



SAIF CORPORATION

BOARD OF DIRECTORS MEETING

**Wednesday
September 3, 2025
10:00 a.m.**

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

After determining a quorum was present, the regular business meeting was called to order at 10:03 a.m.

Board of Directors roll call:

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

Virtual:
Johnell Bell

SAIF Corporation personnel present:

Chip Terhune, President and Chief Executive Officer
Ian Williams, Chief Operating Officer
Todd Graneto, Chief Financial Officer
Chris Vrontakis, Vice President of Policyholder Services
Shannon Rickard, Chief Legal Counsel and Strategy Officer
Ken Collins, Vice President of Information Technology & Chief Information Officer
Olivia Keefer, Chief Actuary and Vice President of Actuarial Services
Brigitte Hamilton, Vice President of Claims
Christy Witzke, Vice President of Marketing, Sales, and Communications
Rachel Shepherd, Vice President of Premium Audit and Underwriting Services
Pam Ahr, Chief Safety Officer
Holly Tindall, Vice President of Corporate Services
Jamie Ralls, Chief Internal Auditor
Ivo Trummer, Government Relations Director
Kevin Barrett, Assistant General Counsel
Kevin Graine, Controller
Skylar Hall, Assistant General Counsel
Annie Lyons, Director of Corporate Operations

Virtual:
Angie Zahn, Executive Assistant

The meeting was held in person for attendees and was webcast internally at SAIF.

Approval of board minutes

Upon motion duly made by Mr. Balasubramani and seconded by Mr. Bernard, the minutes from the June 4, 2025, meeting were unanimously approved.

President's report

Mr. Terhune thanked Krishna for his service on our board and provided an overview of the board agenda.

ORSA Submission

For the record, it is noted that the Board of Directors received an electronic copy of SAIF's ORSA (Own Risk Solvency Assessment), as submitted to the Department of Consumer and Business Services (DCBS) on August 28, 2025.

Financial reports

2025 second-quarter financial report

Referring to materials provided in advance of the meeting, Mr. Graneto reported that SAIF ended the quarter with a surplus of \$2.085 billion. The surplus was impacted by a year-to-date net loss of \$21.1 million and unrealized investment gains of \$23.6 million. Surplus to CAL RBC is 4.9.

Premium continues to see slight increases. Year-to-date, net earned premium reached \$297.0 million, or 0.6 percent higher than the first half of 2024. The 2025 year-to-date premium retention rate continues to be strong at 98.3 percent.

Mr. Graneto shared that the total claims costs recorded were \$253.7 million for the first half of the year, with a reduction in prior year reserves of \$18.5 million.

Ms. Keefer explained that the favorable reserve development was driven by a decline in claim frequency and adjustments to case reserves for older accident years, partially offset by higher-than-expected medical costs. Overall, this resulted in \$18.5 million of favorable claim reserve development for prior accident years, compared to the \$15.9 million recognized for the first half of 2024.

Ms. Keefer and Ms. Hamilton answered questions from the board regarding the underlying causes of the decline in claim frequency.

Total investment income was \$92.1 million for the first half of 2025. Interest income was up \$3.49 million, or 4.6 percent, and realized investment gains of \$3.4 million were recorded, compared to gains of \$3.7 million for the first half of 2024.

Second-quarter investments

Mr. Graneto reported SAIF's investment portfolio is up 4.84 percent for the first half of 2025, with bonds up 4.37 percent, stocks up 10.06 percent, and real estate funds up 1.92 percent. The portfolio performed better than the benchmark by 0.28 percentage points and complied with the approved policy.

Mr. Graneto discussed updates on SAIF's investments and current portfolio. Oregon State Treasury is working with external consultants to identify additional investment managers for SAIF's fixed income and private credit investments.

Budget report

Mr. Graneto reported that SAIF's operating budget was \$5.7 million under budget through the first half of 2025. SAIF is forecasted to be \$4.0 million under the 2025 annual operating budget of \$332.6 million.

As of June 30, 2025, operating budget savings include \$2.5 million in software license renewals and purchases that were lower than anticipated or will be spent later in the year, \$1.3 million in agent commissions, and \$957,000 in consulting services for strategic and technology projects. Key drivers of the year-to-date overages include \$725,000 for employee benefits due to higher costs with the self-funded medical insurance claims, \$305,000 for employee relations and welfare due to additional security measures, and \$220,000 for hardware maintenance.

SAIF's Internal Audit budget which is included in the annual operating budget is forecasted to be approximately \$50,000 over the 2025 annual budget of \$1.0 million.

SAIF's capital budget was \$855,000 under budget through the first half of 2025. SAIF's capital budget is forecasted to be under budget by \$350,000 at year-end.

Ms. Ralls announced that they have hired another internal auditor for the team.

Dividend recommendation

Mr. Terhune and Ms. Witzke presented a recap of prior dividends from 2020-2024.

