



SAIF CORPORATION

BOARD OF DIRECTORS

**Wednesday
December 13, 2023
10:00 a.m.**

**SAIF Corporation
400 SE High St.
Salem, Oregon**

After determining a quorum was present, the meeting was called to order at a.m. 10:16

Roll call:

John Mohlis, Chair
Krishna Balasubramani, Vice Chair
Hans Bernard
Tammy Baney
Johnell Bell - virtual

SAIF Corporation personnel present:

Chip Terhune, President & CEO
Ian Williams, Chief Operating Officer
Brigitte Hamilton, Vice President of Claims
Chris Vrontakis, Vice President of Policyholder Services
Todd Graneto, Vice President of Premium Audit and Underwriting Services
Shannon Rickard, Chief Legal Counsel and Vice President of Legal and Procurement
Holly Tindall, Vice President of Corporate Services
Olivia Keefer, Vice President, Chief Actuarial and Strategy Officer
Ken Collins, Vice President of Information Technology and Chief Information Officer
Christy Witzke, Vice President of Marketing, Sales, and Communications
Sharifa Gomez, Vice President of Human Resources
Pam Ahr, Chief Safety Officer
Sonji Young, Chief Diversity, Equity, and Inclusion Officer
Kathy Gehring, Special Advisor
Jamie Ralls, Chief Internal Auditor
David Barenberg, Government Relations Director
Ivo Trummer, Government Relations Director
Lauren Casler, Communication Supervisor
Steve Staten, Senior Research Analyst
Kevin Barrett, Assistant General Counsel
Kelly Carriger, Assistant to the Board
Angie Zahn, Executive Assistant

SAIF Corporation personnel present virtually:

Gina Manley, Chief Financial Officer

Approval of Board minutes

Motion made by Ms. Baney, seconded by Mr. Balasubramani, to approve the minutes of the November 15, 2023 meeting. The vote was unanimous, and the motion was carried.

President's opening comments

Mr. Terhune spoke about SAIF's all-company year-end event and Cheers for Peers awards held the previous week, and the importance of celebrating SAIF's successes. He informed the board about an upcoming pilot designed to save SAIF's investigations team substantial time using voice-to-text artificial intelligence report transcription.

Ms. Manley informed the board that SAIF is currently undergoing a Department of Business and Consumer Services financial exam. All is going well, and there are no findings to date.

Mr. Terhune spoke about the candid, thoughtful leadership of Mr. Barenberg, who is retiring on December 19. Mr. Barenberg commented on what a great place SAIF is to work and the many skilled, compassionate, and caring individuals. He thanked Mr. Terhune for his leadership. Mr. Trummer will replace Mr. Barenberg as the next Government Relations Director.

2024 budget

Mr. Terhune reminded the board that the proposed 2024 budget concludes a three-year investment budget cycle, which adds new capabilities and addresses historical investment deficits in specific divisions. In 2025, SAIF will move to a performance budget cycle focusing on improving efficiencies and reducing costs.

Referring to materials provided in advance of the meeting, Ms. Manley reported that SAIF is proposing an operating budget of \$319.0 million for 2024, which is an increase of \$30.5 million or 11 percent from the 2023 operating budget. Ms. Manley reviewed key components of the proposed budget, including employee costs (\$192.3 million), agent commissions (\$38.3 million), facilities, software, and equipment (\$35.1 million), and other budget drivers. SAIF is also proposing a capital budget of \$5.8 million, consisting of \$2.1 million for the next-generation portal implementation, \$1.8 million for the claims system implementation project, \$727,000 for the registration and profile management project, \$802,000 for vehicles, \$180,000 for Eugene office tenant improvements, and \$166,000 for computer and network hardware. The proposed 2024 budgets align with our strategic plan and seven-year vision.

Mr. Balasubramani and Mr. Bell expressed their appreciation for the thorough detail in the board packet and for the 2024 budget overview at the November board meeting. They spoke of the desire for the board to be engaged earlier in the budget development process. Ms. Baney commented that it would be helpful for the board to track the return of current and previously made investments and learn how SAIF benchmarks success. Mr. Terhune responded to a question from Mr. Bernard regarding the increase in FTE.

Mr. Bell commented that he looks forward to the investments in diversity, equity, and inclusion and how that work advances the cultural dynamics and efforts SAIF is committed to. He would like to see additional transparency on how management comes to budget conclusions regarding key investments.

Upon motion made by Ms. Baney, seconded by Mr. Bernard, the 2024 operating and capital budgets were unanimously approved.

Ms. Manley informed the board that she is retiring on June 1. Mr. Terhune commented that Ms. Manley is the finest Chief Financial Officer he has had the privilege to work with.

The board expressed their appreciation for Ms. Manley's strength, style, and leadership. They said that one of her best qualities is being able to talk numbers to people who are not numbers people. Her ability to distill information and hold up SAIF's processes is exceptional.

