



**NEW MEXICO SELF-INSURERS' FUND**  
**FUND HEADQUARTERS**  
**1231 PASEO DE PERALTA • SANTA FE, NEW MEXICO 87501**

**MINUTES OF THE NOVEMBER 5, 2021**  
**MEETING OF THE**  
**NEW MEXICO SELF-INSURERS' FUND**  
**BOARD OF TRUSTEES**

The regular meeting of the New Mexico Self-Insurers' Fund Board of Trustees was called to order by Chairperson Linda Calhoun at 2:00 p.m., November 5, 2021. The following members were present: Ms. Linda Calhoun, Ms. Elise Larsen, Mr. Joe Neeb, Mr. Gregg Hull, Mr. Neil Segotta, Mr. Mike Miller, and Mr. Matt White. Staff members present on the call included: Director Forte, Director Nicley, Kimberlee Brazell, Dannette Burch, and Erica Moncayo.

Approval of the Agenda.

Miller moved to approve the agenda for the meeting. Hull seconded the motion and upon a vote the motion carried unanimously.

Approval of Minutes of 05/04/21 Meeting.

Member Miller moved to amend the minutes of the previous meeting of the NMSIF Board of Trustees to reflect that he was not in attendance. Member Segotta seconded the motion and upon a vote the motion carried unanimously.

Public Comment

No public comment was made.

NMSIF General & Risk Program Updates

Director Nicley led discussion of these agenda items, to include the following excerpted commentary:

**Nicley:** "Litigation risk analyses, these are the documents that are given to us prior to either a trial or a settlement conference. It'll look a lot like what we saw in the initial risk analysis, plus all the procedural things that happened between when that was sent to us and the date of that document. And then the time I want to touch on this is sub-subsection J, it is the root cause analysis. This is a, where can we go from here? We use that internally to track trend lines in each type of coverage, but we also use it to engage with the membership to give them an opportunity to correct some of those deficiencies that resulted in either an adverse judgment or an adverse settlement.

"So, how has this helped us? Well as of this morning, we have 130 open litigated claims. That represents about 15% less than what we had a few moments ago, so 15% of our total claims load has been resolved in that time. And what does that mean for financial component of what I touched on, everything that this references? Well, that's a big win for us too. Compared to spend on trend, we're down about 24%. And that includes the salary for the council that we hired internally.

"So we're spending at a rate of about a quarter less than we would've otherwise been spending

through this time of the year. We think that number's going to grow, because we've got some true-up work to do. We understand that we've taken out a lot of the, low hanging fruit early on. So we're going to have to evaluate that program and every meeting for the next couple of years. But early returns are really strikingly positive, and that's because of the really hard work we did putting these in place and making sure that we hold our attorneys to the highest standard that we possibly can.

A few other items I want to touch on for the risk update, training and licensure comes to mind first. We have North Shore, they are the third party administrator for our federal affiliate. They're coming in next week to do a business process review. They're going to meet with essentially all of the staff that we have on the risk side, talk about how we do, what we do and what we should do a little bit better. This is an auditing process that they engage with us on every couple of years. That's going to give us a good chance to identify what claim handling processes we can improve upon, and implement those. We're also doing a business process review with iVOS, this is the company that runs our Remi software right now, to see if there's some space to grow during the pendency of the current contract that's in place.

“We've got a legal symposium coming up. The very first week of December, I'll have additional details to share on that once we have an agenda that's finalized. But that's a great way for attorneys around the state, municipal and county level to get 10 to 12 CLEs, engage, network, talk about some of the issues that are percolating that are important to them. And helps also identify, like I said a little bit earlier, some of those trend lines we're really concerned about.

“Adjuster licensing. I think we've talked about this at maybe two or three meetings before today's. We met with the superintendent of insurance about eight, nine months ago. And what he told us is, he would never support the idea of not having our examiner's license. So what we've done over the course of the past seven, eight months since we had that meeting is we've been in communication with our staff about giving them a timeline to make sure that they're licensed the same way that attorneys are licensed, the same way that doctors are licensed. Any time you're handling claims of this nature, anytime you're involved in this industry, the more professional acumen that you can have to your name, you generally get better file handling practices as a result.

“That was actually also an outgrowth of another item that I'm going to touch upon briefly, you should have this in your packet as well. In 2013, that was the last time we were audited by the work comp administration. And I've included in there the letter from the work comp administration, our response to it, and their reply, which is their acceptance of the due outs that we identified as part of what we were to do as a result.

