors in a dozen lawsuits connected to sexual abuse by Dr. Richard Strauss. Months later, OSU announced that it had agreed pay an additional **\$5.8 million** to settle lawsuits by another 23 people alleging sexual misconduct. The alleged abuse involved Dr. Strauss, who served as a university-employed physician from 1978 to 1998. The university launched an independent investigation after one survivor came forward in 2018. The investigator released a 180-page report last year, which detailed acts of sexual abuse against at least 177 former students. The report also concluded university personnel at the time had "failed to respond adequately to respond to or prevent" the doctor's abuse.

The University of California system reached a proposed **\$73 million** settlement with seven women who alleged that a former UCLA gynecologist had abused them. Patients accused Dr. James Heaps of sexual assault and sexual misconduct between 1983 and 2018 in a class-action lawsuit. According to the settlement documents, more than 6,600 patients of the former gynecologist could receive compensation from the settlement fund — even if they hadn't accused him of abuse. UCLA reportedly began investigating the gynecologist in December 2017, but officials didn't alert the campus community about allegations against Heaps until last year. Heaps retired when UCLA didn't renew his contract in 2018. UCLA is also changing its process for investigating allegations of sexual misconduct, assault, and harassment, and plans to have a formal chaperone policy, according to reports.

Sick Leave Termination

The **Douglas County School District** in Castle Rock, Colo., and the Douglas County Federation Teachers Union agreed to settle a lawsuit after the district terminated a sick leave bank program. Terminating the program eliminated thousands of days of sick leave donated by teachers for colleagues to use amid illness, an accident, or maternity leave. Under the agreement, the district agreed to pay **\$2.56 million** but not admit fault. Affected teachers and their lawyers — not the union — reportedly will receive the payment.





Termination Without Cause

Kansas University reached a **\$2.55 million** settlement with a former football coach who had sued the university's Athletics department in federal court in 2019. The coach was owed \$3 million when the university fired him; the coach's teams were 6-42 in four seasons. The former coach argued school officials launched an NCAA inquiry to avoid paying him the buyout he was owed. In a statement, Kansas officials stood by their actions but said they were willing to move forward and put the matter behind them "during a time of uncertainty in college athletics."

Title IX

The **Nebraska State College System** will pay **\$900,000** to settle lawsuits alleging Chadron State College failed to prevent dating violence that led to a softball player's suicide. As part of the settlement, Chadron State will hold annual suicide training for staff, faculty, and students over the next

decade. It also will ask a third-party consultant to review its Title IX procedures and policies each year for the next three years. According to a complaint, the college failed to respond to reports of possible abuse and help the student, failing to offer her mental health counseling or a victim's advocate.

The **University of Utah** reached a **\$13.5 million** settlement with the parents of student and track athlete Lauren McCluskey, who was slain on campus, allegedly by her ex-boyfriend, in 2018. The university acknowledged that it hadn't properly handled her case. McCluskey and her friends had contacted campus officials more than 20 times to report the ex-boyfriend's stalking, abuse, and intimidation, according to reports. She broke up with him after learning he had lied about his name, age, and status as a sex offender. In October 2018, McCluskey was found fatally shot in a car near on-campus student housing. Her ex-boyfriend took his own life hours later, shooting himself with the same gun used to kill McCluskey. An independent review commissioned by the university determined there were several missed warning signs before McCluskey was killed.



To learn more, please visit www.ue.org or call **(301) 907-4908**.

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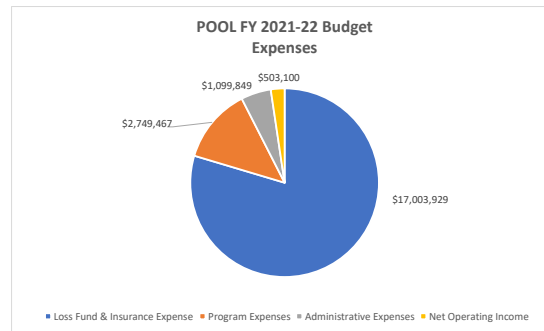


