# New Mexico
# Public Schools Insurance Authority

# Board of Directors Meeting
# June 6, 2024

# New Mexico Public Schools Insurance Authority

## Board of Directors Meeting

**Board of Directors**

**Al Park, President, Governor Appointee**
**Chris Parrino, Vice President, NM Association of School Business Officials**
**Trish Ruiz, Secretary, Educational Entities at Large**
**Denise Balderas, Governor Appointee**
**Vicki Chavez, NM Superintendents Association**
**Tim Crone, American Federation of Teachers NM**
**Pauline Jaramillo, NM School Boards Association**
**Bethany Jarrell, National Education Association - New Mexico**
**K.T. Manis, Public Education Commission**
**David Martinez, Jr., National Education Association - New Mexico**
**Sammy J. Quintana, Governor Appointee**

**In-Person & Virtual**

**In-Person:**
Poms & Associates
201 3rd Street, Suite 1400
Albuquerque, New Mexico 87102

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**Meeting ID: 872 1441 5239**

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**Thursday, June 06, 2024**
**9:00 a.m.**

**Agenda**

**Draft**

| | | |
|---|---|---|
| 1. | Call to Order | A. Park |
| 2. | Roll Call | C. Probst |

| | | |
|---|---|---|
| 3. | Introduction of Guests | P. Sandoval |
| 4. | Citizens to Address the Board **(Five-Minute Limit)** | A. Park |
| 5. | Approval of Agenda **(Action Item)** | A. Park |
| 6. | Approval of May 2, 2024 Minutes **(Action Item)** | A. Park |
| 7. | Approval of May 17, 2024 Minutes **(Action Item)** | A. Park |
| 8. | Executive Session **(Action Item)** | A. Park |
| | A. Discussion of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978 | A. Park |
| | 1. RFP# 342-2024-07 Capital Asset Valuation Services | A. Park |
| | 2. RFP# 342-2024-09 Asset Management Consulting Services | A. Park |
| | B. Discussion of Threatened or Pending Litigation Pursuant to §10-15-1 H (7) NMSA 1978 | A. Park |
| | 1. T.R. v. Las Cruces Public Schools / Patrick Howard | |
| | C. Any action on the Discussion of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6)NMSA 1978 **(Action Item)** | A. Park |
| 9. | Administrative Matters | |
| | A. Annual Meeting Update | D. Williams |
| | B. 2024 State & Local Government Benefits Association Annual Conference Update | P. Sandoval/ M. Quintana |
| | C. 2024 State & Local Government Benefits Association Regional Conference September 23-26, 2024, Austin, Texas **(Action Item)** | P. Sandoval |
| | D. Staff Update | P. Sandoval |
| | E. Approval of Increase for Chief Financial Officer Position **(Action Item)** | P. Sandoval |
| | F. Approval of Amendment for General Legal Counsel Services **(Action Item)** | P. Sandoval |
| | G. Approval of Contract for Third Party Administrator Services **(Action Item)** | M. Quintana |
| | H. Approval of Contract for Vision Benefits Vendor A **(Action Item)** | M. Quintana |
| | I. Approval of Contract for Dental Benefits Vendor A **(Action Item)** | M. Quintana |
| | J. Approval of Contract for Dental Benefits Vendor B **(Action Item)** | M. Quintana |
| | K. Approval of Contract for Dental Benefits Vendor C **(Action Item)** | M. Quintana |
| | L. Approval of Contract for Medical Benefits Vendor A **(Action Item)** | M. Quintana |
| | M. Approval of Contract for Medical Benefits Vendor B **(Action Item)** | M. Quintana |
| | N. Approval of Changes to NMPSIA Rules **(Action Item)** | K. Jones |

10. Financial Matters

| | | |
|---|---|---|
| A. | Approval of Financial Reports - April 2024 **(Action Item)** | P. Gonzales |
| B. | FY 2025 Operating Budget **(Action Item)** | P. Gonzales |
| C. | FY 2024 Benefits Budget Adjustment Request Update | P. Gonzales |
| D. | FY 2024 Risk Budget Adjustment Request Update | P. Gonzales |
| E. | FY 2024 Program Support Budget Adjustment Request Update | P. Gonzales |
| F. | FY 2024 Certification of Capital Assets **(Action Item)** | P. Gonzales |
| G. | Retroactive Approval of Contract for Financial Audit Services **(Action Item)** | P. Gonzales |

11. Benefits Matters

| | | |
|---|---|---|
| A. | Approval of 2024-2025 Part Time Resolutions **(Action Item)** | K. Jones |
| B. | Approval of Artesia Request to Increase Basic Life Benefit Effective 7/1/2024 **(Action Item)** | M. Quintana |
| C. | SurgeryPlus Update | K. Jones |
| D. | Benefits Analyst Quarterly Statistical Report | L. Martinez |
| E. | Carrier Semi-Annual Reports | |
| | A. Blue Cross Blue Shield | L. Guevara |
| | B. Presbyterian | S. Valdez |
| F. | IBAC Update | K. Jones |

12. Risk Matters

| | | |
|---|---|---|
| A. | Approval of Entities in Process to Join Risk Program **(Action Item)** | P. Sandoval |
| B. | Student Accident Proposal **(Action Item)** | D. Poms |
| C. | Student Accident Catastrophic Coverage **(Action Item)** | P. Sandoval |
| D. | 2024-2025 Property, Liability, Crime, Cyber Liability, Equipment Breakdown and Workers' Compensation Renewal Terms **(Action Item)** | D. Poms |
| E. | 2024-2025 MOC P027 Property, Automobile Physical Damage, Crime & Cyber Coverage **(Action Item)** | D. Poms |
| F. | TAP 2023-2024 End of Year Report | L. Garcia |
| G. | TPA Reports | |
| | 1. Property & Liability Monthly Claims Report | S. Vanetsky |
| | 2. Property & Liability Large Losses | S. Vanetsky |

| | | |
|---|---|---|
| | 3. Workers' Compensation Monthly Claims Report | J. Mayo |
| | 4. Workers' Compensation Large Losses | J. Mayo |
| | H. Loss Prevention Update | L. Vigil/J. Garcia |
| 13. | General Discussion | A. Park |
| 14. | Next Meeting Date and Location: Thursday, July 25, 2024<br>Location: 10 Miller Lane, Angel Fire, NM 87710 and a virtual option<br>**(Action Item)** | A. Park |
| 15. | Adjournment **(Action Item)** | A. Park |

**New Mexico Public Schools Insurance Authority**
**Board of Directors Meeting Minutes**

**In Person:**
**Poms & Associates Insurance Brokers**
**201 3rd Street NM, Ste. 1400**
**Albuquerque, NM 87102**

**Virtual:**
https://us02web.zoom.us/j/89492708804?pwd=Ly9Gei96Skl3YURrRlVLYTF5OFdvQT09
**Phone: +1 719 359 4580**
**Meeting ID: 894 9270 8804**
**Passcode: 347072**

**Thursday, May 2, 2024**

**Draft**

## 1. Call to Order

Mr. Al Park, President, Called the NMPSIA Board Meeting to order at 9:01 a.m. on Thursday, May 2, 2024.

## 2. Roll Call

Ms. Charlette Probst called roll.

**Board Members Present:**

| | |
|---|---|
| Al Park, President | In Person |
| Chris Parrino, Vice President | In Person |
| Trish Ruiz, Secretary | In Person |
| Vicki Chavez | Virtual |
| Tim Crone | Virtual |
| Pauline Jaramillo | Virtual |
| Bethany Jarrell | Virtual (left 10:55) |
| David Martinez, Jr. | Virtual |
| Sammy Quintana | Virtual (attended full meeting had audio issues for votes) |

**Board Members Absent:**

Denise Balderas
K.T. Manis

**NMPSIA Staff Members Present:**

| | |
|---|---|
| Patrick Sandoval, Executive Director | In-Person |
| Phillip Gonzales, Chief Financial Officer | In-Person |
| Charlette Probst, Finance/HR Manager | In-Person |
| Maria Lugo, Chief Procurement Officer | In-Person |
| Marlene Vigil, Financial Specialist | Virtual |
| Claudette Roybal, Risk Program Coordinator | Virtual |
| Kaylei Jones, Benefits/Wellness Coordinator | In-Person |
| Leslie Martinez, Benefits Analyst | Virtual |

**Audience Present**

| | | |
|---|---|---|
| Marsha Martinez | BAC Committee Member | Virtual |
| Lisa Guevara | BCBSNM | In-Person |
| Maureen Sergel | BCBSNM | Virtual |
| Samantha Mensay | BCBSNM | Virtual |
| Jacqueline Pacheco | BCBS | Virtual |
| Steve Vanetsky | CCMSI | In-Person |
| Jerry Mayo | CCMSI | In-Person |
| Louise Carpenter | CCMSI | Virtual |
| Courtney Barela | CCMSI | Virtual |
| Ryan Bond | Cigna | Virtual |
| David Lauck | CVS | In-Person |
| Gene Ruiz | Citizen | In-Person |
| Sam Garcia | Davis Vision | In-Person |
| Rich Bolstad | Delta Dental | In-Person |
| Stephanie Garcia | Delta Dental | In-Person |
| Kathy Payanes | Erisa Administrative Services | In-Person |
| Amy Bonal | Erisa Administrative Services | Virtual |
| C.S. Hwa | Erisa Administrative Services | Virtual |
| Audra Kahl | Espanola Public Schools | Virtual |
| Eric Ahner | J. Paul Taylor Academy | Virtual |
| LESC Staff | Legislative Education Study Commission | Virtual |
| Daniel Estupinan | Legislative Education Study Commission | Virtual |
| Joseph Simon | Legislative Finance Committee | In-Person |
| Eric Swartz | Myers-Stevens & Toohey | Virtual |
| Neil Kueffer | New Mexico Retiree Health Care Authority | Virtual |
| Keith Witt | New Mexico Retiree Health Care Authority | Virtual |
| Mallory Sampson | PFM Asset Management | Virtual |
| Sarah Hart | PFM Asset Management | Virtual |
| Tammy Pargas | Poms & Associates | In-Person |
| Karen Mestas Harris | Poms & Associates | Virtual |

| | | |
|---|---|---|
| David Poms | Poms & Associates | In-Person |
| Julie Garcia | Poms & Associates | In-Person |
| Larry Vigil | Poms & Associates | In-Person |
| Rika Martinez | Poms & Associates | In-Person |
| Kevin McDonald | Poms & Associates | In-Person |
| Steve Valdez | Presbyterian | In-Person |
| Benito Gonzales | RAC Committee Member | Virtual |
| Tonya Lewis | Red River Valley CS | Virtual |
| KJ Ritterhouse | Red River Valley CS | Virtual |
| Debbie Donaldson | Segal | In-Person |
| Nura Patani | Segal | Virtual |
| Andrea Vargas | The Standard | In-Person |
| Stephanie Anthony | UCCI | In-Person |

**3. Introduction of Guests**

Mr. Patrick Sandoval, Executive Director of NMPSIA, introduced Mr. Mark Saavedra and Ms. Vanessa Hawker with the Council of University Presidents; Ms. Mallory Sampson with PFM Asset Management; Mr. David Lauck with CVS; Ms. Ara Green and Ms. Juliane Hillock with Hozho Academy; Ms. Audra Kahl, Miss Veronica Guillen, and Ms. Holly Martinez with Espanola Public Schools; Ms. Irene Sanchez and Mr. Robert Baade with Robert F. Kennedy Charter School; Mr. Eric Aner with J. Paul Taylor, Academy; Ms. Kimberly Ritterhouse with Red River Valley Charter School; and Mr. Brian Dooley Executive Director from Region Educational Cooperative IX.

**4. Citizens to Address the Board (Five-Minute Limit)**

There were no citizens to address the Board.

**5. Approval of Agenda (Action Item)**

Mr. Sandoval requested to remove items: 9. D. Approval of Contract for Financial and Compliance Audit Services, 10. B. Approval of Part-time Resolutions Effective July 1, 2024, and item 11. B. Approval of Student Accident and Sickness Insurance Proposal.

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |

| | |
|---|---|
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**6. Approval of Minutes (Action Item)**

**A. Approval of March 2024 Minutes**

A motion was made to approve the March 2024 NMPSIA Board Meeting Minutes.

**Motion:** D. Martinez, Jr. **Second:** C. Parrino

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Abstain |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**B. Approval of April 2024 Minutes**

A motion was made to approve the April 2024 NMPSIA Board Meeting Minutes.

**Motion:** C. Parrino **Second:** T. Ruiz

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |

| | |
|---|---|
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Abstain |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**7. Executive Session (Action Item)**

**A. Discussion of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978**

**1. RFP# 342-2024-08 Financial and Compliance Audit Services**

**2. RFP # 342-2024-06 Actuarial Services**

**B. Discussion of Threatened or Pending Litigation Pursuant to §10-15-1 H (7) NMSA 1978**

**1. Christensen and Seifert v. Portales Municipal Schools**

**2. Tony Rubin v. West Las Vegas Schools**

A motion was made to enter an Executive Session to discuss Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978 and Discussion of Threatened or Pending Litigation Pursuant to §10-15-1 H (7) NMSA 1978. Executive Session began at 9:10 am.

**Motion:** D. Martinez, Jr. **Second:** T. Ruiz

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |

| | |
|---|---|
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

A motion was made to come out of Executive Session at 9:26 am. Only items listed on the agenda were discussed.

**Motion:** D. Martinez, Jr. **Second:** T. Ruiz

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**C. Any action on the Discussion of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978 (Action Item)**

**7. A. 1. RFP# 342-2024-08 Financial and Compliance Audit Services**

A motion was made to select a vendor, enter into contract negotiations, and bind a contract for retroactive approval.

**Motion:** D. Martinez, Jr **Second:** T. Ruiz

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Abstain |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**7. A. 2. RFP# 342-2024-06 Actuarial Services**

A motion was made to select vendor A and enter into contract negotiations for Actuarial Services.

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Abstain |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**8. Administrative Matters**

**A. Council of University Presidents**

Ms. Vanessa Hawker, Executive Director for the Independent Community Colleges and Mr. Mark Saavedra, Executive Director for the New Mexico Council of University Presidents addressed the Board. Four of the seven entities they represent offer health and risk benefits through NMPSIA. Mr. Saavedra added that a higher education unified budget request has been put together for the legislature and the executive and are currently working on the request for the next session. The associations try to work together, including working with Mr. Sandoval to get an idea of what things are going to look like in terms of rate increases, going to the legislature, and trying to advocate for funding for those increases. Ms. Hawker added that in the most recent legislative session, State support was received to help offset the increase in medical insurance for the employer's share. One of the unique pressures that higher education institutions in New Mexico are facing is the Opportunity Scholarship which provides many opportunities to returning adult students.

Institutions of higher education now face pressure to keep their tuition fees at a minimal increase, whereas in the past the viewpoint for higher education institutions was split between the State of New Mexico's share and the portion to be paid by the student/parents/guardians in tuition fees. Years ago, there was pressure from the legislature to increase tuition, and state funding was kept low and is now in the process of flipping with the opportunity scholarship. There is now significant pressure and a bill that just passed this most recent session, that says institutions will keep tuition under the higher education price in the Mountain States region for opportunity reimbursement. If fees increase they will only be reimbursed for a set amount of reimbursement. Mr. Saavedra advised that due to budget cuts and the opportunity scholarship, budget increases can no longer be done through tuition. There used to be a cost share however, due to the opportunity scholarship this cost share no longer exists. Mr. Saavedra said that they would like to continue to work with the board to try to be able to work and plan for any rate increases. Board members expressed that they are facing the same challenges and it was a difficult decision to pass the rate increases while remaining fiscally responsible to be solvent.

**B. Annual Meeting Update**

Ms. Maria Lugo, Chief Procurement Officer with NMPSIA, provided an update on the 2024 annual meeting. The meeting is planned for July 24th and 25th in Angel Fire, New Mexico. As of April 30, the contract for lodging, meals, and the meeting space has been reviewed by NMPSIA Staff and is currently with Angel Fire Resort for edits. The main changes are as follows: first, NMPSIA staff have negotiated a special rate for lodging that is about 30% off the initial rate quoted. NMPSIA staff, with the help of Mr. Kevin McDonald from Poms and Associates, have made needed arrangements for our IT needs, which as of now, will be at no additional cost. NMPSIA is also working on the menu for the meals which will also be added to the contract, and NMPSIA is hoping to have that by the end of the week. Ms. Lugo provided a quick breakdown of the estimated costs. The negotiated room rate will be $129.99 plus tax per night. Ms. Lugo highlighted that the resort has limited rooms with air

conditioning, and staff will do their best to get those included in our room block. Portable AC units are available on a first-come, first-serve basis for rooms without air conditioning and the resort has advised that they will do their best to block the rooms that face north as they are the cooler rooms during that time of the year. The rooms with the AC are also subject to availability at the time the contract is signed. The estimates for the meals at the resort are an average of $21 per person per meal. The location for dinner is being researched, and NMPSIA staff will be driving up to Angel Fire to visit the possible venues.

**C. Staff Update**

Mr. Sandoval presented the NMPSIA Staff Update. The Benefits Manager position was posted in February and after completing interviews, Ms. Kaylei Jones was selected. Mr. Sandoval as well as the Board congratulated Ms. Jones. Ms. Kaylie Jones, Benefits Manager with NMPSIA expressed her happiness to continue her journey with NMPSIA in this new capacity. Mr. Sandoval added that with Ms. Jones' promotion a vacancy for the Benefits Coordinator position was created. The position has been posted and closed. The Executive Assistant position is currently posted and closes this week. NMPSIA staff look forward to completing interviews within the next two weeks for both positions.

**9. Financial Matters**

**A. Approval of Financial Reports - March 2024 (Action Item)**

Mr. Phillip Gonzales, Chief Financial Officer with NMPSIA, presented the Statement of Revenues and Expenditures for the period ending March 31, 2024 for the Employee Benefits Fund. Mr. Gonzales reported revenue of $33,309,904.18 and expenses of $35,221,408.34, for a loss of $1,911,504.16 for March. Year-to-date revenue was $283,715,237.26 and expenses were $292,104,032.41 resulting in a loss of $8,388,795.15.

Mr. Gonzales presented the Statement of Revenues and Expenditures for the period ending March 31, 2024 for the Risk Fund. Mr. Gonzales reported revenue of $9,227,375.32 and expenses of $7,994,776.16, for a gain of $1,232,599.16 for March. Year-to-date revenue was $80,815,576.29 and expenses were $75,496,962.92 resulting in a gain of $5,318,613.37.

Mr. Gonzales presented the Statement of Revenues and Expenditures for the period ending March 31, 2024 for the Program Support Fund. Mr. Gonzales reported revenue of $136,957.00 and expenses of $119,241.37, for a gain of $17,715.63 for March. Year-to-date revenue was $1,232,791.02 and expenses were $1,215,871.17 resulting in a gain of $16,919.85.

Mr. Gonzales presented the Balance Sheet for the Agency for the period ending March 31, 2024. Program Support had total assets of $824,162.23, total liabilities of $112,578.78, and total fund equity of $711,583.45. Employee Benefits had total assets of $44,483,957.52, total liabilities of $35,291,086.28, and total fund equity of $9,192,871.24. Risk had total

assets of $135,936,350.70, total liabilities of $119,262,590.40, and total fund equity of $16,673,760.30. The total combined assets for the agency were $181,244,470.45, the total liabilities for the agency were $154,666,255.46, and the total fund equity for the agency was $26,578,214.99.

A motion was made to approve the Financial Reports for March 2024 as presented.

**Motion:** T. Ruiz **Second:** D. Martinez, Jr.

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Absent |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**B. Investment Performance Review for the Quarter Ended March 31, 2024**

Ms. Mallory Sampson with PFM Asset Management, joined by her colleague Ms. Sarah Hart, reviewed the investment performance report for quarter ended March 31, 2024. Ms. Sampson provided a brief market overview including performance and rebalancing that has been done in the recent past.

In the domestic equity space, Ms. Sampson compared the Russell 1,000 Growth Index for the one-year figure and compared that to the Russell 2,000 index. The 1,000 Growth index is the very large companies that are growth-oriented, and the 2,000 is the smaller stocks within the US Stock market and there is a large deviation in the year-to-date column due to large technology companies. Ms. Sampson states in general, they're contributing more than the other asset classes within the domestic equity space and are pushing the overall stock market up. NMPSIA portfolios have benefited from this and overall have had strong returns in this space. For the international equity markets, comparing the emerging market space (MSCI EM) with the rest of the world (MSCI World ex), the merging market space was lagging as counterparts which is the same as last quarter. This is due to China

continuing to struggle in a post-Covid economy. In the alternative space, Ms. Sampson highlighted that the first 2-line items are slightly negative and are representative of the real estate market. This is in reaction to the continued high interest rates that are expected to continue through 2024. The Federal Reserve was expected to cut rates 5 to 6 times, as of now, the markets are pricing in only one rate cut and so that's causing some volatility within the real estate market and in the fixed income market, represented in the fixed income section of the chart as slightly negative.

Ms. Sampson addressed the overall economy. There is strong economic growth but some slowdown is being seen. The most recent number for US GDP came out for the first quarter and is estimated at 1.6%, slightly less than expected. The fourth quarter was in the 3% range. In the labor market over the last month, over 300,000 jobs were added to the labor market. The month prior was 250,000 equating to under 4% on employment for a little over 20 months. The Federal Reserve is continuing to watch that very strong labor market, hoping that it will weaken slightly as well as watching the inflation. The Fed would like to get back to a 2% target. Inflation numbers have come in slightly above expected.

Ms. Sampson reported how NMPSIA portfolios have been impacted starting with the Benefits fund. NMPSIA started 2024 with an overall asset allocation of 65-35. Looking at the total fund performance and comparing that to the benchmark, the one quarter is the same as the year to date, 4.84% against a benchmark of 4.96% which is a slight underperformance. In the one-year column, 14.81% return slightly below the benchmark, but overall, very positive. Since inception, there has been a 6.21% against a 6.26% benchmark. Overall, there were positive returns in the domestic equity and international equity markets and fixed income helped to boost up as close as possible to that benchmark.

Ms. Sampson reviewed how the portfolios performed against peer groups. The median most common for this last quarter was 4.68%. The portfolio of the last quarter performed at 4.84%. Which is the top 43 percentile, slightly above average, but slightly underperformed against the benchmark.

In February the overall allocation moved to a 50-50 asset allocation, intending to reduce overall volatility, but still being able to hit the discount rate of 6.5%. As of the end of March that portfolio had been reallocated to that 50-50 target. From February to March the domestic equity space continued to grow like it has over the last year, and so that piece of the portfolio shifted up about 2.5%, which is slightly overweight in equity, and slightly underweight in fixed income.

Ms. Sampson presented the recommendation for the last month which was to rebalance back to that 50-50 target to take the gains from the domestic equity space and get back to the target. The next quarterly report will show the target allocation of 50- 50 for the Benefits fund and the Risk fund. For the Risk fund, which is similar, the total funds compared to the benchmark are similar numbers right on top of that benchmark. For the

one year 15.51%. There is strong performance overall, at inception, 6.35% against that 6.26% benchmark.

**C. Retroactive Approval Request to Rebalance Investment Portfolio (Action Item)**

Ms. Sampson presented the request for approval to retroactively rebalance NMPSIA's investment portfolio for the Benefits Fund and Risk Fund effective May 1, 2024. The Risk Fund rebalance was from US Large Cap Index and Non-US Emerging Index pools to Credit Plus Bond pool. The Benefits Fund rebalance was from the US Large Cap Index pool to the Credit Plus Bond pool.

A motion was made to approve the Retroactive Approval Request to Rebalance the Investment Portfolio.

**Motion:** D. Martinez, Jr. **Second:** P. Jaramillo

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Absent |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**D. Approval of Contract for Financial and Compliance Audit Services (Action Item)**

Agenda item removed.

**10. Benefits Matters**

**A. COVID/RSV/Flu Claims Statistics for Fiscal Year 2024**

Ms. Charlette Probst, Finance/HR Manager with NMPSIA, introduced Ms. Debbie Donaldson with Segal. Ms. Donaldson presented the COVID, RSV, and Flu statistics for 2024.

Segal provided an analysis based on paid claims basis from data pulled using ICD codes for four diagnosis levels. Ms. Donaldson reported the results are from medical only because catching pharmacy data for Flu and RSV are hard to track specifically. She reported that COVID vaccination data can be tracked and brought back to the board to present results for the entire fiscal year 2024, as well as vaccination data for Flu and RSV. COVID continues to be a financial driver. COVID, RSV, and Flu for all plans of the $4.6 million for the fiscal year to date would be through February, COVID represents $3.6 million. Ms. Donaldson explained the costs are still being driven by COVID this year. Segal can present results for the entire fiscal year 2024 and do a comparison of year to year once the information is available.

**B. Approval of Part-time Resolutions Effective July 1, 2024**

This item was removed.

**C. Approval of CVS Caremark Drug Savings Review (Action Item)**

Mr. David Lauck with CVS presented an overview of the Drug Savings Review. This is included as an additional service in the original contract and an amendment is not required. The cost of this benefit is $.30 per member per month based on the entire membership. Staff is recommending approval of this program. Ms. Jones confirmed CVS will be working directly with the physician. Unless the physician states the member is a good candidate for this program the member will not be looped in until the physician provides approval. Mr. Martinez, Jr. asked if the members did not want the change if they had the option to continue their current medication. Mr. Lauck confirmed the decision is between the member and their physician. Mr. Sandoval added that the program also helps to identify drug interactions, which is a valuable benefit to members.

A motion was made to approve CVS Caremark Drug Savings Review.

**Motion:** D. Martinez, Jr. **Second:** P. Jaramillo

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |

| | |
|---|---|
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**D. Approval of Waiver of Penalty Assessments (Action Item)**

**1. Espanola Public Schools Payment Penalty Waiver Request**

**2. Hozho Academy Payment Penalty Waiver Request**

**3. J. Paul Taylor Academy Payment Penalty Waiver Request**

**4. Red River Valley Charter School Payment Penalty Waiver Request**

**5. Robert F. Kennedy Charter School Payment Waiver Request**

Ms. Jones presented Approval of Waiver of Penalty Assessments. This list of schools have already received a prior penalty waiver in a rolling 12-month period. To have additional penalties waived, schools must make a request to the Board of Directors for approval.
As a reminder, premium payments are due on the 10th of each month. They are considered late if received after the due date and are assessed a penalty along with a Not Paid as Billed penalty. If a school does not pay as billed but is timely, they are assessed as a not paid as billed penalty only. These penalties were paid by the schools. If approved, NMPSIA will instruct Erisa to credit these penalty amounts on the June bill. Staff is requesting approval to grant these waivers.

A motion was made to approve the Waiver of Penalty Assessments.

**Motion:** C. Parrino **Second:** T. Ruiz

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |

| | |
|---|---|
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**E. IBAC Update**

Ms. Jones presented the IBAC Update. The IBAC met on Wednesday, April 10, 2024. The committee heard from guest speaker, Jess Quiring who spoke about the impact of caregiving. Blue Cross Blue Shield shared results from the NMPSIA wellness survey and expressed that they are very impressed with NMPSIA members participation. Retiree Healthcare reported working on the operating budget, virtual and in-person health fairs, annual meeting planning, filling vacated positions as well as working on legal matters. The State of New Mexico shared that 400 people participated in the Spring into Motion challenge. They are also hosting a men's health awareness event and overall, they are working with the Healthcare Authority to create a workflow and smooth transition into that authority. NMPSIA reported working on the RxDC reporting as well as Regional Training planning.

**11. Risk Matters**

**A. Approval for Regional Educational Cooperative IX to Join Risk (Action Item)**

Mr. Sandoval presented the Regional Educational Cooperative IX request to join the NMPSIA Risk program. Last month NMPSIA added Northern New Mexico College and last year New Mexico School for the Deaf. Region IX was also added to the Benefits program at the April Board meeting.

A motion was made to approve Region Educational Cooperative IX to Join the Risk program.

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |

| | |
|---|---|
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried unanimously.**

**B. Approval of Student Accident and Sickness Insurance Proposal (Action Item)**

This item was removed.

**C. 2024-2025 MOC L027 General and Automobile Liability (Action Item)**

Mr. David Poms with Poms and Associates and Mr. Martin Esquivel with Esquivel and Howington reviewed the proposed changes to the liability memorandum of coverage. The purpose is to try to mitigate some of the issues that have come from recent jury awards. Some of the language was changed in 2021 as it relates to coverage for an individual but, felt that there should be some additional language. Mr. Esquivel explained a solution to the issue of providing coverage and defense to individuals who have committed criminal acts such as sexual molestation and abuse of minors. The proposal is to limit the coverage of those who plead guilty or are convicted of such crimes to $1 million. This will prevent the district from providing coverage to bad actors who engage in criminal acts outside the scope of employment. After consulting with CCMSI and Mr. Poms, the proposal is a good solution and hope that it will be considered for a change to the existing policy.

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**D. Approval of Property and Liability Claims Handling Procedures (Action Item)**

Mr. Rich Cangiolosi with CCMSI reviewed the Property and Liability Claims Handling Procedures. There have been two major changes in claims procedures between NMPSIA and the third-party administrator. The first change is an increase in authority from $25,000 to $100,000. The second change involves issuing a reservation of rights letters on any claim involving sexual abuse for any individual by an employee or member which will take place after July 1, 2024.

A motion was made to approve the changes to the Property and Liability Claims Handing Procedures.

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**E. Approval of Workers Compensation Claims Handling Procedures (Action Item)**

Mr. Cangiolosi, stated there are no changes to the Workers' Compensation Claims Handling Procedures.

A motion was made to the Workers' Compensation Claims Handling Procedures.

**Motion:** C. Parrino **Second:** T. Ruiz

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**F. Risk Claims Committee Overview**

Mr. Sandoval briefed the committee on the first Risk Claims Committee meeting that was held on April 15th. The committee consisted of Mr. Al Park, Mr. Sammy Quintana, Ms. Vicki Chavez, NMPSIA staff, Mr. Marty Esquivel, Mr. David Poms, and representatives from CCMSI. Some adjustments are being made for future meetings. The committee was briefed on selected claims by panel attorneys, case logs of potential cases going to trial, mediation logs, and claims reports.

**G. Claims Settlement Authority Discussion**

Mr. Sandoval communicated that due to the Risk Claims Committee, NMPSIA reviewed the structure for authority to settle or contest claims. Currently written in the Claims Handling Procedures, the NMPSIA Executive Director, Deputy Director, and the Third-Party Administrator will have authority up to $100,000. NMPSIA Executive Director and Deputy Director, with consultation with general counsel, the broker, and the TPA, will have authority up to the self-insured retention of the claim. Any claim over the self-insured retention shall receive authorization after consultation with the Board President or the Chair of the Risk Claims Advisory Committee. If immediate approval is needed, the Co-Chair may be consulted if the Chair of the Risk Claims Advisory Committee is unavailable.

**H. TPA Reports**

**1. Property & Liability Monthly Claims Report**

Mr. Steve Vanetsky with CCMSI reported on the Property & Liability Monthly Claims Report for March 2024. Liability had 455 open claims, 32 new claims, and 33 claims were closed. Reserves were at $27,206,759.52 and payments were at $14,368,149.03 for a

total of $41,574,908.98. Property had 107 open claims, 14 new claims, and 29 claims were closed. Reserves were $64,749,040.72 and payments were $15,488,835.08 for a total of $80,237,875.80.

**2. Property & Liability Large Losses**

Mr. Vanetsky reported the following large losses: Mountain Mahogany Charter School had a water heater rupture causing water and flooding damage, Cobra Consolidated Schools had roof water leak damage due to a roofing contractor leaving maintenance work exposed to the weather conditions, Raton Public Schools reported a wind loss to the roof of the high school, temporary repairs and emergency mitigation have been completed. Taos Municipal Schools, a boiler failure caused a water leak and standing water inside the basement mechanical room and an electrical panel was compromised. All losses have been reported to the excess carriers. The boiler failure has been reported to the mechanical breakdown carrier as well.

**3. Workers' Compensation Monthly Claims Report**

Mr. Jerry Mayo with CCMSI, provided the Workers' Compensation Monthly Claims Report for March 2024. For March there were 1,062 open claims, 158 new claims, 31 reopened claims, and 220 claims were closed. Reserves were at $15,385,095.75 and payments were $50,493,920.81 for a total of $65,879,016.56.

**4. Workers' Compensation Large Losses**

Mr. Mayo reported two losses resulting in air ambulance services. One out of Gallup-McKinley County Schools and the other out of Central Consolidated Schools. The air ambulance bills were negotiated down to about $85,000 each.

**I. Loss Prevention Update**

Mr. Larry Vigil with Poms and Associates presented the Loss Prevention Abatement Report for March 2024. For March there was a 69.03% abatement for non-capital recommendations. There were 271 total recommendations, three (3) total capital recommendations and total non-capital were 268. The corrected non-capital was 185 and the capital was one (1). The corrected recommendations percentage for March was 68.63%.

Mr. Vigil also reported on three critical hazard letters that will be sent out. One out of Capitan Municipal Schools which has a storage area with wooden stairs with no railing and the stairs are broken. Two letters are going to Mora Independent School District, one is a makeshift storage in a building that is collapsing and the roof beams are falling where unknown chemicals are being stored. The second hazard for Mora Independent School District is that no fire drills have been conducted for this school year. Also, he briefed the committee on the toxic water condition in Gadsden Independent School District, the water

utility failed to report to the community pump failures and arsenic levels that were above accepted quantities. This area is prone to high arsenic in the ground naturally and the agricultural industry also produces some runoff. Six schools are in the area and have been advised to bring in drinking water. The district will continue to provide water until a water osmosis system can be put in. The district is currently in the RFP process for the osmosis system.

Ms. Julie Garcia with Poms and Associates reported on the newly proposed regulations from the US Department of Education regarding athletics and Title IX, set to come into effect in August. Ms. Garcia also discussed concerns about Title IX and gender identity in athletics, as well as non-compliance with safety drills in schools. Lastly, the group planned for their next meeting to focus on the development of educational videos in collaboration with other team members.

**J. Anonymous Reporting Videos Update**

Ms. Garcia reported that in collaboration with Zia Learning a video series was created for parents and students. The student videos featured young narrators to appeal to the younger students. The topics covered were keeping safe at school and recognizing potential predators. The committee was shown the middle school video. There is also a video for parents and high school students. Ms. Garcia asked what would be needed to add this to the training curriculum.

**12. General Discussion**

Mr. Sandoval and the Board thanked and congratulated Mr. Rich Bolstad from Delta Dental on his retirement. Mr. Bolstad thanked the Board and advised that Delta Dental is in the process of hiring a replacement but in the meantime, Stephanie Garcia, Michelle Toon, and Dolores Pina are available to contact for service.

Mr. Sandoval advised that on April 29th the Public Education department met with NMPSIA, the Executive, and LFC to discuss the possibility of reducing Benefit and Risk rate increases. As a result of that meeting another meeting was held May 1st with the subcommittee of the NMPSIA Board attended by Mr. Park and Miss Ruiz. During that meeting, it was determined that NMPSIA Staff will work with PED, LFC, and DFA to see if it is possible to smooth out the increases over 5 years.

Mr. Park presented the idea that BAC and RAC should be held virtual-only as they are attended primarily online. Ms. Ruiz and Mr. Parrino advised that their preference is the Hybrid option.

**13. Next Meeting Date and Location: Thursday, June 6, 2024**
**Location: Poms & Associates 201 3rd Street, Suite 1400 Albuquerque, New Mexico 87102, and a virtual option (Action Item)**

**A motion was made to approve the next meeting date and location.**

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Absent |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**14. Adjournment (Action Item)**

**A motion was made to adjourn at 11:41 a.m.**

**Motion:** C. Parrino **Second:** T. Ruiz

A roll call vote was taken.

Ms. Charlette Probst called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Absent |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Absent |

**Vote carried.**

**Approved:**

X

Mr. Alfred Park
Board President

**New Mexico Public Schools Insurance Authority**
**Board of Directors Special Meeting Minutes**

**Virtual:**
Please join my meeting from your computer, tablet or smartphone.
https://us02web.zoom.us/j/88303361833?pwd=ODJWYm9INFA4UW5hNmR1d0pDTmxXUT09
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**Friday, May 17, 2024**

**Draft**

**1. Call to Order**

Mr. Al Park, President, called the NMPSIA Board Meeting to order at 3:33 p.m. on Friday, May 17, 2024.

**2. Roll Call**

Ms. Kaylei Jones called roll.

**Board Members Present:**

| | |
|---|---|
| Al Park, President | Virtual |
| Chris Parrino, Vice President | Virtual |
| Trish Ruiz, Secretary | Virtual |
| Vicki Chavez | Virtual |
| Tim Crone | Virtual |
| Bethany Jarrell | Virtual |
| Pauline Jaramillo | Virtual |
| David Martinez, Jr. | Virtual |
| Sammy Quintana | Virtual |

**Board Members Absent:**

Denise Balderas
K.T. Manis

**NMPSIA Staff Members Present:**

| | |
|---|---|
| Martha Quintana, Deputy Director | Virtual |
| Phillip Gonzales, Chief Financial Officer | Virtual |
| Charlette Probst, Finance/HR Manager | Virtual |
| Maria Lugo, Chief Procurement Officer | Virtual |
| Marlene Vigil, Financial Specialist | Virtual |
| Claudette Roybal, Risk Program Coordinator | Virtual |
| Kaylei Jones, Benefits/Wellness Coordinator | Virtual |

**Audience Present**

| | | |
|---|---|---|
| Marsha Martinez | BAC Committee Member | Virtual |
| Kelly Riddle | BAC Committee Member | Virtual |
| Benito Gonzales | RAC Committee Member | Virtual |
| Therese Graham | Council of University Presidents | Virtual |
| Kathy Payanes | ERISA | Virtual |
| Marty Esquivel | Esquivel & Howington, LLC | Virtual |
| Daniel Estupinan | Legislative Education Study Committee | Virtual |
| Charles Sallee | Legislative Finance Committee | Virtual |
| Joseph Simon | Legislative Finance Committee | Virtual |
| Sunny Liu | Legislative Finance Committee | Virtual |
| Arsenio Romero | Public Education Department | Virtual |
| Eilani Arellano | Public Education Department | Virtual |
| Dan Foley | POMS and Associates | Virtual |
| Rika Martinez | POMS and Associates | Virtual |
| Debbie Donaldson | Segal | Virtual |

**3. Approval of Agenda (Action Item)**

A motion was made to approve the agenda as presented.

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Kaylei Jones called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |

| | |
|---|---|
| Pauline Jaramillo | Absent |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**6. Financial Matters**

**A. Approval of Contract for Actuarial Services (Action Item)**

Mr. Phillip Gonzales, Chief Financial Officer with NMPSIA, presented the contract approval request for Actuarial Services. An RFP, issued in February 2024, resulted in three offeror responses. The Board granted approval to enter into contract negotiations with Vendor A at the May 2, 2024 meeting. FY 2025 costs will remain the same as FY 2024, and will increase by 3% annually for FY 2026 through FY 2028. Ms. Charlette Probst led the negotiations on behalf of NMPSIA and as a result, staff is now asking for the Board's approval to enter into a contract with Vendor A.

A motion was made to approve the Contract for Actuarial Services as presented.

**Motion:** T. Ruiz **Second:** C. Parrino

A roll call vote was taken.

Ms. Kaylei Jones called roll.

| | |
|---|---|
| Al Park, President | Absent |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Absent |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**5. Benefits Matters**

**A. Approval of Fiscal Year 2025 Premium Rate Setting (Action Item)**

Ms. Martha Quintana, Deputy Director with NMPSIA, recapped the meetings that were held on May 1, 2024, and May 10, 2024. NMPSIA staff and a NMPSIA Board of Directors sub-committee consisting of Mr. Park, Ms. Ruiz, Mr. Quintana, and Ms. Chavez met with representatives from the Public Education Division, Legislative Education Study Committee, Legislative Finance Committee, and the State Budget Division to discuss the Benefits and Risk rates that were passed by the Board on March 7, 2024. NMPSIA intends to ask for an infusion of funds during the Legislative Session which will help subsidize revenues, reduce the increases, and level the increases out over the next five years.

Five scenarios were presented to the Board to reduce the medical rate from 15.53% to 10% effective October 1, 2024.

A motion was made to approve the Fiscal Year 2025 Premium Rate Setting.

**Motion:** T. Ruiz **Second:** D. Martinez, Jr.

A roll call vote was taken.

Ms. Kaylei Jones called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes (arrived at 4:02pm) |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**6. Risk Matters**

**A. Approval of FY2025 Risk Premium Rate Setting (Action Item)**

Mr. Gonzales, presented five scenarios to the Board to reduce the Risk rates as discussed in the previous agenda item. The scenarios reduce the Risk rates from 31.86% to 14.99% effective July 1, 2024.

A motion was made to approve the FY 2025 Risk Premium Rate Setting.

**Motion:** D. Martinez, Jr. **Second:** B. Jarrell

A roll call vote was taken.

Ms. Kaylei Jones called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**7. Adjournment (Action Item)**

A motion was made to adjourn at 4:12 p.m.

**Motion:** S. Quintana **Second:** C. Parrino

A roll call vote was taken.

Ms. Kaylei Jones called roll.

| | |
|---|---|
| Al Park, President | Yes |
| Chris Parrino, Vice-President | Yes |
| Trish Ruiz, Secretary | Yes |
| Denise Balderas | Absent |
| Vicki Chavez | Yes |
| Tim Crone | Yes |

| | |
|---|---|
| Pauline Jaramillo | Yes |
| Bethany Jarrell | Yes |
| K.T. Manis | Absent |
| David Martinez, Jr. | Yes |
| Sammy Quintana | Yes |

**Vote carried.**

**Approved:**

X_____

Mr. Alfred Park
Board President

# NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY
## Office of Executive Director

410 Old Taos Highway
Santa Fe, New Mexico 87501
1-800-548-3724 or 505-988-2736
505-983-8670 (fax)

***Patrick Sandoval***
*Executive Director*

***Martha Quintana***
*Deputy Director*




June 6, 2024

Martin R. Esquivel, Esq.
Esquivel & Howington, LLC
111 Lomas N.W., Suite 203
Albuquerque, NM 87102

RE: Amendment – Effective July 1, 2023 to June 30, 2024
General Legal Counsel Services
Date of Agreement: July 1, 2023
Agreement No. 342-2023-10

Dear Mr. Esquivel:

This letter shall constitute an Amendment to the above-captioned Agreement between the New Mexico Public Schools Insurance Authority, hereinafter referred to as the "Agency," and Esquivel & Howington, LLC. Hereinafter referred to as the "Contractor" and is effective as of the dates shown herein.

The Agency and Contractor entered into a Professional Services Agreement for General Legal Counsel Services ("Agreement") effective July 1, 2023. The Agency and Contractor wish to amend the Compensation with the Amendment set out herein.

1. Pursuant to Section 2 Paragraph B (Compensation), the total compensation payable to the Contractor under the agreement in fiscal year 2024 is to be increased from $400,000.00 to $470,000.00 excluding gross receipts tax.

2. This Amendment shall be signed on the 06 day of June 2024 and shall be in effect July 01, 2023, until June 30, 2024.

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY**

By:

_____

Alfred A. Park
Board President

**ESQUIVEL & HOWINGTON, LLC.**

By:

_____

Martin R. Esquivel, Esq.
Managing Member

STATE OF NEW MEXICO

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY**

PROFESSIONAL SERVICES CONTRACT # **342-2025-03**

THIS AGREEMENT is made and entered into by and between the State of New Mexico**, Public Schools Insurance Authority (NMPSIA),** hereinafter referred to as the "Authority," and [redacted] hereinafter referred to as the "Contractor," and is effective as of the date set forth below upon which it is executed by the Authority.
IT IS AGREED BETWEEN THE PARTIES:

## 1. Scope of Work.

### I. Benefits Division Services

The Authority allows participating employers to choose how to enroll employees either via customized paper enrollment forms or the Authority Online Benefits System. The benefits enrollment process is handled by the Contractor in the same manner regardless of the method used to enroll:

- The employer enrolls the benefits-eligible employee in Basic life as mandated by the Group Life Policy.
- The employer offers other lines of benefit coverage and the method to enroll the benefit's eligible employee.
- The employee applies for coverage.
- The employer verifies and certifies the information and enrollment requested.
- The Contractor will vet each request applying all Authority, NM State and Federal rules and applicable laws, carrier Group Policy, and amendments.
- If any part of the request is rejected, the request will be sent back to the employer for completion, and the employee will be notified via an incomplete enrollment notice.
- If the request is approved, it will be processed and/or released to the enrollment database, and the employee will be notified via a confirmation of enrollment notice.
- All employee and employer online transactions will maintain an electronic transaction log.
- All Contractor transaction processing will maintain an electronic processing log.

All documents will be imaged and placed in the employee electronic enrollment record and made available for viewing by authorized personnel.
Authority Eligibility Rules, Authority Group Plans, and direction from the Authority is required. The following areas of the rules, plan, and administrative process is to be provided by the Contractor:

**1.** The contractor must dedicate a minimum number of employees primarily assigned to the Authority administration that includes Scope of Work items 2-38 for Benefits and 1-6 for Risk:

| |
|---|
| 1 Account Manager |
| 1 Web Developer |
| 1 Technology Officer |
| 1 Instructional Designer |
| 1 Accountant |
| 1 Accountant Assistant |
| 1 Account Representative/8,000 Lives |
| Other positions to be defined by Contractor |

**2. Employee Eligibility and Enrollment Administration**

a. New Hire Enrollment – Basic Life: Verify employee not currently enrolled, employer to employer transfer or return to work retiree; Confirm highest Basic life benefit options; Examine for SSN/ITIN or alternate identification number requirement; Follow up with SSN merge if applicable; Assign an internal alternate identification number; Apply rules for Basic life enrollment and effective dates; Verify employer timely enrollment or if retroactive enrollment required for Basic life; Create and send Confirmation of Enrollment notice and Employee Online access notice.

b. New Hire Enrollment – Other lines of coverage: Confirm timely enrollment by employee and employer; Verify if the applicant is benefit's eligible employee (based on employer local board policies for minimum hours worked per week or if variable hour employee (for variable hour employee, review for job title and offer of medical only coverage); Confirm if the employer has an Authority Board approved Part-Time Employee Resolution if the employee works 15 hours per week, but less than 20 hours per week; Confirm if the employer has an Authority Board approved Domestic Partner Resolution (if applicable); Review for an employer to employer transfer: Confirm richer benefits and accommodate enrollment between employers; Examine for completeness and elections for only benefits offered at the employer; Record and track information for declining medical coverage; Record if an employee provides an email address and requests to receive benefits communications via email. Once enrolled: Create and send Confirmation of Enrollment notice and/or Incomplete Enrollment notice as applicable, for any medical, dental, or vision enrollment via U.S. mail, a Consolidated Omnibus Budget Reconciliation Act (COBRA) Initial Notice, Privacy Notice, and COBRA Qualified Beneficiary (QB) Notice.

c. Additional administration for some employers will require collection, verification, and assignment of a policy code for Medicare Parts A and B enrollment.

**3. Dependent Eligibility and Enrollment Administration**

a. Verify dependents are not currently enrolled under their own or other employee enrollment; Examine for completeness and elections for only benefits offered at the

employer; Verify the dependent is of an eligible dependent class; Verify all required dependent information is provided; Inspect for SSN/ITIN requirement and administer accordingly; Confirm verification of dependency to the employee is provided timely (supportive documents must be valid and verifiable for proof of marriage, domestic partnership affidavit (if offered by the employer), proof of child's birth, domestic partner's child's birth, adoption, placement, legal guardianship, foster home placement and licensure, or Qualified Medical Child Support Order); Review request to confirm if any dependents are being excluded from any line of benefits coverage and if verifiable proof that other coverage exists is received timely; Assign appropriate effective dates as information is received and/or decline dependent enrollment; Dependent children are automatically cancelled from coverage on the last day of the month of their 26th birthday.

b. Confirm dependents are not ex-spouses, common law relationships not recognized in New Mexico, in active military service, or the employee is not the dependent child's legal guardian.

c. Once enrolled: Create and send Confirmation of Enrollment notice and/or Incomplete Enrollment notice as applicable, for any medical, dental, or vision enrollment, send COBRA Initial Notice, Privacy Notice, and COBRA QB Notice.

**4. School Board, Charter Governing Council Member, Higher Education Regent Member Eligibility and Enrollment Administration**

a. Verify enrollee is a member from an Authority participating public school, charter school governing council, or higher education regent; Confirm member and/or dependents are not currently enrolled in an Authority plan; Verify benefits offered at the participating employer, including Basic life benefit level for any Additional Life enrollment if offered at the participating employer; Examine for SSN/ITIN or alternate identification number requirement – follow up with SSN merge if applicable; Assign an internal alternate identification number; Examine for completeness and elections for only benefits offered at the employer; Apply rules for enrollment and effective dates; Verify member timely enrollment; Member coverage is automatically expired on the last day of the month the member term expires; This type of enrollee is maintained as a self-pay participant.

For any dependent enrollment: Confirm verification of dependency to the member is provided timely (supportive documents must be valid and verifiable for proof of marriage, domestic partnership affidavit (if offered by the employer), proof of child's birth, domestic partner's child's birth, adoption, placement, legal guardianship, foster home placement and licensure, or Qualified Medical Child Support Order);

b. Review request to confirm if any dependents are being excluded from any line of benefits coverage and if verifiable proof that other coverage exists is received timely; Assign appropriate effective dates as information is received and/or decline dependent enrollment. Confirm dependents are not ex-spouses, common law relationships not recognized in New Mexico, in active military service or the board member is not the dependent child's legal guardian.

c. Verify first month's premium is received with initial enrollment. If payment is not received with enrollment, request payment and confirm payment arrived within 31 days of eligibility. Once enrolled: Create and send Confirmation of Enrollment notice and/or Incomplete Enrollment notice as applicable for any medical, dental, or vision enrollment send COBRA Initial Notice, Privacy Notice, and COBRA QB Notice; Provide future payment options of coupon book, 6-month invoice, 12-month invoice to be paid with a check or bank draft.

**5. Retiree Life Continuation Eligibility and Enrollment Administration**

a. Verify enrollee is a retiree from an Authority participating employer; verify the retiree is under the limiting age of 65 (or age 70 for retirees from Clovis, Dora, or Portales School District); confirm retiree is enrolled in Additional Life insurance on the last day of coverage as an active employee; Verify retiree and/or dependents are not currently enrolled in another Authority Additional Life plan; Validate retiree is not on a life wavier of premium due to total disability; Examine enrollment request for completeness and election is for up to the Additional Life benefit amounts lost at point of retirement (without going over the Guarantee Issue amount for retirees under the life Group Policy); Apply rules for enrollment and effective dates based on the date the retiree lost active Additional life coverage; Verify retiree timely enrollment; Based on which employer the retirement is from, apply certification codes and add future termination date for life continuation up to age 65 or age 70 as applicable. This type of enrollee is maintained as a self-pay participant.

b. Verify first month's premium is received with initial enrollment; If payment is not received with enrollment, request payment and confirm payment arrived within 31 days of eligibility; Once enrolled: Create and send Confirmation of Enrollment notice; Provide future payment options of coupon book, 6-month invoice, 12-month invoice to be paid by check or bank draft.

**6. COBRA Benefits Continuation Eligibility and Enrollment Administration**

a. Once the employer has reported a reduction in hours (ineligibility for medical, dental, and/or vision benefits), termination, resignation or retirement of employment or termination for Gross Misconduct as defined in the employer's local board policies, the applicable Cancellation of Enrollment notice and applicable COBRA Qualifying Event (QE) notice, COBRA Enrollment Form, COBRA Rate schedule and COBRA QB Notice are sent via U.S. mail to the Qualified Beneficiary no later than the next business day from the day the employer notification is processed.

b. Monitor 60-day COBRA application deadlines and 45 days to pay a premium for COBRA enrollment as defined by federal law. Confirm the initial premium payment received covers the timeframe from the day after the last day of active coverage through the current month's due date.

c. Verify COBRA enrollee is a COBRA Qualified Beneficiary losing medical, dental, or

vision coverage from an Authority participating employer; Confirm Qualified Beneficiary is enrolled in medical, dental and/or vision on the last day of coverage of active enrollment; Verify Qualified Beneficiary and/or Qualified Beneficiary dependents are not currently enrolled in an Authority medical, dental and/or vision plan; Examine enrollment request for completeness and election is for applicable coverage lost; Check for any applicant's Medicare Entitlement prior to enrollment (monitor Medicare Entitlement after COBRA enrollment); Apply rules for COBRA enrollment and effective dates based on the date the Qualified Beneficiary lost active applicable coverage; Verify COBRA Qualified Beneficiary timely enrollment; Based on qualifying event of the Qualified Beneficiary, apply the proper certification codes (18-month or 36-month) that will determine the length of COBRA continuation and add future expiration date as applicable. Monitor the COBRA enrollment for any applicable secondary COBRA events.

d. Collect appropriate documentation and document any 11-month disability extension for COBRA continuing coverage, including adding the future expiration date as applicable.

e. Once enrolled: Create and send Confirmation of Enrollment notice; Provide future payment options of the coupon book, 6-month invoice, 12-month invoice to be paid by check or bank draft. This type of enrollee is maintained as a self-pay participant.

**7. Grandfathered Board Member Eligibility and Enrollment Administration**

The Authority has a small number of grandfathered board member enrollments eligible for Authority benefits (except for Long Term Disability). Monitoring of participants and dependents enrolled in a medical plan, reaching age 65 and Medicare Entitlement occurs monthly. If a participant or dependent becomes Medicare Entitled, the Contractor collects proof of Medicare Part A and B enrollment to update the medical premium based on the tier of coverage. Enrollment will not expire unless the participant elects to terminate coverage or the death of the participant. This type of enrollee is maintained as a self-pay participant.

**8. Authority Participating Employer to Authority Participating Employer or Employee to Employee Transfer of Benefits**

Confirm the last day of coverage reported by the employer; Check Basic Life benefit amounts between employers and any coverage not offered at the new employer; Coordinate the better Basic Life benefit amount (if applicable) effective date and any premium refund to the employer with the expired coverage; Enroll employee at a new employer to any new benefits available, respectively; Verify there is no duplicate coverage enrollment. Confirm employee-to-employee transfer at same employer or separate participating employers; Verify there is no duplicate coverage enrollment and added coverage requested (if any); review distinct enrollment for each employee (Basic Life, Long Term Disability, Additional Life); Coordinate with the employer or between employers to avoid any gaps in coverage, where one line of coverage ends under one employee and effective with the other employee (provided if the local school is willing to accommodate the employee).

**9. Return to Work Retiree Eligibility and Enrollment Administration**

Check for any medical coverage enrollment requests; Advise employers that employees should contact the New Mexico Retiree Health Care Authority (NMRHCA) for guidance about the NMRHCA rule requirements to enroll in an active employer's group medical plan to determine benefits to be canceled at the NMRHCA and enrolled with the Authority; Recommend the advantages for a return to work retiree eligible for benefits, to enroll in the Authority plans offered at the employer (employer pays a portion of any medical, dental or vision coverage, availability of long term disability coverage or additional life at active employee rates, a free Basic life plan.) The Authority does not refuse enrollments for return- to-work retirees who enrolled timely.

**10. Qualifying Event (QE) and Change of Status Request Eligibility and Enrollment Administration**

a. Once the employee and dependents are enrolled in an Authority benefit any qualifying event or change must be administered timely and accordingly on the proper forms or online and with proper supportive documentation to add, change or end Authority coverage and/or add, change, end eligibility for dependents for the following events:

1. Birth: Confirm tier of employee coverage (if family tier, newborn enrolled on date of birth for eligibility; If newborn creates a tier change enrollment must be timely; Check receipt of valid/verifiable proof of dependency to the employee and coverage is effective either on date of birth or 1st of the month following supportive documents are received within 61 days from the tier change effective date); Confirm newborn has not been enrolled under another Authority plan.

2. Death of Employee or Dependent: Verify proof of death is received timely. Coverage will be canceled effective on the last day of the month of the death, regardless of how soon the Contractor receives notification. In the event the death has caused a loss of coverage for an eligible employee and/or dependent, loss of coverage administration will be followed. Marriage or Domestic Partnership (DP) established (if offered at the employer): Verify proof of marriage or DP Affidavit received timely; Confirm spouse/domestic partner and/or children of the domestic partner have not been enrolled under another Authority plan.

3. Adoption, Placement, Legal Guardianship, Foster child placement: Verify proof of evidence of placement, court order or decree, valid licensure is received timely. Confirm child has not been enrolled under another Authority plan.

4. Incapacity of an Enrolled Child: Verify enrollment of the child is current and the child has not reached the maximum age of 26; Confirm the required incapacitated dependent certification carrier forms along with any diagnosis and prognosis to continue coverage are collected and forwarded to the medical carrier and life insurance carrier (if the child is enrolled in dependent life insurance coverage). Employees may determine to send documents with diagnosis and prognosis directly to the insurance

carriers; Supportive documents must be verifiable. Confirm child is not enrolled under another Authority plan. In cases where the child is enrolled only in dental and/or vision, forms and documentation are forwarded to the Authority Directors for a decision. No lapse in coverage and premium for the child when the decision by the carrier approves the certification.

5. Divorce, Termination of Domestic Partnership or Annulment: Confirm divorce is final or termination of domestic partnership is received before removing an ex-spouse or ex-partner/stepchildren or domestic partner's children. Once final documents are received, ineligible dependents are canceled on the last day of the month the divorce or termination of the domestic partnership was finalized (certain pages of the divorce decree are required to validate proof of final divorce). In the event the divorce or termination of a domestic partnership has caused a loss of coverage for an eligible employee and/or dependent, involuntary loss of coverage administration will be followed.

6. Involuntary Loss of Coverage (includes involuntary loss of group or individual medical, dental, vision, exhaustion of COBRA, etc.): Confirm loss was involuntary to the employee or dependent. Check for valid proof of involuntary loss indicating who lost the coverage, what coverage was lost, why the coverage was lost, and the last date of coverage (this information must be verifiable). Confirm eligible employee or dependent is not enrolled under another Authority plan.

7. Promotion to a new job classification with any salary increase: Confirm employees and/or dependents are not currently enrolled in any Authority plan. Verify a valid QE to add new coverage and/or new dependents. Confirm any salary increase and new job classification QE certified listed on the change card by the employer. The Authority has the option to request additional documentation as needed to support the Authority rules of enrollment.

8. Part-time to Full-time with a salary increase: Confirm employee and/or dependents are not currently enrolled in any Authority plan. Verify a valid QE to add new coverage and/or new dependents. Confirm any salary increase and move from part-time to full-time based on the employer's certification listed on the change card. The Authority has the option to request additional documentation as needed to support the Authority rules of enrollment.

9. Special Enrollment Event (medical only; state and federal mandate): Establish valid "Special Enrollment Event" (any eligible family member suffers an involuntary loss of coverage due to divorce, termination of domestic partnership, death, termination of employment, reduction in hours, legal separation, termination of employer contributions or COBRA continuation coverage has been exhausted, marriage or acquired a domestic partner (if offered by the employer), birth, adoption or placement of a child, loss of Medicaid or CHIP (enrollment timelines apply). Confirm any employee and/or dependent current enrollment in any Authority plan; Examine requests for medical-only coverage to add, switch plans or switch carriers, timely enrollment and proof of dependency.

10. Beneficiary Changes: Verify the employee made the request. Check the current beneficiary information on file. Review request for life coverages enrolled, primary and contingent designations, complete beneficiary data provided, for multiple designations percent of benefit disbursement equals 100%.

11. Basic information changes: Check current address, phone numbers, email address, name spelling for employee and dependent information on file and dependent relationship to the employee. Confirm the request and update new information. Verify any supportive documentation required for these changes, such as proof of name change.

**11. Late Reporting Qualifying Event Administration (Authority 6.50.10.12 Reporting Requirement Rule)**

Timely reporting is critical not only for enrollment but unenrollment of benefits and ineligible dependents. No retroactive termination dates are allowed. Delayed effective dates, delayed access or no access to benefits. Evidence of Insurability may be required for Long Term Disability or Additional Life. No premium refunds. Claim retraction and/or claim collection from employees. Qualified Beneficiary not eligible for COBRA.

a. Late reporting divorce or termination of domestic partnership: Terminate eligibility on the last day of the month the divorce or termination of the domestic partnership was final; Confirm tier of coverage; If removing the ex-spouse or partner and/or step or partner children creates a tier change, tier change is effective 1st of the following month from the date the divorce or termination of the partnership was reported. Check medical, prescription, and dental claims for ineligible members and report any to the Authority. Confirm the elapsed time between the date the divorce or termination of the partnership was finalized to the date the QE was reported. If over 60 days, COBRA continuation will not be offered for any loss of medical, dental or vision coverage by the ineligible dependent.

b. Late reporting ineligible dependent due to actively serving in the military or married and the employee no longer wishes to cover the married child: Terminate eligibility on the last day of the month the child entered the military or got married. Confirm tier of coverage. If removing the ineligible child creates a tier change, tier change is effective 1st of the following month from the date the QE for the child was reported. Check medical, prescription, and dental claims for ineligible members and report any to the Authority. Confirm the elapsed time between the date the child became ineligible to the date the QE was reported. If over 60 days, COBRA continuation will not be offered for any loss of medical, dental or vision coverage by the ineligible dependent.

**12. Enrollment and Eligibility Exception Administration (Granted only by the Authority)**

In the course of benefits enrollment administration by the Authority participating employers for their employees, situations may arise that require a review of rules and administrative practices or legal opinions outside of the scope of the Contractor and directed to the Authority.

a. A request outside of the Authority rules may be made by an employee or Authority participating employer. The Contractor will direct these requests to be made in writing to the Authority.

b. Once the Authority has reviewed the request and is able to provide an exception, the Contractor will be notified of next steps to include, but not limited to:

1. Confirm the enrollment request was received and clarify any variations with the Authority;
2. Review the request for completeness; Collect any supportive documentation required;
3. Process the transaction;
4. Request manual eligibility for medical, dental, vision or prescription drug coverage (if needed) with each respective carrier and confirm response;
5. Confirm all has been completed as requested back to the Authority and the employer/employee.

**13. Amendments to Carrier Contracts that affect Eligibility and Enrollment (Group Policy amendments for Vision, Long Term Disability, Basic and Additional Life)**

On occasion it is discovered that carrier policies do not match or follow the Authority Rules and Regulations or updated state and federal laws, therefore, amendments to the policies are required. When these amendments affect current enrollment and/or eligibility the Contractor is asked to confirm any employee or dependent that may be affected by the change. A list of individuals is provided to the Authority for review. When needed, an exception amendment is created to honor enrollment and/or eligibility for the affected members. The Contractor will create and add a policy code and note the employee electronic file to document this exception for all affected members. Some amendments may require retroactive enrollment and/or adjustments to premium.

**14. Administrative Process to Handle Enrollments for Foreign Teachers Enrolling in Authority Coverage**

Benefits Enrollment for Employees and Families without a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) Process:

Authority participating employers who hire employees from other countries outside the US are required, by the IRS, to provide an SSN or ITIN for all members (over age 16) being enrolled into health benefits. These employees and their families will not have immediate access to acquire an SSN or ITIN for benefits enrollment. For these cases, the Authority's administrative process is as follows:

a. The employee will **provide a copy of a passport or visa for each person** being enrolled in Authority benefits along with proof of dependency (marriage certificate for spouse and birth certificate for children).

1. The family member needing to meet this requirement may apply for an ITIN via the W-7 form as it is the employee's responsibility to meet the requirements of benefits enrollment in the U.S. If this option is selected, it is the employee's responsibility to report this ITIN number immediately upon receipt to their employer's Benefits Office and forwarded to the Authority's Contractor. *The Authority is not responsible for any repercussions that the employer or employee may experience with ACA reporting and it is recommended that the employer work with the employee to complete this form to avoid any potential penalties.*

b. **The Authority's Contractor will assign an alternate temporary ID number to populate the SSN field in the enrollment system until each, required, enrolled person has secured the proper SSN or ITIN and enroll to benefits following Authority Rules and Regulations**.

Receipt of the ITIN or SSN can take up to a minimum of eight weeks and possibly not take place until after annual income tax reporting for the employee.

For these members, instead of the Authority 61-day requirement to provide supportive documentation, the Authority will allow an extended timeframe for these dependents. The process for follow-up by the Authority Contractor is as follows:

1. The enrollment record for each member enrolled with an **alternate temporary ID number** will be flagged for follow-up for the SSN or ITIN **after the next income tax filing year or after April 15 of each year**.

2. At this time the Authority Contractor will send out an Incomplete Enrollment notice requesting the SSN or ITIN, each week, for the next 60 days.
    i. If at the end of the 60-day notification period the SSN or ITIN have not been received, the Authority Contractor will refer these cases back to the Authority for guidance on how to proceed.

## 15. Employees on an Approved Leave of Absence Eligibility and Enrollment Administration

Employees of the Authority participating employers may request an approved leave of absence from employment. For the purpose to continue enrollment in the Authority coverage, the employer will determine if the employee is wanting to remain on active status coverage for up to no longer than 12 consecutive months from the date of the leave of absence.
Once an employer has reported an employee on an approved leave of absence, the Contractor is required to apply policy codes to record the employee type as "LOA" for leave of absence; Record the effective date of the approved leave; Record any expected return to work dates; and/or expire the leave of absence status on the last day of the month the leave of absence has been in place for 12 months.

a. Monitor any changes in return to work dates; Verify any enrollment continued or

cancelled; If enrollment is cancelled, notify the employee and employer that the employee has 31 days from their return to work date to request, in writing, to add any coverage that was cancelled during the leave of absence. If coverage is cancelled for non-payment by the employer, COBRA will not be offered to any COBRA Qualified Beneficiary; If the employer requires all benefits to stop during an approved leave of absence, COBRA will be offered for any medical, dental, vision enrollment.

b. If the approved leave of absence is for the employee's own health reasons and the employee continues any Basic life, Long Term Disability and/or Additional life coverage and receives a benefit under these policies, the Contractor will monitor and apply any benefit approvals and/or waivers of premium accordingly.

c. Thirty (30) days prior to the expected employee's return to work date or prior to expiration of the 12-month extension provided under the approved leave of absence, the Contractor will conduct an outreach to the employer to confirm if the employee is expected to return to work or the 12-month extension will expire; enrollment will be processed accordingly.