“I'll give you a very brief outline of what that audit uncovered. They did a full audit of 32 of our files, 19 of which they found had deficiencies. Some of what they found during that audit was there were late first reports of injury. Injured workers were not paid timely, files were closed prematurely, we were under reserving some claims, and electronic filing with WCA was either late or had some errors that went unaddressed. In 2013, we told them something to the effect of all of those errors will be corrected, and I can't find that we took any action after we represented that to WCA some eight years ago. That's the impetus for why we talked to a superintendent about our interest in licensure as the impetus for why we're going through an audit again. Right now, the practices and procedures audit, which we think is likely to tell us a lot of the same things we were told in 2013. The difference is that we're going to follow up on everything we told them we were going to do this time.

“One last item I want to mention during my update is just on the joint powers' agreement. This was approved by this body a few meetings ago through today. I think we have 53 of 118 signatures so far. We're contacting them as often as we can if they're in that group that has not signed yet, but that's process. I approved joint powers' agreements in the legal sense when I worked at the Department of Finance and Administration. And any time you have over 20 or 30 signatories to any document, it takes some time. So we expect to continue to give you updates of future events. So with that said, I'll stand for questions.”

**Forté:** “Just before we move on to the next item, we did include in everyone's packet resumes for our new staff. So as we went through the budgeting process last fiscal year, and the self-insurance fund gave us an additional budget for FTE and loss control. And as we have had to replace staff that have retired, we've included resumes. I think it's critical that the board knows who we're hiring and CEOs' resumes. Yes, I've been very patient in hiring, but it's because the people we're bringing on are highly qualified. And so as we move into presentation and Erica's presentation, they're going to go a little bit into their background. So you see the caliber of employees that we are bringing on. So with that madam chair, let's move onto our next item.”

### Rates Update

Kimberlee Brazell led discussion on this agenda item, and portions of the discussion are excerpted below:

**Brazell:** “My name is Kimberlee, I'm new to the fund as of September 13th. As AJ said, I have about 28 years' experience, I like to say I started when I was two. I'm actually third generation insurance in the state of New Mexico, I'm very proud of that fact. What my specialty is, as in my 28 years was an insurance broker, a risk management consultant specializing in New Mexico public entities. I've worked with cities, counties, tribes in the region, as well as with New Mexico state risk. For about four years, I was the broker. I'll be taking over responsibilities for underwriting, some risk management consulting and special projects. And truly, my goal here is to bring best practice and process modernization to the fund, so that our members can experience a little bit better customer service and a little bit different level of professionalism.

“My current projects are FY 23 rate development, process improvement, reinsurance coverage review, and the body cam reimbursement program. Right now on the FY 23 development, we sent notices to each of the member on September 24th to be returned on November 1st for updated exposure schedules. Our exposure schedules include things like autos, property buildings' contents, work comp payroll, contractors and equipment, things like that. To date, we have received updates from 44 members.

“So far, we are finding that some of the data isn't great. Our most concerning is in the area of property. For example, we had one of our members that submitted a \$200 million, yes, \$200 million increase in their property values. It is very concerning when you see something like that, because obviously property values haven't been reviewed over the last couple of years. That's one member. I also did a cursory review of another member that it looks like we're along those same lines with that member as well. So as I get through things, I'll obviously report to both the directors my findings. This is really concerning, because what it says to me as a professional is that we have been underrepresented and underinsured in the market for years. What that could mean is, it could cause

some reputational harm with us and our insurers. But also our members, because a carrier could potentially deny a claim because we're not ensuring our stuff correctly.

“As Clinton mentioned, we're going to issue an, I don't know, a month or so for appraisal services, with our goal to have that done probably in about six months. So we can present, correct figures to the marketplace in time for our FY 23 renew. The other projects that I'm working on are process improvement projects. Part of that is a self-serve, web-based portal. Some of you may be familiar with this it's the, it will be based on the same government for budgeting. We've engaged gentlemen Ralph Vincent to develop the project. We've had two calls so far, and it's going to go really well. What this will do is allow our members to access their exposure data to update annually, but also on an as need basis. Our anticipated launch date will be hopefully by a session of FY 23.

“The other part of what I'm doing is the claims management system update. We have identified numerous areas of deficiencies, namely trainings. We're going to implement weekly with our staff, including myself. As Clinton mentioned, we're going to be doing a business process analysis, and we're also looking at some system upgrades to include automating some of the processes. All of these things will be contemplated in the RFP we're also going to be issuing within the next couple of months. In addition to those things, we're developing filing standards to promote consistency and naming throughout the organization. This will help with IPRA claims management, as well as team support. We're developing a claims procedures and manual. This is in conjunction with the licensing initiative and to develop some consistent claims process. We'll take into account what North Shore and the WCA, their guidelines, while we're developing that. And the last of my great projects is a refinement of underwriting criteria, just to provide some consistent methodology. I estimate a 12 to 18 months for development and implementation of the overall process improvement project.