POOL BUDGET 2021-2022

Discussion at April 20, 2021 Joint Executive Meeting To Be Approved at Annual Meeting	FY 2019-2020 Audit	FY 2020-2021 Budget	FY 2021-2022 Budget OPTION 1 75% CL	Dollar Difference	Percentage Change	% of Total Revenues	FY 2021-2022 Budget OPTION 2 70% CL	Dollar Difference	Percentage Change	% of Total Revenues	Notes
Revenues											
Premiums Written	\$ 17,167,798	\$ 18,552,474	\$ 20,803,244	\$ 2,250,770	12.1%	96.4%	\$ 20,256,572	\$ 1,704,098	9.2%	95.7%	
Other Income	\$ 46,640	\$ 121,075	\$ 61,250	\$ (59,825)	-49.4%	0.3%	\$ 61,250	\$ (59,825)	-49.4%	0.6%	Technology reimbursement
Rental Income	\$ 236,482	\$ 238,769	\$ 245,932	\$ 7,163	3.0%	1.1%	\$ 245,932	\$ 7,163	3.0%	2.5%	Rent for building offices, FMV
PRM Risk Management Services Payment	\$ 475,000	\$ 475,000	\$ 475,000	\$ -	0.0%	2.2%	\$ 475,000	\$ -	0.0%	2.5%	Fixed Amount from PRM
Total Revenues	\$ 17,925,920	\$ 19,387,318	\$ 21,585,426	\$ 2,198,108	11.3%	100%	\$ 21,038,754	\$ 1,651,436	8.5%	100.0%	
Loss Fund and Insurance Expenses											
Losses and loss adjustment expenses	\$ 3,713,763	\$ 6,176,000	\$ 6,819,000	\$ 643,000	10.4%	31.6%	\$ 6,400,000	\$ 224,000	3.6%	30.4%	Actuarial Amount at 70% CL
Excess Insurance Premiums	\$ 6,805,658	\$ 7,338,139	\$ 8,239,328	\$ 901,189	12.3%	38.2%	\$ 8,115,058	\$ 776,919	10.6%	38.6%	Property, Liability Insurance
Special Insurance programs	\$ 1,943	\$ 505,023	\$ 477,403	\$ (27,620)	-5.5%	2.2%	\$ 477,403	\$ (27,620)	-5.5%	2.3%	Environmental & Student Accident
Agent Commissions & Taxes Written	\$ 1,131,228	\$ 1,318,262	\$ 1,468,198	\$ 149,936	11.4%	6.8%	\$ 1,432,795	\$ 114,533	8.7%	6.8%	7% Board Policy ... State Tax Regs
Total Loss Fund and Insurance Costs	\$ 11,652,592	\$ 15,337,424	\$ 17,003,929	\$ 1,666,505	10.9%	78.8%	\$ 16,425,256	\$ 1,087,832	9.3%	78.1%	
Program Expenses											
Pooling and loss control fees	\$ 505,000	\$ 505,000	\$ 505,000	\$ -	0.0%	2.3%	\$ 505,000	\$ -	0.0%	2.4%	Willis Pooling Broker & LC Services
Third party administrator fees	\$ 778,009	\$ 730,000	\$ 778,009	\$ 48,009	6.6%	3.6%	\$ 778,009	\$ 48,009	6.6%	3.7%	Davies Claims Administration