**16. Over Age Dependents Eligibility and Enrollment Administration**

Upon initial enrollment a dependent child is expired on the last day of the month the child will reach age 26. Enrollment is monitored on an ongoing basis.

a. Dependents reaching the age of 26 are reviewed two months prior to their birth month; A notice, advising the employee that their child is reaching the maximum age and coverage will be ending on the last day of the month of the child's 26th birthday along with a verification form, is sent out to the employee; The verification form is to be completed by the employee and returned to their employer for submission to the Contractor only if the employee wishes to continue coverage for that dependent due to the child's incapacity.

b. If the child verification form is returned to the Contractor, enrollment is confirmed for medical, dental, vision, and life coverage. For medical and life coverage, a medical certification form is sent to the employee for completion by the child's physician. The form will be returned to the Contractor for processing with the medical and life carrier. The request is held until the carrier receives a determination. If a determination is not received by the last day of coverage for the child, the Contractor will contact the Authority for approval to extend eligibility for one more month. If the determination by the carrier is declined, coverage will end for that child. If there is an approval, the decision is reviewed for temporary or permanent certification by the carrier. An approval by the medical plan will extend to any dental and vision plan enrollment. If approved, there cannot be a lapse in coverage and premium for the dependent once the carrier approves the certification.

c. If enrollment for the child is dental or vision only, a letter from the child's physician with diagnosis and prognosis is requested and must be received timely for determination by the Authority for any benefit continuation on a permanent or temporary basis. Approvals of the incapacity status of the child will be reflected in the child's expiration date for the temporary certification or permanent certification based on continued enrollment of the

employee. Special policy codes will be added to the dependent to track the continued status of the child. A Confirmation Notice of the decision to extend coverage beyond the child's 26th birthday will be sent to the employee and employer.

d. The Contractor tracks incapacitated children in the system to ensure notices are provided timely.

**17. Long Term Disability (LTD) and Life Benefit Eligibility and Enrollment Administration**

The Group Policy for LTD and life benefits have the following provisions that require detailed administration for each component (and are subject to revision between the Authority and the carrier for LTD and life benefits):

a. Carrier Benefit Notification Process: On a preapproved format, via email, the carrier will provide information regarding an approved, denied, or general information regarding the status of a claim. Monthly claim status reports are provided for review and audit by the Contractor. Online access to the carrier claim reporting system is also available for verification of the claim decisions. The Contractor reviews the information provided and applies Group Policy rules.

b. Evidence of Insurability for LTD, Employee Life, and Spouse Life: The Contractor will receive a Change Card request and confirm current eligibility and enrollment. If applicable, the Contractor will add this request to the next weekly file to the carrier. A policy code will be added for each coverage requested to pend the request until a decision is made by the carrier. On a bi-weekly basis the carrier will send a decision file electronically to a secure FTP site. The file is reviewed, and decisions are recorded in the employee enrollment record. If a decision is received and a Change Card for the request has not been provided by the employer/employee, the decision will not be recorded until the proper forms have been received to prove application. For approvals, enrollment is processed for the first of the month following the approval date, that may create an adjustment on the employer invoice. A Confirmation Notice is provided to the employee and employer regarding the decision.

c. Basic Life Specified Disease Benefit: The carrier will notify of the decision. Approvals and reduction of benefit does not affect enrollment or premium billing. A policy code for the approval is added to the employee record. The employee record will be noted, and a Confirmation Notice of the decision will be provided to the employee and employer.

d. Basic Life Accelerated Benefit: The carrier will notify of the decision. Approvals and reduction of benefit does not affect enrollment or premium billing. A policy code for the approval is added to the employee record. The employee record will be noted, and a Confirmation Notice of the decision will be provided to the employee and employer.

e. Basic Life Waiver of Premium (LWOP): The carrier will notify of the decision. Approvals are reviewed for expiration date or open-ended decision as well as receipt of approval for less than 30 days, and there is no proration of premium. If the LWOP decision

is for less than 30 days, a waiver of premium will not be applied. A policy code for the approval to waive premiums is added to the employee record. The effective date of the wavier is based on the date of the disability to waive premium on the first of the month following the date the employee became disabled. Billing adjustments are created to refund premium to the employer on the next monthly premium invoice. Verification of age is confirmed as LWOP for Basic Life is based on becoming disabled prior to age 60. The employee record will be noted, and a Confirmation Notice of the decision will be provided to the employee and employer. The ongoing status of the claim is monitored for the continuance of the LWOP or closure of the claim via monthly audits.

f. Basic Life Death & Accidental Death & Dismemberment (AD&D) Benefit: The carrier will notify of the decision. The employee record will be noted. The carrier may request enrollment and/or beneficiary forms, verification of online beneficiary updates, and verification of premium payment.

g. Additional Life Guarantee Issue (GI) Amount:

1. Active Employee: The GI benefit is 3X annual earnings not to exceed $600,000. Amounts between $500,000 and the GI require Evidence of Insurability; this is monitored at the point of enrollment or reported salary increase. The enrollment and billing system must accommodate these occurrences. Special policy codes are added to identify these employees.

2. Retired Member: The GI is $300,000; this is monitored at the point of retiree life continuation enrollment. The enrollment and billing system must accommodate these occurrences. Special policy codes are added to identify these retirees.

h. Additional Life Employee Accelerated Benefit: The carrier will notify of the decision. Approvals and reduction of benefit does not affect enrollment or premium billing. A policy code for approval is added to the employee record. The employee record will be noted, and a Confirmation Notice of the decision will be provided to the employee and employer.

i. Additional Life Dependent Accelerated Benefit: The carrier will notify of the decision. Approvals and reduction of benefit does not affect enrollment or premium billing. A policy code for approval is added to the employee record. The employee record will be noted, and a Confirmation Notice of the decision will be provided to the employee and employer.

j. Additional Life Waiver of Premium (LWOP): The carrier will notify of the decision. Approvals are reviewed for expiration date or open-ended decision as well as receipt of approval for less than 30 days, there is no proration of premium. If the LWOP decision is for less than 30 days, a waiver of premium will not be applied. A policy code for the approval to waive premiums is added to the employee record. The effective date of the waiver is based on the date of the disability to waive the premium on the first of the month following the date the employee became disabled. Billing adjustments are created to refund the premium to the employer on the next monthly premium invoice. Verification of age is confirmed as LWOP for Additional Life is based on becoming disabled prior to age 60. LWOP is extended to any spouse or child life enrollment. The employee record will be noted, and a Confirmation Notice of the decision will be provided to the employee and

employer. If the employee has left employment at the time of the approval, they are instructed to see their employer for a refund of the premium. The ongoing status of the claim is monitored for the continuance of the LWOP or closure of the claim via monthly audits.

k. Additional Life Death & AD&D Benefit:

1. Active Employee: The carrier will notify of the decision. The employee record will be noted. On occasion, the carrier will request additional enrollment and/or beneficiary forms, verification of online beneficiary updates, and verification of premium payment.

2. Retiree or Board Member: The claim may be submitted by the employer or the Contractor and on occasion by the Authority who will complete the proof of death form and collect the Beneficiary Statement. Original enrollment forms, beneficiary designations and verification of premium payment are provided upon request. The carrier will notify of the decision. The employee record will be noted.

3. LWOP Member: Some claims may be for prior Authority life carriers. The claim may be submitted by the Contractor and on occasion by the Authority who will complete the proof of death form and collect the Beneficiary Statement. Original enrollment forms, beneficiary designations and verification of premium payment are provided upon request. The carrier will notify of the decision. The employee record will be noted.

l. LTD Maximum Monthly Benefit Amount: The LTD policy stipulates a maximum monthly benefit amount of $5,000. This provision requires the enrollment and billing system to accommodate benefit and premium calculations based on an annual salary not to exceed $90,000.

m. LTD Waiver of Premium: The carrier will notify of the decision. Approvals are reviewed for expiration date or open-ended decision as well as receipt of benefit for less than 30 days, there is no proration of premium. If the benefit decision is for less than 30 days a waiver of premium will not be applied. A policy code for the approval to waive premiums is added to the employee record. The effective date of the waiver is based on the approval date after the disability benefit waiting period (30, 60, 90 days) has been met to waive the premium on the first of the month following the date the employee was approved for the benefit. Billing adjustments are created to refund the premium to the employer on the next monthly premium invoice. If the employee is approved for an LTD benefit the claim is reviewed for LWOP on any life benefits in place. This LWOP review will be monitored for receipt of a decision. The employee record will be noted, and a Confirmation Notice of the decision will be provided to the employee and employer. If the employee has left employment at the time of the approval, they are instructed to see their employer for a refund of the premium. The ongoing status of the claim is monitored for the continuance of the LTD waiver of premium or closure of the claim via monthly audits.

**18. Reduction in Hours Worked Per Week, Termination of Employment and Voluntary Termination of Benefits and/or Dependents - Eligibility and Enrollment Administration**

a. Reduction in hours worked per week: Employers must notify the Contractor of an

employee experiencing a reduction in hours worked per week that makes the employee ineligible for other lines of benefit coverage enrolled in (medical, dental, vision, LTD, Additional life): Confirm new hours worked per week to determine if Basic Life will continue; the Contractor will expire coverage based on the last day of coverage determined by the employer; Follow COBRA QE process for any medical, dental, vision coverage lost; Create and send Cancellation of Enrollment Notice advising of life continuation resources for any life coverage lost.

b. Termination of employment: Employers must notify the Contractor of an employee experiencing a termination of employment and provide the proper reason of termination (resignation, retirement, separation of employment) that will drive the notification process; the Contractor will expire coverage based on the last day of coverage determined by the employer; Follow COBRA QE process for any medical, dental, vision coverage lost; Create and send Cancellation of Enrollment Notice advising of life continuation resources for any life coverage lost.

c. Voluntary termination of benefits and/or dependents: Employers must notify the Contractor of an employee requesting to terminate a benefit and/or dependent. Apply rules for dropping any vision benefits (minimum enrollment applied to each person covered). Verify the remaining tier of coverage for the benefit/dependent being dropped for instances requiring proof of other coverage for minors. The Contractor will expire coverage based on the last day of coverage determined by the employer; Create and send Confirmation Notice.

**19. Fraud Monitoring - Eligibility and Enrollment Administration**

Once enrollment has occurred, ongoing monitoring of enrollment and changes must take place. On occasion, cases arise discovering violations of Authority , NM State and Federal rules, and applicable laws. Such cases are reported immediately to the Authority for review and final decision regarding continued enrollment for the participating employer, employee, and/or dependent. If the Authority deems the violation extreme and individuals are terminated from the plan indefinitely, the Contractor must document, add a policy code, track, and put safeguards in place for these individuals to avoid any future attempts of enrollment.

**20. Daily Monitoring, Monthly and Annual Processing - Eligibility and Enrollment Administration**

The Contractor system must accommodate ongoing validation and inspection of the information in the enrollment and eligibility database. This is handled via multiple edits and reports. Certain monthly and annual processes must take place for ongoing administration.

a. Daily Edit and Notice Monitoring (Include, but not limited to the following)

1. Edits
    i. Check dates of hire
    ii. Check the date of hire and Basic life effective date

iii. Hours worked per week less than 15
iv. Hours worked per week greater than 40
v. Hours per week 15 or greater, but less than 20
vi. Multiple hours worked
vii. Salary out of range
viii. Variable hour employee enrollment
ix. Check Basic life enrollment
x. Check expiration dates for dependent children
xi. Check dependent relationship
xii. Check the same name and date of birth
xiii. Check the same gender
xiv. Double coverage
xv. Discrepancies between eligibility and family enrollment
xvi. Discrepancies between eligibility and enrollment tier
xvii. Duplicate enrollment
xviii. Check effective and expire dates to enrollment and eligibility
xix. Check duplicate policy codes
xx. Check expiring policy codes
xxi. Check additional life to spouse life enrollment
xxii. Check dependent child life to eligible and all family members
xxiii. Check beneficiary designations
xxiv. Check waiver of premium
xxv. Outstanding proof of birth
xxvi. Outstanding proof of marriage
xxvii. Outstanding SSN or ITIN
xxviii. Outstanding proof documents
xxix. Leave of absence status
xxx. Fraud alert records
xxxi. Out-of-state participants
xxxii. Check county enrollment
xxxiii. Returned or bad email address
xxxiv. Spell check for daily notice language
xxxv. Check for duplicate notes
xxxvi. Document images missing in the electronic file
xxxvii. Additional edits, as needed

2. Notices
   i. Confirmation of Enrollment
   ii. Incomplete Enrollment
   iii. Cancellation of Enrollment
   iv. COBRA Initial Enrollment
   v. COBRA Qualifying Event
   vi. New Employee and Spouse notice (includes privacy notice)
   vii. Employee Online Access
   viii. Additional notices, as needed

b. Monthly Processing

1. Statistical transaction processing (paper and online)

2. Incapacitated dependent certification

3. Age reports
    i. Dependents reach age 26
    ii. Self-pay (Board member, COBRA member, Grandfathered Board Member, Retiree, etc.)
    iii. Reaching age 65 or 70

c. Annual Processing

1. Switch Enrollment (fall)
    i. Enrollment period is set (allowing ample time to process and record changes) to allow an employee to submit a request to switch medical carriers and/or medical plans as well as switch dental carriers and/or switch dental plans.
    ii. Collection of enrollments is handled primarily via online enrollment and occasionally on paper and recorded for a January 1st effective date. This data is captured on a sample billing statement.

2. Open Enrollment (fall)
    i. Enrollment period is set (allowing ample time to process and record changes) to allow an employee to add medical, dental, or vision coverage and/or add dependents to medical, dental, and vision.
    ii. Collection of enrollments is handled primarily via online enrollment and occasionally on paper and recorded for a January 1st effective date. This data is captured on a sample billing statement.

3. Collection of base annual salary and hours worked per week (fall)
    i. The collection period (allowing time to process this data) is set to collect, from all participating employers, any updates/changes to annual salary data, hours worked per week and job title. The Contractor ensures to collect data from each participating employer.
    ii. The Contractor will create a file for each employer with each employee enrolled, current salary, current hours worked per week and current job title. This file is made available on the employer Online access for downloading and processing. The collection of this data is handled via online submission. Daily monitoring of receipt of the file, the data is valid, and processing for validation is required. If the file is incomplete in any way, the file is returned to the employer for completion. The validation process compares the current data to the new data for any discrepancies out of range salaries or hours worked per week. Any data requiring validation will be sent to the employer. Once validated, the file is ready to load in the database with an

effective date of January 1st. The data is used to calculate any Long- Term Disability or Additional Life Insurance coverage premium. This data is captured on a sample billing statement.

4. Part-Time Resolution and Domestic Partner Coverage
    i. Participating employers are allowed the option to offer all benefits to employees who work at least 15 hours per week but less than 20 hours per week. This is an annual process requiring the participating employer to approve a local policy resolution to extend this offer to their employees. Once approved at the employer's local level, the request is sent to the Authority for approval by the Authority Board of Directors. It is important to complete this process prior to the beginning of the next participating employer's hiring cycle. The Contractor will remind participating employers in early spring to begin this process to make sure all approvals are made timely. Ongoing follow up will continue until all resolutions are received or the participating employer communicates in writing that they no longer wish to pursue this option with the Authority. This approval for this option is recorded in the Contractor's database and the Authority Online Benefits System to accommodate enrollment processes.
    ii. Offering domestic partner coverage is at the discretion of the participating employer. The participating employer will approve a local policy resolution to extend this offer to their employees. Once approved at the employer's local level, the request is sent to the Authority for approval by the Authority Board of Directors. The Authority will establish an enrollment period for employees. The approval for this offering is recorded in the Contractor's database and the Authority Online Benefits System to accommodate enrollment processes.

5. Affordable Care Act (ACA) Reporting
    i. Compliance with the ACA reporting requirements is the sole responsibility of the employer. The Authority maintains enrollment records for participating employers for only employees who elected to enroll for Authority benefits coverage. The Authority is able to provide some of the information needed for reporting. (Employers may have employees that the Authority is not aware of, so it is important for employers to use the eligibility data the Authority has on file, as well as any employment information in the employer's records.)
    ii. The Authority has approved the Contractor to provide a file of all enrollments for the calendar year for each participating employer in an approved format similar to data required to the employer (so the employer can prepare 1095B and 1095C forms as the employer responsibility). This enrollment data will include all lines of coverage for employee and dependent enrollment for the calendar year including any COBRA QB enrollment and any Board Member enrollment. The Contractor will make available a preliminary file in early December and the final file by early January.

**21. Customer Service for all Authority Partners**

The Authority and Authority partners include but are not limited to the following: Authority staff; Authority Board and Committee members; NM Interagency Benefits Advisory Committee members; Authority associated Benefits carriers, consultants, legal counsel, etc.; Authority participating employer group benefits, payroll and associated staff, employees, self-pay participants and members.

The Contractor maintains Authority required, participating employer contact categories to include but not limited to: Main, Billing, Benefits, Leave of Absence (LOA), Risk and Worker's Compensation contacts on an ongoing basis as provided by or solicited from the participating employers. Each contact will include the name, physical and mailing address, phone and fax number and email address. The Main contact is reserved for the designated official of the participating employer and must include their job title, for example, Superintendent, President, CFO, Director, Administrator, etc. There may be multiple contacts for Billing, Benefits, LOA, Risk and Worker's Compensation as the participating employer deems necessary. These contacts also drive participating employer access to the Authority Online Benefits System. The Benefits contact must be an employee of the participating employer to gain full access to the Authority Online Benefits System and other contacts will have limited access.

The Contractor must maintain a professional relationship with all Authority customers and partners to administer all aspects of the Authority program successfully. The expectation of customer services includes, but is not limited to the following:

a. Ongoing outreach to the participating employers (via phone and/or email): To confirm receipt of complete enrollment requests; Clarify rules and administrative enrollment practices; Training; Site visits; Notifications; Contractor and Online system accommodations for: employer benefit offering matrix, alternate employee/employer premium contribution split as requested by the Authority for information as needed, alternate eligibility minimum enrollment requirements, premium calculator, access to enrollment database-customized for each employer, billing, ACA reporting data, employee notices, etc. The Contractor will maintain a bulk e-mailing software and service for ongoing outreach to Benefits and Risk participants that provides statistics to include but not limited to number of opens, number of contacts lost or blocked, and returned email.

b. Handling employee and self-pay participant enrollment and eligibility inquiries.

c. Outreach to associated benefits carriers for manual enrollment or enrollment verification.

d. All phone conversations must be recorded for quality assurance and tracking.

1. A toll-free number 800-233-3164 is kept by the Contractor.

2. Telephone calls currently average 90 calls per day but can increase significantly during an enrollment period or change in the program.

3. Inquiries relate to Authority Rules and Regulations, COBRA rights, enrollment, eligibility, carrier phone numbers, appeals process, associated entities (Educational Retirement Board or Retiree Health Care Authority), and employee benefits. Any benefits related questions must be directed to the Authority for handling. Phones are answered from 8:00 a.m. to 5:00 p.m. MST.

e. Attendance at various meetings and trainings are required and include, but not limited to, Monthly Benefits Advisory Committee and Board Meetings, Annual Regional Training, Authority Training and at the Public Education Department's Annual Spring Budget Workshop.

**22. Monthly and Annual Billing**

The premiums billed to participating employers for benefits, self-pay participants and carrier/vendor fees are different, therefore multiple rate tables are required. It is required that all Benefits billing categories (by product and by carrier/vendor) are recorded and maintained separately for accounting and financial reporting purposes.

a. Participating Employer Benefits Enrollment Billing

1. A consolidated list billing, including adjustments, is available via the employer access of the Online system for download by the employer on the 1st business day of each month.

i. Due to the various combinations of coverage available to employees, (medical without dental, dental and vision without medical, etc.) the entries on these billings total over 140,000 per month.

2. The list bill will include all data processing through 5 p.m. on the last business day of the month for all "complete" transactions.

3. Adjustments for the next month's bills are monitored on a weekly basis and on the last business day of the month for accuracy. Adjustments on the bill can occur retroactively for many years based on the enrollment transaction. Adjustments may include credit and debit adjustments for terminations, enrollments, tier changes, waivers of premium, and social security number merges.

4. The billing statement will include summary enrollment data by benefit, carrier, tier of coverage, employee count and premium. A special identifier is listed for an employee with LTD and any life insurance coverage on an approved waiver of premium.

5. The last page of the PDF format of the bill will include total month premium due including any accounts receivable balances, late penalties and not pay as billed penalties along with the Authority's Benefits bank account information. Calculation of penalties (governed by Authority Board Policies) are as follows:

i. Late payment of premium penalties is assessed at 1.5% of the grand total due amount for each month the payment is delinquent.
ii. If the participating entity fails to pay timely and/or not pay as billed (including overpayment or prepayments), assessment of a Not Pay as Billed penalty of 1.5% on the total amount due with a minimum penalty of $500, this penalty will double in each subsequent month the penalty is not paid.
iii. Accounts receivable balances, late penalties and pays as billed penalties are tracked separately in the database; the Authority is notified of any penalty balances and if participating entities are eligible for an annual penalty waiver (based on a rolling 12-month cycle).

6. Benefit premium billing information is created in four options: PDF, Excel, CSV and modified Excel to accommodate some employer's bill reconciliation software.

b. Individual Self-Pay Participant Billing

1. Self-pay participants (COBRA, Retirees, Board Members, Grandfathered Board Members) average 400 monthly lives. Billing is generated based on the Authority fiscal year (July to June).

2. Based on the participants payment option election (coupon book, bank draft, 6-month invoice or 12-month invoice) the following applies:
i. Each June the Contractor will create annual billing for each payment option up to the end of the enrollee's scheduled participation; The packet will include a cover letter advising of the annual process, where to find access to the latest the Authority Program Guide, customized rate schedules, and their preferred method of payment information. Participants on coupon book and invoice are encouraged to move to bank draft.
ii. After the annual billing, as self-pay participant enrollment occurs during the year the appropriate payment option information will be created through the end of the current fiscal year and distributed to the participant.
iii. Adjustments for self-pay participants are monitored on a weekly basis and on the last business day of the month for accuracy. Adjustments to the method of payment can occur retroactively based on the enrollment transaction. Adjustments may include credit and debit adjustments for terminations, enrollments, tier changes, and waivers of premium.

**23. Annual Participating Employer Benefits Enrollment Sample Billing**

The Authority participating employers pre-collect benefit's premiums from employees one month in advance of the premium due date. As an example, payroll deductions in September pay for October benefits coverage. The Authority requires a sample billing statement to be created and provided to all participating employers. This sample bill represents changes and updates for October 1st and January 1st of each year and is used only as an information tool.

a. The Authority makes changes to benefit premiums effective October 1st of each year.

For most participating employers the beginning of the school year creates a high volume of employee enrollment and disenrollment in the month of August. The Contractor will use the enrollment data collected for the September bill to create the October Sample Bill that will include any new enrollments and changes along with the new benefit's premiums. The participating employer will use this October Sample Bill to assist with employee payroll deductions in the month of September to be prepared for premiums billed in October.

b. The January Sample Bill is created prior to the Thanksgiving Holiday. This sample bill will include any enrollment and changes to date, any Switch and Open enrollment requests that are effective on January 1st, updated base annual earnings that affect any LTD and Additional life premiums and the annual calculation of employee age on January 1st for determination of premium age bracket for Additional and spouse life premium.

**24. Monthly and Annual Premium Collection**

The majority of premium collection occurs monthly with annual premium collection for self-pay participants on a 12-month invoice. Payments are made electronically to the Authority's fiscal agent by participating employers. Employee benefits payment is due on the 1st and no later than the 10th of each month for which coverage is intended. Monitoring timely payment and documenting account receivable balances and penalties is required.

On a daily basis the Contractor will access and verify deposits in the Authority Employee Benefits bank accounts. Deposits are manually confirmed via a receivables report generated daily. A reconciliation of payments takes place in the premium collection database. It is required that all Benefits payment categories (by product and by carrier/vendor) are recorded and maintained separately for accounting and financial reporting purposes.

a. Employer Benefits Monthly Payment: The Authority will record the daily bank deposit in the database. A zero-balance process is run and the payment is distributed by category (monthly billed, accounts receivable, late penalty, not pay as billed penalty). Each employee enrollment record is updated with the payment date. Any discrepancies between billed and received amounts are recorded in the database for the participating employer with accounts receivable amounts and applicable penalties for the next month's bill. The participating employer is notified, via phone, of discrepancies and/or penalties that will be applied to the next month's bill.

b. Self-Pay Participant Payment: Payments are made daily to the Contractor, submitted by enrollees to the Authority P.O. Box (maintained by the Contractor). These manual payments are deposited with 24-hours from receipt per New Mexico State Department of Finances and Administration Rules and Regulations. The Contractor will deposit to the Authority Employee Benefits bank account daily and email the documentation to the Authority. An ACH file is submitted to the Authority Employee Benefits bank account to settle on the 10th of the month and the Contractor will email the documentation to the Authority.

1. Payments to the Authority P.O. Box are verified for enrollment, confirm the payment amount due and the month the payment is for. Payment checks are copied, a

log sheet with name and amount is completed, a deposit notice is created and a desktop deposit takes place; A zero-balance process is run in the database and payment date is updated for each participant record. A notice is sent to the participant advising of any discrepancies.

2. Payments via ACH bank draft: A prenote file is sent to the Authority Employee Benefits bank account five business days before the 1st of each month; A final ACH file is sent on the 1st business day of each month with a settlement date of the 10th of the month (or next bank business day of the month); If an ACH request is received between the prenote and final file, it will not be sent until the next month's prenote file; A zero-balance process is run in the database and payment date is updated for each participant record. Any returns for insufficient funds are processed for reversal of premium payment, appropriate bank fees charged, and manual payment recovery for the affected month of coverage. Verbal and written communication is made with the participant advising of this process.

3. All self-pay participants follow a payment notification process: Payments not received by the 15th of the month will generate a Late Notice mailed to each participant affected. Payments not received by close of business on the last business day of the month will generate a Cancel Notice mailed to each participant affected and coverage will be cancelled retroactively to the last day of the previous month. After cancellation of coverage has taken place, the Contractor will monitor any payments sent to the Authority P.O. Box to confirm postmark was timely. If payment was postmarked timely, coverage will be reinstated without interruption and manually updated with each carrier.

4. Any canceled coverage will be checked for claims during the month affected and reported to the Authority for subrogation protocol.

**25. Carrier Eligibility Interface Files**

Weekly electronic eligibility updates are provided to contracted health carriers (currently Blue Cross Blue Shield, Cigna, Presbyterian, Delta Dental, United Concordia Dental, and Davis Vision) in the mandated HIPAA 834 EDI file format after mutually agreed upon between the Contractor and the carrier. Electronic eligibility files in a non-standard file format are provided to contracted carriers (currently for CVS Caremark and The Standard) after mutually agreed upon between the Contractor and the carrier. The Contractor is required to maintain and adopt any new format and modify specifications as requested by the carrier and the Authority to meet implementation deadlines. Meetings with carriers to determine file requirements for eligibility updates are the responsibility of the Contractor. An eligibility file will be created and delivered to the carrier's secure site as agreed upon between the Contractor and the carrier. All complete enrollment and changes are processed through 5:00 p.m. each Thursday. An eligibility file is created and delivered to each carrier's secure FTP site by Friday morning no later than 10 a.m. MST.

Statistical reports for medical, dental, vision, prescription drugs (Rx) and life/disability carriers

are created for each weekly file by carrier, carrier plan, tier of enrollment, employee only counts and employee, spouse, domestic partner and child head counts for each plan. The reports include data for the current month's eligibility separate from data for current and any future enrollment that is sent in the respective file. These statistics are reported to the Authority weekly as the files are created.

A log is generated, by carrier file, recording the time the file was sent and the record count. These record counts are sent to each carrier via email to confirm receipt of the file and confirmation of number of records received. The carriers will load the file and provide information of records that error out during the file load. These error reports are reviewed and confirmed if the Contractor or carrier must make the correction before the next file load. The Contractor is responsible for reporting any ongoing issues, discrepancies or inadequate findings to the Authority.

Each carrier will provide the Contractor their unique data set location for their 834 EDI file or non-standard file. All listed carriers require eligibility information by carrier codes and/or specified subgroups for different plan options, by employee and to include the employee's dependents (if applicable), along with social security number, name, dependent relationship, date of birth, incapacitated status verification and effective and/or expire dates, address and/or alternate address, phone number, tier of coverage, effective date, Medicare parts A and B effective dates (if applicable), termination date, alternate employer code and alternate social security number, by employer, by month of coverage (one month of future enrollment is provided on each respective file). The Contractor does have the responsibility to generate an alternate ID number for all employee enrollment in the benefits database and provide this number on the eligibility file sent to the Rx carrier. Life insurance and Disability insurance is on a self-administered basis and the non-standard Evidence of Insurability eligibility file is provided to this carrier on a weekly basis.

Access to live eligibility information is also made available to the medical, prescription, dental, vision, life and disability carriers via read only access to the Contractor's eligibility database.

Emergency interim verification of eligibility and manual enrollment requests are initiated by email by the Contractor and handled by an assigned individual at each plan vendor. For Rx coverage, the Contractor has access to enter and update enrollment into the Rx vendor's eligibility system.

The Contractor is responsible for quarterly eligibility reconciliations between each carrier's eligibility system and the Contractor's eligibility database, reporting any ongoing discrepancies or inadequate findings to the Authority Directors.

In the event the Authority adds additional health carriers, the Contractor will be responsible to perform administrative services to onboard the new carrier to include but not limited to participate in all implementation meetings; connect directly with new carrier staff to meet eligibility file specifications; testing and implementation deadlines; create new carrier eligibility cross walk; employer and employee identification; create alternate member identification; provide member address and email files to implement transition programs and disseminate information; update and maintain ASO fee billing files and reports; provide bulk

emailing services for Authority enrollee notifications; etc. as requested by the Authority to secure timely implementation in the eligibility and enrollment system and eligibility file delivery.

**26. Data Warehouse Eligibility File**

On a monthly basis, the Contractor will create and provide an eligibility data file to the Authority's benefits consultant in conjunction with data warehouse services provided by the benefits consultant to the Authority. The data is provided in a mutually agreeable file format to be determined between the benefits consultant and the Contractor. The file is created based on medical enrollment data from the last weekly 834 EDI files for the month. Once the file is created, it is placed on the benefits consultant secured file sharing site.

**27. Monthly Carrier Premium Payments**

Monthly premium statements and payments to carriers are made based on carrier contract negotiations. Carrier fees may change at an annual renewal. The carrier premium is different than the premium billed to the participating employers. On a monthly basis, carrier payment summaries are created based on the same statistical enrollment and previous month's enrollment adjustment information used to bill participating employers and self-pay participants.

The medical, dental, and vision carrier payment summary reports include a listing by participating employer and self-pay participant group, tier of coverage and carrier premium for each group. Adjustments are reported by participant detail based on carrier contract negotiations, currently a 3-month look back.

The life and disability carrier payment summaries require separate reporting formats by product: Basic Life, Additional Life and Long-Term Disability. Each life product's carrier payment summary report includes a listing by participating employer and self-pay participant group, (employer elected benefit level for Basic Life), by age group to include carrier premium and volume of coverage for each age banding. Separate life carrier payment summaries are created for employee Additional life, Spouse life and dependent child life. Child life is reported by participating employer and self-pay participant group, by child count, carrier premium and volume of coverage. Long Term Disability data includes a listing by participating employer, employer elected benefit waiting period level, employee counts, premium and gross earnings by benefit waiting period level. Adjustments are reported by participant detail, based on carrier contract negotiations, currently a 12-month look back for credit adjustments and payment adjustments may be made retroactively to the beginning of the carrier contracts.

A summary reconciliation for each carrier is created to issue premium payments. This summary is accompanied by the supporting system-generated reports and delivered to the Authority via email no later than five business days from the first of each month. Carrier contract negotiations stipulate medical and dental carriers are paid a month in arrears; vision along with life and disability carriers are paid for the current month.

The Contractor invoice for services is also provided to the Authority for payment along with carrier payments on the same cycle as the medical and dental carriers. On occasion, a premium refund is required for a self-pay participant. The Contractor will collect supporting information and request a refund from the Authority. The Authority will issue the refund and send via U.S. mail to the participant and provide the refund check information to the Contractor to record the refund in the premium collection system.

**28. Benefits Fund Financial Statements**

For the Benefits fund, financial statements are created on a monthly basis recording all activity in each of the Authority's Benefits bank accounts (depository, disbursement and short-term investment), state treasurer investments, detailed posting of all deposits, transfers, disbursements, fees, other income, premium billing, deferred revenue and accruals. Each year a new budget is provided and loaded into the finance system and adjustments are made for any yearend audit corrections or additions.

The Authority's multiple bank accounts for each fund are maintained with the fiscal agent bank. The "Depository Account" is the recipient of all revenues received from the Authority participating employers for premium payments. This revenue corresponds directly with the amounts being billed by the Contractor to the participating employers.

This bank account also receives all other revenue which may include prescription drug rebates, contractor performance penalties, subrogation and recoveries and interest earnings. All payments made by the Authority participating employers, except certain self-pay premium payment options, are made by electronic media. All other deposits require the Contractor to reconcile the payments to the participants bill and use a "desk top deposit" process to deposit the payments directly into the Authority depository account daily. These checks are kept for one month in case of incidents of return for insufficient funds.

Several times during the month, transfers are initiated between the Depository account and the Short-term Investment account and the Disbursement account. The Short-term Investment account serves as the location for excess cash reserves to maximize interest earnings. Several times during the month funds are transferred in and out of this account into the Depository account. The Disbursement account is the source for all payments made to carriers for administrative fees and claims payments, premium payments for fully insured coverage, contractor fees, participant refunds and miscellaneous expenses. The Disbursement account is a Zero Balance Account with transfers made into the account from the Depository account when any request for payment is required. These requests for payment are approximately forty (40) per month and via electronic transfers (wire or ACH). It is the responsibility of the Contractor to notify the Authority when to prepare payment for administrative and contractor fees and participant refunds. The capability of initiating electronic transfers is restricted to the Authority Chief Financial Officer or his/her designee. The daily transactions of these accounts are available on a read-only basis to the Contractor via the financial institution's website. These current banking arrangements will continue to be maintained. It is the responsibility of the Contractor to reconcile the activities of these accounts on a monthly basis and provide an accounting of these activities to the Authority's Chief Financial Officer and his/her designee.

Weekly transfers between accounts and wire transfers and documentation supporting weekly wire disbursements will be prepared by the Authority and provided to the Contractor for the recording of each transaction. Reports to facilitate the monthly recording of premium revenue from the monthly invoices will be prepared by the Authority. Reports to facilitate the monthly recording of expenses will be prepared by the Authority. After the end of each month and not later than the 15th of the following month the Contractor will deliver to the Authority accounting Journal Entries to reflect all transactions required to be included in general purpose financial statements (Balance Sheet and Statement of Revenues and Expenditures) for the Benefits Division of the Authority. The Authority will import the monthly transactions into their accounting system.

The Contractor will be required to run a parallel accounting system with matching account codes as the Authority for reconciliation and verification purposes.

**29. Maintenance of Authority Files**

All Authority files and documentation is sorted and stored accordingly. The Contractor keeps benefits enrollment records in multiple retention categories. File folders for participants exist for most participating employers for enrollments prior to 2004 who continue active enrollment. A file folder is maintained for self-pay participants who chose not to enroll electronically via the Authority Online Benefits System. After 2004, "Data Entry" paper enrollments and documentation received are scanned, and the image is stored in the participant's electronic enrollment record. This paper documentation is kept by the date they were processed and by the representative who processed the request. Electronic enrollment records exist in the participant's electronic enrollment record when the participant enrolls via the Authority Online Benefits System. All participant file folders will follow the participant based on their continued enrollment.

File retention is subject to the New Mexico Records and Archives regulations. On an annual basis at the beginning of each year, the Contractor will create a report that lists all participants that have terminated enrollment with the Authority. A process of pulling the expired participant file folders and storing in alphabetical order takes place in preparation to deliver to the New Mexico Records and Archives Center along with any data entry processing from the prior year. An electronic storage policy will be created to allow the imaged document to become the "original" and the paper data entry records will be destroyed onsite after meeting the internal retention period. Required transmittal forms will be prepared by the Contractor and delivered to the Records Liaison Officer at the Authority for processing for retention at the Archives Center or destruction onsite.

Participating employer billing statements and reconciliation, all carrier/contractor payment documents, deposits, banking, and accounts receivable reporting along with all financial statement reports are kept for each fiscal year period in an electronic format.

All information retained, except for Contractor computer products, is the property of the Authority and is made available to the Authority auditor on an annual basis.

The audit requires detailed investigation of enrollment and eligibility files, carrier and contractor payment files, banking, and financial statement files, in coordination with the Authority site audit and carrier claims processing audit.

**30. Attendance and Participation at Meetings**

The Contractor is required to attend all Authority Benefit Committee meetings and Board meetings. These occur usually on the first Wednesday afternoon and subsequent Thursday morning of each month. Meetings are not held in January or August, but the Board may hold meetings in these months, if needed. Meetings are usually in Albuquerque, except for the July meeting, which is held in a NM site other than Albuquerque (but locations and dates may change by the Board, as needed). The Contractor will attend the Interagency Benefits Advisory Committee (IBAC) meetings held on the second Wednesday of each month or as scheduled by the IBAC Chair.

All meetings scheduled by the Authority annually may include but are not limited to Carrier eligibility meetings; New employee enrollment; Switch/Open enrollment; New coverage enrollment; and Onsite training visits with participating employers. The Contractor will attend the Public Education Department's Annual Spring Budget Workshop which requires purchasing a booth for the four-day event, held in Albuquerque; Staffing the booth on behalf of the Authority; Collection and dissemination of benefit carrier giveaways at the booth and door prizes for the Authority presentations; Assisting and educating participants regarding Authority benefits administration.

The Authority trainings are scheduled as needed throughout the state in-person and/or virtually. The Contractor will manage all notifications to attendees and registration for these training meetings as mutually agreed upon by the Authority and the Contractor. These trainings may encompass day to day administration processes of employee benefits by the Contractor, participating employer responsibilities, Authority Rules and Regulations and administrative practices. For in-person training, the Contractor may be responsible for providing morning refreshments and snacks (included in the Contractor’s fees) as well as a working lunch to registered participants and presenters.

The Contractor will develop eLearning passive and interactive trainings for annual, monthly and roundtable topic formats, update existing eLearning trainings and make it available on the Authority website. This is a start-to-finish segment that includes every aspect of the project from implementation to development, testing and deployment.

Formats and information mutually agreed upon by the Authority and the Contractor will include but not limited to training outlines, PowerPoint presentations, training schedules, glossary of terms, key definitions, guidelines, topic resources, frequently asked questions, topic process visuals and flowcharts, training videos, Contractor resources for presenting, communications to participating employer staff, and posting on the Agency website.

a. Level 1 Basic Passive eLearning trainings consisting of an automated PowerPoint prestation no longer than 30 minutes in length.

b. Level 2 Advanced Interactive eLearning trainings consisting of an automated PowerPoint prestation no longer than 60 minutes in length.

The Contractor will provide five (5) in-person annual regional training meetings and one (1) virtual annual regional training meeting for participating employer benefits, billing, leave of absence, risk management and worker's compensation specialists, with the times and locations to be mutually determined by the Contractor and the Authority. The Contractor will manage all notifications to attendees and registration for these training meetings as mutually agreed upon by the Authority and the Contractor. These trainings may focus on benefit changes, state and federal law requirements, administrative procedures, changes, review Authority Rules and Regulations, assistance with the actual enrollment processes, and review of premium payment reconciliation procedures or any other topics determined appropriate by the Authority. For in-person trainings, a working lunch is provided by the Contractor (included in the Contractor's fees) during these annual summer regional training meetings held throughout the state. The working lunch is to accommodate registered participants and presenters. The Contractor may be asked to provide a presentation and/or training material and schedule, secure, and coordinate videotaping for one of the training sessions. The Contractor will coordinate with the carriers to sponsor morning refreshments and a light snack for participants. Combined carrier giveaway items are packaged and delivered to each training by the Contractor.

The Contractor will maintain a virtual meeting software and service for webinar capabilities for all required virtual trainings to include but not limited to participating benefits employer development training, roundtable sessions, etc. as needed or requested. The Contractor serves as a backup for meetings which the Authority representatives are unable to attend. Occasionally, immediate attendance may be required with little advance notice.

**31. Reports and Secure Document Sharing Site**

Ad hoc reporting is produced on an as needed and requested basis. Instances include reporting to the Authority, the Authority Board, the NM State Legislature, consultants, carriers, and auditors regarding enrollment population, premiums billed and collected, budget analysis, and geographic analysis. As requested by the Authority, the Contractor will produce unique specified data requests by participating entities that include the participating entity's detailed employee and dependent enrollment data. Responses to these requests can require a 24-hour turnaround time, especially during the legislative session.

The Contractor will provide a user friendly and secure FTP, FTPS and/or SFTP document sharing site between the Authority and the Contractor, to access daily, monthly and annual information and/or data files, that has the capacity for extremely large files, accommodate storage of this information, and allow an exchange of monthly files and/or unique employee/member enrollment information that requires compliance with HIPAA privacy and security regulations. The access must require multi-factor authentication and/or unique

password protection capabilities.

**32. Development and Maintenance of Forms, Publications and Notices**

The Authority utilizes the Contractor to develop and maintain required forms, publications, and notices relating to the operation, enrollment, and financial matters of the employee Benefits programs. Some notices created by the Contractor, but not limited to, include Authority Rules and Regulations Summary, COBRA Privacy and Medicare Part D Notices, HIPAA Notification, annual rate schedules, preprinted forms, fillable enrollment forms, reaching the child limiting age, late notice, cancellation notice, conversion notice, and any other forms/notices to administer the Authority program.

**33. Authority Website and Mobile Application Maintenance**

The Contractor maintains and updates information on the Authority's public website (https://nmpsia.com), the Authority's Online Benefits System, and the Authority's Mobile Application for employees and participating employers, as needed and requested by the Authority that includes 24-hour access to email directly to the Authority and the Contractor. Examples of ongoing updates, but not limited to, include monthly board meeting agendas, advertisements, notices, upcoming meetings and events, benefit plan changes, wellness information and events, annual reports, monthly board meeting minutes, new or updated publications, notifications of requests for services, premium rates, insurance forms, benefit carrier website links, benefit carrier provider directories, newsletters, and any other updates as requested. The website also provides access to the following:

- Board Login – a secure access to designated Authority staff, Authority Board Members, and selected partners to view draft materials for upcoming committee and board meetings.

- Inspection of Public Records Request – an email option to complete a request form and submit to the Authority Public Records Custodian.

- Authority Online Benefit System – a link for direct access to the Authority Online Benefit System for employees, participating employers and management.

- Disability and Life Benefit Premium Calculator – a link to assist employees and participating employers to explore the 100% monthly cost of Long-Term Disability and Additional Life coverage available by participating employer, month, benefit election and premium.

- Participating Employer Contacts – a link to access all Authority participating employer contacts maintained on the Contractor's database.

**34. Distribution of Materials**

The Authority requires the distribution of notices, forms, enrollment packets, and any materials necessary for the implementation of employee benefits at the participating employer and are handled on an as-needed basis by the Contractor via U.S. mail or shipping parcel service.

There is a separate budget established for printing and postage related to special U.S. mailings, as well as for normal printing, monthly shipping, and postage costs. A direct charge budget will be established by the Authority, and designated services will be paid for by the Contractor and billed directly to the Authority.

**35. Contractor Computer System Functionality**

It is vital for the Contractor to preserve the integrity of hardware, software and technology to ensure the functionality of all components of the system to include enrollment, eligibility, premium billing and collection and financial processes. Proper protocols for backup, recovery, security, firewall protection, hardware upgrades for capacity, performance and security, operating system and database software updates, cloud and encryption technology need to be followed.

**36. Statement on Standards for Attestation Engagements Audit (SSAE)**

The Contractor is required to be engaged in an ongoing annual SSAE Service Organization Controls (SOC) multi-level audit for the purpose of compliance of best business practices. This audit represents the Contractor's commitment to maintaining a sound control environment that protects the Authority's data and confidential information. The SOC is designed to provide a comfort level over business principles of security, availability, confidentiality, processing integrity, and privacy of the Contractor "system". This "system" is comprised of the infrastructure, software, people, procedures, and data used to complete the services provided. The goals to be achieved with each principle include and not limited to the following:

a. Security-The system is protected against unauthorized access, both physical and logical.

b. Availability- he system is available for operation and intended use.

c. Processing Integrity-System processing is complete, accurate, timely, and authorized.

d. Confidentiality-Information designated as confidential is protected as required.

e. Privacy-Personal information is collected, used, retained, disclosed, and/or destroyed in accordance with established standards.

**37.** The Contractor will provide all services required for the implementation and administration of all Federal and State legislation and Office of the Superintendent of Insurance directives.

**38.** The Contractor will provide all equipment necessary to provide administrative services to the Authority.

## II. Risk Division Services

The Contractor administers an important component of the Authority Risk Division that includes premium invoicing to all participating employers who elect these services, monitoring receipt for premium payments and financial accounting and recording of these processes. Invoices and payments for Risk coverages require data separated in categories by product and recorded and maintained separately.

### 1. Annual Invoices

On an annual basis, the Authority , with assistance from their Risk Insurance Consultant and the Contractor, provides participating employers an invoice for Property Insurance, General Liability Insurance, Auto Liability Insurance, Mandatory Catastrophic Student Accident Insurance, Equipment Breakdown Coverage Insurance, Bus Inspector and Workers' Compensation Insurance.

Information for Risk coverage premium invoicing is prepared and provided by the Authority Risk Insurance Consultant (currently Poms and Associates). This information is provided in the spring of each year for creation and availability of the invoice on the Authority general website (https://nmpsia.com) under the Risk Division section on July 1st by the Contractor.

The invoice statement, in PDF format, is specific to each participating employer's selected line(s) of insurance coverage and will include a summary by coverage and premium along with the total amount due, due date of July 31st, notice of late payment interest charges of 1.5%, payment instructions, form of payment required and to make payment directly into the Authority Risk bank account.

On July 1st a broadcast email will be provided by the Contractor to each participating employer announcing the availability of the annual invoice.

### 2. Annual Premium Collection

All Risk payments must be made via wire transfer or ACH directly to the Authority's Risk Depository Account. The Contractor will identify all payments received into the Authority's Risk Depository Account at the Authority's fiscal agent (currently Wells Fargo Bank). The Contractor will record the daily bank deposit in the Contractor database. For each employer, a zero-balance process is run and the payment is distributed by category and by product to include amount billed, amount paid, accounts receivable, and late penalty, as needed. Each employer record is updated with the payment date. Any discrepancies between billed and received amounts are recorded in the database. For participating employers with accounts receivable amounts and applicable penalties, the Contractor will record and reconcile each payment against each annual invoice to establish timeliness and accuracy of payment, track discrepancies and maintain the master receivables report. Any discrepancies between billed and received amounts and/or late payments are reported to the Authority and the employer. Any late payment penalty assessments will be recorded and monitored for timely payment.

By July 31st, the Contractor will send a second broadcast message to all participating employers that have not paid their Risk invoice. A list of each participating employer that has not paid their Risk invoice by July 31st will be provided to the Authority Chief Financial Officer and his/her designee for follow-up.

### 3. Risk Division Monthly Financial Accounting

The Contractor is responsible for accounting of financial activity in each Authority bank account (Risk Depository, Risk Disbursements and Risk Sort Term Investments), along with Local Government Investment Pool and State Investment Council pooled investments. Detailed recording of all deposits, transfers, disbursements, fees, other income, premium invoicing, accruals, etc. is required.

Weekly transfers between accounts and wire transfers and documentation supporting weekly wire disbursements will be prepared by the Authority and provided to the Contractor for the recording of each transaction. Reports to facilitate the monthly recording of premium revenue from the Annual Invoices will be prepared by the Authority. Reports to facilitate the monthly recording of reinsurance expense/other prepaid expenses will be prepared by the Authority. After the end of each month and not later than the 15th of the following month the Contractor will deliver to the Authority accounting Journal Entries to reflect all transactions required to be included in general purpose financial statements (Balance Sheet and Statement of Revenues and Expenditures) for the Risk Division of the Authority. The Authority will import the monthly transactions into their accounting system.

The Contractor will be required to run a parallel accounting system with matching account codes as the Authority for reconciliation and verification purposes.

### 4. Customer Service for Risk Division Authority Partners

Customer service involving Risk Division services is provided to Authority staff, Authority Board and Risk Advisory Committee members, Authority-associated Risk Division carriers/vendors, consultants, legal counsel, and Authority participating employer-associated staff.

A Risk Division participating employer contact is maintained on an ongoing basis as provided by or solicited from the participating employers. Each contact will include the name, physical and mailing address, phone and fax number, and email address. There may be multiple contacts for Risk as the participating employer deems necessary.

### 5. Authority Website Maintenance for Risk Division

The Contractor maintains the Authority website (https://nmpsia.com) as needed. Examples of ongoing updates, but not limited to, include Risk Division carrier/vendor website links and contact information, new or updated publications, insurance forms, newsletters, and any other Risk Division updates as requested.

The website also provides access to the link to access annual Risk Premium Invoices by participating employer District ID number.

**6. Collaborate with Authority Staff**

The Contractor will meet, in-person or virtually, as needed to discuss Risk related matters These topics may include discussions on processing of financial transactions, processing of invoices, etc.

**III. Performance Guarantees**

The Contractor shall comply with the terms and conditions of the Performance Guarantees attached as Exhibit A which is incorporated into and made a part of this Agreement by this reference. If the Contractor fails to obtain the results described in Exhibit A, the Authority may provide written notice to the Contractor of the default and specify a reasonable period of time in which the Contractor shall advise the Authority of specific steps that it will take to achieve these results in the future and the timetable for implementation. Nothing in this Agreement or in the provisions of Exhibit A shall be construed as liquidated damages clause.

Performance Guarantees will be measured at the end of each quarter from contract inception. The performance measures shall be met each quarter in a contract period. Failure to meet the Performance Guarantee will result in a quarterly payment to the Authority to be paid no later than forty-five (45) days from the end of the quarter via check or ACH.

**2. <u>Compensation.</u>**

The Authority shall pay the Contractor for services satisfactorily performed pursuant to the Scope of Work for Employee Benefits at the rate of:

Per Member Per Month **$2.46** in fiscal year 2025 excluding gross receipts tax.
Per Member Per Month **$2.61** in fiscal year 2026 excluding gross receipts tax.
Per Member Per Month **$2.78** in fiscal year 2027 excluding gross receipts tax.
Per Member Per Month **$2.96** in fiscal year 2028 excluding gross receipts tax.

***Member per month is defined as any employee or dependent on record with one or more benefits enrolled.***

The Authority shall pay the Contractor for services satisfactorily performed pursuant to the Scope of Work for the Risk Program at the rate of:

Fifty-Two Thousand Dollars and Zero Cents (**$52,000.00**) in fiscal year 2025 excluding gross receipts tax, to be paid in twelve (12) equal monthly installments.

Fifty-Four Thousand Six Hundred Dollars and Zero Cents (**$54,600.00**) in fiscal year 2026 excluding gross receipts tax, to be paid in twelve (12) equal monthly installments.

Fifty-Seven Thousand Three Hundred Thirty Dollars and Zero Cents (**$57,330.00**) in fiscal year 2027 excluding gross receipts tax, to be paid in twelve (12) equal monthly installments.

Sixty Thousand One Hundred Ninety-Six Dollars and Zero Cents (**$60,196.00**) in fiscal year 2028 excluding gross receipts tax, to be paid in twelve (12) equal monthly installments.

The total compensation in fiscal year 2025 shall not exceed (**$2,567,320.00**) excluding gross receipts tax.

The total compensation in fiscal year 2026 shall not exceed (**$2,708,620.00**) excluding gross receipts tax.

The total compensation in fiscal year 2027 shall not exceed (**$2,868,760.00**) excluding gross receipts tax.

The total compensation in fiscal year 2028 shall not exceed (**$3,038,320.00**) excluding gross receipts tax.

**These amounts are a maximum and not a guarantee. The Parties do not intend for the Contractor to continue to provide Services without compensation when the total compensation amount is reached. Contractor is responsible for notifying the Procuring Agency when the Services provided under this Agreement reach the total compensation amount. In no event will the Contractor be paid for Services provided in excess of the total compensation amount without this Agreement being amended in writing prior to services, in excess of the total compensation amount being provided.**

A. Payment in Fiscal Year 2025 Fiscal Year 2026, Fiscal Year 2027, and Fiscal Year 2028 is subject to the availability of funds pursuant to the Appropriations Paragraph set forth below and to any negotiations between the parties from year to year pursuant to Paragraph 1, Scope of Work and to approval by the Authority. All invoices MUST BE received by the Authority no later than fifteen (15) days after the termination of the Fiscal Year in which the services were delivered. Invoices received after such date **WILL NOT BE PAID.**

B. Contractor must submit a detailed statement accounting for all services performed and expenses incurred. If the Authority finds that the services are not acceptable, within thirty days after the date of receipt of written notice from the Contractor that payment is requested, it shall provide the Contractor a letter of exception explaining the defect or objection to the services and outlining steps the Contractor may take to provide remedial action. Upon certification by the Authority that the services have been received and accepted, payment shall be tendered to the Contractor within thirty days after the date of acceptance. If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. However, the Authority shall not incur late charges, interest, or penalties for failure to make payment within the time specified herein.

C. The Contractor is hereby authorized to incur actual pass-through costs on behalf of the Authority not to exceed One Hundred Fifty Thousand Dollars and Zero Cents (**$150,000.00**) each fiscal year. This amount shall be approved for reimbursement to the Contractor for actual expenses of:

1. Shipping an enrollment materials;
2. Postage for mailing enrollment materials; Authority Materials; newsletters and special

memorandums on request of the Authority
3. Printing of enrollment materials;
4. Printing costs of newsletters and special memorandums on request of the Authority;
5. Normal monthly shipping costs of Authority materials;
6. Annual Agency PO Box 9054 fee;
7. Associated costs for storing files at NM State Records Center;
8. Storage rental;
9. Document destruction services;
10. Meeting space rental;
11. Associated costs for Authority representation at conferences;
12. Small amounts of food, refreshments, and snacks for ad hoc trainings as allowed in the *State of New Mexico Manual of Model Accounting Practices, Policies and Procedures* which is issued by the Department of Finance and Administration; and
13. Other related services or items as approved by the Executive Director.

**3. Term.**

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED BY THE AUTHORITY with a start date of **July 1, 2024**. This agreement shall terminate on **June 30, 2028** unless terminated pursuant to paragraph 4 (Termination), or paragraph 5 (Appropriations). In accordance with NMSA 1978, § 13-1-150, no contract term for a professional services contract, including extensions and renewals, shall exceed four years, except as set forth in NMSA 1978, § 13-1-150.

**4. Termination.**

A. Grounds. The Authority may terminate this Agreement for convenience or cause. The Contractor may only terminate this Agreement based upon the Authority's uncured, material breach of this Agreement.

B. Notice; Authority Opportunity to Cure.

1. Except as otherwise provided in Paragraph (4)(B)(3), the Authority shall give Contractor written notice of termination at least thirty (30) days prior to the intended date of termination.

2. Contractor shall give Authority written notice of termination at one hundred and eighty (180) days prior to the intended date of termination, which notice shall (i) identify all the Authority's material breaches of this Agreement upon which the termination is based and (ii) state what the Authority must do to cure such material breaches. Contractor's notice of termination shall only be effective (i) if the Authority does not cure all material breaches within the thirty (30) day notice period or (ii) in the case of material breaches that cannot be cured within thirty (30) days, the Authority does not, within the thirty (30) day notice period, notify the Contractor of its intent to cure and begin with due diligence to cure the material breach.

3. Notwithstanding the foregoing, this Agreement may be terminated immediately upon written notice to the Contractor (i) if the Contractor becomes unable to perform the services contracted for, as determined by the Authority; (ii) if, during the term of this Agreement, the Contractor is suspended or debarred by the State Purchasing Agent; or
(iii) the Agreement is terminated pursuant to Paragraph 5, "Appropriations", of this

Agreement.

C. Liability. Except as otherwise expressly allowed or provided under this Agreement, the Authority's sole liability upon termination shall be to pay for acceptable work performed prior to the Contractor's receipt or issuance of a notice of termination; provided, however, that a notice of termination shall not nullify or otherwise affect either party's liability for pre-termination defaults under or breaches of this Agreement. The Contractor shall submit an invoice for such work within thirty (30) days of receiving or sending the notice of termination. ***THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE THE AUTHORITY'S OTHER LEGAL RIGHTS AND REMEDIES CAUSED BY THE CONTRACTOR'S DEFAULT/BREACH OF THIS AGREEMENT.***

D. Termination Management**.** Immediately upon receipt by either the Authority or the Contractor of notice of termination of this Agreement, the Contractor shall: 1) not incur any further obligations for salaries, services or any other expenditure of funds under this Agreement without written approval of the Authority; 2) comply with all directives issued by the Authority in the notice of termination as to the performance of work under this Agreement; and 3) take such action as the Authority shall direct for the protection, preservation, retention or transfer of all property titled to the Authority and records generated under this Agreement. Any non-expendable personal property or equipment provided to or purchased by the Contractor with contract funds shall become property of the Authority upon termination and shall be submitted to the Authority as soon as practicable.

**5. Appropriations.**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, this Agreement shall terminate immediately upon written notice being given by the Authority to the Contractor. The Authority's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. If the Authority proposes an amendment to the Agreement to unilaterally reduce funding, the Contractor shall have the option to terminate the Agreement or to agree to the reduced funding, within thirty (30) days of receipt of the proposed amendment.

**6. Status of Contractor.**

The Contractor and its agents and employees are independent contractors performing professional services for the Authority and are not employees of the State of New Mexico. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles, or any other benefits afforded to employees of the State of New Mexico as a result of this Agreement. The Contractor acknowledges that all sums received hereunder are reportable by the Contractor for tax purposes, including without limitation, self-employment and business income tax. The Contractor agrees not to purport to bind the State of New Mexico unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

**7. Assignment.**

The Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without the prior written approval of the

Authority.

**8. Subcontracting.**
The Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the Authority. No such subcontract shall relieve the primary Contractor from its obligations and liabilities under this Agreement, nor shall any subcontract obligate direct payment from the Authority.

**9. Release.**
Final payment of the amounts due under this Agreement shall operate as a release of the Authority, its officers and employees, and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Agreement.

**10. Confidentiality.**
Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the Authority.

**11. Product of Service -- Copyright.**
All materials developed or acquired by the Contractor under this Agreement on behalf of the Authority shall become the property of the State of New Mexico and shall be delivered to the Authority no later than the termination date of this Agreement. Nothing developed or produced, in whole or in part, by the Contractor under this Agreement shall be the subject of an application for copyright or other claim of ownership by or on behalf of the Contractor. The Contractor retains ownership and copyright of all proprietary software and its continued development as well as any products unrelated to its Scope of Work for the Authority. The Contractor recognizes that documents, PDFs, forms and reports produced on behalf of the Authority are the property of the State of New Mexico.

**12. Conflict of Interest; Governmental Conduct Act.**

A. The Contractor represents and warrants that it presently has no interest and, during the term of this Agreement, shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement.

B. The Contractor further represents and warrants that it has complied with, and, during the term of this Agreement, will continue to comply with, and that this Agreement complies with all applicable provisions of the Governmental Conduct Act, Chapter 10, Article 16 NMSA 1978. Without in anyway limiting the generality of the foregoing, the Contractor specifically represents and warrants that:

1. in accordance with NMSA 1978, § 10-16-4.3, the Contractor does not employ, has not employed, and will not employ during the term of this Agreement any Authority employee while such employee was or is employed by the Authority and participating directly or indirectly in the Authority's contracting process;
2. this Agreement complies with NMSA 1978, § 10-16-7(A) because (i) the Contractor is not a public officer or employee of the State; (ii) the Contractor is not a member of the family

of a public officer or employee of the State; (iii) the Contractor is not a business in which a public officer or employee or the family of a public officer or employee has a substantial interest; or (iv) if the Contractor is a public officer or employee of the State, a member of the family of a public officer or employee of the State, or a business in which a public officer or employee of the State or the family of a public officer or employee of the State has a substantial interest, public notice was given as required by NMSA 1978, § 10-16- 7(A) and this Agreement was awarded pursuant to a competitive process;

3. in accordance with NMSA 1978, § 10-16-8(A), (i) the Contractor is not, and has not been represented by, a person who has been a public officer or employee of the State within the preceding year and whose official act directly resulted in this Agreement and (ii) the Contractor is not, and has not been assisted in any way regarding this transaction by, a

4. former public officer or employee of the State whose official act, while in State employment, directly resulted in the Authority's making this Agreement;

5. this Agreement complies with NMSA 1978, § 10-16-9(A)because (i) the Contractor is not a legislator; (ii) the Contractor is not a member of a legislator's family; (iii) the Contractor is not a business in which a legislator or a legislator's family has a substantial interest; or (iv) if the Contractor is a legislator, a member of a legislator's family, or a business in which a legislator or a legislator's family has a substantial interest, disclosure has been made as required by NMSA 1978, § 10-16-7(A), this Agreement is not a sole source or small purchase contract, and this Agreement was awarded in accordance with the provisions of the Procurement Code;

6. in accordance with NMSA 1978, § 10-16-13, the Contractor has not directly participated in the preparation of specifications, qualifications or evaluation criteria for this Agreement or any procurement related to this Agreement; and

7. in accordance with NMSA 1978, § 10-16-3 and § 10-16-13.3, the Contractor has not contributed, and during the term of this Agreement shall not contribute, anything of value to a public officer or employee of the Authority.

C. Contractor's representations and warranties in Paragraphs A and B of this Article 12 are material representations of fact upon which the Authority relied when this Agreement was entered into by the parties. Contractor shall provide immediate written notice to the Authority if, at any time during the term of this Agreement, Contractor learns that Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances. If it is later determined that Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances, in addition to other remedies available to the Authority and notwithstanding anything in the Agreement to the contrary, the Authority may immediately terminate the Agreement.

D. All terms defined in the Governmental Conduct Act have the same meaning in this Article 12(B).

**13. <u>Amendment.</u>**

A. This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto and all other required signatories.

B. If the Authority proposes an amendment to the Agreement to unilaterally reduce funding due to budget or other considerations, the Contractor shall, within thirty (30) days of receipt of the proposed Amendment, have the option to terminate the Agreement, pursuant to the termination provisions as set forth in Article 4 herein, or to agree to the reduced funding.

**14. Merger.**

This Agreement incorporates all the Agreements, covenants and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, Agreements and understandings have been merged into this written Agreement. No prior Agreement or understanding, oral or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

**15. Penalties for violation of law.**

The Procurement Code, NMSA 1978 §§ 13-1-28 through 13-1-199, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities and kickbacks.

**16. Equal Opportunity Compliance.**

The Contractor agrees to abide by all federal and state laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws of the State of New Mexico, the Contractor assures that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, spousal affiliation, sexual orientation or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If Contractor is found not to be in compliance with these requirements during the life of this Agreement, Contractor agrees to take appropriate steps to correct these deficiencies.

**17. Applicable Law.**

The laws of the State of New Mexico shall govern this Agreement, without giving effect to its choice of law provisions. Venue shall be proper only in a New Mexico court of competent jurisdiction in accordance with NMSA 1978, § 38-3-1 (G). By execution of this Agreement, Contractor acknowledges and agrees to the jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising under or out of any term of this Agreement.

**18. Workers Compensation.**

The Contractor agrees to comply with state laws and rules applicable to workers compensation benefits for its employees. If the Contractor fails to comply with the Workers Compensation Act and applicable rules when required to do so, this Agreement may be terminated by the Authority.

**19. Records and Financial Audit.**

The Contractor shall maintain detailed time and expenditure records that indicate the date; time, nature and cost of services rendered during the Agreement's term and effect and retain them for a period of three (3) years from the date of final payment under this Agreement. The records shall be subject to inspection by the Authority, the General Services Department/State Purchasing

Division and the State Auditor. The Authority shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of the Authority to recover excessive or illegal payments.

**20. Indemnification.**

The Contractor shall defend, indemnify and hold harmless the Authority and the State of New Mexico from all actions, proceedings, claims, demands, costs, damages, attorneys' fees and all other liabilities and expenses of any kind from any source which may arise out of the performance of this Agreement, caused by the negligent act or failure to act of the Contractor, its officers, employees, servants, subcontractors or agents, or if caused by the actions of any client of the Contractor resulting in injury or damage to persons or property during the time when the Contractor or any officer, agent, employee, servant or subcontractor thereof has or is performing services pursuant to this Agreement. In the event that any action, suit or proceeding related to the services performed by the Contractor or any officer, agent, employee, servant or subcontractor under this Agreement is brought against the Contractor, the Contractor shall, as soon as practicable but no later than two (2) days after it receives notice thereof, notify the general counsel of the Authority via electronic mail.

**21. New Mexico Employees Health Coverage.**

A. If Contractor has, or grows to, six (6) or more employees who work, or who are expected to work, an average of at least 20 hours per week over a six (6) month period during the term of the contract, Contractor certifies, by signing this agreement, to have in place, and agree to maintain for the term of the contract, health insurance for those employees and offer that health insurance to those employees if the expected annual value in the aggregate of any and all contracts between Contractor and the State exceed $250,000 dollars.

B. Contractor agrees to maintain a record of the number of employees who have (a) accepted health insurance; (b) declined health insurance due to other health insurance coverage already in place; or (c) declined health insurance for other reasons. These records are subject to review and audit by a representative of the state.

C. Contractor agrees to advise all employees of the availability of State publicly financed health care coverage.

**22. Invalid Term or Condition.**

If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.

**23. Enforcement of Agreement.**

A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights.