“The other big project that I took on when I first started, the day I started was the reinsurance coverage review. Again, there are some vast deficiencies in our property program. The most concerning is a lack of coverage for auto physical damage. What that means to the fund is, we have no auto coverage under our property program. That means if we lose one of these big engines, whether it be in the fire, if a department has a big fire at the fire department and we lose an engine, or if we lose it while it's on the road, if it's in an accident, we have no physical damage coverage. And some of those can be upwards of \$1 million. There is no coverage on our reinsurance program for those things. We do have a meeting with the broker next week to start discussing our expectations for the FY 23 renewal, and we hope to have the issues resolved by the time the renewal occurs in July.

“The next initiative that we're looking at is law enforcement liability increasing the overall limit for law enforcement to \$2 million, obviously with the concern of HB4. That's one of our most pressing initiatives. We did a cursory review of what that would cost the fund, and it would probably increase our reinsurance by about \$1 million if we gave every member \$2 million in coverage. And last but not least, through our exposure survey, we've identified that we have about 30 drones out there that we didn't know we had. So, due to federal regulations and the nuances of drone liability, we are going to be implementing a drone liability pass-through program for, and have that in place by January 1st. Body cam reimbursement, super fast. Combined total for FY 21 and 22 is \$651,000. For FY 22, we've so far this year reimbursed seven members for a total incurred amount of \$402,000. Any questions?

## Loss Control Update

Erica Moncayo led discussion on this agenda item, and portions are excerpted below:

**Moncayo:** “I come with experience in risk management and safety and health, essentially loss control. My passion really has... What has really driven my passion for what I do is the loss of my husband eight years ago to metastatic renal cell carcinoma, which metastasized to his spine. As I did the research for that ailment, it was very evident that not only his illness, which he later succumbed to, but also some other reproductive toxicities were all a result of occupational exposures back in the 90s. And so it just really encouraged me to further my knowledge and education to help not only employees, but organizations throughout the United States.

“I worked for New Mexico Mutual as a senior risk and safety consultant, which my primary responsibility was public entity. I gained a great passion for public entity, because of the fact that budgeting was minimal, knowledge and experience was minimal. So my passion for safety and health just grew for the public sector to encourage compliance, and provide a safe and healthy workplace for their employees, but also mitigate other risks, such as those many items that both Clinton and Kim have spoke about. To date, I started working with the fund July 28th, I believe. And since then, I have had 24 touches, which means I have visited and trained over 24 of our members in that amount of time.

“My ongoing projects that I continue to work on and will continue to move forward is assisting our members in developing, implementing, training, maintaining and encouraging enforcement for their written safety programs. I've also assisted one of our entities in a OSHA investigation that is ongoing. That was actually my first assignment. Very interesting. Luckily I've had many opportunities to work with and partner with OSHA. So it was nothing new for me, but definitely encouraging for me to be able to help our members through that process.

“One of the questions that has been up repeatedly is, how will we roll out training? And we've done that in a variety of ways. First off, I'm offering onsite training for any course that we're offering, any topic such as defensive driving. First aid, CPR, AED. And then any of the safety courses, to include OSHA 10, both general industry and construction. I am also an authorized OSHA trainer. I failed to mention that, as well as an authorized national safety council trainer. So OSHA 10 both general interest during construction, OSHA 30 courses, if that's something that they choose. And then the everyday type of topics that our members have failed, or have not been in compliance with, such as hazard communications, which is the communications of the hazards associated with chemicals that they work with on a daily basis.

“What OSHA says we must have in place is a written program, inventory sheets, SDS sheets for all the chemicals that we work with. Labeling. Training on the new update for GHS, globally harmonized system. So those kind of courses, or those type of topics I will be providing if they have 15 or more interested in a course at one time. So that would be an onsite class. The other option that we have rolled out is the new LMS system, which is an online learning system through vector target solutions. To date, we have about 10 I would say, 10 to 12 entities or members enrolled thus far. I get updates on a regular of those individuals who have participated. Virtual, instructor-led courses. Every second Tuesday of the month, we've already rolled this out where I am going to provide defensive driving courses. That has been extremely popular in registration. Both the November and December courses are completely booked. But then again, as I receive the

registrations, I'm also advising those members if they have 10 or more that I will come out to their facilities and conduct those trainings.