Claims System Implementation update

Ms. Hamilton provided an update on the claims system implementation project. The team has made great progress since the last board meeting. The system work, integration, and change management are all going well. Training begins in three and a half weeks. The team does not see anything that prevents the implementation from going live in February.

Ms. Gehring commented that there are many people working on this project, and they have all done amazing work. Even after the implementation date, this work will continue, and the team is prioritizing those tasks.

Mr. Collins commented that the team knows there will be issues after implementation, and they are ready for those challenges.

Mr. Mohlis said this update confirms that the correct decision was made to postpone the implementation date. He applauds the team working on the data challenges and all those involved in this work.

Operations report

Mr. Williams reported that in the third quarter, five measures returned to "green" status, nine were "red" but trending favorably, and two measures were outside of expectations. Ms. Vrontakis provided additional information about one of the measures that returned to within our expectations, the Average turnaround time on incoming service center submissions. The goal of this measure is to provide a quote within one day, 70 percent of the time. In April, SAIF began receiving submissions from the Special Districts Association of Oregon. In total, the Service Center wrote 537 policies for \$7.64 million in premium, and due to the increased workload, this measure fell outside of expectations. Third-quarter results for this measure are at 77 percent, up from 69 percent at the end of the second quarter.

Mr. Collins provided an update on the SAIF employees' cybersecurity awareness measure, which is in "red" status. In 2022, SAIF decided to make simulated phishing emails to employees more difficult. This was coupled with training to help employees recognize spoofed emails. In the third quarter of this year, employees spotted phishing emails 96.9 percent of the time on a goal of 97.0 percent. Results for November show the highest results at 97.5 percent. This is a continuous, ongoing process, and employees are doing a great job.

Mr. Collins responded to a question from Mr. Bernard on whether SAIF is using artificial intelligence when crafting employee phishing emails.

Mr. Williams reported on the value delivered and realized as a result of SAIF's project work since the September board meeting. Progress continues in enhancing digital self-service for SAIF's policyholders with the second release of the user management app. Discovery and planning work was completed for the new portal framework, which will be the foundation for next-generation portals in 2024 and beyond.

Ms. Casler updated the board on SAIF's storytelling initiative. Thirty-six storytellers have been trained; 40 internal articles have been published, generating 16,600 views. Employees

also have direct links to 12 external stories, some of which are from SAIF's Oregon Odd Jobs video series. Looking ahead to next year, SAIF plans to feature more policyholder stories and increase the value of existing stories for policyholders.

Ms. Gomez provided an update to the board on the competencies project. The human resources business partner (HRBP) team is actively working to conduct Korn Ferry card sorts for each role in all divisions. Doing so will help employees understand expectations and own their career growth. In 2024, this work will be embedded into the recruitment, learning and development and performance management process.

Mr. Williams reported that in June, a cross-divisional team delivered the first SAIF Portfolio report to the executive leadership team (ELT). This report brings visibility to projects across the organization and allows management to anticipate challenges and see change management implications. Later in December, this visibility will be made available to all employees for greater cross-divisional awareness.

Audit Committee report

Ms. Baney reported on the Audit Committee meeting that took place before today's board meeting. There was an extensive discussion about the cybersecurity incident and SAIF's thoughtful approach to improvement and success. The internal audit team gave an update on the audits planned for 2024 and those that have recently been completed. In addition, the audit committee met privately with the internal audit team. Ms. Baney expressed interest in learning more about how the budget process aligns with SAIF's auditing process. Mr. Bell agreed. He expressed his thanks to the team for conducting spot audits and looking for improvement opportunities.

President's report

Mr. Terhune displayed a graphic depicting SAIF's winning cycle, which accompanies his annual guidance to the organization. After consulting with ELT, a "one team" theme dominates the guidance. This theme is already in motion thanks to the incredible work of our employees. In 2024, SAIF will actively seek ways to engage with other partners and have conversations about the employee experience, which we invite the board to lean into. SAIF will be stronger in the marketplace and better aligned with its values.

Existential threats exist and include a "takings", the return of medical escalation, failing to provide extraordinary service, and a lack of access to medical care for injured workers, which will be an area of focus in 2024 and action in 2025.

Mr. Terhune responded to questions from the Directors regarding how SAIF assesses and sustains customer service levels and how SAIF understands the lived experience and challenges of its customers. He spoke about two pilots underway: one related to the prevention and early indication of post-traumatic stress disorder and a behavioral health pilot to understand the impacts of injured worker care, treatment, loss of income, depression, and anxiety. The latter will help SAIF better plan for what action to take around access to care issues. It is incumbent upon SAIF to lead and govern solutions to this emerging issue.

The Directors made several comments related to access to care, including the number of challenges in Oregon relative to healthcare providers and volatility in this marketplace. They said additional leadership is needed, and they commend SAIF for leaning into this issue.

Mr. Mohlis expressed his appreciation for everyone who helped make today's meeting possible.

Adjournment

There being no further business, the meeting was adjourned at 12:18 p.m.



Kelly Carriger, Assistant to the Board