**24. Notices.**
Any notice required to be given to either party by this Agreement shall be in writing via electronic mail as follows:

To the Authority:

Public School Insurance Authority
410 Old Taos Highway
Santa Fe, NM 87501

Patrick Sandoval
Patrick.Sandoval@psia.nm.gov
Charlette Probst
Charlette.Probst@psia.nm.gov
Martin Esquivel
mesquivel@esqlawnm.com

To the Contractor:

[redacted]

**25. Authority.**
If Contractor is other than a natural person, the individual(s) signing this Agreement on behalf of Contractor represents and warrants that he or she has the power and authority to bind Contractor, and that no further action, resolution, or approval from Contractor is necessary to enter into a binding contract.

**26. Incorporation by Reference and Precedence.**
If this Agreement has been procured pursuant to a request for proposals, this Agreement is derived from (1) the request for proposal, (including any written clarifications to the request for proposals and any Authority response to questions); (2) the Contractor's best and final offer; and (3) the Contractor's response to the request for proposals.

**27. Succession.**
This Agreement shall extend to and be binding upon the successors and assigns of the parties.

**28. Contractor Personnel.**
A. Key Personnel. The Contractor's key personnel shall not be diverted from this Agreement without the prior written approval of the Authority. Key personnel are those individuals

considered by the Authority to be mandatory to the work to be performed under this Agreement. Key personnel shall be agreed upon by both the Authority and the Contractor.

B. Personnel Changes. Replacement of any personnel shall be made with personnel of equal ability, qualifications and experience. If the number of Contractor's personnel assigned to the Authority is reduced for any reason, Contractor shall, replace with the same or greater number of personnel with equal ability, experience, and qualifications.

**29. Arbitration.**

Any controversy or claim arising between the parties shall be settled by arbitration pursuant to NMSA 1978 § 44-7A-1 et seq, in Santa Fe, New Mexico.

**30. Non-Collusion**

In signing this Agreement, the Contractor certifies the Contractor has not, either directly or indirectly, entered into action in restraint of free competitive bidding in connection with this offer submitted to the Authority.

**IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of signature by the Authority below.**

**New Mexico Public Schools Insurance Authority**

By: _____ Date: _____
Alfred Park, Board President

[redacted]

[redacted] _____ [redacted] _____

| PERFORMANCE GUARANTEES | | | |
|---|---|---|---|
| **PERFORMANCE SERVICE AREA** | **DEFINITION PERFORMANCE GUARANTEE** | **PERFORMANCE MEASUREMENT FREQUENCY** | **AMOUNT OF THE CORE ADMINISTRATIVE FEE AT RISK** |
| **ACCOUNT MANAGEMENT** | | | |
| **1. Account Team Performance Appraisal**<br><br>**(For Benefits and Risk)** | Authority's satisfaction with Account Management will be a minimum average score of 3.0 (out of 5) and will be measured by the Authority. Score is calculated using an average of all measurable needs outlined and agreed upon by the Contractor and Authority. Score of 1=unacceptable; 2=needs improvement, 3=meets expectations; 4=exceeds expectations; 5=Excellent. Corrective action plan required to address needed improvement if score is an unacceptable level. | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **Penalty is $1,000 per quarterly period for a score below 3; up to $3,000 maximum per year** |
| **2. Attendance at Agreed-Upon Meetings**<br><br>**(For Benefits only)** | Attendance at BAC, Board, and NM PED/NM ASBO Spring Budget Workshop meetings during the contract period. May also include, New Hire, New Group, Open/Switch Enrollment and Annual Regional Trainings as needed. | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **$1,000 per meeting in the audited quarter** |
| **PARTICIPATING EMPLOYER SATISFACTION** | | | |
| **3. Participating Employer Survey Results**<br><br>**(For Benefits and Risk)** | Participating employer satisfaction 90% or better NMPSIA will send a survey to all participating employer's benefits and billing specialists and evaluate responses as follows:<br><u>Description:</u> Very Satisfied; Satisfied; Neither Satisfied nor Dissatisfied; Dissatisfied; Unacceptable | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **Penalty is $1,000 per quarterly period for a result of "Dissatisfied or Unacceptable"; up to $3,000 maximum per year** |

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| **BILLING** | | | |
| **4. Billing**<br>**a. Benefits (Monthly)**<br>**b. Risk (Annually)** | Benefits: Billing production schedule 98% of bills produced and made available online by the 1st business day of the billing month<br><br>Risk: Billing production schedule 98% of bills produced and made available online by the 1st business day of July | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **$500 per participating employer billing that is not available on the specified day in the audited quarter** |
| **ELIGIBILITY** | | | |
| **5. Eligibility Processing**<br><br>**(For Benefits only)** | Eligibility weekly file transmission to carries by 10:00 a.m. MST on Friday. | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **$1,000 for each file that is late each month per audited quarter** |
| **6. Manual Eligibility Processing[1]**<br><br>**(For Benefits only)** | 98% of Contractor's valid manual changes will be processed within 24 business hours of receipt from the Authority | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **$500 per late or incorrect processing of the manual transaction in the audited quarter** |
| **REPORTS** | | | |
| **7. Monthly Reporting**<br><br>**(For Benefits only)** | Reporting of monthly statistics to the Authority within 20 days of the report period.<br><br>Statistics include: Average call volume; date participating employer bills available on the NMPSIA online benefits system; total transactions processed in each audit month; total online benefit system transactions; total participating employer online benefit system transactions; total Contractor transactions; eligibility file transmission dates and times for each month in the audit period. | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **$500 per late or incorrect report in the audited quarter** |

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| **8. Timeliness of Ad Hoc Reports**<br><br>**(For Benefits and Risk)** | Ad hoc reports will be delivered within mutually agreed upon timelines. Responses to these requests can require a 24-hour turnaround time, especially during the legislative session or up to 3 business days at no additional cost. | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **$100 per late or incorrect report in the audited quarter** |
| **BILLING RECONCILATION** | | | |
| **9. Bill Reconcilation**<br>**a. Benefits (Monthly)**<br>**b. Risk (Annually)** | Benefits: All "complete" requests received by the last business day of the month will be reflected in the next month's bill. This will be monitored for any requested and validated "paid as corrected" (PAC) payments.<br><br>Risk: All information received by the last business day of June will be reflected in the July bill | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed.. | **$500 per PAC and/or validated payment in the audited quarter** |
| **DATA ENTRY** | | | |
| **10. Data Entry Rate**<br><br>**(For Benefits only)** | Non-financial accuracy 97%<br>Financial accuracy 98%<br>The audit consists of fifty (50) files audited each month in the audit period. Total points assigned is 250, non-financial errors are weighted at 1 (equates to 3 non-financial errors per month and financial errors are weighted at 3 (equates to 1 financial error per month) | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **Non-Financial Error: $500 per month in the audited quarter**<br><br>**Financial Error: $500 per month in the audited quarter** |
| **11. Timeliness of Data Entry**<br><br>**(For Benefits only)** | Goal is to process all "complete" requests received by the contractor within 4 business days | Performance measurement guarantees are settled forty-five (45) days from the date the penalty is assessed. | **$0 (performance monitoring only)** |

[1]Data file specifications: Electronic file set up follows industry standard 834 file format or non-standard file format with the file being delivered timely to each Authority vendor; Each Authority vendor will provide standard discrepancy reports by secure mail transfer protocol (SMTP) to the Contractor. The Contractor has up to 5 working days to correct the any Contractor's eligibility discrepancies prior to delivery of the next eligibility file. If discrepancies are not resolved prior to the next eligibility file a $500 performance penalty will be assessed.

STATE OF NEW MEXICO

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY**

PROFESSIONAL SERVICES CONTRACT **#24-021CG-PSIA-04**

THIS AGREEMENT is made and entered into by and between the State of New Mexico, **Public Schools Insurance Authority (NMPSIA),** hereinafter referred to as the "Authority," and [redacted], hereinafter referred to as the "Contractor," and is effective as of the date set forth below upon which it is executed by the Authority (the "Effective Date").

IT IS AGREED BETWEEN THE PARTIES:

**1. Scope of Work.**

The Contractor shall perform the following work:

A. Account Management Team. The Contractor will provide the Authority with local and designated personnel. When the Contractor has knowledge of a change in the Account Manager for the Authority Plans, the Contractor shall provide the Authority with advance notice of the change and discuss with the Authority the qualifications of the person being considered as the replacement for the position. The Contractor shall provide the Authority with advance notice, if possible, of the resignation or retirement of the Account Manager. The Authority reserves the right to reasonably require the replacement of an Account Manager.

B. Additional Services. The Authority may request, in writing, that the Contractor provide additional Member Services or services for other special projects ("Additional Services"); such Additional Services shall be limited in nature and duration and within the Scope of Work of the RFP attached hereto and incorporated by this reference. If the Contractor agrees to provide such Additional Services, the Authority and the Contractor shall mutually agree on the scope and cost estimate.

C. Administrative Material. The Contractor will prepare and distribute to Network Providers all materials necessary to enable Network Providers to participate in the Plan. As needed, changes to this material will be developed, updated and distributed to Network Providers.

In addition, the Contractor will prepare and distribute to the Authority administrative manuals for use by the Authority staff.

D. Audits. During the term of the Agreement and within three hundred and sixty-five (365) days after the termination of the Agreement, the Authority or an authorized representative of the Authority may, upon at least thirty (30) days prior written notice to the Contractor Administrator, during regular business hours conduct reasonable audits of records related to Claim Payments to verify that the Contractor's administration of the covered health

care benefits is performed according to the terms of this Agreement and the benefits specified in the Plan(s).

E. Authority Obligations.

1. Plan Design and Modifications or Amendments. The Authority retains the responsibility and authority for benefit Plan designs. The Authority shall provide the Contractor written notice of any modification or amendment to the Plan sufficiently in advance of any such change as to allow the Contractor to implement the modification or amendment and the parties to agree on resulting fee changes, if any. The Authority and the Contractor shall agree upon the manner and timing of the implementation of such modification or amendment subject to the Contractor's system and operational capabilities.

   The Authority is solely responsible for communicating any Plan modification or amendment to Members or individuals considering enrolling in the Plan.

2. Eligibility and Enrollment. The Authority retains the responsibility and authority for eligibility determinations. The Authority is responsible for administering Plan enrollment. In determining any person's right to benefits under the Plan, the Contractor shall rely upon enrollment and eligibility information provided by the Authority, or its third-party administrator and the Contractor shall have no liability for administering the Plan in reliance upon enrollment and eligibility information provided by the Authority or its third-party administrator. Such information shall identify the effective date of eligibility and the termination date of eligibility and shall be provided promptly monthly (unless otherwise agreed to in writing by the Contractor) to the Contractor in a format and with such other information as reasonably may be required by the Contractor for the proper administration of the Plan.

3. Claims Decisions and Reviews. Regarding decisions made on any benefit claims decisions, disputes or grievances:

   a. The Contractor is responsible for making initial benefit claims decisions and for conducting internal reviews requested by the Member. The Authority hereby delegates to the Contractor the authority, responsibility and discretion to determine coverage under the Plan based on the eligibility and enrollment information provided to the Contractor by the Authority. The Authority also hereby delegates to the Contractor the authority, responsibility and discretion to (i) make factual determinations and to interpret the provisions of the Plan to make coverage determinations on claims for Plan benefits, (ii) conduct a full and fair review of each claim which has been denied as defined by Employee Retirement Income Security Act of 1974 (ERISA), (iii) conduct level one of the internal appeals of "Urgent Care Claims," "Concurrent," "Pre-service," and "Post-service" claims (as those terms are defined under ERISA) and (iv) conduct level one and level two internal appeals for all

"Concurrent," "Pre-service" and "Post-service" claims (as those terms are defined under ERISA) and notify the Member or the Member's authorized representative of its decision. The Authority will ensure that all summary plan description materials provided to Members reflect the delegation of discretionary authority outlined above.

b. If following an adverse decision after an External Review (as that term is defined in the Patient Protection and Affordable Care Act (PPACA)) of a benefit determination by an independent third party, the Member submits a dispute to the Authority, the Contractor will cooperate by providing the Authority with information relating to the claim, an explanation of the basis of the Contractor's decisions and such additional data as requested by the Authority related to the claim as the Authority deems necessary for the Authority to review the dispute and respond to the Member. Notwithstanding the foregoing, the Contractor will provide the Authority only with information that it is legally permitted to disclose such information.

c. In the event of a complaint or an external review request presented to the New Mexico Office of Superintendent of Insurance (OSI) and the OSI has forwarded such complaint or external review request to the Authority, the Authority will make a request of the Contractor for information pertaining to the claim at issue. The Contractor agrees to provide the Authority with information relating to the claim, an explanation of the basis of the Contractor's decisions and such additional data as requested by the OSI and/or the Authority related to the claim as necessary for the Authority to review the dispute and respond to the OSI. Notwithstanding the foregoing, the Contractor will provide the Authority only with information that it is legally permitted to disclose.

F. Authority Rules and Regulations. The Contractor agrees to abide by all the Authority Rules and Regulations provided to the Contractor, pertain to this Agreement.

G. Benefits. The Contractor agrees to provide benefits for covered services (services for which Plan Benefits are provided under and subject to the terms and conditions of the Plan) to enrolled Members. Benefits are subject to the processing policies of the Contractor and the terms and conditions of this Agreement, including the Summary of Benefits (SOB), Certificate of Insurance (COI) and exclusions and limitations as detailed in Exhibits A and B.

H. Budget Estimate. The Contractor shall provide annual written updated estimates of the projected change to benefits, as well as Administrative Services Only (ASO) fees and claims costs by January first (1st). The estimates should be for the remaining term of the contract, by the remaining fiscal years.

I. Claims Processing. The Contractor will accept from Providers and Members, claims for services provided to Members. The Contractor will process and adjudicate all

claims in accordance with the Plan. In accordance with its standard operating claims processing procedure, the Contractor will pay Providers' claims using the Contractor's standard policies and Fee Schedules.

The Contractor shall identify and investigate suspected fraudulent activity by Providers and/or Members and inform the Authority of the findings. In the event any payment is made as a result of fraudulent activity, the Contractor will provide reasonable assistance in pursuing recovery, but the Contractor shall not be required to initiate court proceedings to pursue recovery. Any recovered reimbursement will be credited to the Authority.

The Contractor shall, consistent with the current claim administration procedures and practices and the claim determination accuracy standards applicable to its own vision plan administration business:

1. Receive claims for Plan benefits and requests for Plan services, and expeditiously review such claims and requests to determine what amount, if any, is due, payable and/or allowable with respect thereto in accordance with the terms and conditions of the Plan; (See COI, Exhibit B); and

2. Disburse or provide, to the person entitled thereto, benefit payments or authorization for services that it determines to be due in accordance with the provisions of the Plan attached hereto and incorporated by reference.

3. The Contractor agrees that the Authority Plan of benefits shall be administered and adjudicated in accordance with the provision of the COI detailed in Exhibit B. Any exceptions, as determined by either party, will be reviewed and mutually agreed upon. If no consensus is made, the Authority will retain the final decision-making authority.

In the event the Authority requests the Contractor to make changes to the Authority's out-of-network allowed charge, the Authority shall provide the Contractor written notice of such change sufficiently in advance of any change as to allow the Contractor to implement the change. The Authority and the Contractor shall agree upon the manner and timing of the implementation of such change subject to the Contractor's system and operational capabilities. The Contractor shall provide communication materials to the Authority for distribution. The Authority is solely responsible for communicating such change to Members or individuals considering enrolling in the Plan.

J. Claims Run-Out. In the event of contract termination and the Contractor is not renewed for a new contract term the Contractor shall process run-out claims in accordance with Paragraph I (1) of this Agreement. Following termination of this Agreement, the Contractor shall continue to process claims incurred during the Term and bill the Authority for reimbursement of such claims for a period of six (6) months or as otherwise required by applicable law (Run-Out Period).

Reimbursement during the Run-Out Period will be made according to the most recent schedule of professional and material fees then in effect. This section shall survive termination of this Agreement.

K. Communication Materials. The Contractor will develop the material specified below, communicating the vision services and coverage available to all Members. Materials shall be subject to review and approval by the Authority prior to distribution. The Contractor shall provide these materials far enough in advance to give the Authority a reasonable opportunity to review and provide suggested changes. The Authority agrees to proof and return for changes or to approve all such materials in a timely manner and in accordance with a predetermined and agreed upon production schedule.

1. A comprehensive COI with an easy-to-read format and language designed for easy reference and technical accuracy in compliance with all applicable federal and state laws. The COI distribution is the responsibility of the Contractor.

    a. Any changes to the updated COIs shall contain track changes and comments acknowledging changes from the previously approved year's COI.

2. Other informational materials, when Plan changes are introduced, or on an as-needed basis which may include a copy for news releases, mass email messaging, text campaigns, payroll stuffers, posters, information packets, etc., as mutually agreed to by the Authority and the Contractor.

    a. Any changes to the updated materials shall contain track changes, or comparable documents, acknowledging changes from the previous versions.

L. Customer Satisfaction Survey. The Contractor agrees to conduct an annual customer satisfaction survey at its own expense periodically throughout each contract year. The content of the survey shall be reviewed and approved by the Authority. Survey data and results should be submitted to the Authority no more than forty-five (45) days from completion once per calendar year. Survey data should be anonymous.

M. Eligibility. The Authority will provide the Contractor with eligibility data on a weekly basis through electronic full replacement files in an agreeable M350 or HIPAA 834 standard format. The Contractor will load the file and provide any discrepancies to the Authority, or the Authority's third-party administrator, prior to the receipt of the next eligibility file. The Contractor will also view eligibility status via the Authority's eligibility website.

1. The Contractor will maintain current eligibility data for all Members enrolled in the Plan. In the event there is an immediate need to provide health care benefits for a new Member, the Contractor shall contact the Authority for eligibility verification. The Authority may utilize a facsimile copy or secure email to communicate and enroll eligible Members immediately and will enter this

Member into the Authority's eligibility system as soon as possible. Enrollment, eligibility, effective dates, continuation, and other administrative rules for all Members are subject to the rules and regulations of the Authority, and the Authority retains the responsibility and authority for eligibility determinations.

2. The Authority may make retroactive adjustments to all eligibility calculations based on the Authority's enrollment because of changes that occur during any month. The Authority will internally perform administrative services required by the federally mandated continuation provisions for vision coverage.

3. The Contractor agrees to administer retroactive additions as requested by the Authority, to the extent permitted by applicable law or regulation. The Contractor agrees to administer retroactive deletions for the Authority Members for a period of not more than ninety (90) days prior to the date on which the Contractor receives notice of such approved retroactive change to the eligibility records unless prohibited by applicable insurance regulation or the Contractor's Provider Agreements. This time limit shall not apply to the deletion of a deceased Member, to the extent permitted by applicable law or regulation. On a case-by-case basis, the parties may mutually agree on a longer term. Notice of any retroactive termination prohibited by regulations or the Contractor's Provider Agreements shall be provided to the Authority by the Contractor as soon as possible.

4. The Contractor is responsible for issuing HIPAA certificates of credible coverage.

N. Eligibility Maintenance. The Contractor will maintain current eligibility data, as provided by the Authority, for all Members enrolled, using such means for transmission of data as the Contractor and the Authority may agree upon. In the event there is an immediate need to provide vision care services for a newly-eligible individual, the Contractor may contact the Authority for eligibility verification. When necessary, the Authority may utilize facsimile copy or secure email to communicate and enroll immediately eligible Members and will subsequently enter these Members into the Authority's eligibility system within twenty-four (24) hours.

O. Fee Schedules. The Contractor has developed and will continuously maintain Fee Schedules applicable to network providers who provide vision care services to the Authority Members. The Fee Schedules will be reviewed periodically by the Contractor and updated, as necessary. The Contractor may modify any Fee Schedules applicable to the Plan. At least annually, the Contractor will make available for review by the Authority or its auditors a complete list of its current provider Fee Schedules for the Authority's geographic area. At least sixty (60) days prior to any change in provider Fee Schedules that will have a material impact on claims paid under the Plan, or as soon as reasonably practicable, the Contractor will provide written notice to the Authority of an anticipated change in provider Fee Schedules. The Authority shall have the right to review such changes in fee schedules.

P. Identification Card. The Contractor will issue physical and digital Member identification cards for use in connection with the Plan. The Contractor will assign an individual Member number to each identification card with the appropriate number appearing on the card. The identification card must contain the Authority's logo and must be pre-approved by the Authority.

Q. Licensing. The Contractor will maintain in good standing all licenses and permits necessary to enable it to perform its obligations under this Agreement in the State of New Mexico.

R. Meeting Attendance.

1. The Contractor's Account Management Team shall attend the Authority's Board, Committee, and Legislative meetings that pertain to the Authority's benefit matters. As requested by the Authority, the Contractor's Account Management Team shall make presentations to the Authority Board regarding the status of the vision benefits program. The Contractor's Account Management Team also agrees to attend, as reasonably requested, the Authority regional training meetings, Authority enrollment meetings, and others as requested. The Contractor's Account Management team shall attend these meetings in person unless otherwise agreed to by the parties.

2. The Contractor will participate in Member orientation meetings in locations identified by the Authority to familiarize Members with the offered vision services. The Authority will hold Member enrollment meetings prior to the beginning of the Plan year throughout the State of New Mexico to provide Members with information regarding all benefits offered by the Authority, any changes to the Plan, etc.

    a. The Contractor shall not solicit NMPSIA participating groups for events, presentations, or any other services outside of this Scope of Work. In the event that a participating group contacts the Contractor, the Contractor will direct the group to NMPSIA for planning and coordination.

S. Member/Communication Materials. The Contractor will provide benefit information for inclusion in subscribers' Vision SOB. The Vision SOB will be made available to each subscriber by the Contractor and the Authority. The Vision SOB is not assignable and the benefits are not assignable. The Contractor shall make available a COI to the Authority in compliance with all applicable federal and state laws, and such COI will be posted on the Authority's website and the Contractor's website. The Contractor shall make available to Members, instructions on how to access an electronic version of the COI.

The Contractor agrees to pay its prorated share as mutually agreed to by the parties for the printing and shipping of the program guide. The Contractor will provide

electronic files with the information and format requested by the Authority, giving a brief overview of the benefit plan offered to the Authority Members.

The Contractor will provide slide or video presentations as agreed to by the parties for use in group representative and Member education meetings to give an overview of vision plan benefits. Presentations will be updated annually or as needed. The Contractor may provide additional informational materials on an as-needed basis, which may include copy for news releases, payroll stuffers, posters, and information packets, etc., as negotiated by the Authority and the Contractor.

The Authority reserves the right to have input into the planning of the Contractor's annual communications program and materials, and to edit and approve materials prior to printing or production. This right does not include the right to alter benefit-specific language or language that may be required by applicable law or regulation. The Authority agrees to proof and return recommended changes, or to acknowledge approval of materials, in a timely manner and in accordance with a predetermined and agreed upon production schedule. Communication materials shall include, but are not limited to, copies of all announcements, informational and enrollment packets, etc.

The Contractor will have the opportunity to review and approve any vision plan communication material prior to distribution by the Authority. The Contractor agrees to proof and return recommended changes, or to acknowledge approval of materials, in a timely manner and in accordance with a predetermined and agreed upon production schedule.

T. Member Services. The Contractor will respond to inquiries from Members regarding the Plan and the services of Providers. The Contractor will respond to benefit questions. All such responses will be consistent with either (a) the prior written administrative procedures in place as of the effective date of the Plan or (b) the Contractor's standard operating procedures for services as agreed to by the Authority. To the extent that the Contractor is unable to respond to the inquiry, the Contractor will direct the inquiry to the Authority. Unless otherwise agreed to by the parties and to the extent required by applicable law and regulation, the Contractor agrees that all verbal communications between the Authority Members and Member Services will be performed in the United States.

U. Network Provider Directories. The Contractor will make Network Provider directories available via the Internet through the Contractor's website and, when requested, the Authority website either through hyperlinks or through updated Network Provider directories provided directly to the Authority. To the extent agreed upon by the parties, the Contractor will be responsible for the production and distribution of paper copies of Network Provider directories directly to work sites as may be requested from time to time by the Authority.

V. Network Provider Management. The Contractor is hereby authorized, without the

consent of the Authority, to add and/or delete Network Providers contracted as of the date hereof. Significant additions and/or deletions (significant defined as +/- 7 %) will be shared by the Contractor with the Authority as quickly as possible. The Contractor agrees that it will use reasonable commercial efforts to retain Network Providers in its network, so as to minimize materially altering the availability of services to Members. No deletion of a Network Provider will be construed to adversely reflect upon the quality or qualifications of the Network Provider. The Contractor agrees to seek the addition into its Provider Network of Network Providers specifically requested by the Authority. Additions are subject to credentialing and quality requirements and acceptance of market rates.

Prior to contracting with a Network Provider, the Contractor will use reasonable diligence to ensure that Network Providers satisfy and meet the criteria and qualifications established by the Contractor, as illustrated in the Contractor's Response to the IBAC RFP. During the term of this Agreement, the Contractor will administer a re-credentialing program designed to periodically re-examine each Network Provider's satisfaction of criteria and qualifications established by the Contractor as illustrated in the Contractor's Response to the IBAC RFP.

In compliance with negotiations subsequent to the request for proposal process, and to the extent permitted by applicable law or regulation, the Contractor agrees that the provider network offered to the Authority Members may differ from the network offered by the Contractor to other employer groups.

To the extent permitted by applicable law or regulation, the Contractor has also agreed to extend to the Authority, with regard to Network Provider discounts and administrative fees, the most favored arrangements that have been negotiated with other comparable clients and benefit plans/products in New Mexico that contract with the Contractor.

To the extent permitted by applicable law or regulation, in addition to ongoing Network Provider communication, subject to terms, conditions, and language mutually agreed upon by the parties, the Contractor will distribute to all network Providers communications initiated by the Authority relating to the Plan. The Contractor, at the request of the Authority, will provide copies of the ongoing network Provider communications.

The Contractor will have a dedicated employee to address the Authority Members' quality of care complaints regarding individual providers.

W. Performance Guarantees. To the extent permitted by applicable law, the Contractor shall comply with the terms and conditions of the Performance Guarantees attached as Exhibit E and hereby incorporated into and made a part of this Agreement. If the Contractor fails to obtain the results described in Exhibit E, the Authority may be rewarded mutually agreed upon service level credits, or in the event of repeated failure to obtain the required service levels, provide written notice to the Contractor

of the default and specify a reasonable period of time in which the Contractor shall advise the Authority of specific steps that it will take to achieve these results in the future and the timetable for implementation.

In addition to the performance guarantees outlined in Exhibit E, the Contractor and the Authority's third-party administrator will compare to the prior week's eligibility files on a weekly basis as described, and the Contractor will provide the third-party administrator with the Contractor's system-generated error reports.

Any financial penalty withheld hereunder as a result of the Contractor's failure to meet a performance standard shall be the sole recourse for such deficiency notwithstanding any other language in this Agreement. No penalty will be assessed to the extent (i) the Contractor's failure to meet a performance standard is due to the acts or omissions of the Authority, or (ii) the measurement of the Contractor is not based on a statistically significant volume of the applicable Contractor function. Performance Guarantees will be measured and reported from contract inception in accordance with the requirements of Exhibit E. Failure to meet the Performance Guarantee will result in a payment to the Authority in accordance with Exhibit E via check or ACH.

X. Reconciliation File. On a quarterly basis, the Contractor agrees to send a reconciliation file to the Authority, or the Authority's third-party administrator. This reconciliation file must contain all Members the Contractor has enrolled in the Plan as of the date of the specified eligibility file. The file must be received in the format as mutually agreed upon by the Authority or the Authority's third-party administrator. The Contractor will send the reconciliation file within five (5) business days of receipt of the specified eligibility file from the Authority's third-party administrator.

Y. Reports. The Contractor will provide to the Authority and the Authority's Benefits Consultant experience, financial and data management reports detailing enrollment, paid claim data, and other information as set forth in Exhibit C, which is hereby incorporated into and made part of this Agreement. Mutually agreeable additional reports may be produced by the Contractor, if requested by the Authority, at a time and resources cost. As requested by the Authority, the Contractor shall add or discontinue reports shown on Exhibit C. Within forty-five (45) days following the end of each quarter, the Contractor will provide quarterly electronic claim files in a vendor prescribed format as permitted by law. The Contractor shall make presentations to the governing boards or entities regarding vision plan reports or the status of the vision benefit plan. The Contractor shall present an annual review of plan utilization and a summary of the Performance Guarantee results to the governing board.

Z. Subrogation. The Contractor will perform subrogation and recovery activities in accordance with Corporate Reimbursement/Subrogation Department policies and will credit recoveries to the Authority, net of any administration fees.

AA. Uncashed Checks. Regarding outstanding checks that are or become "stale", over one hundred and eighty (180) days old, issue notification letters to payees, and upon completion of the notification process, reissue such checks to payees based upon payee response, if any. When check re-issuance is not possible and unless stated otherwise in the Agreement, escheat such checks to the state of the payee's last known address on behalf of the Authority in accordance with the Contractor's established procedures and/or the applicable state's unclaimed property law.

**2. Compensation.**

A. The Authority shall pay to the Contractor in full, payment insurance premium at the rates detailed in Exhibit F, and hereby incorporated into and made a part of this Agreement**.**

1. The parties agree that New Mexico Gross Receipts Tax is not applicable to the services in the agreement on the date this Agreement is executed, and if during the term of this Agreement, any new tax is imposed upon the Contractor by any government agency on the amount of administrative services fees and/or claims fees payable under this Agreement or the number of persons covered, the Authority agrees to the associated increase in fees and the change will be effective as of the date defined under applicable tax law.

B. Payment in Fiscal Year 2025, Fiscal Year 2026, Fiscal Year 2027, and Fiscal Year 2028 is subject to the availability of funds pursuant to the Appropriations Paragraph set forth below and to any negotiations between the parties from year to year pursuant to Paragraph 1, Scope of Work and to approval by the Authority. All invoices MUST BE received by the Authority no later than forty-five (45) days after the termination of the Fiscal Year, except for Run Out Period fees. Invoices received after such date **WILL NOT BE PAID.**

C. The Contractor must submit a detailed statement accounting for all services performed and expenses incurred. If the Authority finds that the services are not acceptable, within thirty (30) days after the date of receipt of written notice from the Contractor that payment is requested, it shall provide the Contractor a letter of exception explaining the defect or objection to the services and outlining steps the Contractor may take to provide remedial action. Upon certification by the Authority that the services have been received and accepted, payment shall be tendered to the Contractor within thirty (30) days after the date of acceptance. If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. However, the Authority shall not incur late charges, interest, or penalties for failure to make payment within the time specified herein.

**3. Term.**

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED BY THE AUTHORITY with a start date of July 1, 2024, for a term of one (1) year unless terminated pursuant to paragraph 4 (Termination), or paragraph 5 (Appropriations). In accordance with NMSA 1978, § 13-1-150, no contract term for a professional services contract, including extensions and renewals, shall exceed four years, except as set forth in NMSA 1978, § 13-1-150.

The Authority reserves the right to extend the contract on an annual basis, or any portions thereof for up to three (3) additional years not to exceed a total of four (4) years.

**4. Termination.**

A. **Grounds.** The Authority may terminate this Agreement for convenience or cause. The Contractor may only terminate this Agreement based upon the Authority's uncured, material breach of this Agreement.

B. **Notice; Authority Opportunity to Cure.**

1. Except as otherwise provided in Paragraph (4)(B)(3), the Authority shall give the Contractor written notice of termination at least thirty (30) days prior to the intended date of termination.

2. The Contractor shall give the Authority written notice of termination at one hundred and eighty (180) days prior to the intended date of termination, which notice shall (i) identify all the Authority's material breaches of this Agreement upon which the termination is based and (ii) state what the Authority must do to cure such material breaches. The Contractor's notice of termination shall only be effective (i) if the Authority does not cure all material breaches within the thirty (30) day notice period or (ii) in the case of material breaches that cannot be cured within thirty (30) days, the Authority does not, within the thirty (30) day notice period, notify the Contractor of its intent to cure and begin with due diligence to cure the material breach.

3. Notwithstanding the foregoing, this Agreement may be terminated immediately upon written notice to the Contractor (i) if the Contractor becomes unable to perform the services contracted for, as determined by the Authority; (ii) if, during the term of this Agreement, the Contractor is suspended or debarred by the State Purchasing Agent; or (iii) the Agreement is terminated pursuant to Paragraph 5, "Appropriations", of this Agreement.

C. **Liability.** Except as otherwise expressly allowed or provided under this Agreement, the Authority's sole liability upon termination shall be to pay for acceptable work performed prior to the Contractor's receipt or issuance of a notice of termination; provided, however, that a notice of termination shall not nullify or otherwise affect either party's liability for pre-termination defaults under or breaches of this Agreement. The Contractor shall submit an invoice for such work within thirty (30) days of receiving or sending the notice of termination. ***THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE THE AUTHORITY'S OTHER LEGAL RIGHTS AND REMEDIES CAUSED BY THE CONTRACTOR'S DEFAULT/BREACH OF THIS AGREEMENT.***

D. **Termination Management.** Immediately upon receipt by either the Authority or the Contractor of notice of termination of this Agreement, the Contractor shall: 1) not incur any further obligations for services or any other expenditure of funds under this Agreement without the written approval of the Authority, except as may be required by applicable law, regulation, and/or the "Run Out" language in this Agreement; 2) comply with all directives issued by the Authority in the notice of termination as to the performance of work under this Agreement; and 3) take such action as the Authority shall direct for the protection, preservation, retention or transfer of all property titled to the Authority and records generated under this Agreement. Any non-expendable personal property or equipment provided to or purchased by the Contractor with

contract funds shall become the property of the Authority upon termination and shall be submitted to the Authority as soon as practicable.

**5. Appropriations.**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, this Agreement shall terminate immediately upon written notice being given by the Authority to the Contractor. The Authority's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. If the Authority proposes an amendment to the Agreement to unilaterally reduce funding, the Contractor shall have the option to terminate the Agreement or to agree to the reduced funding, within thirty (30) days of receipt of the proposed amendment.

**6. Status of Contractor.**

The Contractor and its agents and employees are independent contractors performing professional services for the Authority and are not employees of the State of New Mexico. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles, or any other benefits afforded to employees of the State of New Mexico as a result of this Agreement. The Contractor acknowledges that all sums received hereunder are reportable by the Contractor for tax purposes, including without limitation, self-employment and business income tax. The Contractor agrees not to purport to bind the State of New Mexico unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

**7. Assignment.**

The Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without the prior written approval of the Authority.

**8. Subcontracting.**

The Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written notice to the Authority. No such subcontract shall relieve the primary Contractor from its obligations and liabilities under this Agreement, nor shall any subcontract obligate direct payment from the Authority. Notwithstanding the foregoing, the Authority approves of the subcontractors currently utilized by the Contractor at the time of executing this Agreement.

**9. Release.**

To the extent permitted by applicable law and/or regulations, final payment of the amounts due under this Agreement to the Contractor shall operate as a release of the Authority, its officers and employees, and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Agreement.

**10. Confidentiality.**

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor (other than those providing the services) without the prior written approval of the Authority. If there is any conflict between these Confidentiality terms and the terms in the executed Business Associate Agreement (BAA), Exhibit D, that addresses the Contractor's obligations regarding the Authority's member information, the terms of the BAA shall take precedence.

**11. Product of Service -- Copyright.**

All materials developed or acquired by the Contractor for the Authority under this Agreement shall become the property of the State of New Mexico and shall be delivered to the Authority no later than the termination date of this Agreement. Nothing developed or produced, in whole or in part, by the Contractor under this Agreement shall be the subject of an application for copyright or other claim of ownership by or on behalf of the Contractor.

**12. Conflict of Interest; Governmental Conduct Act.**

A. The Contractor represents and warrants that it presently has no interest and, during the term of this Agreement, shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement.

B. The Contractor further represents and warrants that it has complied with, and, during the term of this Agreement, will continue to comply with, and that this Agreement complies with all applicable provisions of the Governmental Conduct Act, Chapter 10, Article 16 NMSA 1978. Without in anyway limiting the generality of the foregoing, the Contractor specifically represents and warrants that:

1. in accordance with NMSA 1978, § 10-16-4.3, the Contractor does not employ, has not employed, and will not employ during the term of this Agreement any Authority employee while such employee was or is employed by the Authority and participating directly or indirectly in the Authority's contracting process;

2. this Agreement complies with NMSA 1978, § 10-16-7(A) because (i) the Contractor is not a public officer or employee of the State; (ii) the Contractor is not a member of the family of a public officer or employee of the State; (iii) the Contractor is not a business in which a public officer or employee or the family of a public officer or employee has a substantial interest; or (iv) if the Contractor is a public officer or employee of the State, a member of the family of a public officer or employee of the State, or a business in which a public officer or employee of the State or the family of a public officer or employee of the State has a substantial interest, public notice was given as required by NMSA 1978, § 10-16-7(A) and this Agreement was awarded pursuant to a competitive process;

3. in accordance with NMSA 1978, § 10-16-8(A), (i) the Contractor is not, and has not been represented by, a person who has been a public officer or employee of the State within the preceding year and whose official act directly resulted in this Agreement and (ii) the Contractor is not, and has not been assisted in any way regarding this transaction by, a former public officer

or employee of the State whose official act, while in State employment, directly resulted in the Authority's making this Agreement;

4. this Agreement complies with NMSA 1978, § 10-16-9(A)because (i) the Contractor is not a legislator; (ii) the Contractor is not a member of a legislator's family; (iii) the Contractor is not a business in which a legislator or a legislator's family has a substantial interest; or (iv) if the Contractor is a legislator, a member of a legislator's family, or a business in which a legislator or a legislator's family has a substantial interest, disclosure has been made as required by NMSA 1978, § 10-16-7(A), this Agreement is not a sole source or small purchase contract, and this Agreement was awarded in accordance with the provisions of the Procurement Code;

5. in accordance with NMSA 1978, § 10-16-13, the Contractor has not directly participated in the preparation of specifications, qualifications or evaluation criteria for this Agreement or any procurement related to this Agreement; and

6. in accordance with NMSA 1978, § 10-16-3 and § 10-16-13.3, the Contractor has not contributed, and during the term of this Agreement shall not contribute, anything of value to a public officer or employee of the Authority.

C. The Contractor's representations and warranties in Paragraphs A and B of this Article 12 are material representations of fact upon which the Authority relied when this Agreement was entered into by the parties. The Contractor shall provide immediate written notice to the Authority if, at any time during the term of this Agreement, the Contractor learns that the Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances. If it is later determined that the Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances, in addition to other remedies available to the Authority and notwithstanding anything in the Agreement to the contrary, the Authority may immediately terminate the Agreement.

D. All terms defined in the Governmental Conduct Act have the same meaning in this Article 12(B).

**13. Amendment.**

A. This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto and all other required signatories.

B. If the Authority proposes an amendment to the Agreement to unilaterally reduce funding due to budget or other considerations, the Contractor shall, within thirty (30) days of receipt of the proposed Amendment, have the option to terminate the Agreement, pursuant to the termination provisions as set forth in Article 4 herein, or to agree to the reduced funding.

**14. Merger.**

This Agreement incorporates all the Agreements, covenants and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, Agreements and

understandings have been merged into this written Agreement. No prior Agreement or understanding, oral or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

**15. Penalties for violation of law.**

The Procurement Code, NMSA 1978 §§ 13-1-28 through 13-1-199, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities and kickbacks.

**16. Equal Opportunity Compliance.**

The Contractor agrees to abide by all federal and state laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws of the State of New Mexico, the Contractor assures that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, spousal affiliation, sexual orientation or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If the Contractor is found not to be in compliance with these requirements during the life of this Agreement, the Contractor agrees to take appropriate steps to correct these deficiencies.

**17. Applicable Law.**

The laws of the State of New Mexico shall govern this Agreement, without giving effect to its choice of law provisions. Venue shall be proper only in a New Mexico court of competent jurisdiction in accordance with NMSA 1978, § 38-3-1 (G). By execution of this Agreement, the Contractor acknowledges and agrees to the jurisdiction of the state and courts in the State of New Mexico over any and all lawsuits arising under or out of any term of this Agreement.

**18. Workers Compensation.**

The Contractor agrees to comply with state laws and rules applicable to workers compensation benefits for its employees. If the Contractor fails to comply with the Workers Compensation Act and applicable rules when required to do so, this Agreement may be terminated by the Authority.

**19. Records and Financial Audit.**

The Contractor shall maintain detailed time and expenditure records that indicate the date; time, nature and cost of services rendered during the Agreement's term and effect and retain them for a period of three (3) years from the date of final payment under this Agreement. The records shall be subject to inspection by the Authority, the General Services Department/State Purchasing Division and the State Auditor. The Authority shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of the Authority to recover excessive or illegal payments.

**20. Indemnification.**

The Contractor shall defend, indemnify and hold harmless the Authority and the State of New Mexico from all third party actions, proceeding, claims, demands, costs, damages, attorneys'

fees and all other liabilities and expenses of any kind from any source to the extent arising out of the Contractor's performance of this Agreement, caused by the negligent act or failure to act of the Contractor, its officers, employees, servants, subcontractors or agents, or if caused by the actions of any client of the Contractor resulting in injury or damage to persons or property during the time when the Contractor or any officer, agent, employee, servant or subcontractor thereof has or is performing services pursuant to this Agreement. In the event that any action, suit or proceeding related to the services performed by the Contractor or any officer, agent, employee, servant or subcontractor under this Agreement is brought against the Contractor, the Contractor shall, as soon as practicable but within thirty (30) days after it receives notice thereof, notify via electronic mail.

Notwithstanding anything herein to the contrary, in no event shall the Contractor be liable for any amount of plan benefits or for any legal fees or costs awarded to a covered individual ("Member") or vision care provider or non-network vision care provider (each, a "Provider") in connection with any demand asserted or litigation, proceedings, or arbitration commenced by a Member, plan beneficiary or Provider to recover plan benefits and, if applicable, attorney fees, court costs, and expenses incurred in connection with such demand, litigation, proceedings, or arbitration ("Plan Benefits Litigation"), and the Contractor shall have no obligation to indemnify, defend or hold harmless with respect to claims and damages based upon Plan Benefits Litigation. Further, notwithstanding anything herein to the contrary, Providers are not subcontractors under this Agreement and the Contractor shall have no liability and no obligation under this Agreement, including, without limitation, this Indemnification provision for the acts, errors, misconduct, mistakes, omissions, work or services of Providers arising out of or resulting from performance in connection with this Agreement.

**21. New Mexico Employees Health Coverage.**

A. If the Contractor has, or grows to, six (6) or more employees who work, or who are expected to work, an average of at least 20 hours per week over a six (6) month period during the term of the contract, the Contractor certifies, by signing this agreement, to have in place, and agree to maintain for the term of the contract, health insurance for those employees and offer that health insurance to those employees if the expected annual value in the aggregate of any and all contracts between the Contractor and the State exceed $250,000 dollars.

B. The Contractor agrees to maintain a record of the number of employees who have (a) accepted health insurance; (b) declined health insurance due to other health insurance coverage already in place; or (c) declined health insurance for other reasons. These records are subject to review and audit by a representative of the state.

C. The Contractor agrees to advise all employees of the availability of State publicly financed health care coverage.

**22. Invalid Term or Condition.**

If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.

**23. Enforcement of Agreement.**

A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights.

**24. Notices.**

Any notice required to be given to either party by this Agreement shall be in writing via email as follows:

To the Authority:
Patrick Sandoval, Patrick.Sandoval@psia.nm.gov
Charlette Probst, Charlette.Probst@psia.nm.gov
Martin Esquivel, Mesquivel@esqlawnm.com
New Mexico Public Schools Insurance Authority
410 Old Taos Highway
Santa Fe, NM 87501

To the Contractor:
[redacted]

**25. Authority.**

If the Contractor is other than a natural person, the individual(s) signing this Agreement on behalf of the Contractor represents and warrants that he or she has the power and authority to bind the Contractor and that no further action, resolution, or approval from the Contractor is necessary to enter into a binding contract.

**26. Incorporation by Reference and Precedence.**

If this Agreement has been procured pursuant to a request for proposals, this Agreement. is derived from (1) the request for proposal, (including any written clarifications to the request for proposals and any Authority response to questions); (2) the Contractor's best and final offer; (3) the Contractor's response to the request for proposals; and (4) the insurance policy, if applicable.

**27. Succession.**

This Agreement shall extend to and be binding upon the successors and assigns of the parties.

**28. Contractor Personnel.**

A. Key Personnel. The Contractor's key personnel shall not be diverted from this Agreement without the prior written approval of the Authority. Key personnel are those individuals considered by the Authority to be mandatory to the work to be performed under this Agreement. Key personnel shall be agreed upon by both the Authority and the Contractor.

B. Personnel Changes. Replacement of any Key Personnel shall be made with personnel of equal ability, qualifications, and experience. If the number of the Contractor's Key Personnel assigned to the Authority is reduced for any reason, the Contractor shall replace with the same or greater number of Key Personnel with equal ability, experience, and qualifications.

**29. Arbitration.**

Any controversy or claim arising between the parties shall be settled by arbitration pursuant to NMSA 1978 § 44-7A-1 et seq, in Santa Fe, New Mexico.

**30. Non-Collusion.**

In signing this Agreement, the Contractor certifies the Contractor has not, either directly or indirectly, entered into action in restraint of free competitive bidding in connection with this offer submitted to the Authority.

**31. Terms Specific to Vision Benefits Services.**

A. Benefit Plan Requirements. The Authority shall provide the Contractor with accurate and complete plan requirements and amendments thereto, including, but not limited to, any written summaries, policies, interpretations, rules, practices, or procedures which are necessary for the performance of the Contractor's responsibilities under this Agreement. In the event that changes to benefit plan requirements impact rates, the parties agree to negotiate a rate change amendment prior to implementation of such benefit plan changes. The Authority shall enroll in its Benefit Plan only those employees who meet the criteria for eligibility for the plan.

B. Member Verification. The Authority shall provide the Contractor with a means to check eligibility, including providing the Contractor with eligibility files in a HIPAA-compliant electronic format. Subject to any applicable provisions of the Benefit Plan and applicable law, the Authority shall electronically submit updated data files in a HIPAA-compliant format of additions, changes, and deletions to the Contractor of all Members who are eligible for the month to receive Covered Services by the 2nd day of such month. Participating Providers may contact the Contractor to verify Member eligibility upon Member request for services to be scheduled. The Contractor will use the Authority's monthly membership file to verify eligibility. The Contractor shall be entitled to conclusively rely on the most recent monthly membership file provided by the Authority, and the Authority shall pay for all Covered Services provided to persons shown as Members on such file, even if such information is inaccurate or out of date or the Member is retroactively disenrolled; provided, further, that the Authority shall not retrospectively deny payment for such services.

C. Ineligible Members. The Authority shall reimburse the Contractor for any claims for services or materials rendered to an ineligible Member resulting from information provided by

the Authority or for any claims paid in error based upon the eligibility file provided by the Authority.

D. Limitation of Liability. Except as set forth in this section, neither party shall be liable for any special, consequential, incidental, indirect, punitive, or exemplary damages or losses (including, without limitation, lost profits, savings, or business opportunity) arising out of or relating to this Agreement, even if such party has been advised of the possibility of such damages. The foregoing limitations of liability shall not apply: (a) to claims arising from the gross negligence, willful misconduct, or bad faith of a party; and/or (b) where damages cannot be limited under applicable law. The provisions of this section apply regardless of the form of action, damage, claim, liability, cost, expense or loss asserted, whether in contract, statute, rule, regulation, tort or otherwise.

E. This Agreement, together with the insurance policy for insurance benefits issued in furtherance of the Agreement, is intended by the parties as a final and complete expression of their agreement.

**IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of signature by the NMPSIA Board President below.**

New Mexico Public Schools Insurance Authority

By: _____ Date: _____
Al Park, Board President

[redacted]

By: _____ Date: _____
Contractor

# Exhibit A
## Summary of Benefits
### Benefits for NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY (NMPSIA)

| Plan Design | | Premier Plan | |
|---|---|---|---|
| Service Type | Frequency (Once Every) | In-Network Benefit | Out-of-Network Reimbursement |
| Eye Examination with Dilation (as necessary) | 12 Months | $10 Copay | Up to $35 |
| Spectacle Lenses | 12 Months | $15 Copay | See Spectacle Lenses |
| Frame | 12 Months | $0 Copay | See Frame |
| Contact Lenses (in lieu of eyeglasses) | 12 Months | $0 Copay | See Contact Lenses |
| **Eyeglass Benefit - Frame** | | | |
| Frame Allowance (Retail): | | Up to $150 OR<br>Up to $200 at [redacted] *****<br>Plus a 20% discount on any overage ** | Up to $35 |
| Exclusive Collection Frame (in lieu of Allowance) Fashion / Designer / Premier *** | | Covered / Covered / Covered | |
| **Eyeglass Benefit - Spectacle Lenses********* ** | | | |
| Clear plastic lenses in any Rx (Single Vision / Bifocal / Trifocal / Lenticular) | | Covered | Up to $25 / $40 / $55 / $80 |
| Digital Single Vision (Intermediate) | | $30 | |
| Tinting of Plastic Lenses (Solid / Gradient) | | Covered | |
| Scratch-Resistant Coating | | Covered | |
| Polycarbonate Lenses (Children **** / Adults) | | $0/$30 | |
| Ultraviolet Coating | | $12 | |
| Blue Light Filtering | | $15 | |
| Anti-Reflective (AR) Coating (Standard/Premium/Ultra/Ultimate) | | $35/$48/$60/$85 | |
| Progressive Lenses (Standard/Select/Premium/Ultra/Ultimate) | | $50/$70/$90/$140/$175 | Up to $40 (In lieu of bifocal reimbursement) |
| High-Index Lenses (1.67/1.74) | | $55/$120 | |
| Polarized Lenses | | $75 | |
| Plastic Photochromic Lenses | | $65 | |
| Scratch Protection Plan: Single Vision \| Multifocal Lenses | | $20\|$40 | |
| **Contact Lens Benefit** (in lieu of eyeglasses) | | | |
| Contact Lenses Materials Allowance (Retail) | | Up to $110 + 15% off balance** | Up to $110 |
| - Evaluation, Fitting & Follow-Up Care for Standard Lens Types | | 15% Discount ** | Up to $210 |
| - Evaluation, Fitting & Follow-Up Care for Specialty Lens Types | | 15% Discount ** | |
| Visually Required Contact Lenses (with prior approval)<br>- Materials, Fitting & Evaluation | | Covered | |
| **Additional Savings** | | | |
| Retinal Imaging – member charge | | $39 | |
| Additional Pairs of Eyeglasses | | 30% discount ** | |

** Additional discounts not applicable at Glasses.com, 1-800 Contacts, Walmart locations, Sam's Club locations or Costco Locations or where limited by law or manufacturer restrictions

*** Collection is available at most participating independent provider offices. Collection is subject to change.

**** Polycarbonate lenses are covered for dependent children, monocular patients and patients with prescriptions +/- 6.00 diopters or greater.

******** Not all providers participate in vision program discounts, including the member out-of-pocket features. Call your provider prior to scheduling an appointment to confirm if the discount and member out-of-pocket features are offered at that location. Discounts and member out-of-pocket are not insurance and subject to change without notice.

Exhibit B
Certificate of Insurance

[redacted]

**ENDORSEMENT**

[redacted] stock company, issues this endorsement to change the following, effective immediately:

The following disclosure is added before the coverage page of the group policy and certificate:

**NOTICE TO CONSUMER: This is a limited benefits health plan. The benefits provided are supplemental to, and not a substitute for, major medical coverage, even in combination with other limited benefits plans. To apply for an individual or small-group major medical plan, please visit the website of the New Mexico Health Insurance Exchange at www.bewellnm.com or call 1-833-862-3935 (TTY: 711).**

This endorsement is to be attached to and made a part of the policy and certificate. This endorsement is subject to the terms and provisions of the policy and certificate.

[redacted]

[redacted]

[redacted]

# YOUR BENEFIT PLAN

## New Mexico Public Schools Insurance Authority

## All Full-Time and Part-Time Employees of Participating Employers, excluding Temporary or Seasonal Employees

**Vision Insurance for You and Your Dependents**

**Certificate Date: July 1, 2024**

Certificate Number 2

New Mexico Public Schools Insurance Authority
410 Old Taos Highway
Santa Fe, NM 87501

DEAR PLAN PARTICIPANTS:

All of us appreciate the protection and security insurance provides.

This certificate describes the benefits that are available to you. We urge you to read it carefully.

New Mexico Public Schools Insurance Authority

[redacted]

[redacted]

# CERTIFICATE OF INSURANCE

[redacted] a stock company, certifies that You are insured for the benefits described in this certificate, subject to the provisions of this certificate. This certificate is issued to You under the Group Policy and it includes the terms and provisions of the Group Policy that describe Your insurance. **PLEASE READ THIS CERTIFICATE CAREFULLY.**

This certificate is part of the Group Policy. The Group Policy is a legal contract between [redacted] and the Policyholder and may be changed or ended without Your consent or the consent of anyone else with a beneficial interest in it.

| | |
|---|---|
| **Policyholder:** | New Mexico Public Schools Insurance Authority |
| **Group Policy Number:** | 251479-1-G |
| **Type of Insurance:** | Vision Insurance |
| [redacted] **For Claim Information** | [redacted] |

**THIS CERTIFICATE ONLY DESCRIBES VISION INSURANCE.**

[redacted]**: REVIEW THIS CERTIFICATE CAREFULLY. IF YOU ARE 65 OR OLDER ON YOUR EFFECTIVE DATE OF THIS CERTIFICATE, YOU MAY RETURN IT TO US WITHIN 30 DAYS FROM THE DATE YOU RECEIVE IT AND WE WILL REFUND ANY PREMIUM YOU PAID. IN THIS CASE, THIS CERTIFICATE WILL BE CONSIDERED TO NEVER HAVE BEEN ISSUED.**

**THE BENEFITS OF THE POLICY PROVIDING YOUR COVERAGE ARE GOVERNED PRIMARILY BY THE LAW OF A STATE OTHER THAN FLORIDA.**

[redacted]**TEN DAY RIGHT TO EXAMINE CERTIFICATE:** You may return the certificate to Us within 10 days from the date You receive it. If You return it within the 10 day period, the certificate will be considered never to have been issued. We will refund any premium paid after We receive Your notice of cancellation.

**THE GROUP INSURANCE POLICY PROVIDING COVERAGE UNDER THIS CERTIFICATE WAS ISSUED IN A JURISDICTION [redacted] AND MAY NOT PROVIDE ALL THE BENEFITS REQUIRED BY [redacted]**

[redacted] If You are not satisfied with Your Certificate, You may return it to Us within 20 days after You receive it, unless a claim has previously been received by Us under Your Certificate. We will refund within 30 days of Our receipt of the returned Certificate any Premium that has been paid and the Certificate will then be considered to have never been issued. You should be aware that, if You elect to return the Certificate for a refund of premiums, losses which otherwise would have been covered under Your Certificate will not be covered.

[redacted]

[redacted] **30 Day Right to Examine Certificate.**
Please read this Certificate. You may return the Certificate to Us within 30 days from the date You receive it. If you return it within the 30 day period, the Certificate will be considered never to have been issued and We will refund any premium paid for insurance under this Certificate.

**This type of plan is NOT considered "minimum essential coverage" under the Affordable Care Act and therefore does NOT satisfy the individual mandate that You have health insurance coverage. If You do not have other health insurance coverage, You may be subject to a federal tax penalty.**

**For New Mexico Residents:** If You are not satisfied with Your certificate for any reason, You may return it to Us within 30 days after You receive it, unless a claim has previously been received by Us under Your certificate. We will refund any premium that has been paid and the certificate will then be considered to have never been issued. You should be aware that, if You elect to return the certificate for a refund of premiums, losses which otherwise would have been covered under Your certificate will not be covered.

**WE ARE REQUIRED BY LAW TO INCLUDE THE NOTICE(S) WHICH APPEAR ON THIS PAGE AND IN THE NOTICE(S) SECTION WHICH FOLLOWS THIS PAGE. PLEASE READ THE(SE) NOTICE(S) CAREFULLY.**

**NOTICE FOR RESIDENTS** [redacted]

**Have a complaint or need help?**

If you have a problem with a claim or your premium, call your insurance company or HMO first. If you can't work out the issue, the [redacted] may be able to help.

Even if you file a complaint with the [redacted] you should also file a complaint or appeal through your insurance company or HMO. If you don't, you may lose your right to appeal.

[redacted]

To get information or file a complaint with your insurance company or HMO:

[redacted]

[redacted]

[redacted]

Mail: [redacted]

[redacted]

To get help with an insurance question or file a complaint with the state:

[redacted]

[redacted]

[redacted]

[redacted]

**¿Tiene una queja o necesita ayuda?**

Si tiene un problema con una reclamación o con su prima de seguro, llame primero a su compañía de seguros o HMO. Si no puede resolver el problema, es posible que el Departamento de [redacted] por su nombre en inglés) pueda ayudar.

Aun si usted presenta una queja ante el [redacted], también debe presentar una queja a través del proceso de quejas o de apelaciones de su compañía de seguros o HMO. Si no lo hace, podría perder su derecho para apelar.

[redacted]

Para obtener información o para presentar una queja ante su compañía de seguros o HMO:

**Llame a: Departamento de** [redacted]

[redacted]

[redacted]

Para obtener ayuda con una pregunta relacionada con los seguros o para presentar una queja ante el estado:

[redacted]

[redacted]

## The Definition Of Child Is Modified For The Coverages Listed Below:

[redacted] **(Vision Insurance):**

The term also includes newborns.

[redacted] **(Vision Insurance):**

The age limit for children will not be less than 26, regardless of the child's marital status, student status or full-time employment status. Your natural child, adopted child or stepchild under age 26 will not need to be supported by You to qualify as a Child under this insurance.

A Child's insurance will not end due to age until the end of the Year in which that Child attains age 26.

[redacted] **(Vision Insurance):**

The term also includes Your grandchildren residing with You. The age limit for children and grandchildren will not be less than 21, regardless of the child's or grandchild's student status or full-time employment status. In addition, the age limit for students will not be less than 24. Your natural child, adopted child, stepchild or grandchild under age 21 will not need to be supported by You to qualify as a Child under this insurance.

[redacted] **(Vision Insurance):**

The term also includes:

- Your grandchildren who are financially dependent upon You and reside with You continuously from birth;
- children for whom You or Your Spouse is the legally appointed guardian; and
- children for whom You have initiated an application for adoption.

The age limit for children and grandchildren will not be less than 25 regardless of the child's or grandchild's student status or full-time employment status. Your natural child, adopted child stepchild or children for whom You or Your Spouse is the legally appointed guardian under age 25 will not need to be supported by You to qualify as a Child under this insurance.

[redacted] **(Vision Insurance):**

The term also includes newborn infants of any person insured under this certificate. The age limit for children will not be less than 25, regardless of the child's student status or full-time employment status. Your natural child, adopted child or stepchild under age 25 will not need to be supported by You to qualify as a child under this insurance.

[redacted] **(Vision Insurance):**

The age limit for children will not be less than 26, regardless of the child's marital status, student status or full-time employment status. Your natural child, adopted child or stepchild under age 26 will not need to be supported by You to qualify as a Child under this insurance.

[redacted] **(Vision Insurance):**

The term also includes Your grandchildren. The age limit for children and grandchildren will not be less than 25, regardless of the child's or grandchild's student status, full-time employment status or military service status. Your natural child, adopted child or stepchild under age 25 will not need to be supported by You to qualify as a Child under this insurance. In addition, grandchildren must be able to be claimed by You as a dependent for Federal Income Tax purposes at the time You applied for Insurance.

[redacted] **(Vision Insurance):**

The age limit for children will not be less than 26, regardless of the child's student status or full-time employment status. Your natural child, adopted child or stepchild under age 26 will not need to be supported by You to qualify as a Child under this insurance. The term includes an unmarried child who is incapable of self-sustaining employment because of a mental or physical disability as defined by applicable law and who has been continuously covered under a Vision plan since reaching age 26, with no break in coverage of more than 63 days, and who otherwise qualifies as a Child except for the age limit. Proof of such disability must be sent to Us within 31 days after:

- the date the Child attains the limiting age in order to continue coverage; or
- You enroll a Child to be covered under this provision;

and at reasonable intervals after such date, but no more often than annually after the two-year period immediately following the date the Child qualifies for coverage under this provision.

[redacted] **(Vision Insurance):**

The age limit for children will not be less than 26, regardless of the child's marital status, student status, or full-time employment status. Your natural child, adopted child or stepchild under age 26 will not need to be supported by You to qualify as a Child under this insurance.

## NOTICE FOR RESIDENTS OF ALL STATES WHO ARE INSURED FOR VISION INSURANCE

**Notice Regarding Your Rights and Responsibilities**

**Rights:**

- We will treat communications, financial records and records pertaining to Your care in accordance with all applicable laws relating to privacy.
- Decisions with respect to vision treatment are the responsibility of You and the Vision Provider. We neither require nor prohibit any specified treatment. However, only certain specified services are covered for benefits. Please see the Vision Insurance sections of this certificate for more details.
- You may request a written [redacted] any written concern or complaint.

**Responsibilities:**

- You are responsible for the prompt payment of any charges for services performed by the Vision Provider not fully covered by your Vision Insurance.
- You should consult with the Vision Provider about treatment options, proposed and potential procedures, anticipated outcomes, potential risks, anticipated benefits and alternatives. You should share with the Vision Provider the most current, complete and accurate information about Your medical and vision history and current conditions and medications.
- You should follow the treatment plans and health care recommendations agreed upon by You and the Vision Provider.

**NOTICE FOR** [redacted]

If You have a question concerning Your coverage or a claim, first contact the Policyholder or group account administrator. If, after doing so, You still have a concern, You may call the toll free telephone number shown on the Certificate Face Page.

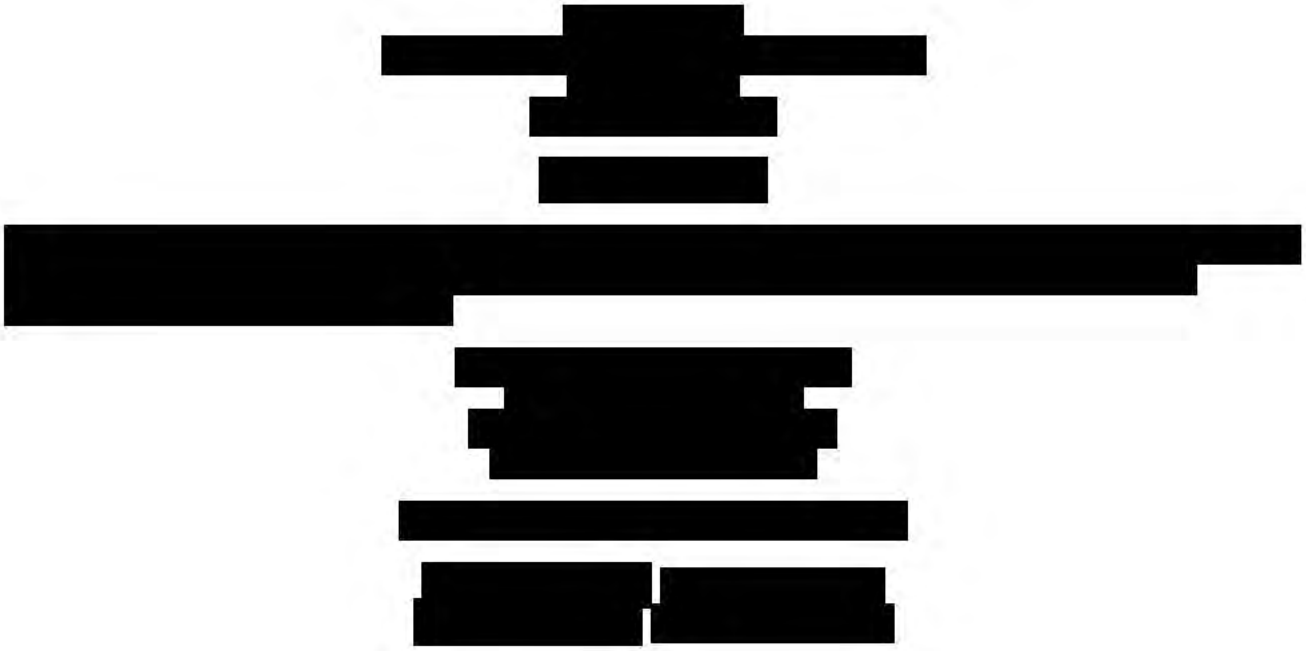
Policyholders have the right to file a complaint [redacted] You may call AID to request a complaint [redacted] write the Department at:

[redacted]

**NOTICE FOR** [redacted]

**IMPORTANT NOTICE**

**TO OBTAIN ADDITIONAL INFORMATION, OR TO MAKE A COMPLAINT, CONTACT THE POLICYHOLDER OR METLIFE AT:**



## NOTICE FOR RESIDENTS OF [redacted]

[redacted] treated the same as spouses. If the certificate does not already have a definition of domestic partner, then the following definition applies:

> **"Domestic Partner** means each of two people, one of whom is an employee of the Participating Employer, [redacted] and who have registered as domestic partners or members of a civil union with the [redacted] or another government recognized [redacted] as having similar requirements."

If the certificate already has a definition of domestic partner, that definition will [redacted], as long as it recognizes as a domestic partner any person registered as the employee's domestic partner with [redacted] or another government recognized [redacted] as having similar requirements.

Wherever the term **"Spouse"** appears in this certificate it shall, unless otherwise specified, be read to include Your Domestic Partner.

Wherever the term step-child appears, it is replaced by step-child or child of Your Domestic Partner.

**NOTICE FOR** [redacted]

If You are a [redacted], and live in a county where there is no In-Network Vision Provider and travel distance to an In-Network Vision Provider, in a neighboring county, is more than 20 miles or 30 minutes travel time (or if you [redacted], 10 miles or 20 minutes travel time), We will pay benefits for Covered Services provided by an Out-of-Network Vision Provider as if the service was provided by an In-Network Vision Provider. Additionally, if You are unable to schedule an appointment with an In-Network Vision Provider within 15 business days, We will pay benefits for Covered Services provided by an Out-of-Network Vision Provider as if the service was provided by an In-Network Vision Provider. In order to ensure that the benefits are paid accordingly, We must be notified prior to receiving services from an Out-of-Network Vision Provider. [redacted] assistance.