“The final is, or also, I'll back up here. On our virtual instructor-led training, every Monday, starting January of 2022, I will be offering what I will call Monday safety madness topics. I will put together a calendar of topics, and every Monday from two to 3:30, I will be offering and leading a safety training course throughout the year. Final, regional trainings. For those tough to reach entities and tough to fill courses such as forklift training, lock out tag out, where there's minimal employees who require that type of training, we'll partner with other resources throughout the state to provide those type of trainings. So ongoing, continuing the site assessments, those have been going really well. I've enjoyed meeting our members, and getting out into the community. And identifying their hazards, and also documenting their strengths. And partnering with them as a true resource to help them strengthen their safety and health programs throughout their entity.

“The online training went out through our ListServe I believe about two weeks ago, and that was the way that that information was disseminated. Hence, the completely booked courses over the next two months. As far as the rollout for the new Monday safety madness, that will be going out either Monday or Tuesday of next week on a ListServe so that everybody... All clerks will get that information to disseminate to their employees.

“On our ListServe, we just created this for this occasion. A new ListServe. And when we send out correspondence to MSIF, our goal is to hit everybody. So from the managers, all the way down for all of our insured members, but we're still finding members who need to be included. So member White, you may be one that we just need to add, and we'll go and check and make sure you were in there on a move forward.”

### Budget and Finance Update

**Burch:** “Thank you everybody. Good afternoon. When I first came here in March, we had just implemented a new accounting system, which was effective for January on January one. We had done accounting on the fund side for administrative expenditures, but we hadn't done anything else. We hadn't recorded revenues, we hadn't recorded claims payments. We didn't have cash reconciliations, so nothing was done when I first came here except for the expense part. As of today, all transactions are recorded in the system due September 30th, all bank reconciliations are done, so the cash is reconciled to September 30th. Our billings are mostly current to September 30th as well, and with one exception, our reinsurance billings. We've got those completed through June 30th and we'll have them complete to September 30th within the next week or so.

“In your packet, we did provide you a few reports. The first one is labeled FY 2021 Actual Preliminary, and this provides you an actual performance of our different lines of coverage in terms of revenues and expenses. What we showed is that in total, we collected 22 point... Almost \$8 million in premiums and earned income like investments. We had program expenses, which our claims basically claims expenses of 16.5 million dollars. Our operational costs are 2.4 million in total. And then we had 300,000 worth of loss control expenses. Those expenses included 280,000 for the body cam program, which this board approved. And we had some small amount of spending in the loss control program from early in the year. The contractors providing services under this program are no longer with us.

“If you go to the next page, the fiscal year 2022 budget, you'll show that we left the premiums fairly flat from the prior year. We will be doing an update for actual billing in the next report on the revenue side. This is basically the budget that was approved by the board back in June- hopefully in a slightly different presentation format. We've got about 2.5 To almost 2.6 million in operational expenses budgeted because I think we're adding positions that were approved in June. And then we have a more robust lock control program that Erica just reported on and is heading for this fiscal year. We've budgeted amounts for the body cams. We have the Vector contract in place for E-learning and we also have a contract with the Public Safety Psychology Group, which is part of our loss control program as well.”

**Forte:** “So, as we recall last session with Senate three seventy five, a major component of the law enforcement reform bill was making sure the state provides mental health for officers, obviously that bill was not signed into law. The budget that the fund gave us last year took care of that for our thousand officers. So that contract with Dr. Rogers provides mental health, unlimited mental health for dispatch and their family members. So if they need family accounts, that's available at no cost to the officer, to the family. We've picked that up. And, again, this is a protected- it's PHI. So, I'm in front of the chief on a very regular basis, letting them know, "please get this out to your sergeants, please get this out, for us", right? What proceeding claims, I believe the majority of this is related to mental health. These are public issues. So, what you gave us, we are addressing it. Even the members that already have contracts with doctors... great. For the CIP's reviews, all mental health, we pick that up and we get a bill. I don't know what officers went, how many times they went, I just know, on a monthly basis, they have access to our program. So, we're seeing it work and we appreciate the authorization.”

**Burch:** “So basically the next report that you get on FY 22, it's probably going to be three pages long. We're going to have a comparison of the revenues and expenditures budgeted with actual expenditures to date and I believe we'll be doing that for December. The next page that you'll see is basically a list of our vendors that we use for the fund. And, you'll see a list of vendors in our operating program. Our biggest vendor is Ventiv, the provider of our claims system. We probably, spent last year, \$160,000 on that one contract by itself. We also have reinsurance and other insurance services with Lockton and NLC being our main providers there.