Mr. Terhune recommended that a \$50.0 million dividend be paid to eligible policyholders. This would be, on average, 8.2 percent of the eligible annual standard premium.

The board commended the team for their thoughtful approach to the dividend decision and thanked Ms. Keefer and her team for their analysis of the numbers and contributing factors.

On a motion made by Mr. Balasubramani and seconded by Mr. Mohlis, the attached policyholder dividend operating resolution of \$50.0 million based on premium volume was unanimously approved.

Diversity, Equality, and Inclusion

Mr. Terhune presented DEI's history and timeline at SAIF. Mr. Terhune appreciated the different groups within DEI, including the core team, employee resource groups (ERG), and Affinity groups.

Mr. Terhune presented DEI's history and timeline at SAIF. Mr. Terhune gave credit to those at SAIF who contributed to the development of the new strategy, including but not limited to Interim CDEIO Toni King-Byous, Annie Lyons, their core team of advisors, SAIF's Employee Resource Groups (ERGs), and Affinity Groups.

Ms. Lyons outlined the strategic direction for DEI at SAIF for 2025 and beyond. She detailed objectives such as strengthening SAIF's DEI framework, considering integration with total worker health, promoting inclusion, safety, and well-being, and ensuring alignment between DEI initiatives and employee experience outcomes.

Mr. Terhune concluded by emphasizing the business significance and value of DEI at SAIF. He underscored the need to thoughtfully evaluate each aspect of this journey and its implications for the organization. He commended the dedication of teams and employees who have actively engaged in these efforts, noting that the foundational work underway is guiding the organization on the appropriate path forward. He also emphasized the importance of meeting our increasingly diverse customers and market where they are in order to continue to fulfill SAIF's mission.

Ms. Lyons responded to a question from the board about how the board can contribute to and help with this important work at SAIF.

Operations Report

Mr. Williams noted that corporate operations acts as an integrator and enabler, supporting all areas of SAIF. There are four broad service lines: vendor management and procurement, project management, change management, and process optimization. The team also monitors operational performance and has view to the entire range of enterprise and divisional initiatives, projects, and programs. act as an integrator and enabler, supporting all areas of SAIF.

Mr. Williams presented the planned opportunities for 2026, which will focus on integrated planning and on process optimization initiatives in areas of high-volume, manual, and production-based operations.

Premium Audit & Underwriting

Ms. Shepherd presented that the premium audit and underwriting services division (PAUSD) plays a critical role in achieving SAIF's mission and vision by selecting and pricing businesses, assuring real accuracy and equity, and actively educating and supporting our customers to meet their needs and exceed their expectations while protecting the integrity of the Industrial Accident Fund and utilizing sound principles of insurance.

Ms. Shepherd provided that FTE investment has strengthened the capacity and stability of this team, including strengthening operations, building leadership capacity, and supporting people and culture. Our audit team will finish the year with about 9,000 audits. In 2024, the underwriting team managed 6,903 policies, representing \$407.3 million in premiums. For other states coverage (OSC), they have 1,807 policies and \$19.6 million in premiums.

Ms. Shepherd shared the areas of focus for 2025, which include updating the 7-year vision, strategy, and roadmap, introduced PAUSD pulse, which includes employee engagement and communication for PAUSD, modernized tools and reporting, and data-informed decisions.

Ms. Shepherd presented what PAUSD is doing for the future of PAUSD, which includes enhancing policyholder experience, expanding career pathways, and exploring AI opportunities, to name a few.

Audit committee report

Mr. Bell reported on the audit committee meeting that took place before today's board meeting. The Audit Committee meeting held today included the exit presentation from our external auditors, Baker Tilly, who issued an unmodified opinion with no material weaknesses to report. The reports from Baker Tilly and Oliver Wyman were made available to the board. The Committee then held separate executive sessions with Finance and with Actuary. Internal Audit provided updates on recently issued audit reports, including a Change of Director review for the Vice President of Human Resources, Model Audit Rule testing, Business Continuity and Disaster Recovery, and a review of IT governance. The Committee concluded with a review of the required communication matrix.

President's closing remarks

Mr. Terhune shared his thoughts about increased medical escalation and mentioned the uncertainty facing Oregon, as well as concerns regarding the economy. He stated that over the next 18 months, there will be engagement with future developments and efforts to address current uncertainty. Planning will take place, and work will focus on developing a strategic plan that aligns with the needs of customers and employees.

Mr. Terhune expressed appreciation to the board for their involvement with SAIF and their willingness to engage in discussions aimed at organizational improvement.

Ms. Baney, along with the entire board, thanked Mr. Balasubramani for his 12 years of service and his contributions to strengthening SAIF and establishing a foundation for ongoing progress.

Mr. Balasubramani shared his perspective on his tenure and acknowledged his role in serving SAIF and the board.

Adjournment

There being no further business, the meeting was adjourned at 12:23 p.m.



Angie Zahn, Executive Assistant to the Board