## NOTICE FOR [redacted]

**Domestic Partner**

[redacted] must be treated the same as spouses. If the certificate does not already have a definition of domestic partner, then the following definition applies:

> "**Domestic Partner** means each of two people, one of whom is an employee of the Policyholder, a resident [redacted] and who have registered as domestic partners or members of a civil union with the [redacted] or another government recognized [redacted] as having similar requirements."

If the certificate already has a definition of domestic partner, that definition will apply [redacted], as long as it recognizes as a domestic partner any person registered as the employee's domestic partner with [redacted] or another government recognized [redacted] as having similar requirements.

Wherever the term "**Spouse**" appears in this certificate it shall, unless otherwise specified, be read to include Your Domestic Partner.

Wherever the term step-child appears, it is replaced by step-child or child of Your Domestic Partner.

**Definition of Child**

The term also includes newborns.

**Vision Insurance: Coordination of Benefits**

With respect to coordination of benefits, the benefits will never be less than what is shown under the following language.

This coordination of benefits (COB) provision applies when a Covered Person has vision coverage under more than one plan. "Plan" is defined below.

The order of benefit determination rules govern the order in which each Plan will pay a claim for benefits. The Plan that pays first is called the Primary plan. The Primary plan must pay benefits according to its policy terms without regard to the possibility that another Plan may cover some expenses. The Plan that pays after the Primary plan is the Secondary plan. The Secondary plan may reduce the benefits it pays so that payments from all Plans do not exceed 100% of the total Allowable expense.

**DEFINITIONS**

A. A Plan is any of the following that provides benefits or services for vision care or treatment. If separate contracts are used to provide coordinated coverage for members of a group, the separate contracts are considered parts of the same plan and there is no COB among those separate contracts. However, if COB rules do not apply to all contracts, or to all benefits in the same contract, the contract or benefit to which COB does not apply is treated as a separate plan.

   (1) Plan includes: Group insurance contracts, health maintenance organizations (HMO) contracts, closed panel plans or other forms of group type coverage (whether insured or uninsured); medical care components of long-term care contracts, such as skilled nursing care; vision benefits under group or individual automobile contracts; and Medicare or any other federal governmental plan, as permitted by law.

(2) Plan does not include: Hospital indemnity or fixed payment coverage or other fixed indemnity or fixed payment coverage; accident only coverage; specified disease or specified accident coverage; limited benefit health coverage, as defined by state law; school accident type coverage; benefits for non-medical components of long-term care policies; automobile insurance policies required by statute to provide medical benefits; Medicare supplement policies; Medicaid coverage; or coverage under other federal governmental plans, unless permitted by law.

Each contract for coverage under (1) or (2) is a separate Plan. If a Plan has two parts and COB rules apply only to one of the two, each of the parts is treated as a separate Plan.

B. This plan means, in a COB provision, the part of the contract providing the vision care benefits to which the COB provision applies and which may be reduced because of the benefits of other plans. Any other part of the contract providing vision care benefits is separate from this plan. A contract may apply one COB provision to certain benefits, such as vision benefits, coordinating only with similar benefits, and may apply another COB provision to coordinate other benefits.

C. The order of benefit determination rules determine whether This plan is a Primary plan or Secondary plan when the person has vision care coverage under more than one Plan.

When This Plan is primary, its benefits are determined before those of any other Plan and without considering any other Plan's benefits. When This Plan is secondary, its benefits are determined after those of another Plan and may be reduced because of the Primary Plan's benefits, so that all Plan benefits do not exceed 100% of the total Allowable Expense.

D. Allowable expense is a vision care expense, including deductibles, coinsurance and copayments, that is covered at least in part by any Plan covering the person. When a Plan provides benefits in the form of services, the reasonable cash value of each service will be considered an Allowable expense and a benefit paid. An expense that is not covered by any Plan covering the person is not an Allowable expense. In addition, any expense that a provider by law or in accordance with a contractual agreement is prohibited from charging a Covered Person is not an Allowable Expense.

The following are examples of expenses that are not Allowable expenses:

(1) If a person is covered by two or more Plans that compute their benefit payments on the basis of usual and customary fees or relative value schedule reimbursement method or other similar reimbursement method, any amount in excess of the highest reimbursement amount for a specific benefit is not an Allowable expense.

(2) If a person is covered by two or more Plans that provide benefits or services on the basis of negotiated fees, an amount in excess of the highest of the negotiated fees is not an Allowable expense.

(3) The amount of any benefit reduction by the Primary plan because a covered person has failed to comply with the Plan provisions is not an Allowable expense. Examples of these types of plan provisions include second surgical opinions, precertification of admissions, and preferred provider arrangements.

E. Closed panel plan is a Plan that provides vision benefits to covered persons in the form of services through a panel of providers who are primarily employed by the Plan, and that excludes coverage for services provided by other providers, except in cases of emergency or referral by a panel member.

F. Custodial parent is the parent awarded custody by a court decree or, in the absence of a court decree, is the parent with whom the child resides more than one half of the calendar year excluding any temporary visitation.

When a person is covered by two or more Plans, the rules for determining the order of benefit payments are as follows:

A. The Primary plan pays or provides its benefits according to its terms of coverage and without regard to the benefits under any other Plan.

B. (1) Except as provided in subsection (2), a Plan that does not contain a coordination of benefits provision that is consistent with this chapter is always primary unless the provisions of both Plans state that the complying plan is primary.

(2) Coverage that is obtained by virtue of membership in a group that is designed to supplement a part of a basic package of benefits and provides that this supplementary coverage is excess to any other parts of the Plan provided by the contract holder. Examples include major medical coverages that are superimposed over hospital and surgical benefits, and insurance type coverages that are written in connection with a Closed panel plan to provide out-of-network benefits.

C. A Plan may consider the benefits paid or provided by another Plan in calculating payment of its benefits only when it is secondary to that other Plan.

D. Each Plan determines its order of benefits using the first of the following rules that apply:

(1) Non-Dependent or Dependent. The Plan that covers the person other than as a dependent, for example as an employee, member, policyholder, subscriber or retiree is the Primary plan and the Plan that covers the person as a dependent is the Secondary plan. However, if the person is a Medicare beneficiary and, as a result of federal law, Medicare is secondary to the Plan covering the person as a dependent, and primary to the Plan covering the person as other than a dependent (e.g., a retired employee), then the order of benefits between the two Plans is reversed so that the Plan covering the person as an employee, member, policyholder, subscriber or retiree is the Secondary plan and the other Plan is the Primary plan.

(2) Dependent Child Covered Under More Than One Plan. Unless there is a court decree stating otherwise, when a dependent child is covered by more than one Plan the order of benefits is determined as follows:

(a) For a dependent child whose parents are married or are living together, whether or not they have ever been married:

- The Plan of the parent whose birthday falls earlier in the calendar year is the Primary plan; or

- If both parents have the same birthday, the Plan that has covered the parent the longest is the Primary plan.

(b) For a dependent child whose parents are divorced or separated or not living together, whether or not they have ever been married:

(i) If a court decree states that one of the parents is responsible for the dependent child's vision care expenses or health care coverage and the Plan of that parent has actual knowledge of those terms, that Plan is primary. This rule applies to claim determination periods commencing after the Plan is given notice of the court decree;

(ii) If a court decree states one parent is to assume primary financial responsibility for the dependent child but does not mention responsibility for health care expenses, the plan of the parent assuming financial responsibility is primary;

(iii) If a court decree states that both parents are responsible for the dependent child's health care expenses or health care coverage, the provisions of subparagraph (a) above determine the order of benefits;

(iv) If a court decree states that the parents have joint custody without specifying that one parent has responsibility for the health care expenses or health care coverage of the dependent child, the provisions of subsection (a) above determine the order of benefits; or

(v) If there is no court decree allocating responsibility for the dependent child's health care expenses or health care coverage, the order of benefits for the child are as follows:

- The Plan covering the Custodial parent, first;
- The Plan covering the spouse of the Custodial parent, second;
- The Plan covering the non-custodial parent, third; and then;
- The Plan covering the spouse of the non-custodial parent, last

(c) For a dependent child covered under more than one Plan of individuals who are not the parents of the child, the provisions of subsection (a) or (b) above determine the order of benefits as if those individuals were the parents of the child.

(3) Active Employee or Retired or Laid-off Employee. The Plan that covers a person as an active employee, that is, an employee who is neither laid off nor retired, is the Primary plan. The Plan covering that same person as a retired or laid-off employee is the Secondary plan. The same would hold true if a person is a dependent of an active employee and that same person is a dependent of a retired or laid-off employee. If the other Plan does not have this rule, and as a result, the Plans do not agree on the order of benefits, this rule is ignored. This rule does not apply if the rule under section D(1) can determine the order of benefits.

(4) COBRA or State Continuation Coverage. If a person whose coverage is provided under COBRA or under a right of continuation provided by state or other federal law is covered under another Plan, the Plan covering the person as an employee, member, subscriber or retiree or covering the person as a dependent of an employee, member, subscriber or retiree is the Primary plan and the COBRA or state or other federal continuation coverage is the Secondary plan. If the other Plan does not have this rule, and as a result, the Plans do not agree on the order of benefits, this rule is ignored. This rule does not apply if the rule under section D(1) can determine the order of benefits.

(5) Longer or Shorter Length of Coverage. The Plan that covered the person as an employee, member, policyholder, subscriber or retiree longer is the Primary plan and the Plan that covered the person the shorter period of time is the Secondary plan.

(6) If the preceding rules do not determine the order of benefits, the Allowable expenses must be shared equally between the Plans meeting the definition of Plan. In addition, This plan will not pay more than it would have paid had it been the Primary plan.

**EFFECT ON THE BENEFITS OF THIS PLAN**

A. When This plan is secondary, it may reduce its benefits so that the total benefits paid or provided by all Plans during a claim determination period are not more than the total Allowable expenses. In determining the amount to be paid for any claim, the Secondary plan must make payment in an amount so that, when combined with the amount paid by the Primary plan, the total benefits paid or provided by all plans for the claim equal one hundred percent of the total Allowable expense for that claim. Total Allowable expense is the highest Allowable expense of the Primary plan or the Secondary plan. In addition, the Secondary plan must credit to its plan deductible any amounts it would have credited to its deductible in the absence of other health care coverage.

B. If a Covered Person is enrolled in two or more Closed Panel Plans and if, for any reason, including the provision of service by a non-panel provider, benefits are not payable by one Closed Panel Plan, COB shall not apply between that Plan and other Closed Panel Plans.

**RIGHT TO RECEIVE AND RELEASE NEEDED INFORMATION**

Certain facts about health care coverage and services are needed to apply these COB rules and to determine benefits payable under This plan and other Plans. We may get the facts from or give them to other organizations or persons for the purpose of applying these rules and determining benefits payable under This plan and other Plans covering the person claiming benefits. We need not tell, or get the consent of, any person to do this. Each person claiming benefits under This plan must give Us any facts needed to apply those rules and determine benefits payable.

**FACILITY OF PAYMENT**

If payments that should have been made under This plan are made by another Plan, the issuer has the right, at its discretion, to remit to the other Plan the amount it determines appropriate to satisfy the intent of this provision. The amounts paid to the other Plan are considered benefits paid under This plan. To the extent of such payments, the issuer is fully discharged from liability under This plan.

**RIGHT OF RECOVERY**

We have the right to recover excess payment whenever We have paid Allowable expenses in excess of the maximum amount of payment necessary to satisfy the intent of this provision. We may recover excess payment from any person to whom or for whom payment was made or any other issuers or plans.

**If You have Questions about Coordination of Benefits, please [redacted]**

If You are covered by more than one vision benefit plan, and You do not know which is Your primary plan, You or Your vision provider should contact any one of the vision plans to verify which plan is primary. The health plan You contact is responsible for working with the other plan to determine which is primary and will let You know within thirty calendar days.

CAUTION: All vision plans have timely claim filing requirements. If You or Your provider fail to submit Your claim to a secondary vision plan within that plan's claim filing time limit, the plan can deny the claim. If You experience delays in the processing of Your claim by the primary health plan, You or Your provider will need to submit Your claim to the secondary health plan within its claim filing time limit to prevent a denial of the claim.

To avoid delays in claims processing, if You are covered by more than one plan You should promptly report to Your vision providers and plans any changes in Your coverage

## NOTICE FOR [redacted]

**IMPORTANT NOTICE**

The laws of the [redacted] prohibit insurers from unfairly discriminating against any person based upon his or her status as a victim of family violence.

**NOTICE FOR** [redacted]

If You have a question concerning Your coverage or a claim, first contact the Policyholder. If, after doing so, You still have a concern, You may call the toll free telephone number shown on the Certificate Face Page.

If You are still concerned after contacting [redacted], You should feel free to contact:

[redacted]

**NOTICE FOR** [redacted]

**IMPORTANT NOTICE**

[redacted] You may write to:

[redacted]

**NOTICE FOR** [redacted]

**Questions regarding your policy or coverage should be directed to:**

[redacted]

If you (a) need the assistance of the government agency that regulates insurance; or (b) have a complaint you have been unable to resolve with your insurer you may contact the Department of Insurance by mail, telephone or email:

[redacted]

## NOTICE FOR [redacted]

You have the right to designate a third party to receive notice if Your insurance is in danger of lapsing due to a default on Your part, such as for nonpayment of a contribution that is due. The intent is to allow reinstatements where the default is due to the insured person's suffering from cognitive impairment or functional incapacity. You may make this designation by completing a "Third-Party Notice Request Form" and [redacted] Once You have made a designation, You may cancel or change it by filling out a new Third-Party Notice Request Form and sending [redacted]. The designation will be effective as of the date [redacted] the form. [redacted] at the toll-free telephone number shown on the face page of this certificate to obtain a Third-Party Notice Request Form. Within 90 days after cancellation of coverage for nonpayment of premium, You, any person authorized to act on Your behalf , or any covered Dependent may request reinstatement of the certificate on the basis that You suffered from cognitive impairment or functional incapacity at the time of cancellation.

**CONTINUATION OF VISION INSURANCE**

1. If Your Vision Insurance ends due to a Plant Closing or Covered Partial Closing, such insurance will be continued for 90 days after the date it ends.

2. If Your Vision Insurance ends because:

    - You cease to be in an Eligible Class; or
    - Your employment terminates;

for any reason other than a Plant Closing or Covered Partial Closing, such insurance will continue for 31 days after the date it ends.

Continuation of Your Vision Insurance under the CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT subsection will end before the end of continuation periods shown above if You become covered for similar benefits under another plan.

**Plant Closing** and **Covered Partial Closing** have the meaning set forth in Massachusetts Annotated Laws, Chapter 151A, Section 71A.

**CONTINUATION OF VISION INSURANCE FOR YOUR FORMER SPOUSE**

If the judgment of divorce dissolving Your marriage provides for continuation of insurance for Your former Spouse when You remarry, Vision Insurance for Your former Spouse that would otherwise end may be continued.

To continue Vision insurance under this provision:

1. You must make a written request to the employer to continue such insurance;
2. You must make any required premium to the employer for the cost of such insurance.

The request form will be furnished by the Employer.

Such insurance may be continued from the date Your marriage is dissolved until the earliest of the following:

- the date Your former Spouse remarries;
- the date of expiration of the period of time specified in the divorce judgment during which You are required to provide Vision Insurance for Your former Spouse;
- the date coverage is provided under any other group health plan;
- the date Your former Spouse becomes entitled to Medicare;
- the date Vision Insurance under the policy ends for all active employees, or for the class of active employees to which You belonged before Your employment terminated;
- the date of expiration of the last period for which the required premium payment was made; or
- the date such insurance would otherwise terminate under the policy.

If Your former Spouse is eligible to continue Vision Insurance under this provision and any other provision of this Policy, all such continuation periods will be deemed to run concurrently with each other and shall not be deemed to run consecutively.

## NOTICE FOR [redacted]

### CLAIMS FOR VISION INSURANCE

### Routine Questions on Vision Insurance Claims

[redacted]

### Initial Determination

If Your claim for Vision Insurance benefits is a Clean Claim and it is approved, benefits will be paid within 25 days after We receive Proof in an electronic form of a covered loss, or within 35 days after receipt of Proof in paper form of a covered loss. Proof includes, but is not limited to, information essential for Us to administer coordination of benefits.

**"Clean Claim"** means a claim that:

- does not require further information, adjustment or alteration by You or the provider of the services in order to process and pay it;
- does not have any defects;
- does not have any impropriety, including any lack of supporting documentation; and
- does not involve a particular circumstance required special treatment that substantially prevents timely payments from being made on the claim.

A Clean Claim does not include a claim submitted by a provider more than 30 days after the date of service, or if the provider does not submit the claim on Your behalf, a claim submitted more than 30 days after the date the provider bills You. Errors, such as system errors, attributable to the insurer, do not change the clean claim status.

If We do not deny payment of such benefits to You by the end of the 25 day period for clean claims submitted in electronic form, or 35 day period for Clean Claims submitted in paper form, and such benefits remain due and payable to You, interest will accrue on the amount of such benefits at the rate of 3 percent per month until such benefits are finally settled. If We do not pay benefits to You when due and payable, You may bring action to recover such benefits, any interest which has accrued with respect to such benefits and any other damages which may be allowed by law. We will pay benefits when We receive satisfactory Proof of Your claim.

If We are unable to pay a claim for Vision Insurance benefits because additional information or documentation is required, or there is a particular circumstance requiring special treatment, within 25 days after the date We receive the claim if it is submitted in electronic form, or within 35 days after the d[redacted] receives the claim if it is submitted in paper form, We will send You notice of what supporting documentation or information is needed. Any claim or portion of a claim for Vision Insurance benefits that is resubmitted with all of the supporting documentation requested in Our notice and becomes payable will be paid to You within 20 days after it is received.

**Claim Denial Appeals**

If a claim is denied in whole or in part, under the terms of this certificate, a request may be submitted to Us by a Covered Person or a Covered Person's authorized representative for a full review of the denial. A Covered Person may designate any person, including their provider, as their authorized representative. References in this section to "Covered Person" include the Covered Person's authorized representative, where applicable.

**Initial Appeal.** All requests for review must be made within one hundred eighty (180) calendar days following denial of a claim. A Covered Person may review, during normal business hours, any documents used by Us pertinent to the denial. A Covered Person may also submit Written comments or supporting documentation concerning the claim to assist in Our review. Our response to the initial appeal, including specific reasons for the decision, shall be communicated to the Covered Person within thirty (30) calendar days after receipt of the request for the appeal.

**Second Level Appeal.** If a Covered Person disagrees with the response to the initial appeal of the denied claim, the Covered Person has the right to a second level appeal. A request for a second level appeal must be submitted to Us within sixty (60) calendar days after receipt of Our response to the initial appeal. We shall communicate Our final determination to the Covered Person within thirty (30) calendar days from receipt of the request, or as required by any applicable state or federal laws or regulations. Our communication to the Covered Person shall include the specific reasons for the determination.

**Other Remedies.** When a Covered Person has completed the appeals stated herein, additional voluntary alternative dispute resolution options may be available, including mediation or arbitration. Additional information is available from the U.S. Department of Labor or the insurance regulatory agency for the Covered Persons' state of residency. Additionally, under the provisions of ERISA (Section 502(a)(1)(B) 29 U.S.C. 1132(a)(1)(B)), the Covered Person has the right to bring a civil action when all available levels of reviews, including the appeal process, have been completed. ERISA remedies may apply in those instances where the claims were not approved in whole or in part as the result of appeals under this Policy and the Covered Person disagrees with the outcome of such appeals.

**Time of Action.** No action in law or in equity shall be brought to recover on this Policy prior to the Covered Person exhausting his/her rights under this Policy and/or prior to the expiration of sixty (60) calendar days after the claim and any applicable documentation has been filed with Us. No such action shall be brought after the expiration of any applicable statute of limitations, in accordance with the terms of this Policy. No such action shall be brought after the expiration of three (3) years from the last date that the claim and any applicable invoices were submitted to Us, and no such action shall be brought at all unless brought within three (3) years from the expiration of the time within which such materials are required to be submitted in accordance with the terms of this Policy. If it is determined in such action that We acted in bad faith as evidenced by a repeated or deliberate pattern of failing to pay benefits and/or claims when due, You (or the provider, if You assigned the benefits to the provider) shall be entitled to recover any interest which may accrue plus damages in an amount up to three (3) times the amount of the benefits that remain unpaid until the claim is finally settled or adjudicated.

**Insurance Fraud**: Any Covered Person who intends to defraud, knowingly facilitates a fraud, submits a claim containing false or deceptive information, or who commits any other similar act as defined by applicable state or federal law, is guilty of insurance fraud. Such an act is grounds for immediate termination of the coverage under this Policy of the Covered Person committing such fraud.

## NOTICE FOR [redacted]

### CONTINUATION OF YOUR VISION INSURANCE

If You are a [redacted], Your Vision Insurance may be continued if it ends because Your employment ends unless:

- Your employment ends due to Your gross misconduct;
- this Vision Insurance ends for all employees;
- this Vision Insurance is changed to end Vision Insurance for the class of employees to which You belong;
- You are entitled to enroll in Medicare; or
- Your Vision Insurance ends because You failed to pay the required premium.

The Employer must give You written notice of:

- Your right to continue Your Vision Insurance;
- the amount of premium payment that is required to continue Your Vision Insurance;
- the manner in which You must request to continue Your Vision Insurance and pay premiums; and
- the date by which premium payments will be due.

The premium that You must pay for Your continued Vision Insurance may include:

- any amount that You contributed for Your Vision Insurance before it ended;
- any amount the Employer paid; and
- an administrative charge which will not to exceed two percent of the rest of the premium.

To continue Your Vision Insurance, You must:

- send a written request to continue Your Vision Insurance; and
- pay the first premium within 30 days after the date Your employment ends.

The maximum continuation period will be the longest of:

- 36 months if Your employment ends because You retire, and within 12 months of retirement You have a substantial loss of coverage because the employer files for bankruptcy protection under Title 11 of the United States Code;
- 29 months if You become entitled to disability benefits under Social Security within 60 days of the date Your Employment ends; or
- 18 months.

Your continued Vision Insurance will end on the earliest of the following to occur:

- the end of the maximum continuation period;
- the date this Vision Insurance ends;
- the date this Vision Insurance is changed to end Vision Insurance for the class of employees to which You belong;
- the date You are entitled to enroll for Medicare;
- if You do not pay the required premium to continue Your Vision Insurance; or
- the date You become eligible for coverage under any other group Vision coverage.

## NOTICE FOR [redacted] (continued)

**CONTINUATION OF YOUR DEPENDENT'S VISION INSURANCE**

If You are a [redacted], Your Vision Insurance for Your Dependents may be continued if it ends because Your employment ends, Your marriage ends in divorce or separation, or You die, unless:

- Your employment ends due to Your gross misconduct;
- this Vision Insurance ends for all Dependents;
- this Vision Insurance is changed, for the class of employees to which You belong, to end Vision Insurance for Dependents;
- the Dependent is entitled to enroll in Medicare; or
- Your Vision Insurance for Your Dependents ends because You fail to pay a required premium.

If Vision Insurance for Your Dependents ends because Your marriage ends in divorce or separation, the party responsible under the divorce decree or separation agreement for payment of premium for continued Vision Insurance must notify the employer, in writing, within 30 days of the date of the divorce decree or separation agreement that the divorce or separation has occurred. If You and Your divorced or separated Spouse share responsibility for payment of the premium for continued Vision Insurance, both You and Your divorced or separated Spouse must provide the notification.

The Employer must give You, or Your former Spouse if You have died or Your marriage has ended, written notice of:

- Your right to continue Your Vision Insurance for Your Dependents;
- the amount of premium payment that is required to continue Your Vision Insurance for Your Dependents;
- the manner in which You or Your former Spouse must request to continue Your Vision Insurance for Your Dependents and pay premiums; and
- the date by which premium payments will be due.

The premium that You or Your former Spouse must pay for continued Vision Insurance for Your Dependents may include:

- any amount that You contributed for Your Vision Insurance before it ended; and
- any amount the Employer paid.

To continue Vision Insurance for Your Dependents, You or Your former Spouse must:

- send a written request to continue Vision Insurance for Your Dependents; and
- must pay the first premium within 30 days of the date Vision Insurance for Your Dependents ends.

If You, and Your former Spouse, if applicable, fail to provide any required notification, or fail to request to continue Vision Insurance for Your Dependents and pay the first premium within the time limits stated in this section, Your right to continue Vision Insurance for Your Dependents will end.

**CONTINUATION OF YOUR DEPENDENT'S VISION INSURANCE (Continued)**

The maximum continuation period will be the longest of the following that applies:

- 36 months if Vision Insurance for Your Dependents ends because Your marriage ends in divorce or separation, except that with respect to a Spouse who is age 55 or older when your marriage ends in divorce or separation the maximum continuation period will end when the divorced or separated Spouse becomes eligible for Medicare or eligible for participation in another employer's group plan;
- 36 months if Vision Insurance for Your Dependents ends because You die, except that with respect to a Spouse who is age 55 or older when You die, the maximum continuation period will end when Your surviving Spouse becomes eligible for Medicare or eligible for participation in another employer's group vision coverage;
- 36 months if Vision Insurance for Your Dependents ends because You become entitled to benefits under Title XVIII of Social Security, except that with respect to a Spouse who is age 55 or older when You become entitled to benefits under Title XVIII of Social Security, the maximum continuation period will end when the divorced or separated Spouse becomes eligible for Medicare or eligible for participation in another employer's group vision coverage;
- 36 months if You become entitled to benefits under Title XVIII of Social Security while You are already receiving continued benefits under this section, except that with respect to a Spouse who is age 55 or older when You first become entitled to continue Your Vision Insurance the maximum continuation period will end when the divorced or separated Spouse becomes eligible for Medicare or eligible for participation in another employer's group vision coverage;
- 36 months with respect to a Dependent Child if Vision Insurance ends because the Child ceases to be a Dependent Child;
- 36 months if Your employment ends because You retire, and within 12 months of retirement You have a substantial loss of coverage because the employer files for bankruptcy protection under Title 11 of the United States Code;
- 29 months if Vision Insurance for Your Dependents ends because Your employment ends, and within 60 days of the date Your employment ends you become entitled to disability benefits under Social Security; or
- 18 months if Vision Insurance for Your Dependents ends because Your employment ends.

A Dependent's continued Vision Insurance will end on the earliest of the following to occur:

- the end of the maximum continuation period;
- the date this Vision Insurance ends;
- the date this Vision Insurance is changed to end Vision Insurance for Dependents for the class of employees to which You belong;
- the date the Dependent becomes entitled to enroll for Medicare;
- if You do not pay a required premium to continue Vision Insurance for Your Dependents; or
- the date the Dependent becomes eligible for coverage under any other group vision coverage.

## NOTICE FOR RESIDENTS OF NEW MEXICO

### Consumer Complaint Notice

**If You are a resident of New Mexico, Your coverage will be administered in accordance with the minimum applicable standards of New Mexico law. If You have concerns regarding a claim, premium, or other matters relating to this coverage, You may file a complaint with the New Mexico Office of Superintendent of Insurance (OSI) using the complaint form available on the OSI website and found at: https://www.osi.state.nm.us/ConsumerAssistance/index.aspx.**

**NOTICE FOR RESIDENTS OF NEW MEXICO**

**Additional Provisions For Vision Insurance On A Child**

If a Child is insured for Vision Insurance under this certificate and You are not the custodial parent, notify Us that such is the case and provide Us with the name and address of the custodial parent. After receipt of such notice, We will:

(1) provide such information to the custodial parent as may be necessary for the Child to obtain benefits through that insurance;

(2) permit the custodial parent or the provider, with the custodial parent's approval, to submit claims for covered services without the approval of the non-custodial parent; and

(3) make payments on claims submitted in accordance with Paragraph (2) of this subsection directly to the custodial parent, the provider or the state Medicaid agency.

If You are required by a court or administrative order to provide Vision Insurance for a Child, and You are eligible to provide such insurance for that child, We will:

(1) permit You to enroll a Child who is otherwise eligible for such insurance without regard to any enrollment season restrictions;

(2) if You are enrolled but fail to make application to obtain insurance for such Child, We will enroll the Child for insurance upon application of the Child's other parent, the state agency administering the Medicaid program or the state agency administering 42 U.S.C. Sections 651 through 669, the child support enforcement program; and

(3) We will not disenroll or eliminate insurance for such Child unless the insurer is provided satisfactory written evidence that:

(a) the court or administrative order is no longer in effect; or

(b) the Child is or will be enrolled in comparable health insurance through another insurer that will take effect not later than the effective date of disenrollment.

We will not impose requirements on a state agency that has been assigned the rights of an individual eligible for medical assistance under the Medicaid program and insured for Vision Insurance with Us that are different from requirements applicable to an agent or assignee of any other individual so insured.

**Medicaid Payments Under The Group Policy**

Vision Insurance benefits paid on behalf of a Child or other Covered Person under the Group Policy will be paid to the human services department when:

(1) the human services department has paid or is paying benefits on behalf of the Child or other Covered Person under the state's Medicaid program pursuant to Title XIX of the federal Social Security Act, 42 U.S.C. 1396, et seq.;

(2) payment for the services in question has been made by the human services department to the Medicaid provider; and

(3) We are notified that the Covered Person receives benefits under the Medicaid program and that benefits must be paid directly to the human services department.

## NOTICE FOR [redacted]

Vision Insurance for a Dependent Child may be continued past the age limit if that Child is a full-time student and insurance ends due to the Child being ordered to active duty (other than active duty for training) for 30 or more consecutive days as a member [redacted] or a Reserve Component of the Armed Forces of the United States.

Insurance will continue if such Child:

- re-enrolls as a full-time student at an accredited school, college or university that is licensed in the jurisdiction where it is located;
- re-enrolls for the first term or semester, beginning 60 or more days from the child's release from active duty;
- continues to qualify as a Child, except for the age limit; and
- submits the required Proof of the child's active duty in the National Guard or a Reserve Component of the United States Armed Forces.

Subject to the Date Insurance For Your Dependents Ends subsection of the section entitled ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS, this continuation will continue until the earliest of the date:

- the insurance has been continued for a period of time equal to the duration of the child's service on active duty; or
- the child is no longer a full-time student.

## NOTICE FOR [redacted]

**THE INSURANCE POLICY UNDER WHICH THIS CERTIFICATE IS ISSUED IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. YOU SHOULD CONSULT YOUR EMPLOYER TO DETERMINE WHETHER YOUR EMPLOYER IS A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM.**

**NOTICE FOR** [redacted]

If You are a [redacted] live in a county where there is no In-Network Vision Provider and travel distance to an In-Network Vision Provider is more than 90 minutes travel time and 75 miles away, We will pay benefits for Covered Services provided by an Out-of-Network Vision Provider as if the service was provided by an In-Network Vision Provider. In order to ensure that the benefits are paid accordingly, We must be [redacted]

If You or a Dependent receive emergency or urgent vision care from an Out-of-Network Vision Provider, We will pay benefits for those Covered Services provided by an Out-of-Network Vision Provider as if the services were provided by an In-Network Vision Provider.

## VISION INSURANCE: PROCEDURES FOR VISION CLAIMS

[redacted] note the following Procedures for Vision Claims will be followed:

**Routine Questions on Vision Insurance Claims**

[redacted]

**Claim Denial Appeals**

If a claim is denied in whole or in part, under the terms of this certificate, a request may be submitted to Us by a Covered Person or a Covered Person's authorized representative for a full review of the denial. A Covered Person may designate any person, including their provider, as their authorized representative. References in this section to "Covered Person" include the Covered Person's authorized representative, where applicable.

**Initial Appeal.** All requests for review must be made within one hundred eighty (180) calendar days following denial of a claim. A Covered Person may review, during normal business hours, any documents used by Us pertinent to the denial. A Covered Person may also submit Written comments or supporting documentation concerning the claim to assist in Our review. Our response to the initial appeal, including specific reasons for the decision, shall be communicated to the Covered Person within thirty (30) calendar days after receipt of the request for the appeal.

**Second Level Appeal.** If a Covered Person disagrees with the response to the initial appeal of the denied claim, the Covered Person has the right to a second level appeal. A request for a second level appeal must be submitted to Us within sixty (60) calendar days after receipt of Our response to the initial appeal. We shall communicate Our final determination to the Covered Person within thirty (30) calendar days from receipt of the request, or as required by any applicable state or federal laws or regulations. Our communication to the Covered Person shall include the specific reasons for the determination.

**Other Remedies.** When a Covered Person has completed the appeals stated herein, additional voluntary alternative dispute resolution options may be available, including mediation or arbitration. Additional information is available from the U.S. Department of Labor or the insurance regulatory agency for the Covered Persons' state of residency. Additionally, under the provisions of ERISA (Section 502(a)(1)(B) 29 U.S.C. 1132(a)(1)(B)), the Covered Person has the right to bring a civil action when all available levels of reviews, including the appeal process, have been completed. ERISA remedies may apply in those instances where the claims were not approved in whole or in part as the result of appeals under this Policy and the Covered Person disagrees with the outcome of such appeals.

**Time of Action.** No action in law or in equity shall be brought to recover on this Policy prior to the Covered Person exhausting his/her rights under this Policy and/or prior to the expiration of sixty (60) calendar days after the claim and any applicable documentation has been filed with Us. No such action shall be brought after the expiration of any applicable statute of limitations, in accordance with the terms of this Policy. No such action shall be brought after the expiration of three (3) years from the last date that the claim and any applicable invoices were submitted to Us, and no such action shall be brought at all unless brought within three (3) years from the expiration of the time within which such materials are required to be submitted in accordance with the terms of this Policy.

**Insurance Fraud**: Any Covered Person who intends to defraud, knowingly facilitates a fraud, submits a claim containing false or deceptive information, or who commits any other similar act as defined by applicable state or federal law, is guilty of insurance fraud. Such an act is grounds for immediate termination of the coverage under this Policy of the Covered Person committing such fraud.

**NOTICE FOR** [redacted]

## Notice of Protection Provided by

[redacted]

This notice provides a **brief** [redacted] ("the Association") and the protection it provides for policyholders. This safety net was created [redacted] which determines who and what is covered and the amounts of coverage.

The Association was established to provide protection in the unlikely event that your life, health, or annuity insurance company becomes financially unable to meet its obligations and is taken over by its insurance regulatory agency. If this should happen, the Association will typically arrange to continue coverage and pay claims, in accordance with Utah law, with funding from assessments paid by other insurance companies. (For the purposes of this notice, the terms "insurance company" and "insurer" include health maintenance organizations (HMOs) and limited health plans.)

The basic protections provided by the Association are:

- [redacted]

[redacted]

**Note: Certain policies and contracts may not be covered or fully covered.** For example, coverage does not extend to any portion of a policy or contract that the insurer does not guarantee, such as certain investment additions to the account value of a variable life insurance policy or a variab[redacted]

Benefits provided by a long-term care rider to a life insurance or annuity contract shall be considered the same type of benefit as the base life insurance policy or annuity contract to which it relates.

To learn more about the above protections, please visit the Association's website at www.ulhiga.org or contact:

[redacted]

**NOTICE TO** [redacted]

**IMPORTANT INFORMATION REGARDING YOUR INSURANCE**

In the event You need to contact someone about this insurance for any reason please contact Your agent. If no agent was involved in the sale of this insurance, or if You have additional questions You may contact the insurance company issuing this insurance at the following address and telephone number:

[redacted]

If You have any questions regarding an appeal or grievance concerning the vision services that You have been provided that have not been satisfactorily addressed by this Vision Insurance, You may contact the [redacted] for assistance.

[redacted]

Or:

[redacted]

Written correspondence is preferable so that a record of Your inquiry is maintained. When contacting Your agent, company or the Bureau of Insurance, have Your policy number available.

**Routine Questions on Vision Insurance Claims**

[redacted]

**Claim Denial Appeals**

If a claim is denied in whole or in part, under the terms of this certificate, a request may be submitted to Us by a Covered Person or a Covered Person's authorized representative for a full review of the denial. A Covered Person may designate any person, including their provider, as their authorized representative. References in this section to "Covered Person" include the Covered Person's authorized representative, where applicable.

**Initial Appeal.** All requests for review must be made within one hundred eighty (180) calendar days following denial of a claim. A Covered Person may review, during normal business hours, any documents used by Us pertinent to the denial. A Covered Person may also submit Written comments or supporting documentation concerning the claim to assist in Our review. Our response to the initial appeal, including specific reasons for the decision, shall be communicated to the Covered Person within thirty (30) calendar days after receipt of the request for the appeal.

**Second Level Appeal.** If a Covered Person disagrees with the response to the initial appeal of the denied claim, the Covered Person has the right to a second level appeal. A request for a second level appeal must be submitted to Us within sixty (60) calendar days after receipt of Our response to the initial appeal. We shall communicate Our final determination to the Covered Person within thirty (30) calendar days from receipt of the request, or as required by any applicable state or federal laws or regulations. Our communication to the Covered Person shall include the specific reasons for the determination.

**Other Remedies.** When a Covered Person has completed the appeals stated herein, additional voluntary alternative dispute resolution options may be available, including mediation or arbitration. Additional information is available from the U.S. Department of Labor or the insurance regulatory agency for the Covered Persons' state of residency. Additionally, under the provisions of ERISA (Section 502(a)(1)(B) 29 U.S.C. 1132(a)(1)(B)), the Covered Person has the right to bring a civil action when all available levels of reviews, including the appeal process, have been completed. ERISA remedies may apply in those instances where the claims were not approved in whole or in part as the result of appeals under this Policy and the Covered Person disagrees with the outcome of such appeals.

**Time of Action.** No action in law or in equity shall be brought to recover on this Policy prior to the Covered Person exhausting his/her rights under this Policy and/or prior to the expiration of sixty (60) calendar days after the claim and any applicable documentation has been filed with Us. No such action shall be brought after the expiration of any applicable statute of limitations, in accordance with the terms of this Policy. No such action shall be brought after the expiration of three (3) years from the last date that the claim and any applicable invoices were submitted to Us, and no such action shall be brought at all unless brought within three (3) years from the expiration of the time within which such materials are required to be submitted in accordance with the terms of this Policy.

**Insurance Fraud:** Any Covered Person who intends to defraud, knowingly facilitates a fraud, submits a claim containing false or deceptive information, or who commits any other similar act as defined by applicable state or federal law, is guilty of insurance fraud. Such an act is grounds for immediate termination of the coverage under this Policy of the Covered Person committing such fraud.

## KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

**PROBLEMS WITH YOUR INSURANCE?** - If You are having problems with Your insurance company or agent, do not hesitate to contact the insurance company or agent to resolve Your problem.

[redacted]

## TABLE OF CONTENTS

**Section** **Page**

## SCHEDULE OF BENEFITS

This schedule shows the benefits that are available under the Group Policy. You and Your Dependents are only covered for insurance:

- for which You become and remain eligible;
- which You elect, if subject to election; and
- which are in effect.

In addition, You are eligible for Dependent Insurance only while You have Dependents who qualify.

| BENEFIT | BENEFIT AMOUNT AND HIGHLIGHTS |
|---|---|
| **Provider Network:** | [redacted] |

**Vision Insurance On You and Your Dependents**

| | Exam | Lenses | Frame | Contacts |
|---|---|---|---|---|
| **Service Interval** | 12 months | 12 months | 12 months | 12 months |

| | In-Network | Out-of-Network |
|---|---|---|
| **Exam Co-Payment**<br>*Co-Payment shall not apply to Retinal Imaging* | $10 | $0 |
| **Materials Co-Payment**<br>*Co-Payment shall not apply to Contact Lenses* | $15 | $0 |

| | In-Network Coverage (Using an In-Network Vision Provider) | Out-of-Network Coverage (Using an Out-of-Network Vision Provider) |
|---|---|---|
| **EYE EXAMINATION (one per frequency)** | Covered in full after any applicable Co-Payment<br><br>Comprehensive examination of visual functions and prescription of corrective eyewear. | $35 allowance after any applicable Co-Payment<br><br>$60 allowance after any applicable Co-Payment if You are not within 20 miles of an In-Network Vision Provider<br><br>$110 allowance after any applicable Co-Payment if You reside within any of the listed zip codes[3]<br><br>Comprehensive examination of visual functions and prescription of corrective eyewear. |

## SCHEDULE OF BENEFITS (continued)

| | In-Network Coverage (Using an In-Network Vision Provider) | Out-of-Network Coverage (Using an Out-of-Network Vision Provider) |
|---|---|---|
| **LOW VISION**<br><br>Low Vision Services means the evaluation, diagnosis and prescription of Low Vision devices by an eyecare professional who specializes in low vision rehabilitation. Low Vision evaluation does not include orthoptics or vision training. It includes the initial Low Vision evaluation and follow-up visits | **Comprehensive Evaluation**<br>$300 Allowance once every 60 months<br><br>**Follow-up Evaluation**<br>$100 Allowance for each follow-up visit up to four times every 60 months<br><br>**Low Vision Aids**<br>$600 Allowance per aid, $1,200 lifetime maximum | **Comprehensive Evaluation**<br>$300 Allowance once every 60 months<br><br>**Follow-up Evaluation**<br>$100 Allowance for each follow-up visit up to four times every 60 months<br><br>**Low Vision Aids**<br>$600 Allowance per aid, $1,200 lifetime maximum |
| **RETINAL IMAGING** | Covered in full with a Co-Payment not to exceed $39.<br><br>Coverage for retinal imaging is an enhancement to eye examination.<br><br>Retinal imaging is not available at all provider locations – contact your In-Network Vision Provider to see if this technology (or equipment or service) is available. | Applied to the allowance for the eye examination |

| | In-Network Coverage (Using an In-Network Vision Provider) | Out-of-Network Coverage (Using an Out-of-Network Vision Provider) | |
|---|---|---|---|
| **STANDARD CORRECTIVE LENSES** | Covered in full after any applicable Co-Payment<br><br>Lenses (Single, Lined Bifocal, Lined Trifocal or Lenticular) | Single Vision | $25 allowance<br><br>$40 allowance if You are not within 20 miles of an In-Network Vision Provider<br><br>$70 allowance if You reside within any of the listed zip codes[3] |
| | | Lined Bifocal | $40 allowance<br><br>$60 allowance if You are not within 20 miles of an In-Network Vision Provider<br><br>$105 allowance if You reside within any of the listed zip codes[3] |
| | | Lined Trifocal | $55 allowance<br><br>$70 allowance if You are not within 20 miles of an In-Network Vision Provider<br><br>$145 allowance if You reside within any of the listed zip codes[3] |
| | | Lenticular | $80 allowance<br><br>$80 allowance if You are not within 20 miles of an In-Network Vision Provider<br><br>$180 allowance if You reside within any of the listed zip codes[3] |

| | In-Network Coverage (Using an In-Network Vision Provider) | | Out-of-Network Coverage (Using an Out-of-Network Vision Provider) |
|---|---|---|---|
| **STANDARD LENS OPTIONS** | Standard Polycarbonate (child up to age 18) | Covered in full | Applied to the allowance for the applicable corrective lens |
| These lens options are available with a "not to exceed" pricing/maximum member out of pocket amount.[1] | Tints/Dyes – Solid | Covered in full | Applied to the allowance for the applicable corrective lens |
| | Tints/Dyes – Gradient | Covered in full | |
| | Progressive – Standard | $50 | $40 allowance |
| | Progressive – Premium | $90 | |
| | Progressive – Ultra | $140 | |
| | Progressive – Ultimate | $175 | |
| | Ultra Violet Coating | $12 | Applied to the allowance for the applicable corrective lens |
| | Standard Polycarbonate (adult) | $30 | |
| | Scratch Resistant Coating | Tier 1 - $0<br>Tier 2 - $30 | |
| | Anti-Reflective Coating | Tier 1 - $35<br>Tier 2 - $48<br>Tier 3 - $60<br>Tier 4 - $85 | |
| | Photochromic | $65 | |
| | Blue Light Filtering | $15 | |
| | Digital Single Vision | $30 | |
| | Polarized | $75 | |
| | High Index (1.67/1.74) | $55/$120 | |

## SCHEDULE OF BENEFITS (continued)

| | In-Network Coverage (Using an In-Network Vision Provider) | Out-of-Network Coverage (Using an Out-of-Network Vision Provider) |
|---|---|---|
| **FRAMES** | | |
| [redacted] | | Not Covered |
| **Fashion:** | Covered in full | |
| **Designer:** | Covered in full | |
| **Premier:** | Covered in full | |
| **NON-COLLECTION** | Covered up to a $150 allowance after any applicable Co-Payment<br><br>Additional $50 [redacted] | $35 allowance after any applicable Co-Payment<br><br>$80 allowance after any applicable Co-Payment if You are not within 20 miles of an In-Network Vision Provider<br><br>$130 allowance after any applicable Co-Payment if You reside within any of the listed zip codes[3] |
| **CONTACT LENSES** | The allowance will be applied to one contact lenses purchase. If part of the allowance remains after the first occurrence in a service interval, the remainder will be applied in later contact lens purchases in the same service interval | |
| **FITTING AND EVALUATION COLLECTION** | **Standard and Specialty Fit:**<br><br>Covered in full after any applicable Co-Payment | Not Applicable |
| **ELECTIVE COLLECTION** | Covered in full after $ Co-Payment | Not Covered |
| **Planned Replacement:** | 2 boxes (Standard Lens or Premium Lens) | |
| **Disposable:** | 4 boxes (Standard Lens or Premium Lens)<br>Contact lenses are provided in place of lens and frame benefits available herein | |
| **FITTING AND EVALUATION NON-COLLECTION** | **Standard and Premium Fit:**<br><br>This service is available at a 15% discount at participating providers | Not Applicable |

## SCHEDULE OF BENEFITS (continued)

| | In-Network Coverage (Using an In-Network Vision Provider) | Out-of-Network Coverage (Using an Out-of-Network Vision Provider) |
|---|---|---|
| **ELECTIVE NON-COLLECTION** | $110 allowance<br><br>Contact lenses are provided in place of lens and frame benefits available herein. | $110 allowance<br><br>$110 allowance if You are not within 20 miles of an In-Network Vision Provider<br><br>$110 allowance if You reside within any of the listed zip codes[3]<br><br>Contact lenses are provided in place of lens and frame benefits available herein. |
| **NECESSARY** | Covered in full<br><br>Necessary contact lenses are a Plan Benefit when specific benefit criteria are satisfied and when prescribed by Covered Person's In-Network Vision Provider.<br><br>Contact lenses are provided in place of lens and frame benefits available herein. | $210 allowance<br><br>Necessary contact lenses are a Plan Benefit when specific benefit criteria are satisfied and when prescribed by Covered Person's Out-of-Network Vision Provider.<br><br>Contact lenses are provided in place of lens and frame benefits available herein. |

[1] Not all providers participate in vision program discounts, including the member out-of-pocket features. Call your provider prior to scheduling an appointment to confirm if the discount and member out-of-pocket features are offered at that location. Discounts and member out-of-pocket are not insurance and subject to change without notice.

| Value-Added Features Available At In-Network Vision Providers (These features are not insurance.) | |
|---|---|
| **ADDITIONAL PAIR DISCOUNTS** | Members may receive 50% off of additional complete pairs of eyeglasses and sunglasses [redacted] 30% off at other participating providers on the same transaction. Otherwise, a 20% discount off the providers usual and customary rate may be available. Contact lenses may be available at a 10% discount. |
| **ADDITIONAL SAVINGS ON LENS ENHANCEMENTS** | Average 20-25% savings on all lens enhancements not otherwise covered under the MetLife Vision Insurance program. [2] |
| **ADDITIONAL SAVINGS ON FRAMES** | 20% off any amount over your frames allowance. [2] |
| **ADDITIONAL SAVINGS ON CONTACTS** | 15% off any amount over your contact lens allowance. [2]<br><br>15% discount on additional contacts. [2] |

[2] These features may not be available in all states and with all In-Network Vision Providers. Please check with Your In-Network Vision Provider.

## DEFINITIONS

As used in this certificate, the terms listed below will have the meanings set forth below. When defined terms are used in this certificate, they will appear with initial capitalization. The plural use of a term defined in the singular will share the same meaning.

**Actively at Work or Active Work** means that You are currently performing all of the usual and customary duties of Your job on a Full-Time or Part-Time basis. It does not include situations when a person is not at work due to sickness, injury, leave of absence (whether approved or unapproved), strike or layoff. This performance of duties must be done at:

- the Employer's place of business;
- an alternate place approved by the Employer; or
- a place to which the Employer's business requires You to travel.

You will be deemed to be Actively at Work during weekends or Employer approved vacations, holidays or business closures if You were Actively at Work on the last scheduled work day preceding such time off.

**Active Employees** means employees who are not retired and are not on long term disability. Active Employees may be either Actively at Work or not Actively at Work. For example, Active Employees who are on Short Term Disability are not Actively at Work but are still considered Active Employees for the purposes of this insurance.

**Anisometropia** means a condition of unequal refractive state of the two eyes, one eye requiring a different lens correction than the other.

**Certificateholder** means an employee of the Employer who is a Covered Person or has a Dependent who is a Covered Person. Unless otherwise specified, a Certificateholder is entitled to exercise the rights and benefits granted under this certificate.

**Child** means the following: (for residents of Alaska, Connecticut, Louisiana, Minnesota, Montana, New Hampshire, Texas, Utah and Washington, the Child Definition is modified as explained in the notice pages of this certificate - please consult the Notice)

Your natural or adopted child; Your stepchild (including the child of a Domestic Partner); Your unmarried foster child; or a child who resides with and is fully supported by You; and who, in each case, is under age 26.

The definition of Child includes newborns.

No Child will be denied Vision Insurance because such Child was born out of wedlock, is not residing with You, or is not claimed by You as a deduction for Federal Income Taxes.

An adopted child includes a child placed in Your physical custody for purpose of adoption. If prior to completion of the legal adoption the child is removed from Your custody, the child's status as an adopted child will end.

If You provide Us notice, a Child also includes a child for whom You must provide Vision Insurance due to a Qualified Medical Child Support Order as defined in the United States Employee Retirement Income Security Act of 1974 as amended.

The term includes an employee's Child who is incapable of self-sustaining employment because of an intellectual or developmental disability or physical disability as defined by applicable law, and has been so disabled continuously since a date before the Child reached the limiting age and who otherwise qualifies as a Child except for the age limit.

For the purposes of deciding who may become a Covered Person, the term does not include any person who:

- is on active duty in the military of any country or international authority; however, active duty for this purpose does not include weekend or summer training for the reserve forces of the United States, including the National Guard; or
- is insured under the Group Policy as an employee.

**Contributory Insurance** means insurance for which the Policyholder requires You to pay any part of the premium.

Contributory Insurance includes: Vision Insurance on You and Vision Insurance on Your Dependents.

**Co-Payment or Co-Pay** means a fixed dollar amount for which We are not responsible, as shown in the Schedule of Benefits. You must pay Your Co-Payment at the time services are rendered or materials ordered.

**Covered Person(s)** means an employee of the Employer or a Dependent of such employee whose life or person is the subject of insurance under this Certificate.

**Covered Services and Materials** mean a vision service or materials used to treat a Covered Person's vision condition which is:

- prescribed or performed by a Vision Provider while such person is insured for Vision Insurance;
- Necessary to treat the condition; and
- described in the SCHEDULE OF BENEFITS or VISION INSURANCE: DESCRIPTION OF COVERED SERVICES AND MATERIALS sections of this certificate.

**Dependent(s)** means Your Spouse and/or Your Child.

**Domestic Partner** means each of two people, one of whom is an employee of an Employer, who:

- have registered as each other's domestic partner, civil union partner or reciprocal beneficiary with a government agency where such registration is available; or
- are of the same or opposite sex and have a mutually dependent relationship so that each has an insurable interest in the life of the other. Each person must be:

    1. 18 years of age or older;
    2. unmarried;
    3. the sole domestic partner of the other;
    4. sharing a primary residence with the other; and
    5. not related to the other in a manner that would bar their marriage in the jurisdiction in which they reside.

    A Domestic Partner affidavit attesting to the existence of an insurable interest in one another's lives must be completed and Signed by the employee.

**Employer** or **Participating Employer** means an employer who participates in the Group Policy to provide insurance benefits for its employees.

**Full-Time** means Active Work of at least 20 hours a week on the Employer's regular work schedule for the eligible class of employees to which You belong.

**In-Network Vision Provider** means an optometrist, ophthalmologist, or optician who:

- is licensed and otherwise qualified to practice vision care and provide vision materials;
- is contracted with [redacted] to provide Plan Benefits to Covered Persons [redacted]; and
- accepts reimbursement at the negotiated rate.

**Keratoconus** means a development or dystrophic deformity of the cornea in which it becomes cone shaped due to a thinning and stretching of the tissue in its central area.

**Maximum Benefit Allowance** means the maximum amount We will allow for Covered Services and Materials provided by a Vision Provider.

**Necessary** means Covered Services and Materials that are necessary and meet with professionally recognized standards of practice. The fact that a Vision Provider may prescribe, order, recommend or approve a service or material does not, in itself, make it medically necessary, or make it a Covered Service and Material even though it is listed in the Group Policy or the Benefit Schedule as Covered Service and Material.

**Out-of-Network Vision Provider/Non-Network Vision Provider** means any optometrist, optician, ophthalmologist or other licensed and qualified vision care provider who has not contracted to provide vision care services and/or vision care materials to [redacted].

**Part-Time** means Active Work of at least 15 hours per week but less than 20 hours per week on the Employer's regular work schedule for the eligible class of employees to which You belong.

**Physician** means:

- a person licensed to practice medicine in the jurisdiction where such services are performed; or
- a Practitioner of the Healing Arts as defined in section 59A-22-32 of the laws of New Mexico; or
- any other person whose services, according to applicable law, must be treated as Physician's services for purposes of the Group Policy. Each such person must be licensed in the jurisdiction where the service is performed and must act within the scope of that license. Such person must also be certified and/or registered if required by such jurisdiction.

**Plan or Plan Benefits** means the vision care services and vision care materials which a Covered Person is entitled to receive by virtue of coverage under this Certificate.

**Progressive Lens** means a multifocal lens that makes the transition from distance to near vision by a gradual, progressive addition of power. The result is a lens with a seamless appearance.

**Proof** means Written evidence satisfactory to Us that a person has satisfied the conditions and requirements for any benefit described in this certificate. When a claim is made for any benefit described in this certificate, Proof must establish:

- the nature and extent of the loss or condition;
- Our obligation to pay the claim; and
- the claimant's right to receive payment.

Proof must be provided at the claimant's expense.

**Service Interval or Frequency** means a period of consecutive months, as shown in the SCHEDULE OF BENEFITS, in which You or Your Dependent may receive Covered Services and Materials. This period starts on Your or Your Dependent's effective date of coverage. A subsequent service interval starts after vision services or materials are received. Once Covered Services and Materials are received during any service interval, additional services are not covered during the same service interval and are subject to an additional charge.

**Signed** means any symbol or method executed or adopted by a person with the present intention to authenticate a record, which is on or transmitted by paper or electronic media which is acceptable to Us and consistent with applicable law.

## DEFINITIONS (continued)

**Spouse** means Your lawful spouse. Wherever the term "Spouse" appears in the certificate it shall, unless otherwise specified, be read to include Your Domestic Partner.

For the purposes of determining who may become a Covered Person, the term does not include any person who:

- is on active duty in the military of any country or international authority. However, active duty for this purpose does not include weekend or summer training for the reserve forces of the United States, including the National Guard; or
- is insured under the Group Policy as an employee.

**Vision Provider** means an eye care professional who is an optometrist, ophthalmologist, or registered dispensing optician, who:

- Is licensed as such by the proper authorities in the jurisdiction where such services are performed;
- Is acting within the scope of such license.

[redacted]

**Written** or **Writing** means a record which is on or transmitted by paper or electronic media which is acceptable to Us and consistent with applicable law.

**Year** or **Yearly**, for Vision Insurance, means the 12 month period that begins January 1.

**You** or **Your** means:

- prior to the date insurance takes effect under this certificate, an employee of the Employer who is a member of an eligible class described in the ELIGIBILITY PROVISIONS: INSURANCE ON YOU section;
- after the date insurance takes effect under this certificate, the Certificateholder.

## ELIGIBILITY PROVISIONS: INSURANCE ON YOU

### ELIGIBLE CLASS(ES)

**All Full-Time and Part-Time employees of Participating Employers, excluding temporary or seasonal employees.**

### DATE YOU ARE ELIGIBLE FOR INSURANCE

You may only become eligible for the insurance available for Your eligible class as shown in the SCHEDULE OF BENEFITS.

If You are in an eligible class on July 1, 2024, You will be eligible for the insurance described in this certificate on that date.

If You enter an eligible class after July 1, 2024, You will be eligible for the insurance described in this certificate on the date You enter that class.

### ENROLLMENT PROCESS

If You are eligible for insurance, You may enroll for such insurance by completing the required form in Writing. If You enroll for Contributory Insurance, You must also give the Employer Written permission to deduct premiums from Your pay for such insurance. You will be notified by the Participating Employer how much You will be required to contribute.

The Vision Insurance has a regular enrollment period established by the Policyholder. Subject to the rules of the Group Policy, You may enroll for Vision Insurance only when You are first eligible, during an annual enrollment period or if You have a Qualifying Event. You should contact the Policyholder for more information regarding the flexible benefits plan.

### DATE YOUR INSURANCE TAKES EFFECT

#### Enrollment When First Eligible

If You complete the enrollment process within 31 days of becoming eligible for insurance, such insurance will take effect on the date You become eligible, provided You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, the insurance will take effect on the day You resume Active Work.

#### If You Do Not Enroll When First Eligible

If You do not complete the enrollment process within 31 days of becoming eligible, You will not be able to enroll for insurance until the next enrollment period for Vision Insurance, as determined by the Policyholder, following the date You first become eligible. At that time, You will be able to enroll for insurance for which You are then eligible.

#### Enrollment During An Annual Enrollment Period

During any annual enrollment period as determined by the Policyholder, You may enroll for insurance for which You are eligible. The changes to Your insurance made during an enrollment period will take effect on the first day of the calendar year following the enrollment period, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the date You resume Active Work.

**Enrollment Due to a Qualifying Event**

You may enroll for insurance for which You are eligible between annual enrollment periods only if You have a Qualifying Event.

If You have a Qualifying Event, You will have 31 days from the date of that change to make a request. This request must be consistent with the nature of the Qualifying Event. The insurance enrolled for, or changes to Your insurance made as a result of a Qualifying Event, will take effect on the first day of the month following the Qualifying Event, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the day You resume Active Work.

**Qualifying Event** includes:

- marriage; or
- the birth, adoption or placement for adoption of a dependent child; or
- divorce, legal separation or annulment; or
- the death of a dependent; or
- a change in Your or Your dependent's employment status, such as beginning or ending employment, strike, lockout, taking or ending a leave of absence, changes in worksite or work schedule, if it causes You or Your dependent to gain or lose eligibility for group coverage; or
- a change in Your or Your dependent's residence, if it causes You or Your dependent to gain or lose eligibility for group coverage; or
- a significant curtailment in Your current option, a significant improvement in an option for which You are not enrolled, a significant increase or decrease in cost for one or more of the options under the Policyholder’s plan or a new benefit option under the Policyholder’s plan; or
- Your taking leave under the United States Family and Medical Leave Act; or
- Your dependent's ceasing to qualify as a dependent under this insurance or under other group coverage; or
- You previously did not enroll for Vision Insurance for You or Your dependent because You had other group coverage, but that coverage has ceased due to one or more of the following reasons:
    1. loss of eligibility for the other group coverage;
    2. termination of employer contributions for the other group coverage;
    3. COBRA Continuation of the other group coverage was exhausted; or
- a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody that requires either:
    - You to provide health coverage for Your child or dependent foster child; or
    - Your spouse, former spouse or other individual to provide coverage for Your child or foster child if that other person does in fact provide that coverage; or
- You or Your dependent become entitled to Medicare or Medicaid coverage (other than coverage solely for pediatric vaccines); or
- You or Your dependent lose entitlement to Medicare or Medicaid eligibility; or
- Your or Your dependent's loss of coverage under any group health coverage sponsored by a governmental or educational institution.

### DATE YOUR INSURANCE ENDS

Your insurance will end on the earliest of:

1. the date the Group Policy ends;
2. the date insurance ends for Your class;
3. the last day of the calendar month in which You cease to be in an eligible class;
4. the end of the period for which the last premium has been paid for You;
5. the last day of the calendar month in which Your employment ends, Your employment will end if You cease to be Actively at Work in any eligible class, except as stated in the section entitled CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT;
6. the last day of the calendar month in which Your employment ends;
7. the date You retire in accordance with the Participating Employer's retirement plan; and
8. the date Your Employer ceases to be a Participating Employer in the plan provided by the Policyholder.

# ELIGIBILITY PROVISIONS: INSURANCE ON YOUR DEPENDENTS

## ELIGIBLE CLASS(ES) FOR DEPENDENT INSURANCE

**All Full-Time and Part-Time employees of Participating Employers, excluding temporary or seasonal employees.**

## DATE YOU ARE ELIGIBLE FOR DEPENDENT INSURANCE

You may only become eligible for the Dependent insurance available for Your eligible class as shown in the SCHEDULE OF BENEFITS.

You will be eligible for Dependent insurance described in this certificate on the latest of:

1. July 1, 2024; and
2. the date You enter a class eligible for insurance; and
3. the date You obtain a Dependent.

No person may be insured as a Dependent of more than one employee of an Employer.

## ENROLLMENT PROCESS

If You are eligible for Dependent Insurance, You may enroll for such insurance by completing the required form in Writing for each Dependent to be insured. If You enroll for Contributory Insurance, You must also give the Employer Written permission to deduct premiums from Your pay for such insurance. You will be notified by the Participating Employer how much You will be required to contribute.

In order to enroll for Vision Insurance for Your Dependents, You must either (a) already be enrolled for Vision Insurance for You or (b) enroll at the same time for Vision Insurance for You.

The Vision Insurance has a regular enrollment period established by the Policyholder. Subject to the rules of the Group Policy, You may enroll for Dependent Vision Insurance only when You are first eligible, during an enrollment period or if You have a Qualifying Event. You should contact the Policyholder for more information regarding the flexible benefits plan.

## DATE INSURANCE ON YOUR DEPENDENTS TAKES EFFECT

### Enrollment When First Eligible

If You complete the enrollment process within 31 days of becoming eligible for Dependent Insurance, such insurance will take effect on the date You become eligible, provided You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, the insurance will take effect on the day You resume Active Work.

### If You Do Not Enroll When First Eligible

If You do not complete the enrollment process within 31 days of becoming eligible, You will not be able to enroll for Dependent Insurance until the next enrollment period for Vision Insurance, as determined by the Policyholder, following the date You first become eligible. At that time, You will be able to enroll for insurance for which You are then eligible.

**Enrollment During An Annual Enrollment Period**

During any enrollment period as determined by the Policyholder, You may enroll for Dependent Insurance for which You are eligible. The changes to Your Dependent Insurance made during an enrollment period will take effect on the first day of the calendar year following the enrollment period, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the date You resume Active Work.

**Enrollment Due to a Qualifying Event**

You may enroll for Dependent Insurance for which You are eligible between annual enrollment periods only if You have a Qualifying Event.

If You have a Qualifying Event, You will have 31 days from the date of that change to make a request. This request must be consistent with the nature of the Qualifying Event. The insurance enrolled for or changes to Your insurance made as a result of a Qualifying Event will take effect on the first day of the month following the Qualifying Event, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the day You resume Active Work.

**Qualifying Event** includes:

- marriage; or
- the birth, adoption or placement for adoption of a dependent child; or
- divorce, legal separation or annulment; or
- the death of a dependent; or
- a change in Your or Your dependent's employment status, such as beginning or ending employment, strike, lockout, taking or ending a leave of absence, changes in worksite or work schedule, if it causes You or Your dependent to gain or lose eligibility for group coverage; or
- a change in Your or Your dependent's residence, if it causes You or Your dependent to gain or lose eligibility for group coverage; or
- a significant curtailment in Your current option, a significant improvement in an option for which You are not enrolled, a significant increase or decrease in cost for one or more of the options under the ’s plan or a new benefit option under the ’s plan; or
- Your taking leave under the United States Family and Medical Leave Act; or
- Your dependent's ceasing to qualify as a dependent under this or under other group coverage; or
- You previously did not enroll for Vision for You or Your dependent because You had other group coverage, but that coverage has ceased due to one or more of the following reasons:
    1. loss of eligibility for the other group coverage;
    2. termination of employer contributions for the other group coverage;
    3. COBRA Continuation of the other group coverage was exhausted; or
- a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody that requires either:
    - You to provide health coverage for Your child or dependent foster child; or
    - Your spouse, former spouse or other individual to provide coverage for Your child or foster child if that other person does in fact provide that coverage; or
- You or Your dependent become entitled to Medicare or Medicaid coverage (other than coverage solely for pediatric vaccines); or

- You or Your dependent lose entitlement to Medicare or Medicaid eligibility; or
- Your or Your dependent's loss of coverage under any group health coverage sponsored by a governmental or educational institution.

Once You have enrolled one Child for Dependent Insurance, each succeeding Child will automatically be insured for such insurance on the date the Child qualifies as a Dependent.

**DATE INSURANCE ON YOUR DEPENDENTS ENDS**

A Dependent's insurance will end on the earliest of:

1. the date You die;
2. the date Vision Insurance for You ends;
3. the date the Group Policy ends;
4. the last day of the calendar month in which You cease to be in an eligible class;
5. the date insurance for Your Dependents ends under the Group Policy;
6. the date insurance for Your Dependents ends for Your class;
7. the last day of the calendar month in which You cease Active Work in an eligible class whether or not You are an Active Employee, unless insurance is being continued in accordance with the section entitled CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT;
8. the last day of the calendar month in which Your employment ends;
9. the end of the period for which the last premium has been paid for the Dependent;
10. the last day of the calendar month the person ceases to be a Dependent; and
11. the date the person ceases to be a Dependent, except that for Utah residents the coverage on a Child will cease at the end of the month in which that person ceases to be a Dependent; or
12. the date You retire in accordance with the Participating Employer’s retirement plan; or
13. the date Your Employer ceases to be a Participating Employer in the plan provided by the Policyholder.

## CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT

### FOR INTELLECTUAL OR DEVELOPMENTAL OR PHYSICALLY DISABLED CHILDREN

Insurance for a Dependent Child may be continued past the age limit if that child is incapable of self-sustaining employment because of an intellectual or developmental disability or physical disability as defined by applicable law. Proof of such disability must be sent to Us within 31 days after the date the Child attains the age limit and at reasonable intervals after such date.

Subject to the DATE INSURANCE ON YOUR DEPENDENTS ENDS subsection of the section entitled ELIGIBILITY PROVISIONS: INSURANCE ON YOUR DEPENDENTS, insurance will continue while such Child:

- remains incapable of self-sustaining employment because of an intellectual or developmental disability or physical disability; and
- continues to qualify as a Child, except for the age limit.

### FOR FAMILY AND MEDICAL LEAVE

Certain leaves of absence may qualify for continuation of insurance under the Family and Medical Leave Act of 1993 (FMLA), or other legally mandated leave of absence or similar laws. Please contact the Participating Employer for information regarding such legally mandated leave of absence laws.

### COBRA CONTINUATION FOR VISION INSURANCE

If Vision Insurance on a Covered Person ends, such Covered Person may qualify for continuation of such insurance under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA). Please refer to the COBRA section of Your summary plan description or contact the Participating Employer for information regarding continuation of insurance under COBRA.

### AT THE EMPLOYER'S OPTION

The Employer has elected to continue insurance by paying premiums for employees who cease Active Work in an eligible class for any of the reasons specified below. If Your insurance is continued, insurance on Your Dependents may also be continued.

Insurance will continue for the following periods:

1. if You cease Active Work due to any other Employer approved leave of absence, for a period in accordance with the Employer's general practice for an employee in Your job class;
2. if You cease Active Work due to layoff, for a period in accordance with the Employer's general practice for an employee in Your job class;
3. if You cease Active Work due to injury or sickness, for a period in accordance with the Employer's general practice for an employee in Your job class;
4. if You cease Active Work due to strike, for a period in accordance with the Employer's general practice for an employee in Your job class.

If Your insurance ends, Your Dependents' insurance will also end in accordance with the DATE INSURANCE ON YOUR DEPENDENTS ENDS subsection of the section entitled ELIGIBILITY PROVISIONS: INSURANCE ON YOUR DEPENDENTS.

## VISION INSURANCE

Benefits are available for Covered Services and Materials provided by either In-Network Vision Providers or Out-of-Network Vision Providers. However, You may be able to reduce Your out-of-pocket costs by using In-Network Vision Providers because Out-of-Network Vision Providers have not entered into an agreement to limit their charges. You are always free to receive services from any Vision Provider. You do not need any authorization from Us before seeing a Vision Provider.

In-Network Vision Providers have agreed to provide Covered Services and Materials as listed in the SCHEDULE OF BENEFITS.

If You or a Dependent incur a charge for Covered Services and Materials from an Out-of-Network Vision Provider, Proof of such service must be sent to Us. When We receive such Proof, We will review the claim and if We approve it, will pay the insurance in effect on the date that service was completed.

The benefits available under this Vision Insurance are set forth on the SCHEDULE OF BENEFITS. In addition to the Co-Payment, if applicable, You may be responsible for:

- the cost of any services or materials that are not Covered Services and Materials; and
- the cost of any service or material that is in excess of the Maximum Benefit Allowance listed on the SCHEDULE OF BENEFITS.

We do not provide vision services. Whether or not benefits are available for a particular service does not mean You should or should not receive the service. You and Your Vision Provider have the right and are responsible at all times for choosing the course of treatment and services to be performed.

When requesting Covered Services and Materials from an In-Network Vision Provider, We recommend that You confirm that the Vision Provider is currently an In-Network Vision Provider at the time that the Covered Services and Materials are provided.

[redacted]

### PLAN BENEFITS

We will pay benefits for charges incurred by You or a Dependent for Covered Services and Materials as shown in the SCHEDULE OF BENEFITS, subject to the conditions set forth in this certificate.

If You receive Covered Services and Materials from an In-Network Vision Provider, We will pay the provider directly for all covered benefits.

If You or Your Dependent receive Covered Services and Materials from an Out-of-Network Vision Provider, and You assign payment of Vision Insurance benefits to Your or Your Dependent's Vision Provider, We will pay benefits directly to the Vision Provider. Otherwise, We will pay Vision Insurance benefits to You.

#### In-Network

If Covered Services and Materials are provided by an In-Network Vision Provider, We will base the benefit on the Plan Benefits listed on the SCHEDULE OF BENEFITS.

If an In-Network Vision Provider provides Covered Services and Materials, You will be responsible for paying:

- the Co-Payment, if applicable; and
- the cost of any service or material that is in excess of the Plan Benefits listed on the SCHEDULE OF BENEFITS.

**Out-of-Network**

If Covered Services and Materials are provided by an Out-of-Network Vision Provider, We will base the benefit on the Plan Benefits listed on the SCHEDULE OF BENEFITS, subject to the Maximum Benefit Allowance.

Out-of-Network Vision Providers may charge You more than the Maximum Benefit Allowance. If an Out-of-Network Vision Provider provides Covered Services and Materials, You will be responsible for paying any amount in excess of the Maximum Benefit Allowance charged by the Out-of-Network Vision Provider.

**Necessary Contact Lenses**

Necessary contact lenses are a Plan Benefit when specific benefit criteria are satisfied and when prescribed by Covered Person's In-Network Vision Provider. Generally, coverage will be authorized for the following reasons:

- Aniridia - 743.45.
- Aphakia—379.31 or 743.35.
- Nystagmus—379.50 through 379.56, 386.11, 386.12 or 386.2.
- Keratoconus—371.60, 371.61, 371.62, 743.41, or 743.42.
- Corneal transplant—V42.5.
- Hereditary Corneal dystrophies—371.50 through 371.58.
- Anisometropia greater than or equal to 3.00 diopters difference in any meridian based on the spectacle prescription.
- High ametropia greater than or equal to ±10.00 diopters in either eye in any meridian based on the spectacle prescription.
- Irregular astigmatism—367.22.

Colored contact lenses are a covered benefit and will be authorized for the following reasons:

- Achromatopsia- 368.54.
- Albinism- 270.2.
- Aniridia- 743.45.
- Polycoria; anisocoria (congenital)- 743.46.
- Pupillary abnormalities- 364.75.

The codes listed above are from the International Classification of Diseases, Ninth Revision, Clinical Modification and are used to describe diseases, injuries, symptoms and conditions. If You have questions about the diagnoses listed above or the codes included with the diagnoses, please contact Your Vision Provider.

## VISION INSURANCE: DESCRIPTION OF COVERED SERVICES AND MATERIALS

Subject to the Service Intervals and Plan Benefits indicated in the SCHEDULE OF BENEFITS, the following will be Covered Services and Materials:

1. One complete visual examination, if indicated as a Covered Service on the SCHEDULE OF BENEFITS. Dilation is included as a Covered Service when provided by an In-Network Vision Provider.
2. Standard corrective lenses. We will cover a pair of standard single vision, lined bifocal, lined trifocal or lenticular lenses that are necessary to correct vision. Standard corrective lenses are as follows:
    - eyesizes up to and including 60mm;
    - multi-focal lenses in all segment widths;
    - prism and slab off;
    - base curves (regardless of curve);
    - lenses with the combined power in any meridian is +/- .50 diopters or greater in at least one eye; and
    - plastic or glass lenses.
3. The following lens options described in the SCHEDULE OF BENEFITS: tint (solid and gradient), standard plastic scratch coating, standard polycarbonate (if you are less than 18 years of age), standard anti-reflective coating, plastic photochromic, blue light filtering, digital single vision, polarized, high index (1.67/1.74).
4. Contact lenses.
    - A standard fitting and 1 follow-up visit by a Vision Provider.
    - The following contact lenses options, as described in the SCHEDULE OF BENEFITS: conventional, disposable, and Necessary.
5. Necessary low vision aids and evaluations.
6. We do not cover costs above the Maximum Benefit Allowance shown in the SCHEDULE OF BENEFITS for frames. If frames are selected that are more expensive than that amount, You will be charged the difference between the Maximum Benefit Allowance and the Vision Provider's charge for the more expensive frame.
7. Necessary contact lenses in lieu of all benefits for vision materials.

## VISION INSURANCE: EXCLUSIONS

We will not pay Vision Insurance benefits for charges incurred for:

1. Services and/or materials not specifically included in the SCHEDULE OF BENEFITS as covered Plan Benefits.
2. Any portion of a charge in excess of the Maximum Benefit Allowance or reimbursement indicated in the SCHEDULE OF BENEFITS.
3. Plano lenses (lenses with refractive correction of less than ± .50 diopter).
4. Two pairs of glasses instead of bifocals.
5. Replacement of lenses, frames and/or contact lenses furnished under this Plan which are lost, stolen or damaged, except at the normal intervals when Plan Benefits are otherwise available.
6. Orthoptics or vision training and any associated supplemental testing.
7. Medical or surgical treatment of the eye.
8. Prescription or non-prescription medications.
9. Contact lens insurance policies and service agreements.
10. Refitting of contact lenses after the initial (90-day) fitting period.
11. Contact lens modification, polishing and cleaning.
12. Any eye examination or any corrective eyewear required as a condition of employment.
13. Services or supplies received by You or Your Dependent before the Vision Insurance starts for that person.
14. Missed appointments.
15. Services or materials resulting from or in the course of a Covered Person's regular occupation for pay or profit for which the Covered Person is entitled to benefits under any Workers' Compensation Law, Employer's Liability Law or similar law. You must promptly claim and notify the Company of all such benefits.
16. Local, state and/or federal taxes, [redacted]
17. Services:
    - for which the employer of the person receiving such services is required to pay by law; or
    - received at a facility maintained by the Employer, labor union, mutual benefit association, or VA hospital.
18. Services or materials received as a result of disease, defect, or injury due to war or an act of war (declared or undeclared), taking part in a riot or insurrection, or committing or attempting to commit a felony.
19. Services and materials obtained while outside the United States, except for emergency vision care.
20. Services, procedures, or materials for which a charge would not have been made in the absence of insurance.

# VISION INSURANCE: FILING A CLAIM

## CLAIMS FOR VISION INSURANCE

If you select an In Network Vision Provider, You do not need to file a claim.

If you select an Out-of-Network Vision Provider, You may provide full payment to the Out-of-Network Vision Provider at the time of service and submit the invoice including an itemized statement of charges with Your claim form, or You may be able to assign the claim to the Out-of-Network Vision Provider. If the Out-of-Network Vision Provider accepts the assignment, the provider will submit the claim on your behalf. You will be responsible for any charges not covered by the Plan.

Out of network claim forms needed to file for benefits under the group insurance program can be obtained by [redacted] If You do not receive the claim form before the expiration of 15 days after We receive notice of any claim under the policy, You shall be deemed to have complied with the requirements of the Group Policy. Vision claim forms can also be downloaded from [redacted] instructions on the claim form should be followed carefully. This will expedite the processing of the claim.

When We receive the claim form and Proof, Your claim will be paid subject to the terms and provisions of this certificate and the Group Policy.

## CLAIMS FOR VISION INSURANCE BENEFITS

**When a claimant files a claim for Vision Insurance benefits described in this certificate,** both the notice of claim and the required Proof should be sent to Us within 180 days from the date of service.

Claim and Proof may be given to Us by following the steps set forth below:

**Step 1**
A claimant can request a claim form by [redacted]

**Step 2**
Complete the claim form as instructed and return it with the invoice.

**Step 3**
The claimant must give Us Proof not later than 180 days from the date of service.

**Routine Questions on Vision Insurance Claims**

[redacted]

**Claim Denial Appeals**
If a claim is denied in whole or in part, under the terms of this certificate, a request may be submitted to Us by a Covered Person or a Covered Person's authorized representative for a full review of the denial. A Covered Person may designate any person, including their provider, as their authorized representative. References in this section to "Covered Person" include the Covered Person's authorized representative, where applicable.

**Initial Appeal.** All requests for review must be made within one hundred eighty (180) calendar days following denial of a claim. A Covered Person may review, during normal business hours, any documents used by Us pertinent to the denial. A Covered Person may also submit Written comments or supporting documentation concerning the claim to assist in Our review. Our response to the initial appeal, including specific reasons for the decision, shall be communicated to the Covered Person in Writing within thirty (30) calendar days after receipt of the request for the appeal.

**Second Level Appeal.** If a Covered Person disagrees with the response to the initial appeal of the denied claim, the Covered Person has the right to a second level appeal. A request for a second level appeal must be submitted to Us within sixty (60) calendar days after receipt of Our response to the initial appeal. We shall communicate Our final determination to the Covered Person within thirty (30) calendar days from receipt of the request, or as required by any applicable state or federal laws or regulations. Our communication to the Covered Person shall include the specific reasons for the determination.

**Other Remedies**. When a Covered Person has completed the appeals stated herein, additional voluntary alternative dispute resolution options may be available, including mediation or arbitration. Additional information is available from the U.S. Department of Labor or the insurance regulatory agency for the Covered Persons' state of residency. Additionally, under the provisions of ERISA (Section 502(a)(1)(B) 29 U.S.C. 1132(a)(1)(B)), the Covered Person has the right to bring a civil action when all available levels of reviews, including the appeal process, have been completed. ERISA remedies may apply in those instances where the claims were not approved in whole or in part as the result of appeals under this Policy and the Covered Person disagrees with the outcome of such appeals.

**Time of Action.** No action in law or in equity shall be brought to recover on this Policy prior to the Covered Person exhausting his/her rights under this Policy and/or prior to the expiration of sixty (60) calendar days after the claim and any applicable documentation has been filed with Us. No such action shall be brought after the expiration of any applicable statute of limitations, in accordance with the terms of this Policy. No such action shall be brought after the expiration of three (3) years from the last date that the claim and any applicable invoices were submitted to Us, and no such action shall be brought at all unless brought within three (3) years from the expiration of the time within which such materials are required to be submitted in accordance with the terms of this Policy.

**Insurance Fraud:** Any Covered Person who intends to defraud, knowingly facilitates a fraud, submits a claim containing false or deceptive information, or who commits any other similar act as defined by applicable state or federal law, is guilty of insurance fraud. Such an act is grounds for immediate termination of the coverage under this Policy of the Covered Person committing such fraud.

## GENERAL PROVISIONS

### Assignment

The rights and benefits under the Group Policy are not assignable prior to a claim for benefits, except as required by law. We are not responsible for the validity of an assignment.

Upon receipt of a Covered Service, You may assign Vision Insurance benefits to the Vision Provider providing such service.

### Vision Insurance: Who We Will Pay

If You assign payment of Vision Insurance benefits to Your or Your Dependent's Vision Provider, We will pay benefits directly to the Vision Provider. Otherwise, We will pay Vision Insurance benefits to You.

### Entire Contract

Your insurance is provided under a contract of group insurance with the Policyholder. The entire contract with the Policyholder is made up of the following:

1. the Group Policy and its Exhibits, including the certificate(s) attached to the Group Policy as Exhibits;
2. the Policyholder's application; and
3. any amendments and/or endorsements to the Group Policy.

### Incontestability: Statements Made by a Covered Person

Any statement made by a Covered Person will be considered a representation and not a warranty.

Evidence of insurability will not be required nor will any statement made by a Covered Person, which relates to insurability, be used:

1. to contest the validity of the insurance benefits; or
2. to reduce the insurance benefits.

### Conformity with Law

If the terms and provisions of this certificate do not conform to any applicable law, this certificate shall be interpreted to so conform.

**THE PRECEDING PAGE IS THE END OF THE CERTIFICATE.**
**THE FOLLOWING IS ADDITIONAL INFORMATION.**

[redacted]

[redacted]

## Our Privacy Notice

We know that you buy our products and services because you trust us. This notice explains how we protect your privacy and treat your personal information. It applies to current and former customers. "Personal information" as used here means anything we know about you personally.

### SECTION 1: Plan Sponsors and Group Insurance Contract Holders

This privacy notice is for individuals who apply for or obtain our products and services under an employee benefit plan, group insurance or annuity contract, as an executive benefit, or as otherwise made available at your work or through an association to which you belong. In this notice "you" refers to these individuals.

### SECTION 2: Protecting Your Information

We take important steps to protect your personal information. We treat it as confidential. We tell our employees to take care in handling it. We limit access to those who need it to perform their jobs. Our outside service providers must also protect it, and use it only to meet our business needs. We also take steps to protect our systems from unauthorized access. We comply with all laws that apply to us.

### SECTION 3: Collecting Your Information

We typically collect your name, address, age, and other relevant information. We may also collect information about any business you have with us, our affiliates, or other companies. Our affiliates include life insurers, a legal plans company and a securities broker-dealer. In the future, we may also have affiliates in other businesses.

### SECTION 4: How We Get Your Information

We get your personal information mostly from you. We may also use outside sources to help ensure our records are correct and complete. These sources may include consumer reporting agencies, employers, other financial institutions, adult relatives, and others. These sources may give us reports or share what they know with others. We don't control the accuracy of information outside sources give us. If you want to make any changes to information we receive from others about you, you must contact those sources.

We may ask for medical information. The Authorization that you sign when you request insurance permits these sources to tell us about you. We may also, at our expense:

- Ask for a medical exam
- Ask for blood and urine tests
- Ask health care providers to give us health data, including information about alcohol or drug abuse

We may also ask a consumer reporting agency for a "consumer report" about you (or anyone else to be insured). Consumer reports may tell us about a lot of things, including information about:

- Reputation
- Driving record
- Finances
- Work and work history
- Hobbies and dangerous activities

The information may be kept by the consumer reporting agency and later given to others as permitted by law. The agency will give you a copy of the report it provides to us, if you ask the agency and can provide adequate identification. If you write to us and we have asked for a consumer report about you, we will tell you so and give you the name, address and phone number of the consumer reporting agency.

Another source of information is MIB, LLC ("MIB"). It is a not-for-profit membership organization of insurance companies which operates an information exchange on behalf of its Members. We, or our reinsurers, may make a brief report to MIB. If you apply to another MIB Member company for life or health insurance coverage, or a claim for benefits is submitted, MIB, upon request, will supply such company with the information in its file. Upon receipt of a request from you MIB will arrange disclosure of any information it may have in your file. Please contact MIB at 866-692-6901. If you question the accuracy of information in MIB's

file, [redacted] seek a correction in accordance with the procedures set forth in the federal Fair [redacted]

## SECTION 5: Using Your Information

We collect your personal information to help us decide if you're eligible for our products or services. We may also need it to verify identities to help deter fraud, money laundering, or other crimes. How we use this information depends on what products and services you have or want from us. It also depends on what laws apply to those products and services. For example, we may also use your information to:

- administer your products and services
- perform business research
- market new products to you
- comply with applicable laws
- process claims and other transactions
- confirm or correct your information
- help us run our business

## SECTION 6: Sharing Your Information With Others

We may share your personal information with others with your consent, by agreement, or as permitted or required by law. We may share your personal information without your consent if permitted or required by law. For example, we may share your information with businesses hired to carry out services for us. We may also share it with our affiliated or unaffiliated business partners through joint marketing agreements. In those situations, we share your information to jointly offer you products and services or have others offer you products and services we endorse or sponsor. Before sharing your information with any affiliate or joint marketing partner for their own marketing purposes, however, we will first notify you and give you an opportunity to opt out.

Other reasons we may share your information include:

- doing what a court, law enforcement, or government agency requires us to do (for example, complying with search warrants or subpoenas)
- telling another company what we know about you if we are selling or merging any part of our business
- giving information to a governmental agency so it can decide if you are eligible for public benefits
- giving your information to someone with a legal interest in your assets (for example, a creditor with a lien on your account)
- giving your information to your health care provider
- having a peer review organization evaluate your information, if you have health coverage with us
- those listed in our "Using Your Information" section above

## SECTION 7: HIPAA

We will not share your health information with any other company – even one of our affiliates – for their own marketing purposes. The Health Insurance Portability and Accountability Act ("HIPAA") protects your information if you request or purchase dental, vision, long-term care and/or medical insurance from us. HIPAA limits our ability to use and disclose the information that we obtain as a result of your request or purchase of insurance. Information about your rights under HIPAA will be provided to you with any dental, vision, long-term care or medical coverage issued to you.

You may obtain a copy of our HIPAA Privacy Notice by [redacted] additional information about your rights under HIPAA; or to have a HIPAA Privacy Notice mailed to you, [redacted] r call us at [redacted]

## SECTION 8: Accessing and Correcting Your Information

You may ask us for a copy of the personal information we have about you. We will provide it as long as it is reasonably locatable and retrievable. You must make your request in writing listing the account or policy numbers with the information you want to access. For legal reasons, we may not show you privileged information relating to a claim or lawsuit, unless required by law.

If you tell us that what we know about you is incorrect, we will review it. If we agree, we will update our records. Otherwise, you may dispute our findings in writing, and we will include your statement whenever we give your disputed information to anyone outside [redacted]

**SECTION 9: Questions**

We want you to understand how we protect your privacy. If you have any questions or want more information about this notice, please contact us. A detailed notice shall be furnished to you upon request. When you write, include your name, address, and policy or account number.

**Send privacy questions to**: [redacted]

We may revise this privacy notice. If we make any material changes, we will notify you as required by law. We provide this privacy notice to [redacted] isted at the top of the first page.

[redacted]

# HIPAA Notice of Privacy Practices for Protected Health Information

## THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED, AND HOW YOU CAN GET ACCESS TO THIS INFORMATION.

## PLEASE REVIEW IT CAREFULLY.

[redacted]

[redacted] **Please read it carefully.** You have received this notice because of your Dental, Vision, Long-Term Care, Cancer and Specified Disease Expense Insurance, or Health coverage with us (your "**Coverage**") [redacted] security of information we collect about you. This notice [redacted] the terms "us," "we," or "our."

This notice describes how we protect the personal health information we have about you which relates to [redacted] **Protected Health Information**" or "**PHI**"), and how we may use and disclose this information. PHI includes individually identifiable information which relates to your past, present or future health, treatment or payment for health care services. This notice also describes your rights with respect to the PHI and how you can exercise those rights.

We are required to provide this notice to you by the Health Insurance Portability and Accountability Act ("**HIPAA**"). For additional information regarding our [redacted] may submit questions to us there or you may write to us [redacted]

### NOTICE SUMMARY

**The following is a brief summary of the topics covered in this HIPAA notice. Please refer to the full notice below for details.**

As allowed by law, we may **use** and **disclose** PHI to:

- make, receive, or collect payments;
- conduct health care operations;
- administer benefits by sharing PHI with affiliates and Business Associates;
- assist plan sponsors in administering their plans; and
- inform persons who may be involved in or paying for another's health care.

**In addition, we may use or disclose PHI:**

- where required by law or for public health activities;
- to avert a serious threat to health or safety;
- for health-related benefits or services;
- for law enforcement or specific government functions;
- when requested as part of a regulatory or legal proceeding; and
- to provide information about deceased persons to coroners, medical examiners, or funeral directors.

**You have the right to:**

- receive a copy of this notice;
- inspect and copy your PHI, or receive a copy of your PHI;
- amend your PHI if you believe the information is incorrect;
- obtain a list of disclosures we made about you (except for treatment, payment, or health care operations);

- ask us to restrict the information we share for treatment, payment, or health care operations;
- request that we communicate with you in a confidential manner; and
- complain to us or the U.S. Department of Health and Human Services if you believe your privacy rights have been violated.

**We are required by law to:**

- maintain the privacy of PHI;
- provide this notice of our legal duties and privacy practices with respect to PHI;
- notify affected individuals following a breach of unsecured PHI; and
- follow the terms of this notice.

## NOTICE DETAILS

We protect your PHI from inappropriate use or disclosure. Our employees, and those of companies that help us [redacted] are required to comply with our requirements that protect the confidentiality of PHI. They may look at your PHI only when there is an appropriate reason to do so, such as to administer our products or services.

Except in the case of Long-Term Care Coverage, we will **not use or disclose** PHI that is genetic information for underwriting purposes. For example, we will not use information from a genetic test (such as DNA or RNA analysis) of an individual or an individual's family members to determine eligibility, premiums or contribution amounts under your Coverage.

We will **not sell or disclose** your PHI to any other company for their use in marketing their products to you. However, as described below, we will use and disclose PHI about you for business purposes relating to your Coverage.

The main reasons we may **use** and **disclose** your PHI are to evaluate and process any requests for coverage and claims for benefits you may make or in connection with other health-related benefits or services that may be of interest to you. The following describe these and other uses and disclosures.

- **For Payment:** We may use and disclose PHI to pay benefits under your Coverage. For example, we may review PHI contained in claims to reimburse providers for services rendered. We may also disclose PHI to other insurance carriers to coordinate benefits with respect to a particular claim. Additionally, we may disclose PHI to a health plan or an administrator of an employee welfare benefit plan for various payment-related functions, such as eligibility determination, audit and review, or to assist you with your inquiries or disputes.

- **For Health Care Operations:** We may also use and disclose PHI for our insurance operations. These purposes include evaluating a request for our products or services, administering those products or services, and processing transactions requested by you.

- **To Affiliates and Business Associates:** We may disclose PHI to Affiliates and to business associates [redacted] of companies if they need to receive PHI to provide a service to us and will agree to abide by specific HIPAA rules relating to the protection of PHI. Examples of business associates are: billing companies, data processing companies, companies that provide general administrative services, health information organizations, e-prescribing gateways, or personal health record vendors that provide services to covered entities. PHI may be disclosed to reinsurers for underwriting, audit or claim review reasons. PHI may also be disclosed as part of a potential merger or acquisition involving our business in order that the parties to the transaction may make an informed business decision.

- **To Plan Sponsors:** We may disclose summary health information such as claims history or claims expenses to a plan sponsor to enable it to obtain premium bids from health plans, or to modify, amend or terminate a group health plan. We may also disclose PHI to a plan sponsor to help administer its plan if the plan sponsor agrees to restrict its use and disclosure of PHI in accordance with federal law.

- **To Individuals Involved in Your Care:** We may disclose your PHI to a family member or other individual who is involved in your health care or payment of your health care. For example, we may disclose PHI to a covered family member whom you have authorized to contact us regarding payment of a claim.

- **Where Required by Law or for Public Health Activities:** We disclose PHI when required by federal, state or local law. Examples of such mandatory disclosures include notifying state or local health authorities regarding particular communicable diseases, or providing PHI to a governmental agency or regulator with health care oversight responsibilities.

- **To Avert a Serious Threat to Health or Safety:** We may disclose PHI to avert a serious threat to someone's health or safety. We may also disclose PHI to federal, state or local agencies engaged in disaster relief, as well as to private disaster relief or disaster assistance agencies to allow such entities to carry out their responsibilities in specific disaster situations.

- **For Health-Related Benefits or Services:** We may use your PHI to provide you with information about benefits available to you under your current coverage or policy and, in limited situations, about health-related products or services that may be of

interest to you. However, we will not send marketing communications to you in exchange for financial remuneration from a third party without your authorization.

- **For Law Enforcement or Specific Government Functions:** We may disclose PHI in response to a request by a law enforcement official made through a court order, subpoena, warrant, summons or similar process. We may disclose PHI about you to federal officials for intelligence, counterintelligence, and other national security activities authorized by law.

- **When Requested as Part of a Regulatory or Legal Proceeding:** If you or your estate are involved in a lawsuit or a dispute, we may disclose PHI about you in response to a court or administrative order. We may also disclose PHI about you in response to a subpoena, discovery request, or other lawful process, but only if efforts have been made to tell you about the request or to obtain an order protecting the PHI requested. We may disclose PHI to any governmental agency or regulator with whom you have filed a complaint or as part of a regulatory agency examination.

- **PHI about Deceased Individuals:** We may release PHI to a coroner or medical examiner to assist in identifying a deceased individual or to determine the cause of death. In addition, we may disclose a deceased's person's PHI to a family member or individual involved in the care or payment for care of the deceased person unless doing so is inconsistent with any prior expressed preference of the deceased person which is known to us.

- **Other Uses of PHI:** Other uses and disclosures of PHI not covered by this notice and permitted by the laws that apply to us will be made only with your written authorization or that of your legal representative. If we are authorized to use or disclose PHI about you, you or your legally authorized representative may revoke that authorization in writing at any time, except to the extent that we have taken action relying on the authorization or if the authorization was obtained as a condition of obtaining your Coverage. You should understand that we will not be able to take back any disclosures we have already made with authorization.

## Your Rights Regarding Protected Health Information That We Maintain About You

The following are your various rights as a consumer under HIPAA concerning your PHI. Should you have questions about or wish to exercise a specific right, please contact us in writing at the applicable Contact Address listed on the last page.

- **Right to Inspect and Copy Your PHI:** In most cases, you have the right to inspect and obtain a copy of the PHI that we maintain about you. If we maintain the requested PHI electronically, you may ask us to provide you with the PHI in electronic format, if readily producible; or, if not, in a readable electronic form and format agreed to by you and us. To receive a copy of your PHI, you may be charged a fee for the costs of copying, mailing, electronic media, or other supplies associated with your request. You may also direct us to send the PHI you have requested to another person designated by you, so long as your request is in writing and clearly identifies the designated individual. However, certain types of PHI will not be made available for inspection and copying. This includes psychotherapy notes or PHI collected by us in connection with, or in reasonable anticipation of, any claim or legal proceeding. In very limited circumstances, we may deny your request to inspect and obtain a copy of your PHI. If we do, you may request that the denial be reviewed. The review will be conducted by an individual chosen by us who was not involved in the original decision to deny your request. We will comply with the outcome of that review.

- **Right to Amend Your PHI:** If you believe that your PHI is incorrect or that an important part of it is missing, you have the right to ask us to amend your PHI while it is kept by or for us. You must specify the reason for your request. We may deny your request if it is not in writing or does not include a reason that supports the request. In addition, we may deny your request if you ask us to amend PHI that:

  - is accurate and complete;
  - was not created by us, unless the person or entity that created the PHI is no longer available to make the amendment;
  - is not part of the PHI kept by or for us; or
  - is not part of the PHI which you would be permitted to inspect and copy.

- **Right to a List of Disclosures:** You have the right to request a list of the disclosures we have made of your PHI. This list will not include disclosures made for treatment, payment, health care operations, purposes of national security, to law enforcement, to corrections personnel, pursuant to your authorization, or directly to you. To request this list, you must submit your request in writing. Your request must state the time period for which you want to receive a list of disclosures. You may only request an accounting of disclosures for a period of time less than six years prior to the date of your request. Your request should indicate in what form you want the list (for example, paper or electronic). The first list you request within a 12-month period will be free. We may charge you for responding to any additional requests. We will notify you of the cost involved, and you may choose to withdraw or modify your request at that time before you incur any cost.

- **Right to Request Restrictions:** You have the right to request a restriction or limitation on PHI we

Use or disclose about you for treatment, payment, or health care operations, or that we disclose to someone who may be involved in your care or payment for your care, like a family member or friend. While we will consider your request, **we are not required to agree to it.** If we do agree to it, we will comply with your request. To request a restriction, you must make your request in writing. In your request, you must tell us (1) what information you want to limit; (2) whether you want to limit our use, disclosure or both; and (3) to whom you want the limits to apply (for example, disclosures to your spouse or parent). We will not agree to restrictions on PHI uses or disclosures that are legally required, or which are necessary to administer our business.

- **Right to Request Confidential Communications:** You have the right to request that we communicate with you about PHI in a certain way or at a certain location if you tell us that communication in another manner may endanger you. For example, you can ask that we only contact you at work or by mail. To request confidential communications, you must make your request in writing and specify how or where you wish to be contacted. We will accommodate all reasonable requests.

- **Contact Addresses:** If you have any questions about a specific individual right or you want to exercise one of your individual rights, please submit your request in writing to the address below which applies to your Coverage:

[redacted]

- **Right to File a Complaint:** If you believe your privacy rights have been violated, you may file a complaint with us or with the Secretary of the U.S. [redacted] must be submitted in writing. You will not be penalized for filing a complaint. If you have questions as to how to file a complaint, please [redacted]

## ADDITIONAL INFORMATION

**Changes to This Notice:** We reserve the right to change the terms of this notice at any time. We reserve the right to make the revised or changed notice effective for PHI we already have about you, as well as any PHI we receive in the future. The effective date of this notice and any revised or changed notice may be found on the last page, on the bottom right-hand corner of the notice. You will receive a copy of any revised notice from MetLife by mail or by e-mail, if e-mail delivery is offered by MetLife and you agree to such delivery.

**Further Information:** You may have additional rights under other applicable laws. For additional information [redacted] us at:

[redacted]

[redacted]

Effective Date: 02012019

## Uniformed Services Employment And Reemployment Rights Act

This section describes the right that you may have to continue coverage for yourself and your covered dependents under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

**Continuation of Group Vision Insurance:**

If you take a leave from employment for "service in the uniformed services," as that term is defined in USERRA, and as a consequence your vision insurance coverage under your employer's group vision insurance policy ends, you may elect to continue vision insurance for yourself and your covered dependents, for a limited period of time, as described below.

The law requires that your employer notify you of your rights, benefits and obligations under USERRA including instructions on how to elect to continue insurance, the amount and procedure for payment of premium. If permitted by USERRA, your employer may require that you elect to continue coverage within a period of time specified by your employer.

You may be responsible for payment of the required premium to continue insurance. If your leave from employment for service in the uniformed services lasts less than 31 days, your required premium will be no more than the amount you were required to pay for vision insurance before the leave began; for a leave lasting 31 or more days, you may be required to pay up to 102% of the total vision insurance premium, including any amount that your employer was paying before the leave began.

Your and your covered dependents' insurance that is continued pursuant to USERRA will end on the earliest of the following:

- the end of 24 consecutive months from the date your leave from employment for service in the uniformed services begins; or
- the day after the date on which you fail to apply for, or return to employment, in accordance with USERRA.

You and your covered dependent may become entitled to continuation of coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") while you have vision insurance coverage under your employer's group vision insurance policy pursuant to USERRA. Contact your employer for more information.

Exhibit C
Reports

The Contractor will provide information on the following data elements to the Authority in a format mutually agreed upon by the Authority and by the Contractor, and in accordance with the applicable reporting frequency requirements in Exhibit E:

| Standards / DATA ELEMENTS | Frequency |
|---|---|
| **Claims Activity** | **45 Days After the Quarter Ends** |
| **Total Admin**<br>**Total Dollars of Claims Paid**<br>**Total # Claims Paid**<br>**Total # Claims Pending**<br>**Total # Claims Received**<br>**Total # Adjustments Received**<br>**Adjustments Completed**<br>**Adjustments On-Hand** | |
| **Claim Time to Payment** | **45 Days After the Quarter Ends** |
| **Claims % in 30 Days # of Claims Audited**<br>**% of Claims Paid Accurately**<br>**% of Claims Processed Accurately** | |
| **Customer Service** | **45 Days After the Quarter Ends** |
| **Calls Received**<br>**Average Speed of Answer [1]**<br>**% of Calls Abandoned [1]**<br>**First Call Resolution [1]** | |
| **Monthly Stats** | **45 Days After the Quarter Ends** |
| **Single**<br>**Two Party**<br>**Family**<br>**MEMBER MONTHS** | |
| **PMPM** | **45 Days After the Quarter Ends** |
| [redacted]<br>**TOTAL MONTHLY COSTS** | |
| **Provider Network** | **45 Days After the Quarter Ends** |
| **Number of In-Network Providers**<br>**Additions Terminations**<br>**% Retained (by region)** | |

Exhibit D

**Business Associate Agreement**

This Business Associate Agreement ("BAA") is entered into by and between the **New Mexico Public Schools Insurance Authority** (NMPSIA), hereinafter referred to as the "Authority" or "Covered Entity", and [redacted] hereinafter referred to as the "Contractor" or "Business Associate" and is effective as of **"Effective Date"** (as defined in the Professional Services Agreement between the parties).

**WHEREAS,** Covered Entity is either a "covered entity" or "business associate" of a covered entity as each are defined under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as amended by the HITECH Act (as defined below) and the related regulations promulgated by HHS (as defined below) (collectively, "HIPAA") and, as such, is required to comply with HIPAA's provisions regarding the confidentiality and privacy of Protected Health Information (as defined below);

**WHEREAS,** the Parties have entered into or will enter into one or more agreements under which Business Associate provides or will provide certain specified services to Covered Entity (collectively, the "Agreement");

**WHEREAS,** in providing services pursuant to the Agreement, Business Associate will have access to Protected Health Information;

**WHEREAS,** by providing the services pursuant to the Agreement, Business Associate will become a "business associate" of the Covered Entity as such term is defined under HIPAA;

**WHEREAS,** both Parties are committed to complying with all federal and state laws governing the confidentiality and privacy of health information, including, but not limited to, the Standards for Privacy of Individually Identifiable Health Information found at 45 CFR Part 160 and Part 164, Subparts A and E (collectively, the "Privacy Rule"); and

**WHEREAS,** both Parties intend to protect the privacy and provide for the security of Protected Health Information disclosed to Business Associate pursuant to the terms of this BAA, HIPAA and other applicable laws.

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions contained herein, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Definitions**. For purposes of this BAA, the Parties give the following meaning to each of the terms in the definitions. Any capitalized term used in this BAA, but not otherwise defined, has the meaning given to that term in the Privacy Rule or pertinent law.

A. "Affiliate" means a subsidiary or affiliate of a Covered Entity or of a Business Associate.

B. "Breach" means the acquisition, access, use, or disclosure of PHI in a manner not permitted under the Privacy Rule which compromises the security or privacy of the PHI, as defined in 45 CFR §164.402 and its exceptions.

C. "Breach Notification Rule" means the portion of HIPAA set forth in Subpart D of 45 CFR § 164.400-414.

D. "Business Associate" means the Contractor.

E. "Covered Entity" means the Authority.

F. "Data Aggregation" means, with respect to PHI created or received by Business Associate in its capacity as the "business associate" under HIPAA of Covered Entity, the combining of such PHI by the Business Associate with the PHI received by Business Associate in its capacity as a business associate of one or more other "covered entity(ies)" under HIPAA, to permit data analyses that relate to the Health Care Operations (defined below) of the respective covered entities. The meaning of "data aggregation" in this BAA shall be consistent with the meaning given to that term in the Privacy Rule.

G. "De-Identify" means to alter the PHI such that the resulting information meets the requirements described in 45 CFR §§164.514(a) and (b).

H. "Electronic PHI" means any PHI maintained in or transmitted by electronic media as defined in 45 CFR §160.103.

I. "Health Care Operations" has the meaning given to that term in 45 CFR §164.501.

J. "HHS**"** means the U.S. Department of Health and Human Services.

K. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act of 2009, Public Law 111-005.

L. "Limited Data Set" shall have the same meaning as the term "limited data set" as set forth in 45 CFR §164.514(e) (2).

M. "Privacy Rule" means that portion of HIPAA set forth in 45 CFR Part 160 and Part 164, Subparts A and E.

N. "Protected Health Information" or "PHI" has the meaning given to the term "protected health information" in 45 CFR § 160.103, limited to the information received by Business Associate from or on behalf of Covered Entity.

O. "Required by law" means a mandate contained in common law, statute, or regulation, each to the extent applicable, that compels an entity to perform certain actions or inaction. Required by law includes, but is not limited to, court orders and court-ordered

warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; and federal or state regulations with respect to entities participating in the applicable program.

P. "Secretary" shall mean the Secretary of the United States Department of Health and Human Services.

Q. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.

R. "Security Rule" means the Security Standards for the Protection of Electronic Health Information provided in 45 CFR Part 160 & Part 164, Subparts A and C.

S. "Unsecured Protected Health Information" or "Unsecured PHI" is defined in 45 CFR §164.402 and means any "protected health information" that is not rendered unusable, unreadable or indecipherable to unauthorized persons through the use of a technology or methodology specified by the HHS Secretary in the guidance issued pursuant to the HITECH Act and codified at 42 USC §17932(h).

## 2. General Provisions.

A. Effect. As of the Effective Date, the terms and provisions of this BAA are incorporated in and shall supersede any conflicting or inconsistent terms and provisions of the Agreement including all exhibits or other attachments to, and all documents incorporated by reference herein. This BAA sets out terms and provisions relating to the use and disclosure of Protected Health Information ("PHI") without written authorization from the Individual. To the extent there is a conflict between the Agreement and this BAA, this BAA shall control with respect to PHI.

B. Amendment to Comply with Law. The Contractor and the Authority (also referred to as "Plan Sponsor") agree to amend this BAA to the extent necessary to allow either the Authority or the Contractor to comply with applicable laws and regulations including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 and it's implementing regulations (45 CFR Parts 160 to 164) ("HIPAA Privacy and Security Rules"). All such amendments to this BAA must be made in accordance with Section 13 of the Agreement and in a writing executed by all relevant parties.

C. Relationship of Parties. The parties intend that the Contractor is an independent contractor and not an agent of the Authority or the Plan Sponsor.

## 3. Use and Disclosure of PHI.

A. Except as otherwise provided in this BAA, Business Associate may use or disclose

PHI as reasonably necessary to provide the services described in the Agreement to Covered Entity, and to undertake other activities of Business Associate permitted or required of Business Associate by this BAA or as required by law.

B. Except as otherwise limited by this BAA or federal or state law, Covered Entity authorizes Business Associate to use the PHI in its possession for the proper management and administration of Business Associate's business and to carry out its legal responsibilities. Business Associate may disclose PHI for its proper management and administration, provided that;

1. The disclosures are permitted by law; or
2. Business Associate obtains, in writing, prior to making any disclosure to a third party:
   a. reasonable assurances from this third party that the PHI will be held confidential as provided under this BAA and used or further disclosed only as permitted by law or for the purpose for which it was disclosed to this third party and
   b. an agreement from this third party to notify Business Associate in accordance with applicable law of any Breaches of the confidentiality of the PHI, to the extent it has knowledge of the Breach.
3. The disclosures are required to provide Data Aggregation services relating to the Health Care Operations of the Authority, or to De-Identify PHI. Once information is de-identified, this BAA shall not apply.

C. Business Associate will not use or disclose PHI in a manner other than as provided in this BAA, as permitted under the Privacy Rule, or as permitted by law. Business Associate will use or disclose PHI, to the extent practicable, as a Limited Data Set or limited to the minimum necessary amount of PHI to carry out the intended purpose of the use or disclosure, in accordance with Section 13405(b) of the HITECH Act (codified at 42 USC §17935(b)) and any of the act's implementing regulations adopted by HHS, for each use or disclosure of PHI.

D. Upon request, Business Associate will make available to Covered Entity any of the Covered Entity's PHI that the Business Associate or any of its agents or subcontractors have in their possession.

E. Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR §164.502(j)(1).

F. Business Associate shall not directly or indirectly receive remuneration in exchange for any PHI of an Individual unless authorization is obtained from the Individual, in accordance with 45 CFR. §164.508, which specifies whether PHI can be exchanged for remuneration by the entity receiving PHI of that individual unless otherwise permitted under the HIPAA Privacy Rule.

**4.** **Safeguards Against Misuse of PHI**. Business Associate will use commercially appropriate safeguards designed to prevent the use or disclosure of PHI other than as permitted by applicable law or this BAA. Business Associate agrees to implement administrative, physical, and technical safeguards that are designed to reasonably and appropriately protect the confidentiality, integrity and availability of the Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate agrees to take reasonable steps designed to ensure that the actions or omissions of its employees or agents do not cause Business Associate to breach the terms of this BAA, including but not limited to training on confidentiality issues.

**5.** **Protection of Electronic PHI.** The Contractor will:

A. Implement administrative, physical, and technical safeguards that are designed to reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that the Contractor creates, receives, maintains, or transmits on behalf of the Authority as required by the Security Standards;

B. Contractually require that any agent or subcontractor to whom the Contractor provides Electronic PHI agrees to implement reasonable and appropriate safeguards to protect such information; and,

C. Promptly report to the Authority any Security Incident with respect to Electronic PHI of which it becomes aware and which has compromised the protections set forth in the HIPAA Security Rule, except for *de minimus* repetitive Security Incidents that do not result in unauthorized access, acquisition, use or disclosure of PHI. These *de minimus* repetitive Security Incidents include, without limitation, routine server pings or other broadcast attacks on the Business Associate's firewall, port scans, unsuccessful log-on attempts, denial of service attacks, and/or any combination of the above. In the event of a Security Incident, the Contractor shall report to the Authority in writing.

**6.** **Reporting Disclosures of PHI and Security Incidents**. Business Associate will report to Covered Entity in writing any use or disclosure of PHI not provided for by applicable law or this BAA of which it becomes aware. Business Associate agrees to report to Covered Entity any Security Incident affecting PHI of Covered Entity of which it becomes aware. Business Associate agrees to;

A. report any actual, successful Security Incident within five (5) business days of the date on which the Contractor first becomes aware of such actual, successful Security Incident and;

B. The parties agree that *de minimus* repetitive Security Incidents that do not result in unauthorized access, acquisition, use or disclosure of PHI are not reportable. These *de minimus* repetitive Security Incidents include, without limitation, routine server pings or other broadcast attacks on the Business Associate's firewall, port scans, unsuccessful log-on attempts, denial of service attacks, and/or any combination of the above do not result in a server being taken off-line, malware and pings or other similar types of events.

**7.** **Reporting Breaches of Unsecured PHI**.

A. Business Associate will notify Covered Entity in writing promptly upon the discovery of any Breach of Unsecured PHI in accordance with the requirements set forth in 45 CFR §164.410, but in no case later than 30 calendar days after discovery of a Breach. This notification will include, to the extent known:

1. the names of the individuals whose PHI was involved in the Breach;
2. the circumstances surrounding the Breach;
3. the date of the Breach and the date of its discovery;
4. the information Breached;
5. any steps the impacted individuals should take to protect themselves;
6. the steps the Contractor is taking to investigate the Breach, mitigate losses, and protect against future Breaches; and,
7. a contact person who can provide additional information about the Breach.

B. Business Associate will reimburse Covered Entity for any commercially reasonable and documented costs incurred by it in complying with the requirements of Subpart D of 45 CFR §164 that are imposed on Covered Entity as a result of a Breach committed by Business Associate, subject to any limitations of liability agreed to by the parties in this BAA or otherwise.

**8.** **Mitigation of Disclosures of PHI**. Business Associate will take reasonable measures to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of any use or disclosure of PHI by Business Associate or its agents or subcontractors that is the direct result of a Breach in violation of the requirements of this BAA.

**9.** **Agreements with Agents or Subcontractors**. Business Associate will ensure that any of its agents or subcontractors that have access to, or to which Business Associate provides PHI, agree in writing to language that aligns with the restrictions and conditions concerning uses and disclosures of PHI contained in this BAA and agree to implement reasonable and appropriate safeguards designed to protect any Electronic PHI that it creates, receives, maintains or transmits on behalf of the Contractor to the Covered Entity. The Contractor shall notify the Covered Entity of all subcontracts and agreements relating to the Agreement, where the subcontractor or agent receives PHI as described in section 1.Q. of this BAA. Such notification shall occur within 30 (thirty) calendar days of the execution of this BAA. Business Associate shall ensure that all subcontracts and agreements contain language designed to provide the same level of privacy and security as this BAA.

**10.** **Audit Report.** No more than once per calendar year, upon reasonable prior written request, Business Associate will provide Covered Entity with a copy of its most recent HITRUST certification or other mutually agreed upon independent standards-based third-party audit report. The Covered Entity agrees not to re-disclose Business Associate's audit report.

**11.** **Access to PHI by Individuals**. If Business Associate holds any PHI in a Designated Record Set, then:

A. Upon prior written request, Business Associate agrees to furnish Covered Entity with copies of the PHI maintained by Business Associate in a Designated Record Set in the time and manner designated by Covered Entity designed to enable Covered Entity to respond to an Individual's request for access to PHI under 45 CFR §164.524.

B. In the event any Individual or personal representative requests in writing access to the Individual's PHI directly from Business Associate, Business Associate within ten (10) business days, will forward that request to Covered Entity. Any disclosure of, or decision not to disclose, the PHI requested by an Individual or a personal representative and compliance with the requirements applicable to an Individual's right to obtain access to PHI shall be the sole responsibility of the Covered Entity.

**12.** **Amendment of PHI**. If Business Associate holds any PHI in a Designated Record Set, then upon request and instruction from the Authority, Business Associate will amend PHI or a record about an Individual in a Designated Record Set that is maintained by, or otherwise within the possession of, the Business Associate as directed by the Authority in accordance with procedures established by 45 CFR §164.526. Any request by Covered Entity to amend such information will be completed by Business Associate within 15 business days of the Covered Entity's request.

**13.** **Accounting of Disclosures**.

A. Business Associate will document any disclosures of PHI made by it to account for such disclosures as required by 45 CFR §164.528(a). Business Associate also will make available during regular business hours information related to such disclosures as would be reasonably required for Covered Entity to respond to a request for an accounting of disclosures in accordance with 45 CFR §164.528. At a minimum, Business Associate will furnish Covered Entity the following with respect to any covered disclosures by Business Associate:

1. the date of disclosure of PHI;
2. the name of the entity or person who received PHI, and, if known, the address of such entity or person;
3. a brief description of the PHI disclosed; and
4. a brief statement of the purpose of the disclosure which includes the basis for such disclosure.

B. Business Associate will furnish to Covered Entity information collected in accordance with this Section 10, during regular business hours and within ten business days after written request by Covered Entity, to permit Covered Entity to make an accounting of disclosures as required by 45 CFR §164.528, or in the event that Covered Entity elects to provide an Individual with a list of its business associates, Business Associate will provide an accounting of its disclosures of PHI upon request of the Individual, if and to the extent that such accounting is required under the HITECH Act or under HHS regulations adopted in connection with the HITECH Act.

C. In the event an Individual delivers the initial request for an accounting directly to Business Associate, Business Associate will within ten business days forward such request to Covered Entity.

**14. Availability of Books and Records**. Once per calendar year, upon reasonable prior written notice Business Associate will make available during regular business hours its internal practices, books, agreements, records, and policies and procedures relating to the use and disclosure of Covered Entity's PHI, upon request, to the Secretary of HHS for purposes of determining Covered Entity's and Business Associate's compliance with HIPAA, and this BAA.

**15. Responsibilities of Covered Entity**. With regard to the use and/or disclosure of Protected Health Information by the Business Associate, Covered Entity agrees to promptly and in writing:

A. Notify Business Associate of any limitation(s) in its notice of privacy practices in accordance with 45 CFR §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

B. Notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

C. Notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR §164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

D. Except for Data Aggregation and administrative activities of the Business Associate, the Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Covered Entity.

**16. Data Ownership.** Business Associate's data stewardship does not confer data ownership rights on Business Associate with respect to any data shared with it under the Agreement, including any and all forms thereof.

**17. Term and Termination**.

A. This BAA will become effective on the Effective Date and will continue in effect until all obligations of the Parties have been met under the Agreement and under this BAA.

B. Covered Entity may terminate immediately this BAA, the Agreement, and any other related agreements if the Business Associate has breached a material term of this BAA and the Business Associate has failed to make a good faith attempt to cure that material breach, to Covered Entity's reasonable satisfaction, within 30 days after written notice from Covered Entity. The covered Entity may report the problem to the Secretary of HHS if termination is not feasible.

C. If Business Associate determines that Covered Entity has breached a material term

of this BAA, then Business Associate will provide Covered Entity with written notice of the existence of the breach and shall provide Covered Entity with 30 days to cure the breach. Covered Entity's failure to cure the breach within the 30-day period will be grounds for immediate termination of the Agreement and this BAA by Business Associate. Business Associate may report the breach to HHS.

D. Upon termination of the Agreement or this BAA for any reason, all PHI maintained by Business Associate will be returned to Covered Entity or destroyed by Business Associate. Business Associate will not retain any copies of such information. This provision will apply to PHI in the possession of Business Associate's agents and subcontractors. If return or destruction of the PHI is not feasible, in Business Associate's reasonable judgment, Business Associate will furnish Covered Entity with notification, in writing, of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of the PHI is infeasible, Business Associate will extend the protections of this BAA to such information for as long as Business Associate retains such information and will limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible. The Parties understand that this Section 17.D. will survive any termination of this BAA.

**18. Effect of BAA.**

A. This BAA is a part of and subject to the terms of the Agreement, except that to the extent any terms of this BAA conflict with any term of the Agreement, the terms of this BAA will govern.

B. Except as expressly stated in this BAA or as provided by law, this BAA will not create any rights in favor of any third party.

**19. Regulatory References**. A reference in this BAA to a section in HIPAA means the section as in effect or as amended at the time.

**20. Notices.** All notices, requests, and demands or other communications to be given under this BAA to a Party will be made via either first class mail, registered or certified or express courier, or electronic mail to the Party's address given below:

**If to the Authority, to:**
NMPSIA
410 Old Taos Highway
Santa Fe, NM 87501
Attention: Executive Director
Patrick Sandoval
Patrick.Sandoval@psia.nm.gov

**If to Contractor, to:**
[redacted]

**21.** **Amendments and Waiver**. This BAA may not be modified, nor will any provision be waived or amended, except in writing duly signed by authorized representatives of the Parties. A waiver with respect to one event shall not be construed as continuing or as a bar to, or waiver of any right or remedy as to subsequent events.

**22.** **HITECH Act Compliance**. The Parties acknowledge that the HITECH Act includes significant changes to the Privacy Rule and the Security Rule. The privacy subtitle of the HITECH Act sets forth provisions that significantly change the requirements for business associates and the agreements between business associates and covered entities under HIPAA and these changes may be further clarified in forthcoming regulations. Each Party agrees to comply with the applicable provisions of the HITECH Act and any HHS regulations issued with respect to the HITECH Act, to the extent applicable. The Parties also agree to negotiate in good faith to modify this BAA as reasonably necessary to comply with the HITECH Act and its regulations as they become effective but, in the event that the Parties are unable to reach an agreement on such a modification, either Party will have the right to terminate this BAA upon 30 days' prior written notice to the other Party.

In light of the mutual agreement and understanding described above, the Parties execute this BAA as of the date first written above.

By: _____
NMPSIA
Name: _____

Title: _____

By: _____
[redacted]
Name: _____

Title: _____

Exhibit E
Performance Guarantees

| PERFORMANCE SERVICE AREA | DEFINITION PERFORMANCE GUARANTEE | PERFORMANCE MEASUREMENT FREQUENCY | PERCENTAGE OF THE CORE ADMINISTRATIVE FEE AT RISK |
|---|---|---|---|
| | | | |
| **ACCOUNT MANAGEMENT** | | | |
| | | | |
| **Account Team Performance Appraisal** | The Authority's satisfaction with Account Management will be a minimum average score of 3.0 (out of 5) and will be measured by the Authority. Score is calculated using an average of all measurable needs outlined and agreed upon by the Contractor and the Authority. Score of 1=unacceptable; 2=needs improvement, 3=meets expectations; 4=exceeds expectations; 5=Excellent. Corrective action plan required to address needed improvement if score is an unacceptable level. | Performance measurement guarantee reported annually and settled annually. | **Penalty is $5,000 per Authority/quarterly period for score below 3; up to $15,000 maximum per year per Authority.** |
| **Attendance at Agreed-Upon Meetings** | Attendance at BAC, Board and NMPED/NMASBO Spring Budget Workshop meetings during the contract period. May also include, New Hire, New Group, Open/Switch Enrollment and Annual Regional Trainings as needed. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |

| PERFORMANCE SERVICE AREA | DEFINITION PERFORMANCE GUARANTEE | PERFORMANCE MEASUREMENT FREQUENCY | PERCENTAGE OF THE CORE ADMINISTRATIVE FEE AT RISK |
|---|---|---|---|
| **CLAIMS** | | | |
| **Claims Processing Turnaround Time (All Claims)** | 97% of clean claims paid within five **(5)** business days. Calculation is Claim paid date minus Claim received date. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **Claims Processing Accuracy** | 99% of paid Claims processed accurately in accordance with the provisions of the Vision benefit coverage administered by the Contractor. Calculation is number of claims coded accurately in administrative system divided by the number of claims processed. Nonfinancial accuracy is a measure of claims processing errors involving assigning the correct codes to represent, for example, the patient, provider, and services on a claim. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **Claims Financial Accuracy** | 99% of dollars paid accurately and in accordance with provisions of Vision benefit coverage by the Contractor. Calculation is sum of total claim payment dollars that were determined accurately divided by the sum of total claims payments. Financial accuracy is a measure of claims processing errors involving payment amount. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **Claims Payment Accuracy** | **99%** of Claims paid accurately in accordance with provisions of Vision benefit coverage administered by the Contractor. The calculation is sum of total claim payment dollars that were determined accurately divided by the sum of total claims payments**.** Financial accuracy is a measure of claims processing errors involving payment amounts. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |

| PERFORMANCE SERVICE AREA | DEFINITION PERFORMANCE GUARANTEE | PERFORMANCE MEASUREMENT FREQUENCY | PERCENTAGE OF THE CORE ADMINISTRATIVE FEE AT RISK |
|---|---|---|---|
| **CUSTOMER SERVICE** | | | |
| **Abandoned Calls** | Less than 2.5% of calls are not answered because the caller hangs up before a Customer Service Representative becomes available. Measurement is an aggregate across the Contractor's book of business and not client specific. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **Intake Calls** | 90% of calls answered in 30 seconds or less by a live specialist (with knowledge of the Authority's account). The amount of time measured is that which elapses between the time the caller exits the IVR to the time answered by a representative (live voice answer). Measurement is an aggregate across book of business and not client specific. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **First Call Resolution (RFP: First Resolution)** | 90% of member calls resolved on the first call. Measurement is an aggregate across book of business and not client specific. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **Complaints/Appeals/Grievance Decision** | Decision on 99% of all complaints and/or grievances within 30 days. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **Provider Relations Complaints/Appeals/Grievance Acknowledgment** | 99% of all written complaints will be acknowledged in writing within three (3) business days of mail/fax receipt by the Quality Assurance Department. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **Member Survey Results** | 95% member satisfaction. Calculation derived from the Contractor's standard Member Satisfaction Survey. | Performance measurement guarantee is reported annually and settled annually. | [redacted] |

| PERFORMANCE SERVICE AREA | DEFINITION PERFORMANCE GUARANTEE | PERFORMANCE MEASUREMENT FREQUENCY | PERCENTAGE OF THE CORE ADMINISTRATIVE FEE AT RISK |
|---|---|---|---|
| **REPORTS** | | | |
| | | | |
| **Timeliness of Reports** | Standard Monthly/ Quarterly/ Annual Reports will be delivered within 30 days of the end of the reporting period for monthly reporting and within 45 days for quarterly reporting. | Performance measurement guarantee is reported quarterly and settled quarterly. | **$1,500 per late or materially incorrect report** |
| **Timeliness of Ad Hoc Reports** | Ad hoc reports will be delivered within mutually agreed upon timelines and at mutually agreed upon additional cost. | Performance measurement guarantee is reported quarterly and settled quarterly. | **$1,500 per late or materially incorrect report** |
| **NETWORK** | | | |
| | | | |
| **Provider Retention** | Less than or equal to 5% turnover of the provider network on a quarterly basis. Measured by the percent of all Voluntary Provider Terminations* since the beginning of the year. (Measurement is an aggregate across the Contractor's book of business and not client specific.) | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |

***"Voluntary Provider Terminations": Providers who have terminated as a result of being dissatisfied with call center results, Provider fee schedules/reimbursements, lab quality, and items that the Contractor can effect to retain providers in the network (this excludes involuntary terminations, such as a closed or sold provider practice, provider retirement, or decease of a provider.)**

| PERFORMANCE SERVICE AREA | DEFINITION PERFORMANCE GUARANTEE | PERFORMANCE MEASUREMENT FREQUENCY | PERCENTAGE OF THE CORE ADMINISTRATIVE FEE AT RISK |
|---|---|---|---|
| **ID CARDS** | | | |
| **ID Card Processing** | 99% of ID cards mailed within 10 business days after receipt of clean eligibility record by the Contractor. Client-specific measurement. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |
| **ID Card Accuracy** | 100% of ID cards contain the correct contact and benefit information. Measurement is based on accurate enrollment file. Any errors in the file reflected in the ID cards does not count against the guarantee. | Performance measurement guarantees are reported quarterly and settled quarterly. | [redacted] |
| **ELIGIBILITY** | | | |
| **Eligibility Processing**[1] | 98% of enrollment files processed within an average of 2 business days from receipt of complete and accurate electronic information. Calculation is Date enrollment processed minus Date enrollment received. | Performance measurement guarantee is reported quarterly and settled quarterly. | [redacted] |

1) Data file specifications: Electronic file set up follows industry standard 834 file format with file being delivered timely to the Contractor; the Contractor will provide standard discrepancy reports by secure mail transfer protocol (SMTP) to the Authority or the Authority's third party administrator; any electronic eligibility files delivered to the Contractor after 11:00AM (MST) will be deemed as received on the following business day; and the file processing and calculation of this Performance Guarantee Metric will be based on the following business day being calculated as the first business day. The Contractor has 5 working days to address and return Client's eligibility discrepancies to client. If eligibility is not resolved within 5 working days, a $1,000 performance penalty will be assessed.

Exhibit F
Fee Schedule/Premium Rates

## Fully Insured Rates for New Mexico Public Schools Insurance Authority (NMPSIA)

| Tier | Monthly Premiums |
|---|---|
| Employee | [redacted] |
| Employee + 1 | [redacted] |
| Employee + Family | [redacted] |

## The rates are based on the following assumptions:

Rate Guarantee: 4 years
Funding method: Contributory ER Paid / EE Paid
Situs State: New Mexico
Commission: 0%
Effective date: 7/1/2024

STATE OF NEW MEXICO
**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY**

PROFESSIONAL SERVICES CONTRACT # **24-021CG-PSIA-02**

THIS AGREEMENT is made and entered into by and between the State of New Mexico, **Public Schools Insurance Authority (NMPSIA),** hereinafter referred to as the "Authority," and [redacted] hereinafter referred to as the "Contractor," and is effective as of the date set forth below upon which it is executed by the Authority.

IT IS AGREED BETWEEN THE PARTIES:

**1. Scope of Work.**

The Contractor shall perform the following work:

A. Account Management Team. The Contractor will provide the Authority with a designated representative. When the Contractor has knowledge of a change in the Account Manager for the Authority Plans, the Contractor shall provide the Authority with advance notice of the change and discuss with the Authority the qualifications of the person being considered as the replacement for the position. The Contractor shall provide the Authority with advance notice, if possible, of the resignation or retirement of the Account Manager. The Authority reserves the right to reasonably require the replacement of an Account Manager.

B. Additional Services. The Authority may request, in writing, that the Contractor provide additional Member Services or services for other special projects ("Additional Services"); such Additional Services shall be limited in nature and duration and within the Scope of Work of the RFP attached hereto and incorporated by this reference. If the Contractor agrees to provide such Additional Services, the Authority and the Contractor shall mutually agree on the scope and cost estimate. The Contractor shall bill the Authority only for the Actual Cost of the Additional Services agreed upon. "Actual cost," as used in this Subsection, is the cost to the Contractor of providing the Additional Services without additional markup. If Additional Services are requested on an ongoing basis rather than a single-event basis, the Authority can terminate the Additional Services upon giving the Contractor at least thirty (30) days prior written notice. The Contractor shall bill for all Actual Costs incurred prior to the date of termination for Additional Services.

C. Administrative Material. The Contractor will prepare and distribute to Network Providers all materials necessary to enable Network Providers to provide dental services to Members and participate in the Plan. As needed, changes to this material will be updated or developed and distributed to Network Providers.

In addition, the Contractor will prepare and distribute to the Authority administrative manuals for the use by the Authority staff.

D. Audits. During the Term of the Agreement and within three hundred and sixty-five (365) days after the termination of the Agreement, the Authority or an authorized representative of the Authority may, upon at least thirty (30) days prior written notice to the Contractor, conduct

reasonable audits of records related to Claim Payments to verify that the Contractor's administration of the covered dental benefits is performed according to the terms and conditions of this Agreement and the benefits specified in the Plan(s).

E. Authority Obligations.

1. Plan Design and Modifications or Amendments. The Authority retains the responsibility and authority for dental benefit Plan designs. The Authority shall provide the Contractor written notice of any modification or amendment to the Plan sufficiently in advance of any such change as to allow the Contractor to implement the modification or amendment and the parties to agree on resulting fee changes, if any. The Authority and the Contractor shall agree upon the manner and timing of the implementation of such modification or amendment subject to the Contractor's system and operational capabilities.

The Authority is solely responsible for communicating any Plan modification or amendment to Members or individuals considering enrolling in the Plan.

2. Eligibility and Enrollment. The Authority retains the responsibility and authority for eligibility determinations. The Authority is responsible for administering Plan enrollment. In validating a person's eligibility and enrollment under the Plan, the Contractor shall rely upon enrollment and eligibility information provided by the Authority, or its designee. The Contractor shall have no liability for administering the Plan in reliance upon enrollment and eligibility information provided by the Authority or its designee. Such information shall identify the effective date of eligibility and the termination date of eligibility and shall be provided promptly monthly (unless otherwise agreed to in writing by the Contractor) to the Contractor in a format and with such other information as reasonably may be required by the Contractor for the proper administration of the Plan.

3. Claim Decisions and Reviews. Regarding decisions made on any benefit claims decisions, disputes or grievances:

a. The Contractor is responsible for making initial benefit claims decisions and for conducting internal reviews requested by the Member. The Authority hereby delegates to the Contractor the authority, responsibility and discretion to determine coverage under the Plan based on the eligibility and enrollment information provided to the Contractor by the Authority. The Authority also hereby delegates to the Contractor the authority, responsibility and discretion to (i) make factual determinations and to interpret the provisions of the Plan to make coverage determinations on claims for Plan benefits, (ii) conduct a full and fair review of each claim which has been denied as defined by Employee Retirement Income Security Act of 1974 (ERISA), (iii) conduct level one of the internal appeals of "Urgent Care Claims," "Concurrent," "Pre-service," and "Post-service" claims (as those terms are defined under ERISA) and (iv) conduct level one and level two internal appeals for all "Concurrent," "Pre-service" and "Post-service" claims (as those terms are defined under ERISA) and notify the Member or the Member's authorized representative of its decision. The Authority will ensure that all summary plan description materials provided to Members reflect the delegation of discretionary authority outlined above.

b. If following an adverse decision after an External Review (as that term is defined in the Patient Protection and Affordable Care Act (PPACA)) of a benefit determination by an independent third party, the Member submits a dispute to the Authority, the Contractor will cooperate

by providing the Authority with information relating to the claim, an explanation of the basis of the Contractor's decisions and such additional data as requested by the Authority related to the claim as the Authority deems necessary for the Authority to review the dispute and respond to the Member. Notwithstanding the foregoing, the Contractor will provide the Authority only with information that it is legally permitted to disclose such information.

c. In the event of a complaint or an external review request presented to the New Mexico Office of Superintendent of Insurance (OSI) and the OSI has forwarded such complaint or external review request to the Authority, the Authority will make a request of the Contractor for information pertaining to the claim at issue. The Contractor agrees to provide the Authority with information relating to the claim, an explanation of the basis of the Contractor's decisions and such additional data as requested by the OSI and/or the Authority related to the claim as necessary for the Authority to review the dispute and respond to the OSI. Notwithstanding the foregoing, the Contractor will provide the Authority only with information that it is legally permitted to disclose.