“We have our loss control vendors and you'll see some changes there where we've terminated some relationships in prior years and we've got new relationships with people going forward. And then we have some claim specific contracts and I believe these are all the contracts that we initiated and went out on competitive bidding process for, and now we have established relationships with them through that kind of a procurement process.

“These are all vendors that are providing services for specific claims. In the next report in December, we'll start providing you with actual expenses under each of these contracts as well. And then, finally, in your packet, we did provide a list of accounts receivable at June 30th. The June 30th accounts receivable balances were almost 2.4, 2.5 million dollars. There is a list, by line, of coverage and also by member that you can see there. I do have this list available for September 30th and can get one pretty easily for October 31st as well, for your information.

**Forte:** “The board, on the accounts receivable, this is something... There's been a recurring balance for a number of years. It's right around 2 million dollars, has been our AR. The idea that we have to get everyone current... again, some of them are the smaller municipalities. It's going to be very

difficult to get them current. 23 rates, their IAR balance will be folded into that rate and it'll be ultimately a board decision on how many years we allow them to get current. Are we going to ask them to get current in 23, or are we going to give them a series of years to become current? And we'll build that through the actual amount, but we don't want to leave 2 million on the books recurring, cause they'll just never be able to essentially double up payments in any fiscal.

### Abrogation of Certain Resolutions

Director Nicley led discussion on this agenda item, portions of which are excerpted below:

**Nicley:** “This is the second of three times we're going to do this. This is something we started pretty fairly early on internally and evaluating procedures, taking a look at antiquated parts of our program and making sure that we modernize it. This is thematically a lot of what director 40 talked about earlier, a lot of what Kim Brazel spoke about as well. Everything you have in this agenda item is an aggregation of a resolution that is no longer needed because, A, it's part of the redesign of our program anyway, the FY 23 change in rating methodology will incorporate some of these resolutions that will have to come back to you about. Or, B, we've already taken care of it earlier this year. This is resolutions like 85-1. These are resolutions like 90-1. So those are the two major classes of resolutions you have in front of you that we feel should be aggregated at this time. I'll stand for any question we have on that.

Member Miller made a motion to approve amendment of resolutions described above. Member Hull seconded, and the motion carried unanimously.

### Amendment of Certain Resolutions

Director Nicley led discussion on this agenda item, portions of which are excerpted below:

**Nicley:** “Thank you, Madam Chair. You have before you first resolution 21-9. It's a Settlement authority for liability. We've done three things here that I want to touch on. One, we've changed the designation from claims examiner to file handler. That reflects the fact that we now have internal counsel at the shop who don't quite fit into the definition or criteria of claims examiner. So, file handler will have that initial degree of authority up to \$30,000 to resolve claims. Number two, we've taken out director of claims because that role is no longer part of our shop. That role is no longer in our organization any longer. And, third, we feel it is an inequitably to hold up property claims because they're almost certainly never litigated and they're almost always a pure mathematical exercise under the terms of our insurance agreements.

“So, what we've done is made this specific to liability claims with the intent of not holding up property claims that are resolved based on the arithmetic that's part of the insurance policy. That's 21-9. 21-10 conflict of interest guidelines. What you'll see here, again, those three categories I talked about from the billing guidelines I touched upon in my risk update earlier, actual, potential, and perceived. I've also combed this resolution to make it gender neutral and we've also included a second theory category in the types of financial interests or personal gain that can be taken. It's just an extra measure of protection of the folks who are here and for the members of the fund for saying that there should be no benefit from direct or indirect gain and that summarizes the amendments to these resolutions.

Member Hull made a motion to approve amendment of resolutions described above. Member Segotta seconded, and the motion carried unanimously.

#### Executive Session

Member Larsen moved to go into executive session as authorized by the pending litigation exception of Section 10-15-1(H)(7) in the Open Meetings Act to discuss certain claims made against member insureds. Matt White seconded the motion and by a roll call vote, Member(s) Calhoun, Larsen, Neeb, Hull, Segotta, Miller, and White all voted in the affirmative.

Following executive session, Member Miller moved to provide full authority up to insurance limits on claims *Dotson*, *Lynch*, and *Bascom*, and to direct staff to look into reinsurance options on catastrophic claims. Member Segotta seconded, and by a roll call vote, the motion carried unanimously.

#### Other Business

No other business was conducted.

#### Adjournment

There being no further business or comments from the Board, Chair Calhoun adjourned the meeting at about 3:55 pm.