Member education and training	\$ 1,376,476	\$ 1,584,148	\$ 1,466,458	\$ (117,690)	-7.4%	6.8%	\$ 1,466,458	\$ (117,690)	-7.4%	7.0%	Members Services Dividend
Total Program Expenses	\$ 2,659,485	\$ 2,819,148	\$ 2,749,467	\$ (69,681)	-2.5%	12.7%	\$ 2,749,467	\$ (69,681)	-2.6%	13.1%	
Administrative Expenses											
Management Services	\$ 525,000	\$ 543,375	\$ 642,735	\$ 99,360	18.3%	3.0%	\$ 642,735	\$ 99,360	18.3%	3.1%	Nevada Risk Pooling Management Team
Casualty Insurance, Travel, Technology Services	\$ 140,400	\$ 183,362	\$ 174,131	\$ (9,231)	-5.0%	0.8%	\$ 174,161	\$ (9,201)	-5.0%	0.8%	Insurance, Travel, Technology support
Operating expenses	\$ 341,387	\$ 151,178	\$ 151,178	\$ -	0.0%	0.7%	\$ 151,178	\$ -	0.0%	0.7%	Copier, phones, utilities, meeting costs
Legal Expenses, Consultant appraisals	\$ 109,676	\$ 135,553	\$ 131,805	\$ (3,748)	-2.8%	0.6%	\$ 131,805	\$ (3,748)	-2.8%	0.6%	Coverage Counsel, Asset Works Appraisals
Total pool administration expenses	\$ 1,116,463	\$ 1,013,468	\$ 1,099,849	\$ 86,381	8.5%	5.1%	\$ 1,099,879	\$ 86,411	7.7%	5.2%	
Total Loss Fund, Program and Administration Expenses	\$ 15,428,540	\$ 19,170,040	\$ 20,853,245	\$ 1,683,205	8.8%	96.6%	\$ 20,274,602	\$ 3,741,500	24.3%	96.4%	
Net Operating Income (Loss)	\$ 2,497,380	\$ 217,278	\$ 732,181	\$ 514,903	237.0%	3.4%	\$ 764,152	\$ (2,280,102)	-91.3%	3.6%	
Non-Operating Investment Income	\$ 1,431,233	\$ 596,875	\$ 503,100	\$ (93,775)	-15.7%	2.3%	\$ 503,100	\$ (93,775)	-15.7%	2.4%	Earnings from investment portfolio
Net Gain (Loss)	\$ 3,928,613	\$ 814,153	\$ 1,235,281	\$ 421,128	51.7%	5.7%	\$ 1,267,252	\$ (2,373,877)	-60.4%	6.0%	
Building Cost Expenses as noted below			\$ 164,651				\$ 164,651				
Net Gain (Loss) including Loss Control Grants & Build Exp	\$ 3,477,108	\$ 439,153	\$ 645,630			3.0%	\$ 677,601			3.2%	Net Margin for Contingencies/Loss Development
Other Expenses: Loss Control Grants Paid From Surplus	\$ 298,407	\$ 375,000	\$ 425,000				\$ 425,000				Board Policy: \$500K less \$75K Jail Audits