F. Authority Rules and Regulations. The Contractor agrees to abide by all the Authority Rules and Regulations pertaining to this Agreement.

G. Benefits. The Contractor agrees to provide benefits for covered services (services for which Plan Benefits are provided under and subject to the terms and conditions of the Plan) to eligible and enrolled Members. Benefits are subject to the processing policies of the Contractor and the terms and conditions of this Agreement, including the Summary of Benefits (SOB), the Summary of Dental Coverage (SDC), and exclusions and limitations as detailed in Exhibit A and Exhibit B.

H. Budget Estimate. The Contractor shall provide annual written updated estimates of the projected change to benefits, Administrative Services Only (ASO) fees and claims costs by January first (1st). The estimates should be for the remaining term of the contract, by remaining fiscal years.

I. Claims Processing. The Contractor will accept from Providers and Members, claims for dental services provided to Members. The Contractor will process and adjudicate all claims in accordance with the Plan. In accordance with its standard operating claims processing procedure, the Contractor will pay Providers' claims using the Contractor's standard policies and Fee Schedules.

The Contractor shall identify and investigate suspected fraudulent activity by Providers and/or Members and inform the Authority of the findings. In the event any payment is made as a result of fraudulent activity, the Contractor will provide reasonable assistance in pursuing recovery, but the Contractor shall not be required to initiate court proceedings to pursue recovery. Any recovered reimbursement will be credited to the Authority.

The Contractor shall, consistent with the current claim administration procedures and practices and the claim determination accuracy standards applicable to its own dental plan administration business:

1. Receive claims for Plan benefits and requests for Plan services, and expeditiously review such claims and requests to determine what amount, if any, is due, payable and/or allowable with respect thereto in accordance with the terms and conditions of the Plan; (See SDC, Exhibit B); and

2. Disburse or provide, to the person entitled thereto, benefit payments or

authorization for dental services that it determines to be due in accordance with the provisions of the Plan attached hereto and incorporated by this reference.

3. The Contractor agrees that the Authority Plan of benefits shall be administered and adjudicated in accordance with the provision of the SDC detailed in Exhibit B. Any exceptions, as determined by either party, will be reviewed and mutually agreed upon. If no consensus is made, the Authority will retain the final decision-making authority.

In the event the Authority requests the Contractor to make changes to the Authority's out-of-network allowed charge, the Authority shall provide the Contractor written notice of such change sufficiently in advance of any change as to allow the Contractor to implement the change. The Authority and the Contractor shall agree upon the manner and timing of the implementation of such change subject to the Contractor's system and operational capabilities. The Contractor shall provide communication materials to the Authority for distribution. The Authority is solely responsible for communicating such change to Members or individuals considering enrolling in the Plan.

J. Claims Run-Out. In the event of contract termination and the Contractor is not renewed for a new contract term the Contractor shall process run-out claims in accordance with Paragraph I.1 of this Agreement. Following termination of this Agreement, the Contractor will administer claims incurred by Members prior to termination for a period of twelve (12) months (Run-Out Period). Following the conclusion of the Run-Out Period, the Authority shall thereafter become solely responsible for payment of all Plan benefits due any Provider or entity for services rendered subsequent to termination in accordance with this Agreement. Reimbursement during the Run-Out Period will be made according to the most recent schedule of professional and material fees then in effect. This section shall survive termination of this Agreement.

K. Communication Materials. The Contractor will develop the material specified below, communicating the dental services and coverage available to all Members. Materials shall be subject to review and approval by the Authority prior to distribution. The Contractor shall provide these materials far enough in advance to give the Authority a reasonable opportunity to review and provide suggested changes. The Authority agrees to proof and return for changes or to approve all such materials in a timely manner and in accordance with a predetermined and agreed upon production schedule.

1. A comprehensive SDC with an easy-to-read format and language designed for easy reference and technical accuracy. SDC distribution is the responsibility of the Authority.

a. Any proposed changes to updated the SDC shall contain track changes and comments acknowledging changes from the previously approved SDC.

2. Other informational materials, when Plan changes are introduced, or on an as-need basis which may include digital copies for news releases, mass email messaging, text campaigns, payroll stuffers, posters, information packets, etc., as mutually agreed to by the Authority and the Contractor.

a. Any changes to the updated materials shall contain track changes, comments, or comparable documents acknowledging changes from the previously approved versions.

L. Customer Satisfaction Survey. The Contractor agrees to conduct an annual customer satisfaction survey at its own expense, by January first (1st). The content of the survey shall be reviewed and approved by the Authority. Survey data and results should be submitted to the Authority no more than forty-five (45) days from completion. Survey data should be anonymous.

M. Eligibility Determination and Submission. The Authority shall administer eligibility as individual eligibility as defined in the 2023-2024 IBAC RFP (which is incorporated hereto by reference), or as otherwise required by applicable law. Dental plan eligibility will require that an Authority Member with a spouse and/or dependent children enrolling will all elect the same dental plan. Husband and wife Authority Member will be able to enroll with different dental carriers (if available under the program) when enrolling separately. The Authority will provide the Contractor with eligibility data (enrollment, disenrollment, and changes) on a weekly basis through electronic full replacement files in an agreeable M350 or HIPAA 834 standard format. The Contractor will load the file and provide any discrepancies to the Authority, or the Authority's third-party administrator, prior to the receipt of the next eligibility file The Authority will verify the eligibility status of individual Members promptly if requested of the Contractor. The Authority may make adjustments to all calculations based on the Authority's enrollment due to changes that occurred during any month. Premiums and/or coverage will be adjusted retroactively up to a maximum of (3) three months.

The Contractor will administer retroactive additions or deletions for the Authority Members for a period of not more than ninety (90) days prior to the date on which the Contractor receives notice of such approved retroactive change to the eligibility records, unless prohibited by applicable insurance law or the Contractor's Network Provider agreements. This time limit shall not apply to the deletion for a deceased Authority Member. On a case-by-case basis the parties may mutually agree on a longer period of time. Notice of any retroactive terminations prohibited by regulations or the Contractor's Network Provider agreements shall be provided to the Authority by the Contractor as soon as possible.

N. Eligibility Maintenance. The Contractor will maintain current eligibility data, as provided by the Authority, for all Members enrolled, using such means for transmission of data as the Contractor and the Authority may agree upon. In the event there is an immediate need to provide dental services for a newly-eligible individual, the Contractor may contact the Authority for eligibility verification. When necessary, the Authority may utilize a secure email or facsimile copy to communicate and immediately enroll eligible Members and will subsequently enter these Members into the Authority's eligibility system on a timely basis.

O. Fee Schedules. The Contractor has developed and will continuously maintain Fee Schedules applicable to network providers who provide dental services to Authority Members. The Fee Schedules will be reviewed periodically by the Contractor and updated as necessary and appropriate. The Contractor may modify any Fee Schedules applicable to the Plan. At least annually, the Contractor will make Fee Schedules available for review by the Authority or its auditors a complete list of its current provider Fee Schedules. At least sixty (60) days prior to any change in provider Fee Schedules that will have a material impact on claims paid under the Plan, or as soon as reasonably practicable, the Contractor will provide written notice to the Authority of an anticipated change in provider Fee Schedule(s). The Authority shall have the right to review such changes in Fee Schedules.

P. Identification Card. The Contractor will issue physical and digital Member identification cards for use in connection with the Plan. The Contractor will assign an individual Member number to

each identification card with the appropriate number appearing on the card. The identification card must contain the Authority's logo and must be pre-approved by the Authority.

Q. Licensing. The Contractor will maintain in good standing all licenses and permits necessary to enable it to perform its obligations under this Agreement in the State of New Mexico.

R. Meeting Attendance.

1. The Contractor's Account Management Team shall attend the Authority's Board, Committee, and Legislative meetings that pertain to the Authority's benefit matters. As requested by the Authority, the Contractor's Account Management Team shall make presentations to the Authority Board regarding the status of the Authority's dental benefits program. The Contractor's Account Management Team also agrees to attend, as requested, the Authority regional training meetings, Authority enrollment meetings, and others as requested. The Contractor's Account Management team shall make best efforts to attend these meetings in person, but if attendance in person is not feasible, shall attend via telephone or other remote means.

2. The Contractor will participate in Member orientation meetings in locations identified by the Authority to familiarize Members with the offered dental services. The Authority will hold Member enrollment meetings prior to the beginning of the Plan year throughout the State of New Mexico to provide Members with information regarding all benefits offered by the Authority, any changes to the Plan, etc.

a. The Contractor shall not solicit NMPSIA participating groups for events, presentations, or any other services outside of this Scope of Work. In the event that a participating group contacts the Contractor, the Contractor will direct the group to NMPSIA for planning and coordination.

S. Member / Communication Materials. The Contractor will provide benefit information for inclusion in subscribers' dental benefit handbook. The dental benefit handbook will be made available to each subscriber by the Authority. The dental benefit handbook is not assignable, and the benefits are not assignable. The Contractor shall make available a SDC to the Authority to be posted on the Authority's website and the Contractor's website. The Contractor shall make available to Members instructions on how to access an electronic version of the SDC.

The Contractor agrees to pay its prorated share as determined by the Authority for the printing and shipping of the program guide. The Contractor will provide electronic files with the information and format requested by the Authority, giving a brief overview of the benefit plan offered to the Authority Members.

The Contractor will provide slide or video presentations as agreed to by the parties for use in group representative and Member education meetings to give an overview of dental plan benefits. Presentations will be updated annually or as needed. The Contractor may provide additional informational materials on an as-needed basis, which may include copy for news releases, payroll stuffers, posters, and information packets, etc., as negotiated by the Authority and the Contractor.

The Authority reserves the right to have input into the planning of the Contractor's annual communications program and materials, and to edit and approve materials prior to printing or

production. This right does not include the right to alter benefit specific language. The Authority agrees to proof and return recommended changes, or to acknowledge approval of materials, in a timely manner and in accordance with a predetermined and agreed upon production schedule. Communication materials shall include, but are not limited to, copies of all announcements, informational and enrollment packets, etc.

The Contractor will have the opportunity to review and approve any dental plan communication material prior to distribution by the Authority. The Contractor agrees to proof and return recommended changes, or to acknowledge approval of materials, in a timely manner and in accordance with a predetermined and agreed upon production schedule.

T. Member Services. The Contractor will respond to inquiries from Members regarding the Plan and the services of Providers. The Contractor will respond to benefit questions. All such responses will be consistent with either (a) the prior written administrative procedures in place as of the effective date of the Plan or (b) the Contractor's standard operating procedures for services as agreed to by the Authority. To the extent that the Contractor is unable to respond to the inquiry, the Contractor will direct the Member to the Authority. Unless otherwise agreed to by the parties and to the extent required by applicable law and regulation, the Contractor agrees that all verbal communications between the Authority Members and Member Services will be performed in the United States.

U. Network Provider Directories. The Contractor will make Network Provider Directories available online through the Contractor's website and, when requested, the Authority website either through Hyperlinks or through updated Network Provider directories provided directly to the Authority. To the extent agreed upon by the parties, the Contractor will be responsible for the production and distribution of any hard copies of Network Provider Directories directly to work sites as may be requested from time to time by the Authority.

V. Network Provider Management. The Contractor is hereby authorized, without the consent of the Authority, to add and/or delete Network Providers contracted as of the date hereof. Significant additions and/or deletions ("significant" defined as +/- 7 %) will be shared by the Contractor with the Authority as quickly as possible.

The Contractor may, without the consent of the Authority, add and/or delete Network Providers from the Provider Network for reasons including but not limited to the following: additions resulting from new Providers moving into the service areas; deletions of existing Providers leaving the service areas; deletion of a Provider who is not qualified or licensed under New Mexico law to practice dentistry or dental therapy; deletion of a Provider who commits insurance fraud; deletion of a Provider who retires; or deletion resulting from a Provider's death.

The Contractor agrees to use its reasonable best efforts to assure Authority Members' have continued and adequate access to covered dental services over the Term of this Agreement and in accordance with applicable federal and state law. Accordingly, the Contractor agrees to use its best efforts not to delete Network Providers if the deletion materially alters access to available covered dental services to Members in underserved service areas unless the Contractor receives prior written consent of the Authority. The Contractor will add or delete Network Providers specifically requested by the Authority. Requested additions are subject to the Contractor's credentialing and quality requirements and acceptance of Fee Schedules.

Prior to contracting with a Network Provider, the Contractor will use reasonable diligence to ensure that Network Providers satisfy and meet the criteria and qualifications established by the Contractor, as illustrated in the Contractor's Response to the IBAC RFP. During the term of this Agreement, the Contractor will administer a re-credentialing program designed to periodically re-examine each Network Provider's satisfaction of criteria and qualifications established by the Contractor as illustrated in the Contractor's Response to the IBAC RFP.

In compliance with negotiations subsequent to the request for proposal process, the Contractor and the Authority acknowledge and agree that the Provider Networks offered to Authority Members may differ from the Provider Networks offered by the Contractor to other employer groups.

The Contractor will have a dedicated team to address the Authority Members' quality of care complaints regarding Network Providers in accordance with applicable federal and state law.

W. Performance Guarantees. The Contractor shall comply with the terms and conditions of the Performance Guarantees attached as Exhibit E and hereby incorporated into and made a part of this Agreement. If the Contractor fails to obtain the results described in Exhibit E, the Authority may provide written notice to the Contractor of the default and specify a reasonable period of time in which the Contractor shall advise the Authority of specific steps that it will take to achieve these results in the future and the timetable for implementation.

In addition to the Performance Guarantees outlined in Exhibit E, the Contractor and the Authority's third-party administrator will compare eligibility files on a weekly basis as described, and the Contractor will provide the third-party administrator with the Contractor's system-generated error reports.

Performance Guarantees will be measured at the end of each quarter from contract inception. The performance measures shall be met each quarter in a contract period. Failure to meet the Performance Guarantee will result in a bi-annual or annual payment to the Authority to be paid no later than forty-five (45) days from the end of the second and fourth quarter via check or ACH.

X. Reconciliation File. On a quarterly basis, the Contractor agrees to send a reconciliation file to the Authority, or the Authority's third-party administrator. This reconciliation file must contain all Members the Contractor has enrolled in the Plan as of the date of the specified eligibility file. The file must be received in the format as mutually agreed upon by the Authority or the Authority's third-party administrator. The Contractor will send the reconciliation file within five (5) business days of receipt of the specified eligibility file from the Authority's third-party administrator.

Y. Reports. The Contractor will provide to the Authority and the Authority's Benefits Consultant experience, financial and data management reports detailing enrollment, paid claim data, and other information as set forth in Exhibit C, which is hereby incorporated into and made part of this Agreement. Mutually agreeable additional reports may be produced by the Contractor, if requested by the Authority, at a time and actual cost. As requested by the Authority, the Contractor shall add or discontinue reports shown on Exhibit C. Within forty-five (45) days following the end of each quarter, the Contractor will provide quarterly electronic claim files in a vendor prescribed format as permitted by law. The Contractor shall make presentations to the governing boards or entities regarding dental plan reports or the status of the dental benefit plan. The Contractor shall present an annual review of

plan utilization and a summary of the Performance Guarantee results to the governing board.

Z. Subrogation. The Contractor will perform subrogation and recovery activities in accordance with Corporate Reimbursement/Subrogation Department policies and will credit recoveries to the Authority, net of any administration fees.

AA. Uncashed Checks. Outstanding checks issued to Members or Network Providers that are or become "stale" three hundred and sixty-five (365) days after issuance (over 365 days old) are tracked and monitored to ensure compliance will all state unclaimed property regulations. Notification letters are issued to payees per individual state requirements, and upon completion of the notification process, checks are reissued to payees based upon payee response, if any. When check re-issuance is not possible and unless stated otherwise in the Agreement, such checks are escheated to the state of the payee's last known address on behalf of the Authority in accordance with the Contractor's established procedures and/or the applicable state's law.

BB. Utilization Review. The Contractor will perform the pre-certification and utilization review services to the extent such services are required by law and consistent with the Plan and the Contractor's policies.

## 2. Compensation.

A. Funding and Payment of Authority Administration Fees

1. The Authority shall pay to the Contractor in full, payment for administrative services fees satisfactorily performed at the rates detailed in Exhibit F, and hereby incorporated into and made a part of this Agreement and claim payments in accordance with this Agreement and the Plan.

2. The parties agree that New Mexico Gross Receipts Tax is not applicable to the services in this Agreement on the date this Agreement is executed, and if during the term of this Agreement, any new tax is imposed upon the Contractor by any government agency on the amount of administrative services fees and/or claims fees payable under this Agreement or the number of persons covered. The Authority agrees to the associated increase in fees and the change will be effective as of the date defined under the applicable tax law.

B. Funding and Payment of Authority Claims.

1. The Authority will fund, by electronic funds transfer (EFT), amounts sufficient to fund the weekly claims run through the Contractor's designated Claim Payments Account. The Contractor shall give weekly notice to the Authority of the amounts required to be transferred to the Contractors' s Claim Payments Account to fund checks issued during the prior week. The Authority will appropriately fund the Claims Payments Account within three (3) banking days after the notification from the Contractor.

2. The Contractor shall issue checks from the Contractor's Payments Account to pay benefits claims in the amount the Contractor determines to be proper under the Member's Plan.

3. In the event it is reasonably determined that the Contractor has paid any person less than the amount to which that person is entitled under the Plan, the Contractor will promptly pay the person the amount of the underpayment and adjust the underpayment by including the additional amount in the following weeks' claims payment request. In the event it is reasonably determined that the Contractor has overpaid any person entitled to benefits under the Plan or has paid benefits to any person not entitled to them; the Contractor shall take all reasonable steps to recover the overpayment under the Contractor's standard claims procedures, except that the Contractor shall not be required to initiate court proceedings to recover an overpayment. The Contractor shall promptly notify the Authority if it is unsuccessful in recovering any overpayment.

4. Following termination of this Agreement, the Authority shall remain solely responsible for payment of all Plan benefits due any Network Provider or entity for services rendered prior to termination in accordance with the Run-Out Period terms in this Agreement.

5. Should the Authority fail to make a timely deposit into Claims Payments Account and in the event, the Contractor elects to pay for unfunded claims, interest shall be charged on unpaid amounts in accordance with Section C. – Payment Provisions.

C. Payment Provisions

1. All payments for administrative services under this Agreement are subject to the following provisions.

2. Acceptance - In accordance with Section 13-1-158 NMSA 1978, the Authority shall determine if the administrative services provided meet specifications. No payment shall be made for any administrative services until the services have been accepted by the Authority. Unless otherwise agreed upon between the Authority and the Contractors, within fifteen (15) days from the date the Authority receives written notice from the Contractor that payment is requested for administrative services, the Authority shall issue a written certification of complete or partial acceptance or rejection of the administrative services. Unless the Authority gives notice of rejection within the specified time period, the administrative services will be deemed to have been accepted.

3. Payment of Invoice - Upon acceptance that the administrative services have been received and accepted, payment shall be tendered to the Contractor within thirty (30) days after the date of invoice. After the thirtieth ($30^{th}$) day from the date that written certification of acceptance is issued, late payment charges shall be paid on the unpaid balance due on this Agreement to the Contractor at the rate of one and one-half percent (1.5%) per month. The Contractor may submit invoices for payment no more frequently than monthly. Payment on each invoice shall be due within thirty (30) days from the date of the acceptance of the invoice. Payment will be made to the Contractor's designated mailing address or bank account. The Authority agrees to pay in full the balance shown on each account's statement, by the due date shown on such statement.

4. Late Charges. If the Authority fails to pay as required above, the Contractor may assess a late fee on the unpaid balance of more than sixty (60) days. Late fees will be assessed at a rate based upon the billing address of each Authority account; therefore, the periodic (monthly) late fee rate shall be one and one-half percent (1.5%) and the corresponding Annual Percentage Rate for the State of New Mexico will be eighteen percent (18%).

D. Payment in Fiscal Year 2025, Fiscal Year2026, Fiscal Year 2027, and Fiscal Year 2028 is subject to the availability of funds pursuant to the Appropriations Paragraph set forth below and to any negotiations between the parties from year to year pursuant to Paragraph 1, Scope of Work and to approval by the Authority. All invoices MUST BE received by the Authority no later than fifteen (15) days after the termination of the Fiscal Year. Invoices received after such date WILL NOT BE PAID.
E. The Contractor must submit a detailed statement accounting for all services performed and expenses incurred. If the Authority finds that the services are not acceptable, within thirty days after the date of receipt of written notice from the Contractor that payment is requested, it shall provide the Contractor a letter of exception explaining the defect or objection to the services and outlining steps the Contractor may take to provide remedial action. Upon certification by the Authority that the services have been received and accepted, payment shall be tendered to the Contractor within thirty days after the date of acceptance. If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. However, the Authority shall not incur late charges, interest, or penalties for failure to make payment within the time specified herein.

**3. Term.**

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED BY THE AUTHORITY with a start date of July 1, 2024 for a term of one (1) year unless terminated pursuant to paragraph 4 (Termination), or paragraph 5 (Appropriations). In accordance with NMSA 1978, § 13-1-150, no contract term for a professional services contract, including extensions and renewals, shall exceed four years, except as set forth in NMSA 1978, § 13-1-150. The Authority reserves the right to extend the contract on an annual basis, or any portions thereof for up to three (3) additional years not to exceed a total of four (4) years.

**4. Termination.**

A. **Grounds.** The Authority may terminate this Agreement for convenience or cause. The Contractor may only terminate this Agreement based upon the Authority's uncured, material breach of this Agreement.

B. **Notice; Authority Opportunity to Cure.**

1. Except as otherwise provided in Paragraph (4)(B)(3), the Authority shall give the Contractor written notice of termination at least thirty (30) days prior to the intended date of termination.

2. The Contractor shall give the Authority written notice of termination at one hundred and eighty (180) days prior to the intended date of termination, which notice shall (i) identify all the Authority's material breaches of this Agreement upon which the termination is based and (ii) state what the Authority must do to cure such material breaches. The Contractor's notice of termination shall only be effective (i) if the Authority does not cure all material breaches within the thirty (30) day notice period or (ii) in the case of material breaches that cannot be cured within thirty(30) days, the Authority does not, within the thirty (30) day notice period, notify the Contractor of its intent to cure and begin with due diligence to cure the material breach.

3. Notwithstanding the foregoing, this Agreement may be terminated immediately upon written notice to the Contractor (i) if the Contractor becomes unable to perform the services contracted for, as determined by the Authority; (ii) if, during the term of this Agreement, the Contractor is suspended or debarred by the State Purchasing Agent; or (iii) the Agreement is terminated pursuant

to Paragraph 5, "Appropriations", of this Agreement.

C. **Liability.** Except as otherwise expressly allowed or provided under this Agreement, the Authority's sole liability upon termination shall be to pay for acceptable work performed prior to the Contractor's receipt or issuance of a notice of termination; provided, however, that a notice of termination shall not nullify or otherwise affect either party's liability for pre-termination defaults under or breaches of this Agreement. The Contractor shall submit an invoice for such work within thirty (30) days of receiving or sending the notice of termination. ***THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE THE AUTHORITY'S OTHER LEGAL RIGHTS AND REMEDIES CAUSED BY THE CONTRACTOR'S DEFAULT/BREACH OF THIS AGREEMENT.***

D. **Termination Management.** Immediately upon receipt by either the Authority or the Contractor of notice of termination of this Agreement, the Contractor shall: 1) not incur any further obligations for salaries, services or any other expenditure of funds under this Agreement without the written approval of the Authority; 2) comply with all directives issued by the Authority in the notice of termination as to the performance of work under this Agreement; and 3) take such action as the Authority shall direct for the protection, preservation, retention or transfer of all property titled to the Authority and records generated under this Agreement. Any non-expendable personal property or equipment provided to or purchased by the Contractor with contract funds shall become the property of the Authority upon termination and shall be submitted to the Authority as soon as practicable.

**5. Appropriations.**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, this Agreement shall terminate immediately upon written notice being given by the Authority to the Contractor. The Authority's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. If the Authority proposes an amendment to the Agreement to unilaterally reduce funding, the Contractor shall have the option to terminate the Agreement or to agree to the reduced funding, within thirty (30) days of receipt of the proposed amendment.

**6. Status of Contractor.**

The Contractor and its agents and employees are independent contractors performing professional services for the Authority and are not employees of the State of New Mexico. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles, or any other benefits afforded to employees of the State of New Mexico as a result of this Agreement. The Contractor acknowledges that all sums received hereunder are reportable by the Contractor for tax purposes, including without limitation, self-employment and business income tax. The Contractor agrees not to purport to bind the State of New Mexico unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

**7. Assignment.**

The Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without the prior written approval of the Authority.

**8. Subcontracting.**

The Contractor shall not subcontract any portion of the services to be performed under this Agreement

without the prior written approval of the Authority. No such subcontract shall relieve the primary Contractor from its obligations and liabilities under this Agreement, nor shall any subcontract obligate direct payment from the Authority.

**9. Release.**

Final payment of the amounts due under this Agreement shall operate as a release of the Authority, its officers and employees, and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Agreement.

**10. Confidentiality.**

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the Authority. A Business Associate Agreement (BAA) between the Contractor and the Authority is attached hereto and incorporated by reference as Exhibit D. If there is any conflict between these Confidentiality terms and the terms in the BAA, the terms of the BAA shall take precedence.

**11. Product of Service -- Copyright.**

All materials developed or acquired by the Contractor under this Agreement shall become the property of the State of New Mexico and shall be delivered to the Authority no later than the termination date of this Agreement. Nothing developed or produced, in whole or in part, by the Contractor under this Agreement shall be the subject of an application for copyright or other claim of ownership by or on behalf of the Contractor.

**12. Conflict of Interest; Governmental Conduct Act.**

A. The Contractor represents and warrants that it presently has no interest and, during the term of this Agreement, shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement.

B. The Contractor further represents and warrants that it has complied with, and, during the term of this Agreement, will continue to comply with, and that this Agreement complies with all applicable provisions of the Governmental Conduct Act, Chapter 10, Article 16 NMSA 1978. Without in anyway limiting the generality of the foregoing, the Contractor specifically represents and warrants that:

1. in accordance with NMSA 1978, § 10-16-4.3, the Contractor does not employ, has not employed, and will not employ during the term of this Agreement any Authority employee while such employee was or is employed by the Authority and participating directly or indirectly in the Authority's contracting process;

2. this Agreement complies with NMSA 1978, § 10-16-7(A) because (i) the Contractor is not a public officer or employee of the State; (ii) the Contractor is not a member of the family of a public officer or employee of the State; (iii) the Contractor is not a business in which a public officer or employee or the family of a public officer or employee has a substantial interest; or (iv) if the Contractor is a public officer or employee of the State, a member of the family of a public officer or employee of the State, or a business in which a public officer or employee of the State or the family of a public officer or employee of the State has a substantial interest, public notice was given as required by NMSA 1978, § 10-16- 7(A) and this Agreement was awarded pursuant to a competitive process;

3. in accordance with NMSA 1978, § 10-16-8(A), (i) the Contractor is not, and has not been represented by, a person who has been a public officer or employee of the State within the preceding year and whose official act directly resulted in this Agreement and (ii) the Contractor is not, and has not been assisted in any way regarding this transaction by, a former public officer or employee of the State whose official act, while in State employment, directly resulted in the Authority's making this Agreement;

4. this Agreement complies with NMSA 1978, § 10-16-9(A)because (i) the Contractor is not a legislator; (ii) the Contractor is not a member of a legislator's family; (iii) the Contractor is not a business in which a legislator or a legislator's family has a substantial interest; or (iv) if the Contractor is a legislator, a member of a legislator's family, or a business in which a legislator or a legislator's family has a substantial interest, disclosure has been made as required by NMSA 1978, § 10-16-7(A), this Agreement is not a sole source or small purchase contract, and this Agreement was awarded in accordance with the provisions ofthe Procurement Code;

5. in accordance with NMSA 1978, § 10-16-13, the Contractor has not directly participated in the preparation of specifications, qualifications or evaluation criteria for this Agreement or any procurement related to this Agreement; and

6. in accordance with NMSA 1978, § 10-16-3 and § 10-16-13.3, the Contractor has not contributed, and during the term of this Agreement shall not contribute, anything of value to a public officer or employee of the Authority.

C. The Contractor's representations and warranties in Paragraphs A and B of this Article 12 are material representations of fact upon which the Authority relied when this Agreement was entered into by the parties. The Contractor shall provide immediate written notice to the Authority if, at any time during the term of this Agreement, the Contractor learns that the Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances. If it is later determined that the Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances, in addition to other remedies available to the Authority and notwithstanding anything in the Agreement to the contrary, the Authority may immediately terminate the Agreement.

D. All terms defined in the Governmental Conduct Act have the same meaning in Article 12(B).

**13. Amendment.**

A. This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto and all other required signatories.

B. If the Authority proposes an amendment to the Agreement to unilaterally reduce funding due to budget or other considerations, the Contractor shall, within thirty (30) days of receipt of the proposed Amendment, have the option to terminate the Agreement, pursuant to the termination provisions as set forth in Article 4 herein, or to agree to the reduced funding.

**14. Merger.**

This Agreement incorporates all the Agreements, covenants and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, Agreements and understandings have been merged into this written Agreement. No prior Agreement or understanding, oral or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

**15. Penalties for violation of law.**

The Procurement Code, NMSA 1978 §§ 13-1-28 through 13-1-199, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities and kickbacks.

**16. Equal Opportunity Compliance.**

The Contractor agrees to abide by all federal and state laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws of the State of New Mexico, the Contractor assures that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, spousal affiliation, sexual orientation or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If the Contractor is found not to be in compliance with these requirements during the life of this Agreement, the Contractor agrees to take appropriate steps to correct these deficiencies.

**17. Applicable Law.**

The laws of the State of New Mexico shall govern this Agreement, without giving effect to its choice of law provisions. Venue shall be proper only in a New Mexico court of competent jurisdiction in accordance with NMSA 1978, § 38-3-1 (G). By execution of this Agreement, the Contractor acknowledges and agrees to the jurisdiction of the state courts in the State of New Mexico over any and all lawsuits arising under or out of any term of this Agreement.

**18. Workers Compensation.**

The Contractor agrees to comply with state laws and rules applicable to workers compensation benefits for its employees. If the Contractor fails to comply with the Workers Compensation Act and applicable rules when required to do so, this Agreement may be terminated by the Authority.

**19. Records and Financial Audit.**

The Contractor shall maintain detailed time and expenditure records that indicate the date; time, nature and cost of services rendered during the Agreement's term and effect and retain them for a period of three (3) years from the date of final payment under this Agreement. The records shall be subject to inspection by the Authority, the General Services Department/State Purchasing Division and the State Auditor. The Authority shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of the Authority to recover excessive or illegal payments.

**20. Indemnification.**

The Contractor shall defend, indemnify and hold harmless the Authority and the State of New Mexico from all actions, proceeding, claims, demands, costs, damages, attorneys' fees and all other

liabilities and expenses of any kind from any source which may arise out of the performance of this Agreement, caused by the negligent act or failure to act of the Contractor, its officers, employees, servants, subcontractors or agents, or if caused by the actions of any client of the Contractor resulting in injury or damage to persons or property during the time when the Contractor or any officer, agent, employee, servant or subcontractor thereof has or is performing services pursuant to this Agreement. In the event that any action, suit or proceeding related to the services performed by the Contractor or any officer, agent, employee, servant or subcontractor under this Agreement is brought against the Contractor, the Contractor shall, as soon as practicable but no later than two (2) days after it receives notice thereof, notify via electronic mail.

**21. New Mexico Employees Health Coverage.**

A. If the Contractor has, or grows to, six (6) or more employees who work, or who are expected to work, an average of at least 20 hours per week over a six (6) month period during the term of the contract, the Contractor certifies, by signing this agreement, to have in place, and agree to maintain for the term of the contract, health insurance for those employees and offer that health insurance to those employees if the expected annual value in the aggregate of any and all contracts between the Contractor and the State exceed $250,000 dollars.

B. The Contractor agrees to maintain a record of the number of employees who have (a) accepted health insurance; (b) declined health insurance due to other health insurance coverage already in place; or (c) declined health insurance for other reasons. These records are subject to review and audit by a representative of the state.

C. The Contractor agrees to advise all employees of the availability of State publicly financed health care coverage.

**22. Invalid Term or Condition.**

If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.

**23. Enforcement of Agreement.**

A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights.

**24. Notices.**

Any notice required to be given to either party by this Agreement shall be in writing via email as follows:

**To the Authority:**
New Mexico Public Schools Insurance Authority
410 Old Taos Highway
Santa Fe, NM 87501

Patrick Sandoval
Patrick.Sandoval@psia.nm.gov
Charlette Probst
Charlette.Probst@psia.nm.gov

Martin Esquivel
Mesquivel@esqlawnm.com

**25. Authority.**

If the Contractor is other than a natural person, the individual(s) signing this Agreement on behalf of the Contractor represents and warrants that he or she has the power and authority to bind the Contractor and that no further action, resolution, or approval from the Contractor is necessary to enter into a binding contract.

**26. Incorporation by Reference and Precedence.**

If this Agreement has been procured pursuant to a request for proposals, this Agreement is derived from (1) the request for proposal, (including any written clarifications to the request for proposals and any Authority response to questions); (2) the Contractor's best and final offer; and (3) the Contractor's response to the request for proposals.

**27. Succession.**

This Agreement shall extend to and be binding upon the successors and assigns of the parties.

**28. Contractor Personnel.**

A. Key Personnel. The Contractor's key personnel shall not be diverted from this Agreement without the prior written approval of the Authority. Key personnel are those individuals considered by the Authority to be mandatory to the work to be performed under this Agreement. Key personnel shall be agreed upon by both the Authority and the Contractor.

B. Personnel Changes. Replacement of any personnel shall be made with personnel of equal

ability, qualifications, and experience. If the number of the Contractor's personnel assigned to the Authority is reduced for any reason, the Contractor shall replace with the same or greater number of personnel with equal ability, experience, and qualifications.

**29. Arbitration.**

Any controversy or claim arising between the parties shall be settled by arbitration pursuant to NMSA 1978 § 44-7A-1 et seq, in Santa Fe, New Mexico.

**30. Non-Collusion**

In signing this Agreement, the Contractor certifies the Contractor has not, either directly or indirectly, entered into action in restraint of free competitive bidding in connection with this offer submitted to the Authority.

**IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of signature by the NMPSIA Board President below.**

**New Mexico Public Schools Insurance Authority**

By:_____ Date: _____
Al Park, Board President

[redacted]

[redacted]

# Exhibit A

## Summary of Benefits

| DENTAL - LOW OPTION | INN (Plan Pays) | OON* (Plan Pays) |
|---|---|---|
| | New Mexico Preferred Network | * % of Allowed Amount |
| **Class I (Diagnostic/Preventative)** | | |
| Brush Biopsy | 100% | 25% |
| Cleanings and Topical Fluoride Treatment | 100% | 25% |
| Emergency Palliative Treatment (temporary pain relief) | 100% | 25% |
| Exams | 100% | 25% |
| Periodontal Maintenance (cleanings following periodontal therapy) | 100% | 25% |
| Sealants | 100% | 25% |
| Space Maintainers | 100% | 25% |
| X-Rays | 100% | 25% |
| **Class II (Basic Services)** | | |
| Adjustments and Repair (bridges, crowns, dentures, implants, inlays, and onlays) | 80% | 25% |
| Basic Restorative Services (fillings and repair of crowns, inlays, and onlays) | 80% | 25% |
| Non-Surgical Periodontic Services | 80% | 25% |
| Relines and Rebases (dentures) | 80% | 25% |
| Simple Extractions (non-surgical removal of teeth) | 80% | 25% |
| *Complex Oral Surgery (extractions and dental surgery)* | 0% | 0% |
| *Endodontic Services (root canals)* | 0% | 0% |
| *General Anesthesia, Nitrous Oxide, IV Sedation* | 0% | 0% |
| *Surgical Periodontics* | 0% | 0% |
| **Class III (Major Services)** | | |
| *Major Restorative Services (crowns, inlays, and onlays)* | 0% | 0% |
| *Prosthodontic Services (bridges, dentures, and implants)* | 0% | 0% |
| **Orthodontic Services** | | |
| *Braces (diagnostic, active, retention treatment)* | 0% | 0% |

**Deductibles & Maximums**

$50 **Calendar Year Deductible** per Member (excluding Class I Services) not to exceed $150 per family

$1,500 per **Calendar Year Maximum** per Member

| DENTAL - HIGH OPTION | INN (Plan Pays) | OON* (Plan Pays) |
|---|---|---|
| | New Mexico Preferred Network | * % of Allowed Amount |
| **Class I (Diagnostic/Preventative)** | | |
| Brush Biopsy | 100% | 100% |
| Cleanings and Topical Fluoride Treatment | 100% | 100% |
| Emergency Palliative Treatment (temporary pain relief) | 100% | 100% |
| Exams | 100% | 100% |
| Periodontal Maintenance (cleanings following periodontal therapy) | 100% | 100% |
| Sealants | 100% | 100% |
| Space Maintainers | 100% | 100% |
| X-Rays | 100% | 100% |
| **Class II (Basic Services)** | | |
| Adjustments and Repair (bridges, crowns, dentures, implants, inlays, and onlays) | 80% | 55% |
| Basic Restorative Services (fillings and repair of crowns, inlays, and onlays) | 80% | 55% |
| Complex Oral Surgery (extractions and dental surgery) | 80% | 55% |
| Endodontic Services (root canals) | 80% | 55% |
| General Anesthesia, Nitrous Oxide, IV Sedation | 80% | 55% |
| Non-Surgical Periodontic Services | 80% | 55% |
| Relines and Rebases (dentures) | 80% | 55% |
| Simple Extractions (non-surgical removal of teeth) | 80% | 55% |
| Surgical Periodontics | 80% | 55% |
| **Class III (Major Services)** | | |
| Major Restorative Services (crowns, inlays, and onlays) | 50% | 35% |
| Prosthodontic Services (bridges, dentures, and implants) | 50% | 35% |
| **Orthodontic Services** | | |
| Braces (diagnostic, active, retention treatment) | 50% | 50% |

**Deductibles & Maximums**

$50 **Calendar Year Deductible** per Member (excluding Class I Services) not to exceed $150 per family

$1,500 per **Calendar Year Maximum** per Member

$1,000 **Out-Of-Network per Calendar Year Maximum** per Member

$1,500 **In-Network Lifetime Maximum** per Member for Orthodontics

$500 **Out-Of-Network Lifetime Maximum** per Member for Orthodontics

Exhibit B

Summary of Dental Coverage

## Eligibility and Enrollment

A. Determining Eligibility

Subject to the eligibility rules set forth by the Group Plan and in your Summary of Dental Coverage (SDC), the following eligibility rules apply.

1. Individuals who meet one of the following qualifications and enroll in this Plan are eligible:

    a. An employee who satisfies the eligibility definition(s) and Eligibility Waiting Period as specified by the Group.

    b. A dependent of the Eligible Employee defined as:

        i. Spouse as defined by New Mexico State Law;

        ii. Domestic Partner as defined by the Group or as otherwise required by law, unless stated otherwise in the SDC;

        iii. Children from birth through the end of the month of their twenty-sixth (26th) birthday, unless stated otherwise in the SDC;

        iv. Children age twenty-six (26) or older who cannot support themselves because of mental or physical impairment that began before age twenty-six (26) and are dependent on the Enrolled Employee for support and maintenance.

        v. Please refer to your SDC to verify age limitations that may apply to specific dental treatment and to the “Eligibility Provisions” to verify the dependent child age limitation.

2. The definition of “children” for the purposes of coverage under this dental Plan is:

    a. Natural child(ren);

    b. Newly born child(ren);

    c. Stepchild(ren);

    d. Child(ren) of a non-custodial parent;

    e. Child(ren) for whom the Enrolled Employee is the legal guardian;

legally adopted child(ren), including children placed with an Enrolled Employee, Spouse, or Domestic Partner for adoption. Coverage shall apply without any pre-existing Benefit restrictions;

f. Foster child(ren) living in the same household as an Eligible Employee, Spouse, or Domestic Partner as a result of placement by a state licensed placement agency;

g. Dependent child(ren) required by a Qualified Medical Child Support Order (QMCSO) or a court or administrative order are also eligible for coverage without regard to Open Enrollment restrictions.

B. Enrollment Requirements

1. Employees and their Eligible Dependents must enroll to be covered under this Plan. Unless required by law, Eligible Dependents may enroll only if the Eligible Employee enrolls. Enrollments must be completed and received within thirty-one (31) days of the eligibility date.

2. Newly Eligible Employees and dependents may enroll in accordance with their dates of eligibility.

3. An Enrolled Employee may elect to enroll Eligible Dependents under the following conditions:

   a. Eligible Dependents must be enrolled at the time the Eligible Employee becomes enrolled, or within thirty-one (31) days from the date they become dependents, or within thirty-one (31) days of loss of other dental coverage, or during an Open Enrollment period;

   b. An Enrolled Employee may not also enroll as a dependent under the same Plan;

   c. A dependent may enroll as the Enrollee of only one Enrolled Employer;

   d. Newly born dependents become eligible on the date of birth and may be enrolled on the Group's Effective Date, within thirty-one (31) days of birth, or at Open Enrollment.

4. This Plan will allow an annual Open Enrollment period for all Eligible Employees of the Group. Open Enrollment is a period of time specified by the Group to allow Eligible Employees and/or their dependents to enroll in this Plan or to cancel coverage under this Plan for the renewed Contract period. Open Enrollment changes are effective the first day of the Group's renewed Contract period.

5. While an Enrollee is covered by this Plan, that person agrees to provide this Dental Plan with any information it needs to process claims and administer Benefits. This includes allowing this Dental Plan to have access to his or her dental records.

6. If an Eligible Employee does not elect coverage when first eligible, he/she may only enroll during the next Open Enrollment period. Proof of loss of other dental coverage must be provided to your employer within thirty-one (31) days.

C. Effective Dates of Coverage.

1. Unless otherwise approved by the Group and indicated in the SDC, coverage for an Enrolled Employee becomes effective on the first day of the month following that employee's date of eligibility.

2. Coverage for newly born child(ren) will become effective on the date of birth, if enrolled within thirty-one (31) days, but not before the coverage date applicable to the Enrolled Employee.

3. Coverage for Enrolled Dependents, except as noted in paragraph two (2) above, becomes effective on the same date as the Enrolled Employee or on the first of the month following the dependent's date of eligibility.

4. You must notify this Dental Plan in a timely manner through your employer or organization of any event that changes the eligibility status of an Enrollee or Eligible Dependent. Events that can affect the eligibility status of an Enrollee or Eligible Dependent include, but are not limited to, marriage, birth, death, and divorce. With respect to Qualifying Events that require the enrollment of an individual into this Plan, including but not limited to marriage, birth, or adoption, your employer must receive notification of such Qualifying Event within thirty-one (31) days of such Qualifying Event.

D. Re-Enrollment after Voluntary Cancellation of Coverage

1. An Enrolled Employee may cancel employee or dependent coverage during an annual Open Enrollment period. Re-enrollment is not available until the next annual Open Enrollment period or upon subsequent loss of coverage.

2. Re-enrollment in this Plan between Open Enrollment periods after voluntary cancellation of coverage is not allowed for any reason other than the loss of other dental coverage or another Qualifying Event. Re-enrollment and proof of loss of other dental coverage must be provided to your employer within thirty-one (31) days.

# Exhibit C

## Reports

| No. | Report | Frequency |
|---|---|---|
| 1 | Claims and Contracts (Payments by Month) | 45 Days After Quarter End |
| 2 | Utilization by Benefit Category (Payments by Month) | 45 Days After Quarter End |
| 3 | Membership (Payments by Month) | 45 Days After Quarter End |
| 4 | User by Relation | 45 Days After Quarter End |
| 5 | Network Analysis | 45 Days After Quarter End |
| 6 | Top 25 Providers | 45 Days After Quarter End |
| 7 | Top 25 Services | 45 Days After Quarter End |
| 8 | Performance Guarantees | 45 Days After Quarter End |
| 9 | Claim Lag Report | 45 Days After Quarter End |

# Exhibit D
# Business Associate Agreement

This Business Associate Agreement ("BAA") is entered into by and between the **New Mexico Public Schools Insurance Authority** (NMPSIA), hereinafter referred to as the "Authority" or "Covered Entity", and [redacted] hereinafter referred to as the "Contractor" or "Business Associate" and is effective as of **the date of the underlying Agreement.**

**WHEREAS,** Covered Entity is either a "covered entity" or "business associate" of a covered entity as each are defined under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as amended by the HITECH Act (as defined below) and the related regulations promulgated by HHS (as defined below) (collectively, "HIPAA") and, as such, is required to comply with HIPAA's provisions regarding the confidentiality and privacy of Protected Health Information (as defined below);

**WHEREAS,** the Parties have entered into or will enter into one or more agreements under which Business Associate provides or will provide certain specified services to Covered Entity (collectively, the "Agreement");

**WHEREAS,** in providing services pursuant to the Agreement, Business Associate will have access to Protected Health Information;

**WHEREAS,** by providing the services pursuant to the Agreement, Business Associate will become a "business associate" of the Covered Entity as such term is defined under HIPAA;

**WHEREAS,** both Parties are committed to complying with all federal and state laws governing the confidentiality and privacy of health information, including, but not limited to, the Standards for Privacy of Individually Identifiable Health Information found at 45 CFR Part 160 and Part 164, Subparts A and E (collectively, the "Privacy Rule"); and

**WHEREAS,** both Parties intend to protect the privacy and provide for the security of Protected Health Information disclosed to Business Associate pursuant to the terms of this Agreement, HIPAA and other applicable laws.

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions contained herein and the continued provision of PHI by the Covered Entity to the Business Associate under the Agreement in reliance on this BAA, the Parties agree as follows:

**1. Definitions**. For purposes of this BAA, the Parties give the following meaning to each of the terms in the definitions. Any capitalized term used in this BAA, but not otherwise defined, has the meaning given to that term in the Privacy Rule or pertinent law.

A. "Affiliate" means a subsidiary or affiliate of a Covered Entity or of a Business Associate.

B. "Breach" means the acquisition, access, use, or disclosure of PHI in a manner not permitted under the Privacy Rule which compromises the security or privacy of the PHI, as defined in 45 CFR §164.402.

C. "Breach Notification Rule" means the portion of HIPAA set forth in Subpart D of 45 CFR Part 164.

D. "Business Associate" means the Contractor.

E. "Business Associate Agreement" means a legally-binding relationship between HIPAA-covered entities and business associates to ensure complete protection of PHI.

F. "Covered Entity" means the Authority.

G. "Data Aggregation" means, with respect to PHI created or received by Business Associate in its capacity as the "business associate" under HIPAA of Covered Entity, the combining of such PHI by the Business Associate with the PHI received by Business Associate in its capacity as a business associate of one or more other "covered entity" under HIPAA, to permit data analyses that relate to the Health Care Operations (defined below) of the respective covered entities. The meaning of "data aggregation" in this BAA shall be consistent with the meaning given to that term in the Privacy Rule.

H. "De-Identify" means to alter the PHI such that the resulting information meets the requirements described in 45 CFR §§164.514(a) and (b).

I. "Electronic PHI" means any PHI maintained in or transmitted by electronic media as defined in 45 CFR §160.103.

J. "Health Care Operations" has the meaning given to that term in 45 CFR §164.501.

K. "HHS**"** means the U.S. Department of Health and Human Services.

L. "HIPAA Rules" shall mean the requirements of the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164, implementing HIPAA and the HITECH Act, in each case only as of the applicable compliance date for such requirements.

M. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act of 2009, Public Law 111-005.

N. "Limited Data Set" shall have the same meaning as the term "limited data set" as set forth in 45 CFR §164.514(e) (2).

O. "Privacy Rule" means that portion of HIPAA set forth in 45 CFR Part 160 and Part 164, Subparts A and E.

P. "Protected Health Information" or "PHI" has the meaning given to the term "protected health information" in 45 CFR §§164.501 and 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

Q. "Required by law" means a mandate contained in law that compels an entity to make a use or disclosure of protected health information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing public benefits.

R. "Secretary" shall mean the Secretary of the United States Department of Health and Human Services.

S. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.

T. "Security Rule" means the Security Standards for the Protection of Electronic Health Information provided in 45 CFR Part 160 & Part 164, Subparts A and C.

U. "Unsecured Protected Health Information" or "Unsecured PHI" means any "protected health information" as defined in 45 CFR §§164.501 and 160.103 that is not rendered unusable, unreadable or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the HHS Secretary in the guidance issued pursuant to the HITECH Act and codified at 42 USC §17932(h).

**2. General Provisions.**

A. Effect. As of the effective date of the underlying Agreement, the terms and provisions of this BAA are incorporated in and shall supersede any conflicting or inconsistent terms and provisions of the Agreement, including all exhibits or other attachments to, and all documents incorporated by reference in, any such applicable agreements (individually and collectively any such applicable agreements are referred to herein as the ("Agreement"). This BAA sets out terms and provisions relating to the use and disclosure of Protected Health Information ("PHI") without written authorization from the Individual. To the extent there is a conflict between the Agreement and this BAA, this BAA shall control.

B. Amendment to Comply with Law. The Contractor, on behalf of itself and its affiliates and subsidiaries that perform services for the Authority under the Agreement are (collectively referred to as "the Contractor"), the Authority (also referred to as "Plan Sponsor"), and the group health plan that is the subject of the Agreement (also referred to as the "Plan") agree to amend this BAA to the extent necessary to allow either the Authority or the Contractor to comply with applicable laws and regulations including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 and it's implementing regulations (45 CFR Parts 160 to 164) ("HIPAA Privacy and Security Rules").

C. Relationship of Parties. The parties intend that the Contractor is an independent Contractor and not an agent of the Authority or the Plan.

**3. Use and Disclosure of PHI.**

A. Except as otherwise provided in this BAA, Business Associate may use or disclose PHI as reasonably necessary to provide the services described in the Agreement to Covered Entity, and to undertake other activities of Business Associate permitted or required of Business Associate by this BAA or as permitted or required by law.

B. Except as otherwise limited by this BAA or federal or state law, Covered Entity authorizes Business Associate to use the PHI in its possession for the proper management and administration of Business Associate's business and to carry out its legal responsibilities. Business Associate may use and disclose PHI for its proper management and administration, provided that;

1. The disclosures are required by law; or
2. Business Associate obtains, in writing, prior to making any disclosure to a third party:
   a. reasonable assurances from this third party that the PHI will be held confidential as provided under this BAA and used or further disclosed only as required by law or for the purpose for which it was disclosed to this third party and
   b. an agreement from this third party to notify Business Associate immediately of any breaches of the confidentiality of the PHI, to the extent it has knowledge of the breach; or
3. The uses or disclosures are required to i) provide Data Aggregation services relating to the Health Care Operations of the Authority, or ii) de-identify PHI. Once information is de-identified, this BAA shall not apply.

C. Business Associate will not use or disclose PHI in a manner other than as provided in this BAA, as permitted under the Privacy Rule, or as required by law. Business Associate will use or disclose PHI, to the extent practicable, limited to the minimum necessary amount of PHI to carry out the intended purpose of the use or disclosure, in accordance with Section 13405(b) of the HITECH Act (codified at 42 USC §17935(b)) and any of the Act's implementing regulations adopted by HHS, for each use or disclosure of PHI.

D. Upon request, Business Associate will make available to Covered Entity any of the Covered Entity's PHI that the Business Associate or any of its agents or subcontractors have in their possession.

E. Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR §164.502(j)(1).

F. Business Associate shall not directly or indirectly receive remuneration in exchange for any PHI of an Individual unless authorization is obtained from the Individual, in accordance with 45 CFR. §164.508, which specifies whether PHI can be exchanged for remuneration by the entity receiving PHI of that Individual unless otherwise permitted under the HIPAA Privacy Rule.

**4.** **Safeguards Against Misuse of PHI**. Business Associate will use appropriate safeguards to prevent the unauthorized use or disclosure of PHI and Business Associate agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate agrees to take reasonable steps, including providing adequate training to its employees to ensure compliance with this BAA.

**5.** **Protection of Electronic PHI.**

A. The Contractor will implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that the Contractor creates, receives, maintains, or transmits on behalf of the Authority as required by the Security Standards;

B. Ensure that any agent or subcontractor to whom the Contractor provides Electronic PHI agrees to implement reasonable and appropriate safeguards to protect such information; and,

**6.** **Reporting Security Incidents**. Business Associate will report to Covered Entity in writing any Security Incident affecting PHI of Covered Entity of which it becomes aware. Business Associate agrees to;

A. report any actual, successful Security Incident within ten (10) business days of the date on which the Contractor first becomes aware of such actual, successful Security Incident and;.

B. The parties agree that trivial and routine incidents such as port scans, attempts to log in with an invalid password or user name, denial of service attacks that do not result in a server being taken off-line, malware and pings or other similar types of events do not require reporting.

**7.** **Reporting Breaches of Unsecured PHI**.

A. Business Associate will notify Covered Entity in writing promptly upon the discovery of any Breach of Unsecured PHI in accordance with the requirements set forth in 45 CFR §164.410, but in no case later than thirty (30) calendar days after discovery of a Breach. This notification will include, to the extent known:

1. the names of the individuals whose PHI was involved in the Breach;
2. the circumstances surrounding the Breach;
3. the date of the Breach and the date of its discovery;
4. the information Breached;
5. any steps the impacted individuals should take to protect themselves;
6. the steps the Contractor is taking to investigate the Breach, mitigate losses, and protect against future Breaches; and,
7. a contact person who can provide additional information about the Breach.

B. Business Associate will reimburse Covered Entity for reasonable costs incurred by

Covered Entity in issuing legally required notifications as a result of a Breach committed by Business Associate.

**8.** **Mitigation of Disclosures of PHI**. Business Associate will take reasonable measures to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of any use or disclosure of PHI by Business Associate or its agents or subcontractors in violation of the requirements of this BAA.

**9.** **Agreements with Agents or Subcontractors**. Business Associate will ensure that any of its agents or subcontractors that have access to, or to which Business Associate provides PHI agree in writing to ;substantially similar restrictions and conditions concerning uses and disclosures of PHI contained in this BAA and agree to implement reasonable and appropriate safeguards to protect any Electronic PHI that it creates, receives, maintains or transmits on behalf of the Contractor

**10.** **Audit Report.** Upon request, Business Associate will provide Covered Entity with a copy of its most recent independent standards-based third-party audit report such as the SOC-2. The Covered Entity agrees not to use or disclose Business Associate's audit report outside the scope of the Agreement and this BAA.

**11.** **Access to PHI by Individuals**.

A. Business Associate agrees to furnish Covered Entity within ten (10) business days following request with copies of the PHI maintained by Business Associate in a Designated Record Set in the time and manner designated by Covered Entity to enable Covered Entity to respond to an Individual's request for access to PHI under 45 CFR §164.524.

B. In the event any Individual or personal representative requests access to the Individual's PHI directly from Business Associate, Business Associate will forward that request to Covered Entity within ten (10) business days of receipt. Any disclosure of, or decision not to disclose, the PHI requested by an Individual or a personal representative and compliance with the requirements applicable to an Individual's right to obtain access to PHI shall be the sole responsibility of the Covered Entity.

**12.** **Amendment of PHI**. Upon request and instruction from the Authority, Business Associate will amend PHI or a record about an Individual in a Designated Record Set that is maintained by, or otherwise within the possession of, the Business Associate as directed by the Authority in accordance with procedures established by 45 CFR §164.526. Any request by Covered Entity to amend such information will be completed by Business Associate within fifteen (15) business days of the Covered Entity's request.

**13.** **Accounting of Disclosures**.

A. Business Associate will document certain disclosures of PHI made by it to account for such disclosures as required by 45 CFR §164.528(a). Business Associate also will make available information related to such disclosures as would be required for Covered Entity to respond to a request for an accounting of disclosures in accordance with 45 CFR §164.528. At a minimum, Business Associate will furnish Covered Entity the following with respect to any covered disclosures by Business Associate:

1. the date of disclosure of PHI;
2. the name of the entity or person who received PHI, and, if known, the address of such entity or person;
3. a brief description of the PHI disclosed; and
4. a brief statement of the purpose of the disclosure which includes the basis for such disclosure.

B. Business Associate will furnish to Covered Entity information collected in accordance with this Section13, within ten (10) business days after written request by Covered Entity, to permit Covered Entity to make an accounting of disclosures as required by 45 CFR §164.528.

C. In the event an Individual delivers the initial request for an accounting directly to Business Associate, Business Associate will forward such request to Covered Entity within ten (10) business days.

**14.** **Availability of Books and Records**. Business Associate will make available its internal practices, books, agreements, records, and policies and procedures relating to the use and disclosure of PHI, upon request, to the Secretary of HHS for purposes of determining Covered Entity's and Business Associate's compliance with HIPAA, and this BAA.

**15.** **Responsibilities of Covered Entity**. With regard to the use and/or disclosure of Protected Health Information by the Business Associate, Covered Entity agrees to:

A. Notify Business Associate of any limitation(s) in its notice of privacy practices in accordance with 45 CFR §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

B. Notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

C. Notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR §164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

D. Except for data aggregation or management and administrative activities of the Business Associate, the Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Covered Entity.

**16.** **Data Ownership.** Business Associate's data stewardship does not confer data ownership rights on Business Associate with respect to any data shared with it under the Agreement, including any and all forms thereof.

**17.** **Term and Termination**.

A. This BAA will become effective on the date of the underlying Agreement and will

continue in effect until all obligations of the Parties have been met under the Agreement and under this BAA.

B. Covered Entity may terminate this BAA, the Agreement, and any other related agreements if the Covered Entity makes a determination that the Business Associate has breached a material term of this BAA and the Business Associate has failed to cure that material breach, to Covered Entity's reasonable satisfaction, within thirty (30) days after written notice from Covered Entity. The Covered Entity may report the problem to the Secretary of HHS if termination is not feasible.

C. If Business Associate determines that Covered Entity has breached a material term of this BAA, then Business Associate will provide Covered Entity with written notice of the existence of the breach and shall provide Covered Entity with thirty (30) days to cure the breach. Covered Entity's failure to cure the breach within the 30-day period will be grounds for termination of the Agreement and this BAA by Business Associate. Business Associate may report the breach to HHS.

D. Upon termination of the Agreement or this BAA for any reason, all PHI maintained by Business Associate will be returned to Covered Entity or destroyed by Business Associate. Business Associate will not retain any copies of such information unless required by law, or as may be necessary for Business Associate's proper management and administration or to carry out its legal responsibilities. This provision will apply to PHI in the possession of Business Associate's agents and subcontractors. If return or destruction of the PHI is not feasible, in Business Associate's reasonable judgment, Business Associate will furnish Covered Entity with notification, in writing, of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of the PHI is infeasible, Business Associate will extend the protections of this BAA to such information for as long as Business Associate retains such information and will limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible. The Parties understand that this Section 17.D. will survive any termination of this BAA.

**18. Effect of BAA**.

A. This BAA is a part of and subject to the terms of the Agreement, except that to the extent any terms of this BAA conflict with any term of the Agreement, the terms of this BAA will govern.

B. Except as expressly stated in this BAA or as provided by law, this BAA will not create any rights in favor of any third party.

**19. Regulatory References**. A reference in this BAA to a section in HIPAA means the section as in effect or as amended at the time.

**20. Notices**. All notices, requests, and demands or other communications to be given under this BAA to a Party will be made via either first class mail, registered or certified or express courier, or electronic mail to the Party's address given below:

If to the Authority:
NMPSIA
[redacted]

If to [redacted]

**21.** **Amendments and Waiver**. This BAA may not be modified, nor will any provision be waived or amended, except in writing duly signed by authorized representatives of the Parties. A waiver with respect to one event shall not be construed as continuing or as a bar to, or waiver of any right or remedy as to subsequent events.

**22.** **HITECH Act Compliance**. The Parties acknowledge that the HITECH Act includes significant changes to the Privacy Rule and the Security Rule. The privacy subtitle of the HITECH Act sets forth provisions that significantly change the requirements for business associates and the agreements between business associates and covered entities under HIPAA and these changes may be further clarified in forthcoming regulations and guidance. Each Party agrees to comply with the applicable provisions of the HITECH Act and any HHS regulations issued with respect to the HITECH Act. The Parties also agree to negotiate in good faith to modify this BAA as reasonably necessary to comply with the HITECH Act and its regulations as they become effective but, in the event that the Parties are unable to reach an agreement on such a modification, either Party will have the right to terminate this BAA upon thirty (30) days' prior written notice to the other Party.

In light of the mutual agreement and understanding described above, the Parties enter into this BAA as of the date of the underlying Agreement.

# Exhibit E

## Performance Guarantees

# Exhibit F

## Fee Schedule
**ADMINISTRATIVE SERVICE FEES**

**50,000 but less than 100,000 members:**
Effective July 1, 2024 through June 31, 2028: [redacted]

**20,000 but less than 50,000 members:**
Effective July 1, 2024 through June 31, 2028: [redacted]

**Less than 20,000 members:**
Effective July 1, 2024 through June 31, 2028: [redacted]

The Contractor reserves the right to recalculate the Administrative Fee listed above with 30 days advance notice as of June 1st for July 1st effective date if any of the following occurs:

(a) Change in Employee Count. 10% or greater aggregated change per contract period, positive or negative, in the number of employees from those assumed in the Contractor's quotation or renewal quotation.

(b) Change in Plan. A material change in the Plan initiated by the Authority or in response to any law, judicial process or government/regulatory requirements.

(c) Change in Claims Administration. A material change in claim payment requirements or procedures, account structure, or any other change materially affecting the manner or cost of paying benefits.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 1 GENERAL PROVISIONS**

**6.50.1.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.1.1 NMAC - Rp, 6.50.1.1 NMAC, 9/1/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.1.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members, and persons or entities authorized to participate in the authority's employee benefits, risk-related and due process reimbursement coverages.
[6.50.1.2 NMAC - Rp, 6.50.1.2 NMAC, 9/1/2014]

**6.50.1.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.1.3 NMAC - Rp, 6.50.1.3 NMAC, 9/1/2014]

**6.50.1.4 DURATION:** Permanent.
[6.50.1.4 NMAC - Rp, 6.50.1.4 NMAC, 9/1/2014]

**6.50.1.5 EFFECTIVE DATE:** September 1, 2014, unless a later date is cited at the end of a section.
[6.50.1.5 NMAC - Rp, 6.50.1.5 NMAC, 9/1/2014]

**6.50.1.6 OBJECTIVE:**

**A.** The first objective of this part is to set forth the general terms, definitions and conditions governing this chapter, Parts 1-18, and to set forth the general authority of the board of directors of the authority. This part also includes rules to encourage interaction with other state agencies, school districts, other educational entities, charter schools and with residents of New Mexico to better inform them of the operations of the board and to learn of their needs and concerns.

**B.** The second objective of this part is to establish a code of ethics that must be adhered to by those persons defined as public officials and to provide penalties for failure to comply. The proper operation of a democratic government requires that public officials and those attorneys, consultants, agents and employees on whom they rely for advice and opinions be independent, impartial, and responsible to the people. When a sound code of ethics is promulgated and enforced, the public has confidence in the integrity of its government. The objective of the code of ethics is to advance openness in government by requiring disclosure by public officials of their private interests that may be affected by their public acts; to set standards of ethical conduct; to minimize pressures on public officials and to establish a process for reviewing and settling alleged violations.

**C.** The third objective of this part is to insure, in the interests of public policy, that all meetings of a quorum of the authority's board of directors held for the purpose of formulating public policy, discussing public business or for the purpose of taking any action delegated to the authority shall be open to the public unless otherwise provided by law.
[6.50.1.6 NMAC - Rp, 6.50.1.6 NMAC, 9/1/2014]

**6.50.1.7 DEFINITIONS:** The definitions listed below apply to all [~~rule~~] rules pertaining to the authority, the authority's risk-related and employee-benefit coverages and any rules issued by the authority concerning risk or loss prevention, except where other rules contain more specific definitions of the same term or additional terms.

**A. "Abatement"** means the elimination of a recognized risk-related hazard as the result of a recommendation by a [~~loss prevention representative~~] risk management consultant or by the authority.

**B. "Affidavit of domestic partnership"** means a sworn, written statement, in a form, verified by the employer and approved by the authority, by which both members of a domestic partnership affirm, solely for the purpose of obtaining employee domestic partner benefits through the authority, that:

**(1)** the partners are in an exclusive and committed relationship for the benefit of each other, and the relationship is the same as, or similar to, a marriage relationship in the state of New Mexico;

**(2)** the partners share a primary residence and have done so for 12 or more consecutive months;

**(3)** the partners are jointly responsible for each other's common welfare and share financial obligations;

**(4)** neither partner is married or a member of another domestic partnership;

**(5)** both partners are at least 18 years of age;

**(6)** both partners are legally competent to sign an affidavit of domestic partnership; and

**(7)** the partners are not related by blood to a degree of closeness that would prevent them from being married to each other in the state of New Mexico.

**C. "Affidavit terminating domestic partnership"** means a sworn, written statement, in a form approved by the authority, by which an employee notifies the authority that domestic partner benefits should be terminated because the employee's domestic partnership relationship is terminated.

**D. "Authority"** means the New Mexico public school insurance authority.

**E. "Board"** means the board of directors of the authority.

**F. "Change of status"** means the change of status of an eligible employee or eligible dependent by:

**(1)** death;

**(2)** divorce or annulment;

**(3)** loss of employment;

**(4)** loss of group or individual health insurance coverage through no fault of the person having the insurance coverage;

**(5)** birth;

**(6)** adoption or child placement order in anticipation of adoption;

**(7)** legal guardianship;

**(8)** marriage;

**(9)** incapacity of a child;

**(10)** establishment or termination through affidavit of domestic partnership or affidavit terminating domestic partnership; or

**(11)** fulfilling the actively at work requirement and minimum qualifying number of hours through promotion to a new job classification with a salary increase or acceptance of a full-time position with a salary increase with the same participating entity.

**G. "Charter school"** means a school organized as a charter school pursuant to the provisions of the 1999 Charter Schools Act, Section 22-8B-1 et seq., NMSA 1978.

**H. "Contract period"** when applied to employee benefit or risk-related coverages means the established period of time over which the authority provides insurance to participating entities. The contract period shall be specified by the board as part of a memorandum of coverage, a group benefits policy, or administrative services agreement. The contract period may be different for different offerings, policies, or agreements.

**I. "Costs"** means the direct and indirect monetary and economic costs of insurance.

**J. "Coverage"** means insurance protection offered or provided by the authority to persons or entities entitled to participate in the authority's offerings.

**K. "Critical hazard"** means any risk-related exposure, hazardous condition, or other circumstance having an above average potential for immediate occurrence, but which is not immediately life threatening. A critical hazard is of less severity than an imminent hazard.

**L. "Deductible"** means the dollar amount [~~which~~] that will be deducted from any payments made to or on behalf of a participating entity or employee or covered individual.

**M. "Domestic partner"** means an unrelated person living with and sharing a common domestic life with an employee of an entity offering domestic partner benefits, where the employee and the partner submit a properly executed affidavit of domestic partnership and where the employee and the partner presently:

**(1)** are in an exclusive and committed relationship for the benefit of each other, and the relationship is the same as, or similar to, a marriage relationship in the state of New Mexico;

**(2)** share a primary residence and have done so for 12 or more consecutive months;

**(3)** are jointly responsible for each other's common welfare and share financial obligations; and

**(4)** are not married or in another domestic partnership.

**N. "Domestic partner benefits"** means dependent insurance coverage for a domestic partner offered to an employee as a benefit of employment pursuant to a written petition adopted by a member's governing body that:

**(1)** states that the member's governing body has voted in an open, public meeting to offer domestic partner benefits to its employees;

**(2)** sets forth the percentage contribution, if any, the member will make toward an employee's premium for domestic partner coverage;

**(3)** describes any evidence (documentation or other) the member will require in support of an affidavit of domestic partnership; and

**(4)** is received by the authority at its offices before the effective date the coverage is to begin.

**O. "Due process reimbursement"** means the reimbursement of a school district's or charter school's expenses as defined in Section 22-29-3 NMSA 1978 which are incurred as a result of a due process hearing as required pursuant to Section 22-29-12 NMSA 1978.

**P. "Eligible dependent"** means a person obtaining health care coverage from the authority based upon that person's relationship to the eligible employee as follows:

**(1)** a person whose marriage to the eligible employee is [~~evinced~~] evidenced by a marriage certificate or who has a legally established common-law marriage in a state [~~which~~] that recognizes common-law marriages and then moves to New Mexico;

**(2)** a person who is the domestic partner of an eligible employee, employed by an entity offering domestic partner benefits;

**(3)** a child under the age of 26 who is either:

**(a)** a natural child;

**(b)** a legally adopted child pursuant to the Adoption Act, Section 32A-5-1, et. seq. NMSA 1978 or [~~otherwise~~] by adoptive placement order, court order or decree;

**(c)** a [~~step child~~] stepchild who is primarily dependent on the eligible employee for maintenance and support;

**(d)** a natural or legally adopted child of the eligible employee's domestic partner or a child placed in the domestic partner's household as part of an adoptive placement, legal guardianship, or by court order [~~(excluding foster children)~~] and who is living in the same household and is primarily dependent on the eligible employee for maintenance and support;

**(e)** a child for whom the eligible employee is the legal guardian and who is primarily dependent on the eligible employee for maintenance and support, so long as evidence of the legal guardianship is evidenced in a court order or decree (notarized documents, powers of attorney, or [~~kinship documents~~] conservatorships are not accepted as evidence);

**(f)** a foster child living in the same household as a result of placement by a state licensed placement agency, so long as the foster home is licensed pursuant to Section 40-7A-1, et. seq. NMSA, 1978;

**(g)** a child living in the same household after a petition for adoption of that child has been filed pursuant to the Adoption Act, Section 32A-5-1 et. seq. NMSA 1978 or a pre-placement study is pending for purposes of adoption of the child pursuant to Section 32A-5-1 et. seq. NMSA 1978; or

**(h)** a dependent child pursuant to a qualified medical support order;

**(4)** a dependent child over 26 who is wholly dependent on the eligible employee for maintenance and support and who is incapable of self-sustaining employment by reason of mental [~~retardation or physical handicap~~] or physical disability, provided that proof of incapacity and dependency, with proper medical certification, must be provided within 31 days before the child reaches 26 years of age; any child who becomes so incapacitated while covered shall be allowed to continue coverage thereafter during the period of incapacity, and such times thereafter as may be authorized by the board;

**(5)** no provision in Paragraphs (1) through (4) of Subsection P of 6.50.1.7 NMAC shall result in eligibility of any person adopted by an eligible member pursuant to the adult adoption provisions of Section 40-14-5 NMSA 1978;

**(6)** no provision in Paragraphs (1) through (4) of Subsection P of 6.50.1.7 NMAC shall result in eligibility of any person who has met the requirements of any such paragraph for the primary purpose of obtaining eligibility under this chapter; any denial of eligibility under this subsection may be submitted for dispute resolution to the director of the authority pursuant to Subsection F of 6.50.10.13 NMAC, and the director's decision may be appealed by following the procedures specified in 6.50.16 NMAC, Administrative Appeal of Authority Coverage Determinations.

**Q. "Eligible participating entity board member, entity governing body member or authority board member"** means an active participating entity board member, entity governing body member or authority

board member whose entity is currently participating in the authority employee benefits coverages or who is eligible as an active authority board member or as an eligible retiree (Subsection R of 6.50.1.7 NMAC).

**R. "Eligible retiree"** means:

**(1)** a closed class: a "non-salaried eligible participating entity governing authority member" who is a former board member, who has served without salary as a member of the governing body of an employer eligible to participate in the benefits coverages of the authority, and is certified to be such by the director of the authority and has continuously maintained group health insurance coverage through that member's governing body; "eligible retiree" also includes former members of the authority board who has continuously maintained authority group health insurance; with respect to authority and participating entity board members who begin service after January 1, 1997, may participate in the benefits coverages; coverage will end at the request of the member, death or for non-payment;

[~~**(2)** a "grandfathered retired employee" or "grandfathered retired employee dependent" defined as a retired employee or the dependent of the retired employee who meets all applicable retirement rules of the Educational Retirement Act and educational retirement board but does not receive an Educational Retirement Act pension, and who has been allowed to continue authority coverages prior to the enactment of the Retiree Health Care Authority Act or by agreement between a new member school district or other educational entity;~~]

**([~~3~~] 2)** a "retired employee" who is drawing an Educational Retirement Act pension or with respect to a retired authority employee, a Public Employee Retirement Act pension, and desires to participate in the authority's additional life coverage.

**S. "Eligible employee"** means an employee of an employer eligible to participate in the benefits coverages of the authority including eligible participating entity board members, entity governing body members and authority board members (Subsection Q of 6.50.1.7 NMAC), full-time employees (Subsection X of 6.50.1.7 NMAC), or eligible part-time employees (Subsection T of 6.50.1.7 NMAC).

**T. "Eligible part-time employee"** means a person employed by, paid by, and working for a participating entity less than 20 hours but more than 15 hours per week during the academic school term and is determined to be eligible for participation in authority employee benefits coverages by an annual resolution which, prior to May 1 of the previous year, is adopted by the participating entity governing body and approved by the authority board.

**U. "Employee benefits minimum standards"** means the minimum coverages, minimum limits and other factors as specified in authority rules for which insurance is offered.

**V. "Established enrollment period"** means the period of time and the dates for which an enrollment period is authorized by the authority. [~~The established enrollment period shall be determined by the board on separate lines of employee benefit coverages as the authority board deems appropriate.~~]

**W. "Financial interest"** means an interest of 10% or more in a business or exceeding $10,000.00 in any business. For a board member, official, employee, agent, consultant or attorney this means an interest held by the individual, [~~his or her~~] their spouse, [~~his or her~~] their domestic partner, or [~~his or her~~] their minor children.

**X. "Full-time employee"** means a person employed by, paid by and working for the participating entity 20 hours or more per week during the academic school term or terms. A full-time employee includes participating entity board members, entity governing body members and authority board members as defined in Subsections SS and TT of 6.50.1.7 NMAC.

**Y. "Fund"** means the authority account or accounts in which the money received by the authority is held.

**Z. "Governing body"** means the elected board or other governing body that oversees and makes the policy decisions for a school district, charter school or other educational entity. (See also Subsection UU of 6.50.1.7 NMAC)

**AA. "Imminent hazard"** means those conditions or practices which exist requiring suspension of activities or operations so as to avoid an occurrence which could reasonably be expected to result in death or serious physical harm immediately or before the imminence of such danger can be eliminated through the recommended abatement.

**BB. "Ineligible dependents"** means:

**(1)** common law relationships of the same or opposite sex which are not recognized by New Mexico law unless domestic partner benefits are offered by the employee's entity;

[**~~(2)~~]** [~~dependents while in active military service;~~]

**([~~3~~]2)** parents, aunts, uncles, brothers and sisters of the eligible employee;

**([~~4~~]3)** grandchildren left in the care of an eligible employee without evidence of legal guardianship; or

**([~~5~~]4)** any other person not specifically referred to as eligible.

**CC. "Insider information"** means information regarding the authority which is confidential under law or practice or which is not generally available outside the circle of those who regularly serve the authority as board members, officials, employees, agents, consultants or attorneys.

**DD. "Insurance"** means basic insurance, excess insurance, re-insurance, retrospectively rated insurance, self-insurance, self-insured retention and all other mechanisms to provide protection from risks assumed by the authority.

**EE. "Insurance policy"** means one or more basic insurance policies, excess insurance policies, reinsurance policies, retrospectively rated insurance policies, or other insurance policies sought or obtained by the authority from one or more insurance companies to provide contractual protection against one or more risks or perils or which provide health related services.

**FF. "Line"** means insurance protection which protects against a specific category or set of perils.

**GG. "Loss prevention"** means a system for identification and reduction of risk-related exposures, hazardous conditions or other circumstances likely to produce a loss.

**HH. "**[~~**Loss prevention representative**~~] **Risk Management Consultant (RMC)"** means the employee of the contracted risk-related agency or the authority charged with the responsibility of providing loss prevention services to the authority.

**II. "Memorandum of coverage"** means the document which lists all terms and conditions of risk-related coverages.

**JJ. "Member" and "members"** means all public school districts and charter schools mandated by the New Mexico Public School Insurance Authority Act, Section 22-29-9 et seq. NMSA 1978 to be members of the authority and all other educational entities voluntarily participating in the authority.

[~~**KK. "Minimum participation level"** means that level of required participation by eligible employees of a participating entity in the authority employee benefits coverages for the particular line of coverage. The percentage level of required participation may vary from one line of coverage to another line of coverage as determined by the board from time to time.~~]

[~~**LL. "Native American employees"** or **"native American dependents"** are those persons on the membership rolls of any recognized Indian tribe, nation, or pueblo.~~]

[~~**MM**~~] **KK. "Occurrence"** means continuous and repeated exposures to substantially the same general harmful conditions, accidents or events. All such exposures to substantially the same general condition shall be considered as arising from one occurrence.

[~~**NN**~~] **LL. "Offering"** refers to any single line offering, multi-option or package offering made available by the authority.

[~~**OO**~~] **MM. "Other educational entity"** means an educational entity as defined in Section 22-29-3, NMSA 1978 which is an authority member pursuant to Section 22-29-9E NMSA 1978.

[~~**PP**~~] **NN. "Package offering"** means combining together of two or more lines of risk-related insurance.

[~~**QQ**~~] **OO. "Participant"** means a person receiving employee benefit coverage from the authority.

[~~**RR**~~] **PP. "Participating entity"** means a school district, charter school or other educational entity receiving authority coverage.

[~~**SS**~~] **QQ. "Participating authority board member"** means a person that is appointed to serve and is serving as a member of the authority board.

[~~**TT**~~] **RR. "Participating entity board member"** or **"participating entity governing body member"** means a person that is elected or appointed to serve and is serving as a member of the governing board of a participating entity.

[~~**UU**~~] **SS. "Participating entity governing board"** means the elected or appointed board or other governing body that oversees and makes the policy decisions for the school board, charter school or educational entity.

[~~**VV**~~] **TT. "Part-time employee"** means a person employed by, paid by and working for the participating entity less than 20 hours per week during the academic school term[~~(s)~~] ~~or terms~~ or as determined by the employer.

[~~**WW**~~] **UU. "Public official"** means a person serving the authority as board member, official, employee, agent, consultant or attorney or as a member of an ad hoc or standing authority advisory committee.

[~~**XX**~~] **VV. "Recommendation"** means a method or means of risk-related corrective action suggested to a participating entity to eliminate a designated hazard.

[~~**YY**~~] **WW. "Request for waiver"** means a request for waiver of participation.

[~~ZZ~~] **XX. "Review board"** means the risk-related loss prevention review board. In the event a risk-related loss prevention review board is not designated by the authority board, "review board" means the risk advisory committee of the board.

[~~AAA~~] **YY. "RFP"** means a request for proposals and consists of all papers including those attached to or incorporated by reference in a document used to solicit proposals for insurance policies or professional services.

[~~BBB~~] **ZZ. "Risk-related coverage"** means any coverage required under the Tort Claims Act, Section 4-41-1 et seq. NMSA 1978, or any other state mandate and any coverage provided at the authority's discretion.

[~~CCC~~] **AAA. "School district"** means any school district as defined in Section 22-29-3 NMSA 1978.

[~~DDD~~] **BBB. "Self-insured retention"** means that dollar amount from the first dollar of loss up to a maximum amount for which the risk of loss is retained as determined by the authority.

[~~EEE~~] **CCC. "Special events"** mean events that permit enrollment in employee-benefits coverages.

[~~FFF~~] **DDD. "State"** means the state of New Mexico.

[~~GGG~~] **EEE. "Waiver"** or **"waiver of participation"** means a written document issued by the authority to a school district or charter school excusing the school district or charter school from participation in an authority offering. A school district or charter school may submit a request for waiver of participation for each authority offering.

[6.50.1.7 NMAC - Rp, 6.50.1.7 NMAC, 9/1/2014]

**6.50.1.8 COMMUNITY RELATIONS:**

**A.** The board recognizes its responsibility to the public to provide information concerning all of its actions, its policies, and details of its educational and business operations. In recognition of this responsibility the board shall:

**(1)** open to the public all regular, special and emergency meetings of the authority's board of directors[~~,~~] and board standing committees [~~and board ad hoc committees~~] with notice consistent with the Open Meetings Act, Section 10-15-1 et seq. NMSA 1978 and the resolution adopted by the board governing open meetings;

**(2)** adopt an annual budget at an open public meeting announced publicly in advance;

**(3)** provide annual reports of financial and operational activities to members and to the public upon payment of reasonable copying costs pursuant to the Inspection of Public Records Act, Section 14-2-1 et seq. NMSA 1978; and

**(4)** inform the public of authority matters through appropriate public news media, authority publications and an informational website.

**B.** The board recognizes that constructive study, discussion and active participation by citizens are necessary to promote the best possible programs of insurance in the community. The board shall do the following to encourage this participation.

**(1)** The board shall invite participating entities to assist individually or in groups in matters of concern to the authority.

**(2)** The board shall select, from time to time, committees to serve as study groups to investigate concerns. Each committee shall be appointed by the board for a specific purpose and, after final reports have been completed, shall be dissolved. The function of such committees shall not extend beyond that of study and recommendation as the board shall not delegate its responsibility for discretionary action to any such group.

**(3)** The board shall encourage participation by school districts, charter schools, other educational entities, employees of educational institutions and interested citizens.

**C.** Members of the public are entitled to inspect and make copies of public documents of the authority in accordance with the Inspection of Public Records Act, Section 14-2-1 et seq. NMSA 1978.

[6.50.1.8 NMAC - Rp, 6.50.1.8 NMAC, 9/1/2014]

**6.50.1.9 BOARD PROCEDURES AND GENERAL AUTHORITY:** This section establishes procedures governing the board operations for conducting its business affairs and sets forth the general authority of the board.

**A.** The authority's board shall be composed of a total of 11 members as provided by Section 22-29-5 NMSA 1978. Solely for the purposes of board membership under Section 22-29-5 NMSA 1978, the term "participating educational entities" as used in that section is defined to mean those educational entities that participate in the authority employee benefits coverages or risk-related coverages or both.

**B.** Membership on the board shall be for a term not to exceed three years pursuant to Section 22-29-5, NMSA 1978. Members shall serve on the board at the pleasure of the party by which [~~he has~~] they have been appointed and may be removed by the appointing party for any reason at any time.

**C.** Alternate representatives to the board shall not be allowed. Voting by proxy also shall not be allowed.

**D.** A board member shall assume office at the time the appointing entity files written notification of the appointment of the board member at the office of the authority. The written notice shall contain the name, title, business address and business and home telephone number of the board member. A board member shall serve until written notification of a change is filed with the authority or until the three-year term is expired. There is no limitation as to the number of terms a board member may serve.

**E.** The board shall hold an annual meeting [~~each August~~] no later than the end of August. At the option of the board the annual meeting may be scheduled to coincide with [~~the~~] a regular [~~August~~] meeting of the board.

**F.** The officers of the board shall be elected from the board membership. The officers shall consist of a president, a vice-president, and a secretary, [~~who shall be elected at the annual meeting of the board~~] and shall serve for a period of one year. An officer may be reelected to the same position or elected to fill another position as an officer of the board.

**G.** If an officer vacates [~~his~~] their position on the board, the next lower officer shall automatically assume the duties of the higher officer. For example, if the presidency becomes vacant, the vice-president shall automatically assume the title and duties of president and the secretary shall automatically assume the title and duties of vice-president. After due notice, a new secretary will be elected by the board. In the alternative to the automatic progression to higher office, the board may call a special meeting for the purpose of conducting an election of officers in the event of any vacancy in a board office. Each of the new officers, however selected, shall serve until election of officers at the next annual meeting.

**H.** The regular meetings of the board shall normally be held monthly, in a place to be determined [~~from time to time~~] as necessary by the board. The date of any regular meeting may be changed by a majority vote of a quorum of the board. The president or vice-president may cancel a regularly scheduled meeting of the board by giving notice of the cancellation in advance of any regularly scheduled meeting.

**I.** Robert's Rules of Order are adopted by the board and shall be used for the conduct of all meetings to be held by the authority. Robert's Rules of Order shall be binding in all cases where they are not inconsistent with New Mexico statutes and rules adopted by the authority.

**J.** Meetings of the board other than regular meetings shall be called according to the following procedures.

**(1)** A special meeting of the board is a meeting other than a regular or emergency meeting and may be called by the president, vice-president or any three board members for the specific purposes specified in the call. The call shall be made in accordance with the Open Meetings Act requirements, Section 10-15-1 et seq. NMSA 1978, and board resolutions.

**(2)** An emergency meeting of the board is a meeting other than a regular or special meeting and may be called by the president, vice-president, or any two members of the board to consider a sudden or unexpected set of circumstances affecting the authority for which time is of the essence. The call shall be made in accordance with the Open Meetings Act requirements, Section 10-15-1 et seq. NMSA 1978, and board resolutions.

**K.** A majority of all of the board members shall constitute a quorum for conducting the affairs of the authority. The president of the board shall be entitled to debate any issue and vote on any issue in the same manner as other members of the board. The president shall be considered to be a member of the board for purposes of a quorum. All matters will be determined by voice vote. Any member of the board may request a roll call vote on any issue. In the event of a roll call, it shall be in alphabetical order, by last name, with the president voting last.

**L.** The board shall be addressed according to the following procedures.

**(1)** An individual may speak on any item that appears on the adopted agenda, before a final vote is taken, by notifying and subsequently being recognized by the president or vice-president. The president or vice-president may, at [~~his~~] their discretion, limit the time any individual or entity is allotted to make a presentation and the president or vice-president may, [~~in his~~] at their discretion, limit the time allotted for any subject.

**(2)** A person with a matter to present to the board shall submit the request in writing with appropriate supporting materials [~~four~~] six working business days in advance of a regularly scheduled meeting, 24 hours in advance of a special meeting and [~~three~~] five hours in advance of an emergency meeting.

**M.** The board retains and reserves unto itself all powers, rights, authority, duties and responsibilities conferred upon and vested in it by the constitution of the state of New Mexico and statutes, including those

prescribed by Sections 22-29-1 et. seq. NMSA 1978, and such other power and authority as may be conferred upon the board [~~from time to time~~] as necessary. In the execution of those powers and duties specifically provided by law, the board has the following general power and authority to:

**(1)** exercise general control and management of the authority, third party administrators, consultants retained by the authority and other agents, servants and employees;

**(2)** establish such programs, and provide such services as it deems necessary for the proper and efficient operation of the authority and the good of the participating entities;

**(3)** exercise control and management of all authority assets and use such assets to promote authority business in such ways as the board deems necessary and proper in accordance with law;

**(4)** make and adopt or amend rules and regulations for governance of the authority by a majority of the board membership;

**(5)** make and adopt or amend substantive rules and regulations by a majority vote of the board membership;

**(6)** repeal a substantive rule of the authority by a majority vote of the board membership, but the board has no power to suspend any substantive rule except by a two-thirds vote of the membership of the board;

**(7)** make provisions for interpreting the authority's programs for dissemination to the public and to seek the opinion and advice of the participating entities concerning the authority's insurance programs;

**(8)** work in a cooperative manner with interested citizens in a continuous effort to improve the authority's programs;

**(9)** appoint advisory committees, including a risk advisory committee and an employee benefits advisory committee, which are permanent standing committees of the board, as well as ad hoc advisory committees as needed;

**(10)** establish an executive committee, a permanent standing committee of the board, which shall be made up of the president, vice-president and secretary of the board and which shall serve as the agenda committee; and

**(11)** hire an executive director and to delegate to the executive director the [~~day to day~~] day-to-day activities of the authority pursuant to board policy as developed in its open meetings.

**N.** The permanent risk advisory committee and the permanent employee benefits advisory committee shall be chaired by members of the board or if no board member is available, then by staff. The board shall name the advisory committee members from authority participating entities or covered individuals assuring a balance of large and small participating entities and a geographic balance. The board may also name an ex-board member to serve on the advisory committees as a voting member for a term not to exceed three years, with the option to renew the appointment for an additional three years.

**O.** An ad hoc advisory committee shall be established for a specific purpose or goal and shall be established for a stated period of time.

**P.** Members of advisory committees, including members of the Loss Prevention Review Board, shall be appointed by the president of the board with the advice and consent of the board and shall serve at the pleasure of the board. [~~Advisory committees shall provide notice of meetings as required by the Open Meetings Act, Section 10-15-1 et seq. NMSA 1978, and these rules.~~] Minutes in compliance with Subsection R of 6.50.1.9 NMAC shall be kept by the [~~chairman or his designee~~] authority. Advisory committee minutes shall be considered acted upon when the board acts on the advisory committee report.

**Q.** The authority shall pay per diem and mileage consistent with the Per Diem and Mileage Act, Section 10-8-1 et seq. NMSA 1978, as amended, and the applicable department of finance and administration rules. The per diem and mileage payments shall be limited to the following situations.

**(1)** Authority employees are entitled to receive per diem and mileage for travel incurred in the normal course and scope of their employment; provided however, that no employee shall be entitled to receive per diem and mileage for travel outside of the state without obtaining the board's prior approval for the travel.

**(2)** Authority board members are entitled to receive per diem and mileage for travel incurred for attending all regular, special and emergency board meetings, or any standing or ad hoc committee meetings of the board called pursuant to the Open Meetings Act, Section10-15-1 et seq. NMSA 1978 and the authority's open meetings resolution. In addition, the executive committee serving as the authority board agenda committee is entitled to receive per diem and mileage for travel incurred as necessary to conduct the business of the board. Authority board members shall not be entitled to receive per diem and mileage for any other travel, inside or outside of the state, without obtaining prior approval of the board.

**(3)** Authority advisory committee members named by the board to serve on advisory committees are entitled to receive per diem and mileage for travel incurred for attending authority advisory

committee meetings which has been scheduled in writing by the board or by the executive director. Authority advisory committee members shall not be entitled to receive per diem and mileage for any other travel, inside or outside of the state, without obtaining prior approval of the board.

**R.** Minutes of the board.

**(1)** The authority shall keep written minutes of all its open meetings. The minutes shall include as a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered, if any, and a record, where appropriate, of any decisions and votes taken which show how each member voted. All minutes of meetings shall be open to public inspection at reasonable times. Draft minutes shall be prepared within 10 working days after the meeting. Minutes shall not become official until approved by the board. The minutes shall be kept on file as the permanent official record of the authority.

**(2)** It is the practice of the authority staff (but not a requirement by the authority board) that board meetings are [~~tape~~] recorded. [~~The board secretary~~] Authority staff shall make notes of board meetings sufficient to reflect the information required in Paragraph (1) of Subsection R of 6.50.1.9 NMAC, and the tape recording shall be available to the secretary, any board member or member of the public for review with regard to the accuracy of draft minutes. However, 30 days after minutes have been adopted by the board, [~~the board secretary shall recycle the tapes by erasure and make them available for re-use~~] authority staff may dispose of recordings. [6.50.1.9 NMAC - Rp, 6.50.1.9 NMAC, 9/1/2014; A, 10/1/2015]

**6.50.1.10 CODE OF ETHICS:**

**A.** Registration and disclosure duties of public officials.

**(1)** Upon becoming a public official, a person shall provide [~~registration information to the authority~~] a financial disclosure to the secretary of state and a copy to the authority office as listed below. This information shall be updated [~~every April~~] by January 31 at midnight each year thereafter as long as the filer holds the same position and shall be available to the public at all times:

**(a)** name;

**(b)** address and telephone number;

**(c)** professional, occupational or business licenses;

**(d)** membership on boards of directors of corporations, public or private associations or organizations; and

[**~~(e)~~**] the nature, but not the extent or amount, of [~~his~~] their financial interests as defined in Subsection X of 6.50.1.7 NMAC within one month of becoming a public official.

**(2)** A public official who has a financial interest which may be affected by an official act of the authority, ad hoc or advisory committee shall declare such interest prior to discussion, voting, advising or taking any other action and that declaration shall be entered in the official minutes of the authority. A public official shall abstain from voting, advising or taking any other action including discussion on that issue if the decision, in [~~his~~] their opinion, may affect [~~his~~] their financial interest in a manner different from its effect on the general public.

**B.** No public official shall request or receive a gift or loan for personal use or for the use of others from any person involved in a business transaction with the authority with the following exceptions:

**(1)** an occasional non-pecuniary gift of insignificant value;

**(2)** an award publicly presented in recognition of public service;

**(3)** a commercially reasonable loan made in the ordinary course of business by an institution authorized by the laws of the state to engage in the business of making loans; or

**(4)** a political campaign contribution, provided that such gift or loan is properly reported and actually used in a political campaign.

**C.** No public official shall personally represent private interests before the authority board or any ad hoc or standing committee.

**D.** No public official shall use or disclose insider information regarding the authority for [~~his~~] their own or other's private purposes.

**E.** No public official shall use authority services, personnel or equipment for personal benefit, convenience or profit, except when such use is generally available to the public and when in accordance with policies of the authority board.

**F.** No public official shall acquire or negotiate to acquire a financial interest at a time when the official believes or has reason to believe that it will be substantially or directly affected by [~~his~~] their official acts.

**G.** No public official shall enter into a contract or transaction with the authority or its public officials, unless the contract or transaction is made public by filing notice with the authority board.

**H.** No public official shall vote or otherwise participate in the negotiation or the making of any authority contract with any business or entity in which [~~he has~~] they have a direct financial interest.

**I.** No public official shall seek to be awarded a contract where such public official has participated in the process of preparation of the bid or request for proposals.

**J.** Any contract, approval, sale or purchase entered into or official action taken by a public official in violation of 6.50.1.10 NMAC may be voided by action of the authority board.

**K.** It is a violation of 6.50.1.10 NMAC for any public official knowingly, willfully or intentionally to conceal or fail to disclose any financial interest required to be disclosed by 6.50.1.10 NMAC or violate any of its provisions.

**L.** Any person may make a sworn, written complaint to the authority board of a violation by a public official of 6.50.1.10 NMAC. Such complaint shall be filed with the authority executive director or if it is a complaint against the executive director, then with the authority board. The complaint shall state the specific provision of 6.50.1.10 NMAC which has allegedly been violated and the facts which the complainant believes support the complaint. Within 15 days of receiving the complaint, the authority board in executive session shall appoint a hearing officer to review the complaint for probable cause. The hearing officer shall receive the written complaint and notify the person complained against of the charge. Persons complained against shall have the opportunity to submit documents to the hearing officer for [~~his~~] review in determining probable cause. Within 15 days of undertaking the inquiry to determine probable cause, the hearing officer shall report [~~his~~] findings to the authority board. In the event the hearing officer rejects a complaint as lacking in probable cause, [~~he~~] they shall provide a written statement of reasons for [~~his~~] the rejection to the authority board and the complainant. Upon a finding of probable cause, within 30 days the hearing officer shall conduct an open hearing in accordance with due process of law. Within a time after the hearing, as specified by the authority board, the hearing officer shall report [~~his~~] the findings and recommendations to the authority board for appropriate action based on those findings and recommendations. If the complaint is found to be frivolous, the authority board may assess the complainant the costs of the hearing officer's fees. Upon recommendation of the hearing officer, the authority board may issue a public reprimand to the public official; remove or suspend [~~him~~] from [~~his~~] office, employment or contract and refer complaints against public officials to the appropriate law enforcement agency for investigation and prosecution.

**M.** The executive director and the authority board shall maintain the confidentiality of the complaint and instruct the complainant that [~~he is~~] they are also required to keep the complaint confidential pursuant to Subsection L of 6.50.1.10 NMAC. Except for the hearing, the proceedings shall be kept confidential by all parties concerned, unless the accused public official requests that the process be open at any stage.

**N.** A separate hearing officer shall be appointed by the authority board for each complaint. The hearing officer may be an authority board member, agent or employee of the authority or another person. The complainant and the person complained against have the right to one disqualification of a designated hearing officer. [6.50.1.10 NMAC - Rp, 6.50.1.10 NMAC, 9/1/2014]

**HISTORY OF 6.50.1 NMAC:**

**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:

NMPSIA 86-1, Open Meetings Act Resolution, filed 09-18-86; NMPSIA 86-2, Definitions, filed 10-31-86; NMPSIA 88-2, Definitions, filed 11-4-88; NMPSIA 86-3, Board Procedures and General authority, filed 10-31-86; NMPSIA 86-4, Community Relations, filed 10-31-86; NMPSIA 89-2, Staff Headquarters, filed 08-03-89; NMPSIA Rule 93-1, Definitions, filed 03-22-93; NMPSIA Rule 93-3, Board Procedures and General authority, filed 03-22-93; Community Relations, filed 10-31-86;

NMPSIA Rule 93-2, Community Relations, filed 03-22-93;

NMPSIA Rule 89-200, Code of Ethics, filed 03-27-89;

NMPSIA 93-4, Code of Ethics, filed 03-22-93.

**History of Repealed Material:**

6.50.1 NMAC, General Provisions, filed 7/1/2004 - Repealed effective 9/1/2014.

**Other History:**

NMPSIA Rule 93-1, Definitions (filed 03-22-93); NMPSIA Rule 93-2, Community Relations (filed 03-22-93); NMPSIA Rule 93-3, Board Procedures and General authority (filed 03-22-93); NMPSIA 93-4, Code of Ethics (filed 03-22-93) was all renumbered, reformatted, amended and replaced by 6 NMAC 50.1, General Provisions, effective 10/15/97.

6 NMAC 50.1, General Provisions (filed 10/1/97) was renumbered, reformatted, amended and replaced by 6.50.1 NMAC, General Provisions, effective 7/15/2004.
6.50.1 NMAC, General Provisions (filed 7/1/2004) was repealed and replaced by 6.50.1 NMAC, General Provisions, effective 9/1/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 2 CONTRACTS FOR PURCHASE OF PROFESSIONAL SERVICES AND INSURANCE**

**6.50.2.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.2.1 NMAC - Rp, 6 NMAC 50.2.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.2.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members, and persons or entities authorized to participate in the authority's employee benefits, risk-related and due process reimbursement coverages.
[6.50.2.2 NMAC - Rp, 6 NMAC 50.2.2, 09/01/2014]

**6.50.2.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.2.3 NMAC - Rp, 6 NMAC 50.2.3, 09/01/2014]

**6.50.2.4 DURATION:** Permanent.
[6.50.2.4 NMAC - Rp, 6.50.2.4 NMAC, 09/01/2014]

**6.50.2.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.2.5 NMAC - Rp, 6 NMAC 50.2.5, 09/01/2014]

**6.50.2.6 OBJECTIVE:** The objective of this part is to establish requirements for procurement of professional services, consulting and insurance services for the authority. The objective is to set out policies to stimulate maximum competition for provision of these services. It is not the objective of this part to restate the Procurement Code, Section 13-1-1 et seq., NMSA 1978, but only to supplement it where necessary.
[6.50.2.6 NMAC - Rp, 6 NMAC 50.2.6, 09/01/2014]

**6.50.2.7 DEFINITIONS:** As used in this part: "professional services" means the services of third party administrators, insurance consultants, banks, underwriters, brokers, agents, architects, archaeologists, artists, entertainers, auditors, engineers, clergymen, land surveyors, landscape architects, medical arts practitioners, scientists, management and systems analysts, certified public accountants, registered public accountants, lawyers, psychologists, planners, photographers, pilots, researchers, teachers, writers, interpreters, and persons or businesses providing similar services.
[6.50.2.7 NMAC - Rp, 6 NMAC 50.2.7, 09/01/2014]

**6.50.2.8 CONTRACT APPROVAL:**

**A.** Every contract for professional services, consulting or insurance services shall be approved by the board only after its general legal counsel has reviewed it and has affirmed it is in compliance with appropriate provisions of the Procurement Code, Section 13-1-1 et seq., NMSA 1978 and these rules.

**B.** All amendments to contracts for professional services, consulting or insurance services shall also be subject to review and approval by the board's general legal counsel as provided in these rules.
[6.50.2.8 NMAC - Rp, 6 NMAC 50.2.8, 09/01/2014]

**6.50.2.9 CONTRACT REQUIREMENTS:**

**A.** All contracts for professional services, consulting or insurance services shall be in a form and contain such provisions as may be required by the board and its general legal counsel.

**B.** Each contract for professional services, consulting or insurance services shall comply with the Governmental Conduct Act, Section 10-16-1 et seq. NMSA 1978. In particular the provisions of Sections 10-16-7, 10-16-8 and 10-16-9 NMSA 1978 regarding contracts between state agencies and public officers or employees of the state, with the family of the public officer or employee or with a business in which the public officer or

employee or the family of the public officer or employee shall be strictly observed. When financial disclosure is required under the Financial Disclosure Act, Section 10-16A-1 et seq. NMSA 1978, the disclosure shall be filed with the secretary of state.
[6.50.2.9 NMAC - Rp, 6 NMAC 50.2.9, 09/01/2014]

**6.50.2.10 PROCEDURES FOR ENTERING INTO CONTRACTS:**

**A.** Contracts for professional services, consulting or insurance services shall be solicited, negotiated and awarded through a competitive sealed proposal process in accordance with the Procurement Code, Section 13-1-1 et seq., NMSA 1978. Sole source, emergency and small purchases shall also be solicited, negotiated and awarded in accordance with the Procurement Code, Section 13-1-1 et seq., NMSA 1978.

**B.** Proposals shall be evaluated based on the requirements set forth in the invitation for proposals, which requirements shall include criteria for evaluating proposals such as experience, both quantitative and qualitative, prior provision of similar services, client references, price and any other considerations the authority deems relevant. No criteria may be used in proposal evaluations that are not set forth in the invitation for proposals. The authority may provide that price is a factor, but that a contract need not be awarded to the vendor proposing the lowest price. The award shall be made to the responsible offeror or offerors whose proposal is most advantageous to the authority, taking into consideration the evaluation factors set forth in the request for proposals.

**C.** All prospective contractors shall submit to the board a signed completed original of a contract prepared by, reviewed and approved by the authority's general legal counsel. The contract form shall be submitted to and approved by the board prior to initiating any action with prospective contractors for contractual services and prior to beginning performance of any services pursuant to the contract.

**D.** There shall be no liability whatsoever by the authority, and there shall be no services rendered unless those services have commenced after approval of a contract for services by the board.
[6.50.2.10 NMAC-Rp, 6.50.2.10 NMAC, 09/01/2014]

**6.50.2.11 MULTI-TERM CONTRACTS:** Any multi-term contract for services (including the furnishing of insurance) shall only be entered into pursuant to the provisions of the Procurement Code, Section 13-1-150 NMSA 1978 as amended and supplemented.
[6.50.2.11 NMAC - Rp, 6 NMAC 50.2.11, 09/01/2014]

**6.50.2.12 RIGHT TO PROTEST:** Any offeror who is aggrieved in connection with a solicitation or award of a contract may protest to the executive director of the authority. The protest shall be submitted in writing within 15 calendar days after knowledge of the facts or occurrence giving rise to the protest.
[6.50.2.12 NMAC - Rp, 6 NMAC 50.2.12, 09/01/2014]

**6.50.2.13 FILING OF PROTEST:**

**A.** Protests must be in writing and addressed to the executive director.

**B.** The protest shall:

**(1)** include the name and address of the protestant;

**(2)** include the solicitation number;

**(3)** provide a statement of the grounds for protest;

**(4)** include supporting exhibits, evidence or documents to substantiate any claim unless not available within the filing time, in which case the expected availability date shall be indicated;

**(5)** a statement of the facts or occurrences giving rise to the protest; and

**(6)** specify the ruling requested from the director.

**C.** No formal pleading is required to initiate a protest, but protests shall be concise, logically arranged, and direct.
[6.50.2.13 NMAC - Rp, 6 NMAC 50.2.13, 09/01/2014]

**6.50.2.14 PROCUREMENTS AFTER PROTEST:**

**A.** In the event of a timely protest, as defined in 6.50.2.12 and 6.50.2.13 NMAC, the executive director shall not proceed further with the procurement unless [~~he~~] the director makes a written determination that it is necessary to go forward with the award of the contract to protect substantial interests of the authority. Such written determination shall set forth the basis for the determination.

**B.** In no circumstance will a procurement be halted after a contract has been awarded merely because a protest has been filed.

**C.** The point in time in which a contract is awarded is that point at which a legally enforceable contract is created, unless the context clearly requires a different meaning.
[6.50.2.14 NMAC - Rp, 6 NMAC 50.2.14, 09/01/2014]

**6.50.2.15 PROCEDURE:**

**A.** Upon the filing of a timely protest, the burden is on the protestant to give notice of the protest to and to cause service to be made (as provided in the Rules of Civil Procedure) upon the contractor if award has been made or, if no award has been made, notice to and service upon all bidders and offerors who appear to have a substantial and reasonable prospect of receiving an award if the protest is upheld or denied.

**B.** The protestant and every business that receives notice pursuant to Subsection A of 6.50.2.15 NMAC will automatically be parties to any further proceedings before the executive director. In addition, any other person or business may move to intervene at any time during the course of the proceedings. Intervention will be granted upon a showing of a substantial interest in the outcome of the proceedings. Intervenors shall accept the status of the proceedings at the time of their intervention; in particular, they must abide by all prior rulings and accept all previously established time schedules.

**C.** The executive director and all employees and the general legal counsel of the authority are not parties to the proceedings.
[6.50.2.15 NMAC - Rp, 6 NMAC 50.2.15, 09/01/2014]

**6.50.2.16 AUTHORITY TO RESOLVE PROTEST:** The executive director may take any action reasonably necessary to resolve a protest regarding risk-related coverages. Such actions include, but are not limited to, the following:

**A.** issue a final written determination summarily dismissing the protest;

**B.** obtain information from the staff of the state purchasing agent or state central purchasing office;

**C.** require the parties to produce information or witnesses under their control for examination;

**D.** require parties to express their positions on any issue in the proceeding;

**E.** require parties to submit legal briefs on any issues in the proceeding;

**F.** establish procedural schedules;

**G.** regulate the course of the proceedings and the conduct of any participants;

**H.** receive, rule on, exclude or limit evidence;

**I.** take official notice of any fact that is among the traditional matters of official or administrative notice;

**J.** conduct hearings; and

**K.** take any action reasonably necessary to compel discovery or control the conduct of parties or witnesses.
[6.50.2.16 NMAC - Rp, 6 NMAC 50.2.16, 09/01/2014]

**6.50.2.17 HEARINGS:**

**A.** Hearings are disfavored and will be held only when the executive director determines that substantial material factual issues are present that cannot be resolved satisfactorily through an examination of written documents in the record. Any party may request a hearing, but such requests shall be deemed denied unless specifically granted.

**B.** Hearings, when held, should be as informal as practicable under the circumstances, but the executive director has absolute discretion in establishing the degree of formality for any particular hearing. In no event is the executive director required to adhere to formal rules of evidence or procedure.
[6.50.2.17 NMAC - Rp, 6 NMAC 50.2.18, 09/01/2014]

**6.50.2.18 RESOLUTION:**

**A.** The executive director shall, within 30 days after receipt of all information or the date of any hearing, whichever is later, issue a written determination relating to the protest. The determination shall:

**(1)** state the reasons for the action taken; and

**(2)** inform the protestant of the right to judicial review of the determination pursuant to Section 13-1-183 N.M.S.A. 1978.

**B.** A copy of the written determination shall be sent immediately by certified mail, return receipt requested, to each of the parties.
[6.50.2.18 NMAC - Rp, 6 NMAC 50.2.19, 09/01/2014]

**6.50.2.19 RELIEF:**

**A.** If, prior to award of a contract, the executive director makes a determination that a solicitation or proposed award of a contract is in violation of law, then the solicitation or proposed award shall be canceled.

**B.** If, after an award of a contract, the executive director makes a determination that a solicitation or award of a contract is in violation of law and that the business awarded the contract has not acted fraudulently or in bad faith:

**(1)** the contract may be ratified, affirmed and revised to comply with law, provided that a determination is made that doing so is in the best interests of the authority; or

**(2)** the contract may be terminated, and the business awarded the contract shall be compensated for the actual expenses reasonably incurred under the contract plus a reasonable profit prior to termination.

**C.** If, after an award of a contract, the executive director makes a determination that a solicitation or award of a contract is in violation of law or that the business awarded the contract has acted fraudulently or in bad faith, the contract shall be canceled.

**D.** Except as provided in Paragraph (2) of Subsection B of 6.50.2.19 NMAC, the executive director shall not award money damages or attorneys' fees.

[6.50.2.19 NMAC - Rp, 6 NMAC 50.2.20, 09/01/2014]

**6.50.2.20 MOTION FOR RECONSIDERATION:**

**A.** A motion for reconsideration of a written determination issued pursuant to 6.50.2.18 NMAC, may be filed by any party involved in the procurement. The motion for reconsideration shall contain a detailed statement of the factual and legal grounds upon which reversal or modification of the determination is deemed warranted, specifying any errors of law made, or information not previously considered.

**B.** A motion for reconsideration shall be filed not later than 10 days after receipt of the written determination.

**C.** The executive director shall issue a written response within 10 business days to the motion for reconsideration. A copy of the written response shall be sent immediately by certified mail, return receipt requested, to each of the parties.

[6.50.2.20 NMAC - Rp, 6 NMAC 50.2.21, 09/01/2014]

**6.50.2.21 DESIGNEE:**

**A.** At any point during a protest proceeding the executive director or the board may appoint a designee, to act in place of the executive director. The designee will have all of the powers described in these rules regarding protest procedures except the power to issue a written determination under 6.50.2.18 NMAC. The designee only has authority to recommend a resolution to the executive director under that section.

**B.** The designee may be any person other than any person having made a proposal in response to the request for proposal.

**C.** A designee shall present a recommended written resolution to the executive director or the board and mail a copy to each of the parties. No party may appeal from the recommended resolution of the designee.

**D.** The executive director or the board shall approve, disapprove or modify the recommended resolution of the designee in writing. Such approval, disapproval or modification shall be the written determination required by 6.50.2.18 NMAC.

[6.50.2.21 NMAC - Rp, 6 NMAC 50.2.22, 09/01/2014]

**6.50.2.22 FINAL DETERMINATION:**

**A.** In those proceedings in which no motion for reconsideration is filed, the written determination issued pursuant to 6.50.2.18 NMAC shall be the final determination for purposes of the time limits for seeking judicial review under Section 13-1-183 NMSA 1978.

**B.** In those proceedings in which a motion for reconsideration is filed, the written response to the motion issued pursuant to Subsection C of 6.50.2.20 NMAC shall be the final determination for purposes of the time limits for seeking judicial review under Section 13-1-183 NMSA 1978.

[6.50.2.22 NMAC - Rp, 6 NMAC 50.2.23, 09/01/2014]

**6.50.2.23 COPIES OF COMMUNICATIONS:**

**A.** Each party to a protest proceeding shall certify that it has provided every other party with copies of all documents or correspondence addressed or delivered to the executive director.

**B.** No party shall submit any material, evidence, explanation, analysis, or advice, whether written or oral, to the executive director or the board *ex parte*, regarding any matter at issue in a protest.

[6.50.2.23 NMAC - Rp, 6 NMAC 50.2.24, 09/01/2014]

**6.50.2.24 PROTESTS REGARDING HEALTH CARE CONTRACT PURCHASING:** Protests concerning the authority's purchase of health care contracts shall be resolved by the procurement manager pursuant to the Heath Care Purchasing Act, Section 13-7-1 et seq., NMSA 1978.

[6.50.2.24 NMAC - N, 09/01/2014]

**6.50.2.25 CONTRACTS - AUDITS:**

**A.** The authority has the primary responsibility for contract compliance monitoring. The board or its consultant if any, shall audit contracts on a random basis to determine:

**(1)** if the tasks called for in the scope of services have been performed;

**(2)** if the contract was completed in time and within budget; and

**(3)** if the services were performed to the satisfaction of the authority.

**B.** For purposes of compliance with this provision, every contract shall require the contractor to maintain detailed time records which indicate the date, time and nature of services rendered.

[6.50.2.25 NMAC - Rp, 6 NMAC 50.2.25, 09/01/2014]

**6.50.2.26 VOUCHER APPROVAL -- PROFESSIONAL SERVICES**

**A**. No voucher for payment of professional services will be approved by the board or its [~~third party~~] third-party administrators, other than a payroll voucher or travel voucher, unless the contract and any amendments to the contract have been approved where required by these rules. [~~All vouchers must contain the contract identification number.~~]

**B.** The board or its [~~third party~~] third-party administrators shall not approve any voucher for the payment of professional services unless the voucher certifies that the services have been rendered.

[6.50.2.26 NMAC - Rp, 6 NMAC 50.2.26, 09/01/2014]

**HISTORY of 6.50.2 NMAC:**

**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:

NMPSIA Rule 89-100, Contracts for Purchase of Professional Services and Insurance, filed 3/27/89.

NMPSIA Rule 93-5, Contracts for Purchase of Professional Services and Insurance, filed 3/22/93.

**History of Repealed Material:**

6 NMAC 50.2, Contracts for Purchase of Professional Services and Insurance, filed 10/1/97 - Repealed effective 09/01/2014

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 3 PROCUREMENT OF COVERAGE FOR RISK-RELATED EXPOSURES, EMPLOYEE-BENEFITS AND DUE PROCESS REIMBURSEMENT**

**6.50.3.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.3.1 NMAC - Rp, 6 NMAC 50.3.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.3.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members, and persons or entities authorized to participate in the authority's employee benefits, risk-related and due process reimbursement coverages.
[6.50.3.2 NMAC - Rp, 6 NMAC 50.3.2, 09/01/2014]

**6.50.3.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.3.3 NMAC - Rp, 6 NMAC 50.3.3, 09/01/2014]

**6.50.3.4 DURATION:** Permanent.
[6.50.3.4 NMAC - Rp, 6 NMAC 3.4, 09/01/2014]

**6.50.3.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.3.5 NMAC - Rp, 6 NMAC 50.3.5, 09/01/2014]

**6.50.3.6 OBJECTIVE:** The objective of this part is to delineate the powers of the authority to procure insurance or to self-insure risk-related exposures and to provide for employee-benefit programs and due process reimbursement coverage and the general methods by which these coverages will be offered.
[6.50.3.7 NMAC - Rp, 6 NMAC 50.3.6, 09/01/2014]

**6.50.3.7 DEFINITIONS:** [RESERVED]

**6.50.3.8 AUTHORIZATION TO PROCURE INSURANCE OR TO SELF-INSURE RISK-RELATED, EMPLOYEE BENEFIT AND DUE PROCESS REIMBURSEMENT COVERAGES:** The authority is authorized to provide for risk-related exposures, employee benefit programs and due process reimbursement coverage in the following ways.

**A.** Obtain basic, excess, reinsurance or retrospectively rated insurance policies for any combination of risk-related or employee-benefit coverages on behalf of all persons or entities authorized to participate in the authority's coverages in compliance with the Procurement Code, Section 13-1-1 et seq. NMSA 1978, the Health Care purchasing Act, Section 13-7-1 NMSA 1978, and the competitive sealed proposal process of Section 13-1-28 NMSA 1978.

**B.** Self-insure all or any part of risk-related, employee benefit and due process reimbursement coverages offered to persons or entities authorized to participate in the authority's coverages.

**C.** Establish pooling and participation arrangements to provide risk-related or employee-benefit coverages on behalf of all persons or entities authorized to participate in the authority's coverages.

**D.** Establish reasonable self-insured retention or self-insured liability levels.

**E.** Establish reasonable deductibles, stop loss, out of pocket, co-pays or other cost containment mechanisms.

**F.** Modify any basic, excess, reinsurance or retrospectively rated insurance policies, pooling or participation agreements or other insurance coverage.

**G.** Add or delete one or more risks, one or more perils, one or more benefits or one or more lines in any self- insurance, insurance contract, pooling or participation agreement.
[6.50.3.8 NMAC - Rp, 6 NMAC 50.3.8, 09/01/2014]

**6.50.3.9 AUTHORIZATION TO OFFER RISK RELATED COVERAGES:** The authority is authorized to offer risk-related coverages to all school districts, [~~and~~] charter schools, and other educational entities. The authority may offer risk-related coverages to individual other educational entities by special agreement.
[6.50.3.9 NMAC - Rp, 6 NMAC 50.3.9, 09/01/2014]

**6.50.3.10 AUTHORIZATION TO OFFER EMPLOYEE-BENEFIT COVERAGES:**

**A.** The authority is authorized to offer employee-benefit coverages to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents and persons or entities authorized to participate in the authority's coverage.

**B.** The authority is authorized to offer mandatory benefit coverages as follows: Basic non-contributory life insurance and medical benefit plans whether insured or self-insured.

**C.** The authority is authorized to offer optional benefit coverages as follows: dental, vision, disability, or additional life and such other line or lines of coverage as the board may determine from time to time.
[6.50.3.10 NMAC - Rp, 6 NMAC 50.3.10, 09/01/2014]

**6.50.3.11 AUTHORIZATION TO OFFER DUE PROCESS REIMBURSEMENT COVERAGE:**

**A.** The authority is authorized to include due process reimbursement coverage in its self-insured retention risk pool pursuant to Section 22-29-12 NMSA 1978, as amended and supplemented.

**B.** The board shall determine at the beginning of each [~~fiscal~~] year the amount available in the fund for reimbursements. The provisions for distribution of the fund amount shall be set forth in the general liability memorandum of coverage including the process for submitting claims and the method of distribution.
[6.50.3.11 NMAC - N, 09/01/2014]

**HISTORY of 6.50.3 NMAC:**

**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA Rule 86-201, Procurement of and Self-Insurance of Employee Benefit Coverages, filed 10/31/86;
NMPSIA Rule 86-100, Procurement of and Self-Insurance of Related Coverages, filed 10/31/86;
NMPSIA Rule 93-6, Procurement of or Self-Insurance of Risk Related and Employee-Benefits Coverages, filed 33/22/93.

**History of Repealed Material:**
6 NMAC 50.3, Procurement of or Self-Insurance of Risk-Related and Employee Benefits Coverages, filed 10/1/97 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 4 PARTICIPATION IN AUTHORITY COVERAGES BY OTHER EDUCATIONAL ENTITIES**

**6.50.4.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.4.1 NMAC - Rp, 6 NMAC 50.4.1 NMAC, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.4.2 SCOPE:** This part applies to other educational entities.
[6.50.4.2 NMAC - Rp, 6 NMAC 50.4.2, 09/01/2014]

**6.50.4.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.4.3 NMAC - Rp, 6 NMAC 50.4.3, 09/01/2014]

**6.50.4.4 DURATION:** Permanent.
[6.50.4.4 NMAC - Rp, 6 NMAC 50.4.4, 09/01/2014]

**6.50.4.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.4.5 NMAC - Rp, 6 NMAC 50.4.5, 09/01/2014]

**6.50.4.6 OBJECTIVE:** The objective of this part is to set forth the procedures for other educational entities to join or exit the authority as well as rules and procedures concerning participation in authority coverages by other educational entities.
[6.50.4.6 NMAC - Rp, 6 NMAC 50.4.6, 09/01/2014]

**6.50.4.7 DEFINITIONS:** [RESERVED]

**6.50.4.8 PROCEDURE FOR JOINING THE AUTHORITY BY OTHER EDUCATIONAL ENTITIES:**

**A.** Other educational entities who desire to join the authority shall provide the following to the authority:

**(1)** an up-to-date employee census including for all employees their age, gender and classification;

**(2)** a minimum of three years loss reports and claims experience for all lines of authority coverages the other educational entity wishes to participate in;

**(3)** submission of financial and benefit information which meets standards set by the board;

**(4)** a resolution of the governing body of the other educational entity stating that it is requesting authority membership and participation in the authority's offerings of [~~risk related~~] risk-related and employee benefits coverages and a statement that the other educational entity will abide by the Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978, and all authority rules and board policies and will keep in force all authority coverages for the duration of the then existing carrier agreements;

**(5)** an agreement in a form acceptable to the authority whereby the governing body of the other educational entity agrees that it will abide by and be bound by the Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978, and all other authority rules and board policies, including authority claims processing, settlement practices and the authority schedule for payment of premiums, late penalties and applicable interest, and will take, pay for and keep in force for the duration of the carrier agreements all applicable authority coverages; and

**(6)** payment of [~~an excess premium deposit equal to ten percent of the total annual~~ the total first year premiums, however, if the entity joins after July 1st, a prorated premium would be charged for the coverages selected [~~by the educational entity desiring to join the authority~~].

**B.** An other educational entity desiring to participate in only some of the authority's coverages shall apply for waivers as is required of school districts and charter schools pursuant to Subsections C and D of Section 22-29-9 NMSA 1978.

**C.** The authority may reject any application by any other educational entity with or without cause.

[6.50.4.8 NMAC - Rp, 6 NMAC 50.4.8, 09/01/2014]

**6.50.4.9 PROCEDURE FOR EXITING THE AUTHORITY BY OTHER EDUCATIONAL ENTITIES:**

**A.** Other educational entities can voluntarily exit the authority only at the expiration of the carrier agreements for the authority coverages they have selected.

**B.** Under no circumstances can other educational entities voluntarily exit the authority prior to having been a member for a minimum of three years.

**C.** An other educational entity desiring to exit the authority shall make a request to the board in writing stating the reasons why it desires to exit, with a provisional notice no later than 1 year prior to the expiration date and final notice will be provided no later than [~~9~~]180 days prior to the expiration date of the carrier agreements for the authority coverages the other educational entity has selected. The board shall vote whether to accept the resignation of the other educational entity at its next regular meeting following receipt of the other educational entity's request to exit.

**D.** The board shall reevaluate annually other educational entities who violate authority rules, regulations or board policies, which have poor loss histories or which evidence clear signs of fiscal irresponsibility and the board may at its discretion terminate the other educational entity's membership in the authority upon 90-day notice.

[6.50.4.9 NMAC - Rp, 6 NMAC 50.4.9, 09/01/2014]

**6.50.4.10 PENALTIES AGAINST OTHER EDUCATIONAL ENTITIES FOR FAILURE TO PARTICIPATE AFTER JOINING THE AUTHORITY:**

**A.** Other educational entities may not drop any authority coverages prior to the expiration of carrier contracts. However, should a successor governing body of a participating other educational entity drop participation by refusing continued premium payments, the other educational entity shall be terminated from all coverages by the authority upon [~~30-day~~] 30-day notice and the following penalties shall be incurred.

**(1)** For risk-related coverages, the other educational entity shall forfeit to the authority any right to any reserves held on its behalf and shall pay to the authority the cost of any losses in excess of premium.

**(2)** For health and life employee benefits coverages, the other educational entity shall forfeit to the authority any right to any return premiums or reserves it may otherwise be entitled to. It shall pay to the authority any funds the authority has paid for or will pay for incurred claims related to the other educational entity in excess of premiums paid by the other educational entity as well as administrative expenses directly or indirectly related to claim payments including third party administrator costs and a reasonable percentage of the authority administrative costs.

**B.** If the other educational entity ceases to participate in authority coverages prior to expiration of the carrier contracts, it shall, in addition to any other penalties, pay to the authority any sums determined by the authority to be due in order to hold safe and harmless all other members of the authority from any adverse financial impact caused by its failure to participate.

[6.50.4.10 NMAC - Rp, 6 NMAC 50.4.10, 09/01/2014]

**6.50.4.11 DUE DATES FOR ACCOUNTING BY THE AUTHORITY:** An accounting of funds and amounts owed by or to the other educational entity which has failed to participate, dropped coverages or exited the authority for any reason shall not be due from the authority any earlier than two years for employee benefits coverages and for risk-related coverages after the failure to participate, early exit or dropping of coverage by the other educational entity.

[6.50.4.11 NMAC - Rp, 6 NMAC 50.4.11, 09/01/2014]

**HISTORY of 6.50.4 NMAC:**

**Pre-NMAC History:** The material in this Part was derived from that previously filed with the State Records Center under:

NMPSIA Rule 88-100, Participation Rules and Regulations Rule, 11/04/88.

NMPSIA Rule 93-7, Other Educational Entities Participation, 3/22/93.

**History of Repealed Material:**
6 NMAC 50.4, Other Educational Entities Participation (filed 10/1/97) repealed 09/01/2014.

**NMAC History:**
6 NMAC 50.4, Other Educational Entities Participation, 10/01/97.
6 NMAC 50.4, Other Educational Entities Participation (filed 10/01/97) was repealed and replaced by 6.50.4 NMAC, Participation In Authority Coverages By Other Educational Entities, effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 5 DETERMINATION OF PREMIUMS FOR EMPLOYEE-BENEFITS, RISK-RELATED AND DUE PROCESS REIMBURSEMENT COVERAGES**

**6.50.5.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.5.1 NMAC - Rp, 6 NMAC50.5.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is, 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.5.2 SCOPE:** This part applies to all school districts, charter schools and other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members and persons or entities authorized to participate in the authority's employee benefits, risk-related and due process reimbursement coverages.
[6.50.5.2 NMAC - Rp, 6 NMAC 50.5.2, 09/01/2014]

**6.50.5.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978 directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.5.3 NMAC - Rp, 6 NMAC 50.5.3, 09/01/2014]

**6.50.5.4 DURATION:** Permanent.
[6.50.5.4 NMAC - Rp, 6 NMAC 50.5.4, 09/01/2014]

**6.50.5.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.5.5 NMAC - Rp, 6 NMAC 50.5.5, 09/01/2014]

**6.50.5.6 OBJECTIVE:** The objective of this part is to establish the policy for determining premium levels.
[6.50.5.6 NMAC - Rp, 6 NMAC 50.5.6, 09/01/2014]

**6.50.5.7 DEFINITIONS:** [RESERVED]

**6.50.5.8 ESTABLISHMENT OF EMPLOYEE-BENEFIT AND RISK RELATED PREMIUMS:**

**A.** The authority shall establish premiums necessary to protect the solvency of the fund considering all expenses, potential expenses and costs of the authority programs.

**B.** Whenever possible, the authority shall obtain loss experience for each line of coverage for each participating entity.

**C.** Whenever possible and economically feasible, the authority shall obtain professional actuarial advice to establish premium levels.

**D.** Whenever possible, the authority shall consider the loss experience of each particular participating entity as a primary factor in establishing the premiums for that entity. However, the authority shall also use other factors as necessary to protect the stability and solvency of the fund.

**E.** The authority shall also consider an appropriate premium increase of up to 10% when presented with a member's untimely reporting of losses, in addition to a potential denial of a claim under the memorandums of coverages.

[~~E~~]**F.** Exposure information, which includes, but is not limited to, property values, vehicle counts, payroll, average daily attendance, budgets, new or hazardous exposures, is requested from each member typically in December of each year. This information is one of the factors used to allocate premiums among the members. The deadline for submission of this information to the authorized representative of the authority is the second Friday in January. The authorized representative shall have three to four weeks to review the data, ask and answer any questions and verify the information. The final deadline for the submission of all additional or amended exposure information by the members to the authorized representative is the second Friday in February. The board will have the final decision to approve or reject any late received exposure information. If the exposure information is not received by the deadlines described above, the board may, at its discretion, impose a 10% penalty increase to that member's prior year's exposure information.

[~~F~~]G. If, at any time, the authority becomes aware that a member has under reported exposure information, an additional premium will be retroactively charged [~~at a rate to be determined by the board~~] back to the appropriate policy period.

[~~G~~]H. If, at any time, the authority becomes aware that a member over reports exposure information, the member will not receive any return of premiums paid. However, if there are extenuating circumstances, the member can request that the board waive the forfeiture of the return premium.

[6.50.5.8 NMAC - Rp, 6 NMAC 50.5.8, 09/01/2014]

**6.50.5.9 ESTABLISHMENT OF DUE PROCESS REIMBURSEMENT PREMIUMS:** Due process reimbursement coverage premiums shall be established in accordance with Section 22-29-12 NMSA 1978 and the applicable memorandum of coverage.

[6.50.5.9 NMAC - N, 09/01/2014]

**6.50.5.10 NONDISCLOSURE OF PREMIUM CHANGES:** Authority staff, actuaries or consultants shall not discuss or disclose to participating entities, employees, retirees or the public any premium changes until authorized to do so by the board.

[6.50.5.10 NMAC - Rp, 6 NMAC 50.5.9, 09/01/2014]

**HISTORY of 6.50.5 NMAC:**

**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:

NMPSIA Rule 86-207, Employee-Benefits Determination Of Premium Levels, filed 10-31-86;

NMPSIA Rule 93-8, Employee-Benefits And Risk-Related Coverages Determination Of Premium Levels, filed 3-22-93.

**History of Repealed Material:**

6 NMAC 50.5, Employee-Benefits And Risk-Related Coverages Determination Of Premium Levels, filed 10/1/97-Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 6 NOTICE OF RISK-RELATED, EMPLOYEE-BENEFITS AND DUE PROCESS REIMBURSEMENT COVERAGES**

**6.50.6.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.6.1 NMAC - Rp, 6 NMAC 50.6.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.6.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members, and persons or entities authorized to participate in the authority's employee benefits, risk-related and due process reimbursement coverages.
[6.50.6.2 NMAC - Rp, 6 NMAC 50.6.2, 09/01/2014]

**6.50.6.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7, NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq., NMSA 1978.
[6.50.6.3 NMAC - Rp, 6 NMAC 50.6.3, 09/01/2014]

**6.50.6.4 DURATION:** Permanent.
[6.50.6.4 NMAC - Rp, 6 NMAC 50.6.4, 09/01/2014]

**6.50.6.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.6.5 NMAC - Rp, 6 NMAC 50.6.5, 09/01/2014]

**6.50.6.6 OBJECTIVE:** The objective of this part is to establish the procedure for providing notice of coverage of risk-related, employee benefits and due process reimbursement coverages.
[6.50.6.6 NMAC - Rp, 6 NMAC 50.6.6, 09/01/2014]

**6.50.6.7 DEFINITIONS:** [RESERVED]

**6.50.6.8 COVERAGE NOTIFICATION:** The authority will issue notification of coverage for each offering to each participating entity within 30 days of the inception of the coverage. The coverage notification may specify the types, limits, amounts and general terms of coverage to be provided to the participating entity. The notification shall state that a complete copy of the memorandum of coverage which governs risk-related and due process reimbursement coverages will be made available to all interested parties upon request. Each covered employee under employee benefits coverages shall [~~receive~~] have access to a summary plan description or insurance certificate. The terms of the insurance policy or memorandum of coverage, not the coverage notification or summary shall control in any dispute over coverage. Final determination of whether a claim is covered rests solely with the authority.
[6.50.6.8 NMAC - Rp, 6 NMAC 50.6.8, 09/01/2014]

**HISTORY OF 6.50.6 NMAC:**
**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA 86-103, Notice of Risk-Related Coverage, filed 10/31/86.
NMPSIA 86-206, Notice of Coverage, filed 10/31/86.
NMPSIA 93-9, Notice of Risk-Related and Employee Benefits Coverage, filed 3/22/93.