Other : Building Ownership											
Rental Income	\$ 236,482	\$ 238,769	\$ 245,932				\$ 245,932				Fair Market Value of Office Rents in Carson
Total Building Income	\$ 236,482	\$ 238,769	\$ 245,932				\$ 245,932				
Building Utilities and Maintenance	\$ 93,051	\$ 98,159	\$ 101,104				\$ 101,104				Janitorial, utilities, maintenance, landscaping
Building Roof Repairs or Extraordinary Repairs											None anticipated in FY 2022
Depreciation	\$ 60,047	\$ 55,525	\$ 63,547				\$ 63,547				Non-cash item based on life of building
Total Building Expenses	\$ 153,098	\$ 153,684	\$ 164,651				\$ 164,651				
Net Building Income (Loss)	\$ 83,384	\$ 85,085	\$ 81,281				\$ 81,281				

Pool Budget	OPTION 1	% Allocation
Loss Fund & Insurance Expense	\$ 17,003,929	79.6%
Program Expenses	\$ 2,749,467	12.9%
Administrative Expenses	\$ 1,099,849	5.1%
Net Operating Income	\$ 503,100	2.4%
Total Budget	\$ 21,356,345	100.0%



PACT BUDGET 2021-2022

Presented at Executive Committee April 5 Adoption at Annual Meeting April 22, 2021	FY 2019-2020 Audit	FY 2020-2021 Budget	FY 2021-22 Budget	Dollar Change	Percenta ge Change	% of Total Revenues	Notes
Revenues							
Assessments	\$ 12,675,642	\$ 15,166,836	\$ 18,020,411	\$ 2,853,575	18.81%	96.9%	Rate Relativities Study w/Blending LEF/Fire with HL
Assessments for Heart Lung	1,490,539	2,056,385	-	\$ (2,056,385)	-100.00%	0.0%	Blending with 7720 LEF & 7704 Fire Classifications
PCM Risk Management Fee	575,000	575,000	575,000	\$ -	0.00%	3.1%	Fixed Amount from PCM
Total Revenues	\$ 14,741,181	\$ 17,798,221	\$ 18,595,411	\$ 797,190	5.41%	100.0%	
Loss Fund & Insurance Expense							
Claims and Adjustment Expenses including HL	\$ 9,103,742	\$ 7,768,000	\$ 9,823,892	\$ 2,055,892	26.47%	52.8%	Actuarial amount at 75% Confidence Interval
Heart Lung Loss Reserves Expenses	1,601,459	1,556,385	-	\$ (1,556,385)	-100.00%	0.0%	Blending with 7720 LE Classification 7704 Fire Code
Excess Insurance Premiums	432,826	463,558	539,247	\$ 75,689	16.33%	2.9%	Carrier Renewal rates plus additional exposures
Reinsurance Premium (PCM)	2,237,700	2,522,875	2,583,635	\$ 60,760	2.41%	13.9%	PCM Rate at 75% CL + Admin Expenses
Total Loss Fund and Insurance Expenses	\$ 13,375,727	\$ 12,310,818	\$ 12,946,774	\$ 635,956	4.75%	69.2%	
Program Expenses							
Member Education and services	\$ 705,854	\$ 1,199,272	\$ 1,327,900	\$ 128,628	10.73%	7.1%	PRI, Target Solution, 24/7/365, CWP,EAP, MSDS On-line, E-learning
Loss control expenses	406,000	406,000	406,000	\$ -	0.00%	2.2%	Willis Loss Control Services, Inspections, trainings
Underwriting and claims processing	1,045,382	1,026,207	1,000,551	\$ (25,656)	-2.50%	5.4%	Third Party Administrator, Davies Claims Processing
Total Program Expenses	\$ 2,157,236	\$ 2,631,479	\$ 2,734,451	\$ 102,972	4.77%	14.8%	
Administration Expenses							
Management Services	\$ 675,000	\$ 698,625	\$ 642,735	\$ (55,890)	-8.00%	3.5%	Nevada Risk Pooling Management Team; Updated Apportionment 50/50
Professional Fees	142,130	112,819	145,683	\$ 32,864	29.13%	0.8%	Independent Audit, Payroll Audits, Actuarial
Administrative and Overhead	974,374	689,242	725,518	\$ 36,276	5.26%	3.9%	Rent, Utilities, Copier, Phone, Training, Technology, Support
Insurance Division Fees	706,022	759,338	778,322	\$ 18,984	2.50%	4.2%	State of Nevada mandated fees
Nevada Insolvency Fund and related expenses	20,900	20,900	20,900	\$ -	0.00%	0.1%	State of Nevada mandated fees
Total Administrative Expenses	\$ 2,518,426	\$ 2,280,925	\$ 2,313,158	\$ 32,233	1.28%	12.8%	
Operating Income (Loss)							
Investment Income	\$ 3,386,918	1,254,950	1,202,700	\$ (52,250)	-4.16%	6.5%	Earnings from Investment Portfolio managed by NEAM, SAA
Net Gain (Loss)	\$ 76,710	\$ 1,829,950	\$ 1,803,728	\$ (26,222)	-1.43%	10.3%	
Net Gain (Loss) After Loss Control Grants							
Other Expenses: Loss Control Grants: Paid from Surplus	\$ 105,412	\$ 500,000	\$ 500,000				Loss Control Grants & LCEPs Approved by Loss Control Committee

PACT FY 22 Budget Allocation	Total Budget	% Total
Loss Fund & Insurance Expense	\$ 12,946,774	69.62%
Program Expenses	\$ 2,734,451	14.70%
Administration Expenses	\$ 2,313,158	12.44%
Net Operating Income/Contingency	\$ 601,028	3.23%
Total	\$ 18,595,411	100.0%