**History of Repealed Material:**
6 NMAC 50.6, Notice of Risk-Related and Employee Benefits Coverage, filed 10/1/97 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 7 WAIVER OF PARTICIPATION IN AUTHORITY COVERAGE OFFERINGS BY SCHOOL DISTRICTS AND CHARTER SCHOOLS-MINIMUM BENEFIT AND STANDARDS**

**6.50.7.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.7.1 NMAC - Rp, 6 NMAC 50.7.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.7.2 SCOPE:** This part applies to all school districts and charter schools.
[6.50.7.2 NMAC - Rp, 6 NMAC 50.7.2, 09/01/2014]

**6.50.7.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7, NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq., NMSA 1978.
[6.50.7.3 NMAC - Rp, 6 NMAC 50.7.3, 09/01/2014]

**6.50.7.4 DURATION:** Permanent.
[6.50.7.4 NMAC - Rp, 6 NMAC 50.7.4, 09/01/2014]

**6.50.7.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.7.5 NMAC - Rp, 6 NMAC 50.7.5, 09/01/2014]

**6.50.7.6 OBJECTIVE:** The objective of this part is to establish the procedures for school districts and charter schools to obtain a waiver of participation in authority coverage offerings.
[6.50.7.6 NMAC - Rp, 6 NMAC 50.7.6, 09/01/2014]

**6.50.7.7 DEFINITIONS:**

**A. "Individual line of coverage"** means either "risk-related" or "group health insurance" as those terms are defined in Section 22-29-3 NMSA 1978.

**B. "Minimum benefit standards"** means the coverages required by the authority in its requests for proposal to the various insurance carriers.

**C. "Minimum financial standards"** means the premiums, deductibles, limits of liability, coinsurance and other financial parameters associated with the authority coverages as set forth in the requests for proposal sent to the various insurance carriers.
[6.50.7.7 NMAC - Rp 6 NMAC 50.7.7, 09/01/2014]

**6.50.7.8 WAIVER OF PARTICIPATION:** School districts and charter schools shall participate in and accept all authority offerings, unless the school district or charter school has applied for and been granted a waiver for an individual line of coverage by the authority board. If a waiver is granted for an individual line of coverage, the school district or charter school will not be provided any insurance protection or coverage by the authority for the perils covered by that individual line of coverage. The school district or charter school receiving the waiver accepts the obligation to obtain its own insurance protection for the perils covered by the individual line of coverage for which the waiver is granted. A school district or charter school that has been granted a waiver for an individual line of coverage shall be prohibited from participating in that individual line of coverage during the contract period, provided, however, the district or charter school may, if the authority contract period exceeds four years, again seek participation. [~~However, a school district or charter school may, if the authority contract period exceeds four years, again seek participation as if it were an other educational entity pursuant to 6.50.4.8 NMAC.~~]
[6.50.7.8 NMAC - Rp, 6 NMAC 50.7.8, 09/01/2014]

**6.50.7.9 RESPONSIBILITIES OF SCHOOL DISTRICTS AND CHARTER SCHOOLS WHICH WAIVE PARTICIPATION IN AUTHORITY COVERAGES:**

**A.** A school district or charter school may waive participation in either the risk related or group health insurance or both. Pursuant to Subsections C and D of Section 22-29-9, a school district or charter school must

waive all risk-related or all group health insurance coverages or must petition for participation in the remaining coverages offered by the authority in that particular individual line of coverage.

**B.** Should a school district or charter school waive participation in an individual line of coverage, the school district or charter school shall be responsible for the following charges:

**(1)** For [~~risk related~~] risk-related coverages, the school district or charter school shall forfeit to the authority any right to any return premiums or reserves and shall be responsible to pay to the authority on demand the cost of any prior losses in excess of premium and all the appropriate expenses of the authority in defending, settling and administering any such losses;

**(2)** For group health insurance, the school district or charter school shall forfeit to the authority any right to any return premium or reserves it may be entitled to. The school district or charter school shall also pay to the authority any funds paid for prior incurred claims of the school district or charter school in excess of premium paid by the school district or charter school and shall pay to the authority all the appropriate expenses of the authority in defending, settling and administering such claims.

**C.** Any school district or charter school waiving participation in an individual line of coverage shall pay to the authority any sums determined by the authority to be due in order to hold safe and harmless all other members of the authority from any adverse financial impact caused by the waiver of coverage. An accounting of funds and amounts owed by the school district or charter school shall not be due from the authority until two years after the waiver of participation has taken effect.

[6.50.7.9 NMAC - Rp, 6 NMAC 50.7.9, 09/01/2014]

**6.50.7.10 MINIMUM BENEFIT AND FINANCIAL STANDARDS:** Minimum benefit and financial standards shall be established by the authority pursuant Subsection B of Section 22-29-9, NMSA 1978, at the time of the request for proposal process for the line or lines of coverage proposed to be solicited by the authority. The terms and conditions of the requests for proposal which specify the minimum benefits and financial standards which the authority requires potential carriers to respond to shall also constitute the minimum benefit and financial standards which any district seeking a waiver of coverage must match.

[6.50.7.10 NMAC - Rp, 6 NMAC 50.7.10, 09/01/2014]

**6.50.7.11 BOARD PROCEDURE FOR CONSIDERING REQUESTS FOR WAIVER:**

**A.** In the event the authority determines it will issue a request for proposal for either risk-related or group health insurance because of termination of an existing contract during its term or because of expiration of an existing contract pursuant to the contractual term limit, the authority shall issue a schedule for the procurement. The request for proposal shall contain a proposed time schedule for responsive offers. The authority shall also set a target date for selection of a carrier. Sixty days prior to the carrier selection target date, the authority shall, by ordinary mail, send to each school district and charter school a copy of the authority's request for proposal notifying the school districts and the charter schools that the request for proposal sets forth the minimum benefits and financial standards for purposes of their opportunity to waive participation in the individual line of coverage being procured. The authority shall in the notice to the school districts and charter schools establish a deadline within which time any school district or charter school desiring a waiver must submit documentation of its proposal matching the authority's minimum benefits and financial standards. A copy of 6.50.7 NMAC shall be enclosed with the notice.

**B.** A school district or charter school that plans to file a request for waiver for any individual line of coverage shall within 14 calendar days after receiving notice from the authority as required by Subsection A of 6.50.7.11 NMAC above, file a notice of intent to file a request for waiver for that particular individual line of coverage. The purpose of this preliminary filing is to permit the authority to structure its request for proposal to give notice to any proposed bidders of the approximate number of school districts and charter schools that may attempt to waive participation in that individual line of coverage, since this can have a significant effect on the procurement process.

**C.** Any school district or charter school that has filed a notice of intent to file a request for waiver, may, if the school district or charter school desires to continue its waiver efforts, seek proposals for insurance through a request for proposal in accordance with state law. The school district's or charter school's request for proposal shall, as a minimum, contain the minimum employee benefits and financial standards or the risk-related minimum benefits and financial standards as required by the authority's request for proposal. The school district or charter school may include additional coverages or additional limits in its request for proposal.

**D.** After the school district or charter school receives responses to its request for proposals and still desires to continue to seek a waiver, it shall prepare a request for waiver which affirmatively sets forth the

coverages, the premiums and a summary of the school district's or charter school's data with respect to each of the criteria set forth in 6.50.7.12 NMAC.

**E.** The request for waiver of participation with all documentation shall be filed with the authority on or before the date on which the authority's request for proposal requires proposals to be received.

**F.** Any school district or charter school that does not timely file a notice of intent to file for a waiver of participation or a request for waiver of participation is prohibited from waiving out of the authority coverage.

**G.** When the authority receives a request for a waiver of participation, the authority shall immediately send a notice to the school district or charter school setting forth the time and place for a public board meeting to consider approval or rejection of the waiver request. Since time is of the essence, if necessary, the board shall call a special meeting in accordance with the Open Meetings Act, Section 10-15-1 et seq., NMSA 1978, to consider the waiver request.

**H.** At the meeting, the school district or charter school will present its proposed coverages and the costs of those coverages. Then, the authority's executive director will explain the comparable coverages to be offered by the authority and their costs. The board shall review all documents and information presented orally and in writing and then shall either make its decision at the meeting or notify the school district or charter school of the decision in writing within five calendar days after the meeting.

**I.** The decision of the authority board to grant or deny a waiver of participation is final. Any district denied a waiver of participation may appeal such decision. An appeal shall be taken within thirty days from the date of the board action. Such appeal is on the record made before the authority board and the board decision may be reversed only if shown upon a review of the whole record to be arbitrary, capricious or in violation of law.
[6.50.7.11 NMAC - Rp, 6 NMAC 50.7.11, 09/01/2014]

**6.50.7.12 APPROVAL OR DISAPPROVAL OF REQUEST FOR WAIVER OF PARTICIPATION:** The authority board shall approve or disapprove a waiver of participation based on the documentation submitted by the school district or charter school. The board shall grant a waiver to a school district or charter school that shows evidence to the satisfaction of the board that:

**A.** In the event the waiver is with regard to group health insurance:

**(1)** that the school district or charter school has secured a valid written enforceable commitment from an insurer to provide group health insurance;

**(2)** that the coverage committed to the school district or charter school and the plan benefits for their employees is at least as beneficial as the plan being procured by the authority;

**(3)** that there are no more exclusions from coverage and the exclusions are not broader than those set out in the authority's request for proposals;

**(4)** that the deductibles, stop loss, out of pocket costs, etc., if any, result in no more costs to the employees than would occur pursuant to the authority's request for proposals;

**(5)** that any cost containment features not result in any higher costs or burdens on the employees than would result under the authority's request for proposals;

**(6)** that the prospective insurer of the school district or charter school have the same or greater rating as that required in the authority's request for proposals;

**(7)** that the notice of intent to request a waiver has been timely filed;

**(8)** that the request for waiver of participation has been timely filed;

**(9)** that all the data required to be included in the request for waiver of participation has been timely supplied;

**(10)** that the proposed insurer for the school district or charter school has satisfactorily demonstrated to the school district or charter school and to the authority that the insurer in its proposal to the school district or charter school has adequately accounted in its rates for such items as school district or charter school experience, incurred but not reported losses, medical inflation trends and other relevant factors for the purpose of allowing the school district or charter school and the authority to determine the future viability of the plan, if rates are under-quoted at inception and whether the proposed insurer for the school district or charter school meets the minimum financial standards of the authority; and

**(11)** that the total group health insurance offering available in that school district or charter school compares favorably in all respects with the authority's request for proposals;

**B.** In the event the waiver is with regard to risk-related insurance:

**(1)** that the school district or charter school has secured a valid written enforceable commitment from an insurer to provide risk-related insurance;

**(2)** that there are no more exclusions from coverage and the exclusions are not broader than those in the authority's request for proposal;

**(3)** that the deductibles, [~~self-insured~~] self-insured retention, etc., if any, are no higher or result in any more costs to the school district or charter school than would occur pursuant to the authority's request for proposal;

**(4)** that any cost containment features not result in any higher costs or burdens on the school district or charter school than would result under the authority's request for proposals;

**(5)** that the prospective insurers of the school district or charter school provide coverages as broad as is required in the authority's request for proposals;

**(6)** that the prospective insurers of the school district or charter school have the same or greater rating as required in the authority's request for proposals;

**(7)** that the notice of intent to request a waver has been timely filed;

**(8)** that the request for waiver of participation has been timely filed;

**(9)** that all the data required to be included in the request for waiver of participation has been included; and

**(10)** that the proposed insurer for the school district or charter school has satisfactorily demonstrated to the school district or charter school and to the authority that the insurer in its proposal to the school district or charter school has adequately accounted in its rates for such items as school district or charter school experience, incurred but not reported losses, the nature of existing coverage(claims made or occurrence) and other relevant factors for the purpose of allowing the school district or charter school and the authority to determine the future costs of coverages, to determine if rates are under-quoted at inception and whether the proposed insurer for the school district or charter school meets the minimum financial standards of the authority.

[6.50.7.12 NMAC - Rp, 6 NMAC 50.7.12, 09/01/2014]

**6.50.7.13 WITHDRAWAL, FAILURE TO FOLLOW PROCEDURES, EXPIRATION OF WAIVERS:**

**A.** A request for waiver may be withdrawn at any time prior to or at the scheduled meeting.

**B.** Failure to follow the procedures set forth in this rule shall be adequate reason for rejection of the request for waiver.

**C.** Any waiver granted shall automatically expire at the end of the authority insurance contract for the line of coverage.

[6.50.7.13 NMAC - Rp, 6 NMAC 50.7.13, 09/01/2014]

**6.50.7.14 AUTOMATIC WAIVER ALLOWED:** School districts and charter schools are entitled to an automatic waiver for any line of authority coverage where the employee pays the full amount of the premium. If the school district or charter school desires insurance protection for a particular line of employee-pay-all coverage, the school district or charter school must affirmatively petition the authority for coverage. In granting the coverage the board shall first determine that the school district or charter school meets the minimum participation requirements as established by the board [~~from time to time~~] as necessary, that the school district or charter school will carry the coverage through the end of the contract period and that approval will not jeopardize the stability of the fund.

[6.50.7.14 NMAC - Rp, 6 NMAC 50.7.14, 09/01/2014]

**HISTORY of 6.50.7 NMAC:**

**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:

NMPSIA 86-101, Risk-Related Minimum Benefits and Risk-Related Financial Standards, filed 10-31-86;
NMPSIA 86-102, Waiver Of Participation For Risk-Related Coverages, filed 10-31-86;
NMPSIA 86-203, Waiver of Participation for Employee-Benefit Coverages, filed 10-31-86;
NMPSIA 88-2, Definitions, filed 11-4-88;
NMPSIA 93-10, Employee-Benefit and Risk Related Minimum Benefit and Financial Standards Participation Waiver, filed 03-22-93;
NMPSIA 86-2, Definitions, filed 10/31/86;
NMPSIA 93-1, Definitions, filed 3/22/93.

**History of Repealed Material:**

6 NMAC 50.7, Employee-Benefit and Risk-Related Minimum Benefit and Financial Standards Participation Waiver, filed 10/1/97- Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 8 EMPLOYEE-BENEFIT AND RISK-RELATED PREMIUM PAYMENTS**

**6.50.8.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.8.1 NMAC - Rp, 6 NMAC 50.8.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.8.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body board members and persons or entities authorized to participate in the authority's employee benefits, risk-related and due process reimbursement coverages.
[6.50.8.2 NMAC - Rp, 6 NMAC 50.8.2, 09/01/2014]

**6.50.8.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.8.3 NMAC - Rp, 6 NMAC 50.8.3, 09/01/2014]

**6.50.8.4 DURATION:** Permanent.
[6.50.8.4 NMAC - Rp, 6 NMAC 50.8.4, 09/01/2014]

**6.50.8.5 EFFECTIVE DATE:** September 1, 2014, unless a later date is cited at the end of a section.
[6.50.8.5 NMAC - Rp, 6 NMAC 50.8.5, 09/01/2014]

**6.50.8.6 OBJECTIVE:** The objective of this part is to set forth the requirements for premium payment by participating entities.
[6.50.8.6 NMAC - Rp, 6 NMAC 50.8.6, 09/01/2014]

**6.50.8.7 DEFINITIONS:** [RESERVED]

**6.50.8.8 PREMIUM PAYMENT FOR [~~RISK-RELATED~~] RISK-RELATED AND DUE PROCESS REIMBURSEMENT COVERAGES:** The authority shall invoice each member for risk-related and due process reimbursement coverages. Payment for risk-related and due process reimbursement coverages is due in full within 30 days after the billing date. Premium payments not received by the 10th day of the month following the due date shall be subject to an interest charge of one and one-half percent of the outstanding premium due for each month [~~they are~~] the member is overdue.
[6.50.8.8 NMAC - Rp, 6 NMAC 50.8.8, 09/01/2014]

**6.50.8.9 PREMIUM PAYMENT FOR EMPLOYEE BENEFITS COVERAGES:** The authority shall invoice each member[~~, or the individual participant where direct billing is used, for the premiums~~] for the premiums for employee benefits coverages. Premium payments are due in full within 10 days after billing. Premiums are due no later than the 10th of the month for which coverage is intended. Premium payments not received by the 10th day of the month following the due date shall be subject to an interest charge of one and one-half percent of the outstanding premium due for each month the member is overdue.
[6.50.8.9 NMAC - N, 09/01/2014]

**6.50.8.10 PREMIUM PAYMENT PLAN:** Any member unable to make [~~its~~] their premium payment timely and in full must obtain a recommendation from the state secretary of education for any alternate payment schedule, which shall then be submitted to the board for approval. The board may accept or reject the secretary's recommendation.
[6.50.8.10 NMAC - Rp, 6 NMAC 50.8.9, 09/01/2014]

**6.50.8.11 FAILURE TO PAY PREMIUMS WHEN DUE:** If any member or individual participant responsible for making a premium payment fails to make the premium payments when due, the member or

individual participant shall be subject to suspension of coverage or in an extreme case, as determined by the board, to termination of coverage. Notice of suspension or termination of coverage shall be given to the member or to the individual as appropriate. Where the coverage has been suspended for non-payment of premiums, the authority shall act to protect the stability of the fund in determining whether to reinstate coverage.
[6.50.8.11 NMAC - Rp, 6 NMAC 50.8.10, 09/01/2014]

**6.50.8.12 PROCEDURE FOR HANDLING DISPUTED PREMIUM BILLINGS:** In the event any member or individual disputes the amount of the authority's billing, the member or individual shall pay the bill and then file a written statement requesting a refund of the disputed amount setting forth the amount and the reasons the member or individual believes the billing constitutes an overcharge. The request shall be filed within 60 days after the submission of the billing. Requests for refunds that are not timely filed shall be deemed to be rejected. The board shall place complaints regarding the amount of the authority's billings that are timely filed on the agenda of one of its meetings and give notice to the affected member or individual so the member or individual may attend and be heard.
[6.50.8.12 NMAC - Rp, 6 NMAC 50.8.11, 09/01/2014]

**HISTORY of 6.50.8 NMAC:**
**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA 86-105, Risk-Related Premium Payments, filed 10-31-86;
NMPSIA 86-205, Employee Benefit Premium Payments, filed 10-31-86;
NMPSIA 93-11, Employee-Benefit and Risk Related Premium Payments, filed 03-22-93.

**History of Repealed Material:**
6 NMAC 50.8, Employee-Benefit and Risk-Related Premium Payments, filed 10/1/97 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 9 COORDINATION OF BENEFITS REQUIREMENTS - DUPLICATE OR OVERLAPPING BENEFITS COVERAGES**

**6.50.9.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.9.1 NMAC - Rp, 6 NMAC 50.9.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.9.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members, and persons or entities authorized to participate in the authority's employee benefits or risk-related coverages.
[6.50.8.2 NMAC - Rp, 6 NMAC 50.8.2, 09/01/2014]

**6.50.9.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.8.3 NMAC - Rp, 6 NMAC 50.8.3, 09/01/2014]

**6.50.9.4 DURATION:** Permanent.
[6.50.8.4 NMAC - Rp, 6 NMAC 50.8.4, 09/01/2014]

**6.50.9.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.8.5 NMAC-Rp, 6 NMAC 50.8.5, 09/01/2014]

**6.50.9.6 OBJECTIVE:** The objective of this part is to bring Subsection F of Section 22-29-9, NMSA 1978, to the attention of members and provide direction as to what other insurance may be maintained by members and to provide for claims where there is duplicate coverage.
[6.50.8.6 NMAC - Rp, 6 NMAC 50.8.6, 09/01/2014]

**6.50.9.7 DEFINITIONS:** [RESERVED]

**6.50.9.8 SCHOOL DISTRICT AUTHORITY TO MAINTAIN INSURANCE:** Each school district, charter school and other educational entity participating in the authority offerings shall not separately offer any competing employee-benefits insurance coverage. However, each member participating in the authority offerings may separately obtain any risk-related insurance coverage in addition to the coverage offered by the authority.
[6.50.8.8 NMAC - Rp, 6 NMAC 50.8.8, 09/01/2014]

**6.50.9.9 AUTHORITY'S LIMITATION OF LIABILITY FOR DUPLICATE OR OVERLAPPING <u>BENEFITS</u> PREMIUMS PAID:** To the extent that the insurance coverage purchased by the member or individual participant duplicates or overlaps insurance coverage provided by the authority, the authority will not reduce or rebate any portion of its premium nor is the authority liable to the participating entity or to any individual participant for any premiums paid by the participating entity or the individual participant for duplicate or overlapping coverage.
[6.50.8.9 NMAC - Rp, 6 NMAC 50.8.9, 09/01/2014]

**6.50.9.10 [~~RISK RELATED~~] <u>RISK-RELATED</u> OVERLAPPING INSURANCE COVERAGES:** Where there is other insurance, no matter how acquired or provided to an insured, the authority shall follow the "guiding principles for overlapping insurance coverages " adopted by the association of casualty and surety companies, the inland marine underwriters association, the national automobile underwriters association, the national board of fire underwriters, the national bureau of casualty underwriters and the surety association of America to determine the obligations of the authority with respect to apportionment of losses with other insurers.
[6.50.8.10 NMAC - Rp, 6 NMAC 50.8.10, 09/01/2014]

**6.50.9.11 EMPLOYEE BENEFITS COVERAGE/COORDINATION OF BENEFITS RULES:**
Coordination of benefits ("COB") rules of the authority's medical and dental carrier shall prevail in any situation where a conflict exists with any other authority benefits carrier. In the event of a conflict among authority carriers addressed by COB rules, the COB rules of the carrier of coverages wherein the authority is at risk will prevail. In the event of a conflict between an authority carrier and a non-authority carrier addressed by the COB rules of the authority carrier, the authority carrier COB rules will prevail.
[6.50.8.11 NMAC - Rp, 6 NMAC 50.8.11, 09/01/2014]

**HISTORY OF 6.50.9 NMAC:**
**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA 86-104, Participating Entity Maintenance Of Risk-Related Insurance, filed 10/31/86;
NMPSIA 86-202, Employee Benefit Minimum Benefits and Employee-Benefit Financial Standards, filed 10/31/86;
NMPSIA 93-12, Participating Entity Competing Employee Benefits Coverages Duplicate Or Overlapping Coverages and Coordination Of Benefits Rules, filed 3/22/93.

**History of Repealed Material:**
6 NMAC 50.9, Coordination of Benefits Requirements - Duplicate or Overlapping Benefits Coverages, filed 10/1/97-Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 10 EMPLOYEE BENEFIT COVERAGE ENROLLMENT POLICY**

**6.50.10.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.10.1 NMAC - Rp, 6.50.10.1 NMAC, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.10.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members, and persons or entities authorized to participate in the authority's employee benefits coverages.
[6.50.10.2 NMAC - Rp, 6.50.10.2 NMAC, 09/01/2014]

**6.50.10.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978 directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.10.3 NMAC - Rp, 6.50.10.3 NMAC, 09/01/2014]

**6.50.10.4 DURATION:** Permanent.
[6.50.10.4 NMAC - Rp, 6.50.10.4 NMAC, 09/01/2014]

**6.50.10.5 EFFECTIVE DATE:** September 1, 2014, unless a later date is cited at the end of a section.
[6.50.10.5 NMAC - Rp, 6.50.10.5 NMAC, 09/01/2014]

**6.50.10.6 OBJECTIVE:** The objective of this part is to establish the enrollment policy for all persons or entities authorized to participate in the authority's employee benefits coverage.
[6.50.10.6 NMAC - Rp, 6.50.10.6 NMAC, 09/01/2014]

**6.50.10.7 DEFINITIONS:**

**A. "Actively at work" for life and disability coverage,** means performing the material duties of your own occupation at your employer's usual place of business. You will also meet the actively at work requirement if you were absent from active work because of a regularly scheduled day off, holiday or vacation day or if you were capable of active work on the day before the scheduled effective date of your insurance or increase in your insurance.

**B. "Employee"** means full time employee as defined in Subsection [~~Y~~] X of 6.50.1.7 NMAC. This definition applies to the rules related to employee benefits coverage contained in 6.50.10 NMAC only.
[6.50.10.7 NMAC - Rp, 6.50.10.7 NMAC, 09/01/2014]

**6.50.10.8 REQUIREMENTS FOR ENROLLMENT OF FULL TIME EMPLOYEES:**

**A.** An employee shall be enrolled pursuant to [~~his~~] their actual status at the time of enrollment. If a change in status of an employee occurs [~~he~~] they must notify the employer within 31 calendar days of the change and complete any enrollment documents required by the authority.

**B.** An employee may enroll [~~just himself~~] only themself. However, if the employee chooses to enroll one eligible dependent, the employee shall enroll all eligible dependents unless one or more eligible dependents have other coverage. If the dependent of an eligible employee participant is enrolled in another medical plan, the eligible employee participant may enroll in the authority's medical plan as a single and in the two-party or family coverage for other lines. Evidence of the other coverage is required.

**C.** New eligible employees may enroll under the conditions set forth by the authority as follows:

**(1)** New eligible employees shall enroll within 31 calendar days of hire or within 31calendar days of being upgraded to eligible employee. Evidence of upgrade is required.

**(2)** A new participating entity governing body member or new participating authority board member shall enroll within 31 days of being sworn in to office.

**(3)** Coverage is effective on the first day of the month following the day the employee applies, provided the employee authorizes in writing that the premium is to be withheld from [~~his~~] their payroll

check, subject to the actively-at-work provision, and for self-payers, the first day of the month following receipt of the premium by the authority.

**(4)** Where an employee is on a [~~12 month~~] payroll option, the employer shall deduct and remit from each payroll and shall remit the employer's contribution simultaneously.

**(5)** Where an employee seeks a transfer of benefits:

**(a)** the employee is covered until the end of the month for which coverage was paid at the school the employee is leaving;

**(b)** the employee shall enroll within 31 calendar days of hire at the school the employee is moving to; and

**(c)** participating entities shall coordinate the effective date to ensure duplicate premiums are not paid on behalf of the employee through the outgoing school as well as the incoming school.

**(6)** Eligible [~~employee~~] employees or dependents who involuntarily lose benefits coverage have a [~~31 day~~] 31-day window to enroll in the authority. Supporting documentation showing the reason for the involuntary loss of benefits coverage, the date benefits coverage was lost, who was covered and what types of benefits coverage was lost must be submitted within 31 days from the date of loss of coverage. The effective date of new benefits coverage will be the first of the month following receipt by the authority of the documentation required and the necessary application or applications, [~~provide~~] provided that all enrollment rules of the authority are met.

**(7)** Eligible employee enrollment after the enrollment period shall be permitted to only enroll in the authority's long-term disability plan and the voluntary life insurance plan upon providing the required evidence of medical insurability and approval by the disability and life carrier. Late enrollments shall not be permitted for medical, dental or vision coverages.

**(8)** If an eligible employee participant obtains dependent coverage for any eligible dependent from the authority, then the employee is required to enroll all eligible dependents in such coverage unless one or more eligible dependents have proof of other coverage. As an example: If an eligible employee participant is divorced, and the divorce decree states that medical coverage will be provided by the ex-spouse for one or more dependents of the eligible employee participant, the employee is permitted to enroll as a single in the medical and in the two party or family coverage for other lines of coverage.

**(9)** An employee is prohibited from having duplicate coverage from the authority for any line of coverage. An employee is also prohibited from having employee coverage and dependent coverage at the same time from the authority for any line of coverage. In the event of duplicate coverage, only one benefit will be paid. In those cases where an employee and [~~his or her~~] their spouse or domestic partner are both eligible employees, either one may enroll into the coverage and the other be treated as an eligible dependent.

**(10)** An eligible employee is not permitted to enroll for a particular line of coverage unless the minimum participation level as determined by the authority is met.

**(11)** The participant shall only be permitted to switch from one plan to another plan within the same line of coverage during an established switch enrollment period and then only under the terms and conditions permitted by the authority. Open enrollment is allowed annually to add a line of coverage under the terms and conditions provided by the authority.

**(12)** An employee may drop any line of coverage at any time at the employee's discretion, provided, however, any provision with respect to prohibition against dropping any lines of coverage shall be enforced as determined by the member. In divorce situations, a divorced eligible employee may not drop eligible dependents based on a change in status until a court-endorsed divorce decree is [~~filed with~~] provided to the member and processed by the authority. When a domestic partnership is terminated, the employee[~~, ex-domestic partner~~] may not drop eligible dependents based on a change in status until the authority receives written notice from the employee that the domestic partnership is terminated in the form of an affidavit terminating domestic partnership provided to the member and processed by the authority. If the employee drops the line of coverage(s), the employee cannot re-enroll except as this part permits.

**(13)** Proper documentation, including evidence of medical insurability where required, must be provided by the eligible employee seeking coverage within 31 calendar days of the qualifying event. Coverage may be rejected where adequate proof and documentation satisfactory to the authority is not submitted in a timely manner.

**(14)** Eligibility for employee basic life [~~is~~] requires the employee to be a benefits-eligible employee working a minimum of 15 hours or more per week, or as determined by the member.

[6.50.10.8 NMAC - Rp, 6.50.10.8 NMAC, 09/01/2014]

**6.50.10.9 REQUIREMENTS FOR ENROLLMENT OF PART-TIME EMPLOYEES:**

**A.** Part-time employees who work less than 20 hours a week but 15 hours per week or more are eligible for employee benefits if the member has passed a part-time resolution agreeing to provide employee benefits to part-time employees. A part-time resolution must be renewed in May of each year by the member and approved by the authority board in order for its [~~part-time~~] part-time employees to remain eligible for employee benefits.

**B.** Part-time employees who work less than 15 hours per week are not eligible for employee benefits.

**C.** Part-time employees eligible for employee benefits may also enroll their dependents.

[~~**D.**~~] The requirements for enrollment for [~~full-time~~] full-time employees under 6.50.10.8 NMAC also apply to [~~part-time~~] part-time employees.

[~~**E.**~~] **D.** Eligibility for employee basic life [~~is~~] requires the employee to be a benefits-eligible employee working a minimum of 15 hours or more per week or as determined by the member.

[6.50.10.9 NMAC - N, 09/01/2014]

**6.50.10.10 REQUIREMENTS FOR ENROLLMENT OF EMPLOYEE DEPENDENTS:**

**A.** Eligible employee participants may enroll their eligible dependents during the enrollment period established by the authority. If the employee is enrolled in family medical coverage, a newborn dependent of an employee parent is covered from the date of birth under the same lines of family coverage in which the employee parent is enrolled at the time of the newborn's birth. In cases where the employee is not enrolled in family medical coverage but has family coverage for other lines of employee benefits, the employee parent must enroll the newborn dependent within 31 calendar days from the date of birth to be covered from the date of birth Special Enrollment. In cases where there is a change of status in premium (i.e., single to two-party, single to family, or two-party to family) due to the addition of a newborn dependent, the employee parent must enroll the newborn dependent within 31 calendar days from the date of birth to be covered from the date of birth. Certification of information from the official state publicly filed birth certificate or a state-filed birth certificate registration certification must accompany the enrollment form, or if the birth certificate or certification is not available, it must be submitted within 61 calendar days from the first day of the month following the newborn dependent's date of birth. Adopted dependents of an employee are eligible for coverage from the date of placement by a licensed state agency, a governmental agency or a court of competent jurisdiction. Supportive documentation of such placement is required with the change of status application within 61 calendar days of the date of placement.

**B.** The employee participant shall enroll the new eligible dependent within 31 calendar days of becoming an eligible dependent, except for newborns when family medical coverage is in effect at the time of the newborn's birth. Those persons considered to be a new eligible dependent are a newborn child, a new spouse, a domestic partner newly established by affidavit to be verified by the employer, a new legally adopted child, legal guardianship and other similar situations where the dependent becomes a new family member and is otherwise an eligible dependent pursuant to a court order. Supportive documentation in the form of copies of publicly filed marriage certificates, certificate of birth certificate information, guardianships, placement or adoption decrees and affidavits of domestic partnership shall be submitted along with the enrollment application.

**C.** An eligible dependent has no greater coverage than the eligible employee participant and the eligible dependent can maintain coverage only to the extent that the eligible employee participant maintains his coverage, except as otherwise specifically provided in this rule or to the extent federal law may grant broader rights.

**D.** An eligible employee participant may drop any line of coverage for their eligible dependent at any time at the employee's discretion. However, any provision with respect to prohibition against dropping any lines of coverage shall be enforced as determined by the employer. If the employee drops the line of coverage, that employee cannot re-enroll the eligible dependent except as this rule permits. If the employee drops one dependent from a line of coverage, the employee must drop coverage on all eligible dependents except an employee may drop a dependent 18 years or above without dropping the other eligible dependents with supporting documentation or proof of application. In divorce situations, a divorced eligible employee may not drop eligible dependents based on a change in status until a court-endorsed divorce decree or mutual written court-endorsed stipulation is provided is filed with the authority. When a domestic partnership is terminated, the employee's ex-domestic partner may not drop eligible dependents based on a change in status until the authority receives written notice that the domestic partnership is terminated in the form of an affidavit terminating domestic partnership.

**E.** Proper documentation (together with application for coverage) including evidence of medical insurability where required, must be provided by the employee for the person seeking coverage within [~~6~~]31 calendar days of the qualifying event. Coverage may be rejected where adequate proof and documentation satisfactory to the authority is not submitted in a timely manner.

**F.** An eligible retired employee and eligible dependents enrolled in a voluntary life plan prior to retirement and the retiree is less than age 70, shall be permitted to enroll in voluntary life [~~only during the~~

~~established enrollment period~~] prior to life coverage expiring. The retiree shall be responsible for submitting enrollment paperwork and the first month's premium prior to [~~his retirement date~~] active coverage expiring to ensure no break in premium or coverage occurs. The retiree shall be responsible for premium payments for any monthly premiums. Retiree voluntary life coverage will extend through the last day of the month the retiree reaches age 70.

**G.** The established enrollment period allowed by the authority for active participating entity board members and eligible dependents is 31 calendar days after the board member has taken oath.
[6.50.10.10 NMAC - N, 09/01/2014; A, 10/1/2015]

**6.50.10.11 SPECIAL EVENTS ENROLLMENT:** In cases of "special events" as defined in Subsection GGG of 6.50.1.7 NMAC, enrollment shall be allowed.
[[6.50.10.11 NMAC - N, 09/01/2014]

**6.50.10.12 REPORTING REQUIREMENT:** Authority insurance providers depend on timely reporting of dismissals, resignations, change in status, reports of new employees and eligible dependents and those dropping coverages. The only source of this information is from the participating entity. Participating entities shall report this information on or before the 15th day following notification from the employee of the event. In the event they fail to so timely report, the responsible participating entity shall be liable for any losses an eligible employee or dependent may incur as a result of the failure to timely report.
[6.50.10.12 NMAC - N, 09/01/2014]

**6.50.10.13 ENROLLMENT AND ELIGIBILITY CONFLICTS:**

**A.** In the event there is a conflict between a carrier's contract with the authority and this part regarding enrollment and eligibility, the carrier's contract shall prevail.

**B.** In the event there is a conflict between a carrier's contract with the authority and the policies of a participating entity regarding enrollment and eligibility, the carrier's contract shall prevail.

**C.** In the event there is a conflict between the policies of a participating entity policy and this part regarding enrollment and eligibility, this part shall prevail.

**D.** All disputes between a participating entity and an employee or [~~part time~~] part-time employee in determining eligibility shall be resolved at the participating entity level.

**E.** As to questions of enrollment and eligibility, if miscommunication to an employee or [~~part time~~] part-time employee by the participating entity has allegedly occurred, the participating entity shall provide a written statement to the authority indicating the party or parties who allegedly miscommunicated to the employee or [~~part time~~] part-time employee and the circumstances in which the alleged miscommunication occurred.

**F.** As to questions of enrollment and eligibility, disputes not resolved between an employee or [~~part time~~] part-time employee, the participating entity and the authority or its contractors shall be resolved according to the procedures of 6.50.16 NMAC of these rules. Paid premiums are to be determined by the employer.

**G.** As to all other conflicts between the authority and carriers, the relevant conflict[~~s~~] provisions of the agreements between them shall control with regard to conflict resolutions.
[6.50.10.13 NMAC - N, 09/01/2014]

**HISTORY OF 6.50.10 NMAC:**
**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA 86-200, Employee Benefit Coverage Enrollment Policy, filed 10/31/1986.
NMPSIA 88-200, Employee Benefit Coverage Enrollment Policy, filed 11/4/1988.
NMPSIA Rule 93-13, Employee Benefit Coverage Enrollment Policy, filed 3/22/1993.
NMPSIA Rule 94-1, Employee Benefit Coverage Enrollment Policy, filed 5/20/1994.

**History of Repealed Material:**
6.50.10 NMAC, Employee Benefit Coverage Enrollment Policy, filed 7/1/2004 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 12 LOSS PREVENTION MANAGEMENT SYSTEM**

**6.50.12.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.12.1 NMAC - Rp, 6 50.12.1 NMAC, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.12.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, and persons or entities authorized to participate in the authority's coverage on matters involving risk-related coverages.
[6.50.12.2 NMAC - Rp, 6 50.12.2 NMAC, 09/01/2014]

**6.50.12.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.12.3 NMAC - Rp, 6 50.12.3 NMAC, 09/01/2014]

**6.50.12.4 DURATION:** Permanent.
[6.50.12.4 NMAC - Rp, 6 50.12.4 NMAC, 09/01/2014]

**6.50.12.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.12.5 NMAC - Rp, 6 50.12.5 NMAC, 09/01/2014]

**6.50.12.6 OBJECTIVE:** The objective of this part is to establish a loss control and a loss prevention management system for the purpose of reducing claims and costs.
[6.50.12.6 NMAC - Rp, 6 50.12.6 NMAC, 09/01/2014]

**6.50.12.7 DEFINITIONS:** [RESERVED]

**6.50.12.8 LOSS PREVENTION PROGRAM:**

**A.** The loss prevention program is hereby created to provide a mechanism for the identification and abatement of hazards relating to all lines of coverage provided by the authority.

**B.** The loss prevention program is a service provided to the member school districts, charter schools and other educational entities in order to protect the insurance fund and its members from claims that could otherwise be prevented. The authority, through the program, provides recommendations for compliance to the members. It is the responsibility of the members to implement the recommendations for abatement.

**C.** All visits or inspections shall be performed by the [~~loss prevention representative (LPR)~~] risk management consultant (RMC).

**D.** The [~~LPR~~] RMC shall conduct evaluations of members. These evaluations shall include, but are not limited to:

**(1)** physical inspection of any or all of the members' structures, facilities, vehicles or equipment;

**(2)** review of the members' policies and procedures;

**(3)** observation of the members' scholastic and non-scholastic activities and operations; and

**(4)** interviews with members' administration, teachers, maintenance and other support personnel.

**E.** Within 25 working days following the [~~LPR~~] RMC's completion of the onsite evaluation of a member, the [~~LPR~~] RMC shall submit recommendations to the member for corrective action to eliminate the hazards or exposures observed.

**F.** Members shall have 20 working days from receipt of the [~~LPR~~] RMC's report to reply to the [~~LPR~~] RMC outlining their timetable for the implementation of recommendations, except for critical or imminent hazards as explained in Subsections G and H, below. If the hazard is not critical or imminent, upon request by the member, the [~~LPR~~] RMC may grant additional time up to no more than 60 working days from receipt of the [~~LPR~~] RMC's report for the member to reply.

**G.** Critical hazards are those hazards which have an above average potential for immediate occurrence, but are not immediately life threatening.

**(1)** The members shall have 10 working days from the receipt of the [~~LPR~~] RMC's report to provide an implementation schedule of recommendations identified by the [~~LPR~~] RMC as representing critical hazards.

**(2)** The [~~LPR~~] RMC shall make a request to the loss prevention review board (LPRB) that any operation involving the critical hazard be suspended if:

**(a)** the member fails to submit a report within 10 working days;

**(b)** the member refuses to provide a report within 10 working days; or

**(c)** the member does not satisfactorily fix the hazard within the time provided in the implementation schedule agreed upon or ordered.

**H.** Imminent hazards are those hazards which require suspension of activities or operations so as to avoid the threat of an occurrence which could reasonably be expected to cause death or serious physical harm before the danger can be eliminated through the recommended abatement.

**(1)** The [~~LPR~~] RMC shall convey any recommendation involving an imminent hazard immediately to the highest available member official.

**(2)** The [~~LPR~~] RMC shall require that any operations involving an imminent hazard be suspended pending implementation of the applicable recommendations.

(**3)** A notification of the imminent hazard, its accompanying recommendations, and any other verbal request made by the [~~LPR~~] RMC to the member shall be conveyed in writing to the executive director, LPRB, and the member within 72 hours.

**(4)** The member shall have 72 hours from the receipt of the notice of an imminent hazard to respond to the [~~LPR~~] RMC's recommendation and set forth a plan satisfactory to the [~~LPR~~] RMC to immediately abate the imminent hazard.

**(5)** The [~~LPR~~] RMC shall make a presentation to the chairperson of the LPRB and the executive director of the authority recommending that insurance coverage provided to the specific operation of the member be suspended if the member refuses or fails to submit a report within 72 hours regarding the immediate implementation of the [~~LPR~~] RMC's recommendation for abatement of the imminent hazard.

**(6)** The executive director and the [~~chairman~~] chairperson of the LPRB shall consider the recommendation of the [~~LPR~~] RMC and determine if the insurance coverage should be suspended pending a hearing before the LPRB under 6.50.12.11 NMAC.

**I.** The [~~LPR~~] RMC shall physically re-inspect the hazard or exposure to ensure adequate abatement compliance.

**J.** The [~~LPR~~] RMC shall provide loss prevention resource materials and activities where needed. These materials and activities shall include, but are not limited to:

**(1)** assisting members in the development of a member safety program when size and particular member activities warrant.

**(2)** providing sources for the procurement of [~~safety related~~] safety-related literature, materials or services.

[6.50.12.8 NMAC - Rp, 6 50.12.8 NMAC, 09/01/2014]

**6.50.12.9 LOSS PREVENTION REVIEW BOARD (LPRB):**

**A.** The LPRB is hereby created to provide a mechanism for the review of loss prevention activities within the authority's jurisdiction. The LPRB is appointed by the board at the annual board meeting and, except as provided in Subsection B of this section, its membership shall be made up of the risk advisory committee.

**B.** In the event an LPRB is appointed in place of the risk advisory committee, it shall consist of five members, four of whom are appointed by the president of the authority board with the board's advice and consent. The risk advisory committee [~~chairman~~] chairperson shall be the fifth member of the LPRB and shall serve as the LPRB [~~chairman~~] chairperson.

**C.** The LPRB shall meet as required and as scheduled from time to time.

**D.** Special meetings may be called by the LPRB [~~chairman~~] chairperson, if [~~he~~] the chairperson determines the need for a special meeting is justified, upon the request of any LPRB or authority board member, any chief executive officer of any member, or the [~~LPR~~] RMC.

**E.** Notice of special meetings of the LPRB shall be sent to all LPRB members, the individual requesting the special meeting, and the [~~LPR~~] RMC.

**F.** The notice required in Subsection E above shall indicate the date, time and place of the special meeting. It shall also clearly set forth the purpose for which the meeting is being called, said purpose being the only matter the LPRB may consider and act upon at the special meeting.
[6.50.12.9 NMAC - Rp, 6 50.12.9 NMAC, 09/01/2014]

**6.50.12.10 LOSS PREVENTION REVIEW BOARD DUTIES:**

**A.** The LPRB shall consider and act upon:

**(1)** requests by the [~~LPR~~] RMC that a member be required to implement a specific recommendation;

**(2)** requests by a member that a recommendation by the [~~LPR~~] RMC be vacated;

**(3)** any other matter with regard to the enforcement of the authority's loss prevention management system not specifically covered in this part.

**B.** The LPRB shall recommend to the authority board claims management and claims adjusting procedures as they relate to abatement recommendations. Such procedures shall address documentation and management of claims files.
[6.50.12.10 NMAC - Rp, 6 50.12.10 NMAC, 09/01/2014]

**6.50.12.11 LOSS PREVENTION REVIEW BOARD PROCEEDINGS:** When considering a request as specified above, the LPRB [~~chairman~~] chairperson shall:

**A.** provide notification to all LPRB members, the [~~LPR~~] RMC, and the affected member;

**B.** conduct the meeting allowing the [~~LPR~~] RMC and the member representative the opportunity to present arguments and justifications for their respective requests, and permit members of the LPRB to ask questions of either party;

**C.** issue the decision of the LPRB within five days and:

**(1)** if the decision of the LPRB is in agreement with the member, the [~~LPR~~] RMC's recommendation shall be vacated;

**(2)** if the decision of the LPRB is in agreement with the [~~LPR~~] RMC, the recommendation shall be affirmed and the member directed to implement the recommendation;

**(3)** if the affirmed recommendation is not implemented as specified by the member, the [~~LPR~~] RMC shall refer the matter to the authority board for action.
[6.50.12.11 NMAC - Rp, 6 50.12.11 NMAC, 09/01/2014]

**6.50.12.12 ENFORCEMENT:** The responsibility for enforcement of LPRB decisions shall be vested in the authority board which may act as it sees fit to protect the integrity of the authority. These actions may include[~~,~~] but are not limited to issuing a notice of no coverage, premium increase, or fines to the participating member. This notice shall state the specific circumstances for which coverage shall not be in effect, the reason for issuing the notice that no coverage is in effect and the date and time of inception of the no coverage notice. The notice of no coverage shall not affect any other area of coverage for the member. It shall only affect those specific circumstances stated in the notice of no coverage. Upon verification by the [~~LPR~~] RMC to the authority board in writing that a hazard giving rise to a notice of no coverage has been abated, the authority board shall cancel the notice of no coverage.
[6.50.12.12 NMAC - Rp, 6 50.12.12 NMAC, 09/01/2014]

**6.50.12.13 PROCEDURE FOR APPEAL OF AGENCY DECISIONS UNDER THIS PART:** An aggrieved member may appeal any final determination of the authority under this part by following the procedures specified in 6.50.16 NMAC, Administrative Appeal of Authority Coverage Determinations. Review of any final decision or order of the authority under this part can only be sought as provided by 6.50.16 NMAC, by statute or by rules promulgated by the supreme court for appeal of state agency decisions.
[6.50.12.13 NMAC - Rp, 6 50.12.13 NMAC, 09/01/2014]

**HISTORY of 6.50.12 NMAC:**
**Pre-NMAC History:** The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA 86-2, Definitions, filed 10-31-86;
NMPSIA 88-2, Definitions, filed 11-04-88;
NMPSIA Rule 93-1, Definitions, filed 03-22-93;

NMPSIA 93-15, Loss Prevention Management System, filed 03-22-93.

**History of the Repealed Material:**
6.50.12 NMAC, Loss Prevention Management System, filed 6/27/2000 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 13 CLAIMS SETTLEMENT POLICY**

**6.50.13.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.13.1 NMAC - Rp, 6 NMAC 50.13.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.13.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities and persons or entities authorized to participate in the authority's risk-related coverages.
[6.50.13.2 NMAC - Rp, 6 NMAC 50.13.2, 09/01/2014]

**6.50.13.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.13.3 NMAC - Rp, 6 NMAC 50.13.3, 09/01/2014]

**6.50.13.4 DURATION:** Permanent.
[6.50.13.4 NMAC - Rp, 6 NMAC 50.13.4, 09/01/2014]

**6.50.13.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.13.5 NMAC - Rp, 6 NMAC 50.13.5, 09/01/2014]

**6.50.13.6 OBJECTIVE:** The objective of this part is to establish a policy for settling claims against authority insureds.
[6.50.13.6 NMAC - Rp, 6 NMAC 50.13.6, 09/01/2014]

**6.50.13.7 DEFINITIONS:** [RESERVED]

**6.50.13.8 SETTLEMENT POLICIES:** The authority retains the right at its sole discretion to decide the terms and conditions of settlement of any claim against any authority insured. The authority and/or its third-party administrator will not settle a claim against an authority insured for an amount in excess of $[~~25~~]50,000 without first notifying the authority insured of the proposed settlement and the rationale supporting the proposed settlement. After the authority and/or its third-party administrator has notified an insured of a proposed settlement, the authority and/or its third-party administrator retains the power to proceed to settle the claim as the authority and/or its third-party administrator deems it in the best interest of the authority. Should the insured object to the proposed settlement by the authority, the insured shall (if the proposed settlement is a payment of money damages) be offered a payment in an amount equal to the money damages proposed to be paid by the authority under the settlement. The offer to the insured shall be made on condition that the insured release the authority from any further liability on the claim. If the insured accepts the offer, the authority will not consummate the proposed settlement with the claimant. The insured shall then be responsible for defense and settlement or payment of any judgment with regard to the claim and the authority on payment of the settlement amount to the insured shall be released by the insured from all further responsibility for the claim.
[6.50.13.8 NMAC - Rp, 6 NMAC 50.13.8, 09/01/2014]

**HISTORY OF 6.50.13 NMAC:**
Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA Rule 93-16, Claims Settlement Policy, filed 3/22/93.

**History of Repealed Material:**
6 NMAC 50.13, Claims Settlement Policy, filed 10/1/97 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 14 PARTICIPATING ENTITY WORKERS' COMPENSATION POLICY STATEMENT**

**6.50.14.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.14.1 NMAC - Rp, 6 NMAC 50.14.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.14.2 SCOPE:** This part applies to all school districts, charter schools and other educational entities authorized to participate in the authority's workers' compensation program.
[6.50.14.2 NMAC - Rp, 6 NMAC 50.14.2, 09/01/2014]

**6.50.14.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.14.3 NMAC - Rp, 6 NMAC 50.14.3, 09/01/2014]

**6.50.14.4 DURATION:** Permanent.
[6.50.14.4 NMAC - Rp, 6 NMAC 50.14.4, 09/01/2014]

**6.50.14.5 EFFECTIVE DATE:** September 14, 2014 unless a later date is cited at the end of a section.
[6.50.14.5 NMAC - Rp, 6 NMAC 50.14.5, 09/01/2014]

**6.50.14.6 OBJECTIVE:** The objective of this part is to direct school districts, charter schools and other educational entities to adopt a policy in order to establish the particular entity's procedure for the selection of health care providers, for use of sick leave and for payment of insurance premiums when a worker has filed a workers' compensation claim.
[6.50.14.6 NMAC - Rp, 6 NMAC 50.14.6, 09/01/2014]

**6.50.14.7 DEFINITIONS:** [RESERVED]

**6.50.14.8 WORKERS' COMPENSATION CLAIM POLICY:** All school districts, charter schools, other educational entities and any other entities participating in the authority's workers' compensation coverages shall adopt a workers' compensation claim policy for its employees substantially in the form as set forth in Subsections A through I of 6.50.14.9 NMAC, selecting one of two options available for the selection of health care providers, for use of sick leave and for payment of insurance premiums while an employee is disabled from work. The form policy is also downloadable from the authority's website at: https://nmpsia.com and will be updated from time to time.
[6.50.14.8 NMAC - Rp, 6 NMAC 50.14.8, 09/01/2014]

**6.50.14.9 WORKERS' COMPENSATION FORM POLICY FOR SCHOOL DISTRICTS, CHARTER SCHOOLS, OTHER EDUCATIONAL ENTITIES AND OTHER ENTITIES PARTICIPATING IN AUTHORITY WORKERS' COMPENSATION INSURANCE PROGRAM:** All entities participating in the authority workers' compensation coverage shall adopt a policy substantially in the following form, selecting one of two options available for the selection of health care providers, for use of sick leave and for payment of insurance premiums while an employee is disabled from work.

**A. Workers' compensation eligibility.** In accordance with applicable workers' compensation statutes, all employees of (*insert name of participating entity*) who have a work-related injury are eligible for coverage.

**B. Reporting accidents.** An injured worker must report all work-related accidents or injuries immediately to [~~his~~] its immediate supervisor by completing and submitting the notice of accident form, whether or not medical care is needed. The worker's supervisor must then complete the supervisor's accident investigation report form. Both documents must be submitted to the employer's designated workers' compensation administrator within 24 hours from the time the supervisor is informed of the accident. The workers' compensation administrator then must complete the employer's first report of accident form and forward all three forms to the [~~third party~~] third-

party administrator within 72 hours from the employer's first knowledge of the accident. The forms are available to download on the authority's website at: https://nmpsia.com.

**C. Emergency medical treatment.** When an injury or illness is life threatening in nature, the injured worker shall seek emergency treatment at the nearest emergency facility or by calling 911. After the emergency has abated, the injured worker will notify the employer in writing of the [~~work related~~] work-related injury and present any disability or return to work notices.

**D. Selection of health care provider policy options.**

**(1)** Each employer shall determine as a matter of policy whether it elects to initially select the [~~heath~~] health care provider or whether the injured worker is permitted to make the initial selection. Each employer shall also provide at the time of hiring or during employee orientation the following information in writing:

**(a)** Option 1 for selection of health care provider: (name of participating entity) elects to have injured workers treated at (insert name and location of facility); or

**(b)** Option 2 for selection of health care provider: (name of participating entity) permits the injured worker to initially select the health care provided as provided by Subsection B of Section 52-1-49 NMSA 1978.

**(2)** Upon notice of an accident or injury, the employer shall notify the injured worker in writing whether the employer's policy directs that medical care shall be provided by health care provider selected by the employer or whether the policy permits the worker to initially select the health care provider. The party who did not select the initial health care provider has the right to change to a different health care provider 60 days from the date the worker receives treatment from the selected provider.

**E. Workers' compensation benefits.**

**(1)** Medical benefits include all medical, surgical, and drug expenses that are reasonable, necessary and related to the work injury.

**(2)** Lost wage benefits are payments to a worker who is disabled from work in the opinion of an authorized health care provider and cannot earn wages. Lost wage benefits are based on a portion of [~~his~~] its average weekly wage up to a maximum limit set by the Workers' Compensation Act, Sections 52-1-1 et seq. NMSA 1978. The first seven days (consecutive or non-consecutive) is the statutory waiting period when no disability benefits are paid.

**F. Sick leave and insurance premium payment options.** Each employer shall determine as a matter of policy whether it elects to allow an injured worker to use paid time off during the initial seven days of the statutory waiting period and how [~~his~~] insurance premiums will be paid while [~~he is~~] disabled. There are only two options as follows:

**(1)** Employer Option #1:

**(a)** Use of sick leave: The initial [~~seven day~~] 7-day period that a worker is absent due to a [~~work related~~] work-related occurrence is the statutory waiting period in which no lost wage benefits are paid under the workers' compensation claim. The initial [~~seven day~~] 7-day period can be consecutive or non-consecutive days and must be charged to paid time off. If the worker continues to be disabled after the [~~seven day~~] 7-day waiting period, [~~he~~] they will be entitled to lost wage benefits equal to sixty-six and two-thirds percent of [~~his~~] their average weekly wage up to the statutory maximum allowed at the time of [~~his~~] injury. The worker is not permitted to use paid time off leave after the [~~seven day~~] 7-day waiting period. If the disability persists past 28 days, the worker will then be paid the lost wage benefits for the initial [~~seven day~~] 7-day waiting period and the worker is required to reimburse their paid time off bank;

**(b)** Payment of Insurance premiums: When an absence is due to a [~~work related~~] work-related occurrence, the worker does not receive wages from the employer. During the period of disability, the worker shall pay [~~his~~] its portion of any insurance premiums for employer provided insurance directly to the employer. The employer will continue payment of its matching portion of the insurance premiums until the employee returns to work from the qualifying disability, through the end of the current fiscal year or for as long as the worker continues to pay [~~his~~] its portion of the premiums, whichever occurs first.

**(2)** Employer Option #2:

**(a)** Use of sick leave: The initial [~~seven day~~] 7-day period that a worker is absent due to a [~~work related~~] work-related occurrence is the statutory waiting period in which no lost wage benefits are paid under the workers' compensation claim. The initial [~~seven day~~] 7-day period can be consecutive or non-consecutive days and must be charged to paid time off. If the worker continues to be disabled after the [~~seven day~~] 7-day waiting period, [~~he~~] they will be entitled to lost wage benefits equal to sixty-six and two-thirds percent of [~~his~~] their average weekly wage up to the statutory maximum allowed at the time of [~~his~~] their injury. In order to allow

the worker to maintain other employment benefits such as 401(k) contributions and health insurance premiums for family members and dependents, the worker is permitted to use paid time off leave in addition to workers' compensation benefits to equate to one hundred percent of the worker's gross wage. The worker will not be paid in excess of one hundred percent of his gross wages when both paid time off leave and compensation benefits are combined. The worker will not be entitled to any advancement of additional paid time off that the worker might potentially accrue during the balance of the fiscal year. If the disability persists past 28 days, the worker will then be paid the lost wage benefits for the initial [~~seven day~~] 7-day waiting period and the worker is required notify the employer in writing for proper reimbursement their paid time off bank;

**(b)** Payment of Insurance premiums: When an absence is due to a [~~work related~~] work-related occurrence, the worker does not receive wages from the employer. During the period of disability, the worker shall pay [~~his~~] their portion of any insurance premiums for employer provided insurance directly to the employer or if the worker uses paid time off leave, the worker's portion of the insurance premiums will continue to be deducted from the checks issued by the employer. The employer will continue payment of its matching portion of the insurance premiums until the employer returns to work from the qualifying disability, through the end of the current fiscal year or for as long as the worker continues to pay [~~his~~] their portion of the premiums, whichever occurs first.

**G. Family medical leave act.** Family medical leave act benefits [~~will~~] may run concurrently with the worker's time off for a [~~work related~~] work-related injury.

**H. Returning to work.** Employees returning to work from a [~~work related~~] work-related disability shall:

**(1)** submit a written medical statement from the treating physician to the workers' compensation administrator that they are physically able to return to perform the essential job functions of the original position; and

**(2)** if physically unable to return to performance of the essential job functions of the original position, the worker shall submit a written medical statement from the treating physician for review by [~~his~~] their supervisor, human resources and the workers' compensation administrator detailing which specific functions of the original position that [~~he is~~] they are physically able to perform and which [~~he~~] they cannot; such written medical statement shall specify the employee's physical capacity in the terms outlined in Section 52-1-26.4, NMSA 1978; within five days of receiving this written notification, the employer shall advise the worker in writing of the availability of accommodating work and the start date on which the employee is expected to fill the accommodating position.

**(3)** If physically unable to perform even marginal job duties, the worker shall submit a written medical statement from the treating physician to the workers' compensation administrator to that effect for review by [~~his~~] their supervisor, human resources and the workers' compensation administrator; and

**(4)** present [~~himself~~] themselves for work within one working day after being released to return to work by his treating physician or of being notified of accommodating work by the employer.

**I. Workers' compensation assessment fee.** Workers covered by workers' compensation under the New Mexico Workers' Compensation Act, Sections 52-1-1 et seq., NMSA 1978 are required to pay a quarterly fee. The worker's contribution is taken as a quarterly payroll deduction.

[6.50.14.9 NMAC - Rp, 6 NMAC 50.14.9, 09/01/2014]

**6.50.14.10 CONFLICT WITH STATUTE:** In the event of a conflict between this part and the Workers' Compensation Act, Sections 52-1-1 et seq. NMSA 1978, the provisions of the act shall prevail.

[6.50.14.10 NMAC - Rp, 6 NMAC 50.14.10, 09/01/2014]

**6.50.14.11 CLAIMS DETERMINATION:** No school district, charter school or educational entity has the authority to accept or acknowledge liability for any workers' compensation claim. There is no liability for a workers' compensation claim until liability is acknowledged in writing by an authorized employee of the authority's [~~third party~~] third-party administrator.

[6.50.14.11 NMAC - Rp, 6 NMAC 50.14.11, 09/01/2014]

**6.50.14.12 WORKERS' COMPENSATION IS THE EXCLUSIVE REMEDY:** In any case where an insured under the authority's workers' compensation program is eligible to receive workers' compensation benefits for an injury, the exclusive remedy for such injury is workers' compensation benefits. Such injured insured shall have no claim for additional benefits under either the authority benefits or risk programs, including but not limited to underinsured, uninsured and unknown motorist coverages. Provided, however, this does not prohibit an insured

from claiming benefits (in addition to workers' compensation) if provided under a short or long-term disability policy, life insurance policy or medical benefits policy (so long as an insured is limited to one recovery for medical expenses).
[6.50.14.2 NMAC - Rp, 6 NMAC 50.14.12, 09/01/2014]

**HISTORY OF 6.50.14 NMAC:**
Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center and Archives under:
NMPSIA Rule 93-17, Participating Entity Workers' Compensation Policy, filed 3/22/93.
NMPSIA Rule 93-18, Workers' Compensation is the Exclusive Remedy, filed 3/22/93.

**History of Repealed Material:**
6 NMAC 50.14, Participating Entity Workers Compensation Policy, filed 10/1/97 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 15 INSURANCE FRAUD**

**6.50.15.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.15.1 NMAC - Rp, 6 NMAC 50.15.1, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.15.2 SCOPE:** This part applies to all school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members and persons or entities authorized to participate in the authority's employee benefits, risk-related and due process reimbursement coverages.
[6.50.15.2 NMAC - Rp, 6 NMAC 50.15.2, 09/01/2014]

**6.50.15.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.15.3 NMAC - Rp, 6 NMAC 50.15.3, 09/01/2014]

**6.50.15.4 DURATION:** Permanent.
[6.50.15.4 NMAC - Rp, 6 NMAC 50.15.4, 09/01/2014]

**6.50.15.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.15.5 NMAC - Rp, 6 NMAC 50.15.5, 09/01/2014]

**6.50.15.6 OBJECTIVE:** The objective of this part is to establish appropriate penalties for insurance fraud in order to deter fraudulent conduct and thus minimize unnecessary expense to the authority and its participating members.
[6.50.15.6 NMAC - Rp, 6 NMAC 50.15.6, 09/01/2014]

**6.50.15.7 DEFINITIONS:** [RESERVED]

**6.50.15.8 INSURANCE FRAUD:**

**A. Forfeiture of rights to coverage and benefits.** Anyone who knowingly or willfully:

**(1)** makes any false or fraudulent statement or representation as to any material fact in or with reference to any application for insurance or other coverage; or

**(2)** for the purpose of obtaining any money or benefit, presents or causes to be presented a false or fraudulent claim, or any proof in support of such a claim for payment of loss under a policy; or

**(3)** prepares, makes or subscribes to a false or fraudulent account, certificate, affidavit or proof of loss, or other document, with intent that the same may be presented or used in support of such a claim; or

**(4)** makes any false or fraudulent statements or representations on or relative to any application for a policy, for the purpose of obtaining any benefit~~.~~ shall forfeit all employee and dependent rights to coverage or benefits.

**B. Termination of coverage:** In the event an official or employee of a participating school district, charter school or other educational entity knowingly or willfully engages in any of the actions listed in Subsection A of 6.50.15.8 NMAC, the employer shall take the appropriate disciplinary action against the offending official or employee. If such appropriate disciplinary action is not taken, the authority reserves the right to terminate coverage for the participating school district, charter school or other educational entity.
[6.50.15.8 NMAC - Rp, 6 NMAC 50.15.8, 09/01/2014]

**History of 6.50.15 NMAC:**

**History of Repealed Material:**
6 NMAC 50.15, Insurance Fraud, filed 10/1/97 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 16 ADMINISTRATIVE APPEAL OF AUTHORITY COVERAGE DETERMINATIONS**

**6.50.16.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.16.1 NMAC - Rp, 6.50.16.1 NMAC, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.16.2 SCOPE:** This part applies to all appeals of authority coverage determinations by school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members and persons or entities authorized to participate in the authority's programs.
[6.50.16.2 NMAC - Rp, 6.50.16.2 NMAC, 09/01/2014]

**6.50.16.3 STATUTORY AUTHORITY:** Subsection D of Section 22-29-7 NMSA 1978, directs the authority to promulgate necessary rules, regulations and procedures for the implementation of the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978.
[6.50.16.3 NMAC - Rp, 6.50.16.3 NMAC, 09/01/2014]

**6.50.16.4 DURATION:** Permanent.
[6.50.16.4 NMAC - Rp, 6.50.16.4 NMAC, 09/01/2014]

**6.50.16.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.16.5 NMAC - Rp, 6.50.16.5 NMAC, 09/01/2014]

**6.50.16.6 OBJECTIVE:** The objective of this rule is to clarify the relationship between the authority and its members and to establish a fair and uniform procedure for school districts, charter schools, other educational entities, eligible employees, eligible retired employees, eligible dependents, eligible participating entity governing body members and persons or entities authorized to participate in the authority's programs to appeal authority coverage determinations.
[6.50.16.6 NMAC - Rp, 6.50.16.6 NMAC, 09/01/2014]

**6.50.16.7 DEFINITIONS:** As used in this rule:

**A.** **"Authority**" means the New Mexico public school insurance authority or its authorized representatives.

**B.** **"Authority board"** or **"board"** means the board of directors of the New Mexico public school insurance authority.

**C.** **"Appellant"** means any party who complains that a coverage determination may be in violation of any law, rule, regulation, or order administered or promulgated by the authority and who initiates a proceeding under this rule by filing a petition for review with the authority.

**D.** **"Coverage determination"** and **"determination"** mean any decision, order or disposition by the authority denying coverage, limiting the scope of coverage or limiting the amount of payment of a claim of a member or employee, except for workman's compensation claims.

**E.** **"Document"** means, except as otherwise used in the provisions of this rule governing discovery, any written submission in a formal proceeding which is not a pleading or which is required to be filed by authority rule or order outside a formal pleading; this includes items such as reports, exhibits, and studies; at the option of the party or staff making a filing, any document may additionally be presented in a form the hearing officer so orders.

**F.** **"Employee"** means a person employed by a member school district, charter school or other educational entity, or an employee's representatives in the event of legal incapacity, and includes volunteers or officials entitled to authority liability coverage pursuant to the Tort Claims Act, Subsection F of Section 41-4-3 NMSA 1978.

**G.** **"Final coverage determination by the authority"** with respect to a member means a coverage letter from the authority[~~'s contracted~~] <u>in consultation with</u> general counsel or contracted claims adjuster or with respect to an employee means a coverage letter from the authority's contracted third party benefits administrator or authorized authority staff member.

**H.** **"Hearing"** means any proceeding that is noticed for "hearing" by the authority or hearing officer and shall include an opportunity for the parties to present such evidence, argument, or other appropriate matters as the presiding officer shall deem relevant and material to the issues; hearings may be conducted by telephone conference call at the discretion of the presiding officer.

**I.** **"Hearing officer"** means a person appointed by the authority as a hearing examiner, who is designated by the authority to conduct any hearing or investigation which the authority is authorized to conduct, to take testimony in respect to the subject under investigation, report such testimony and provide to the authority a proposed decision with regard to the issues.

**J.** **"Member school districts, charter schools and other participating entities"** herein referred to collectively as **"members"** means all public school districts and charter schools mandated by the act to be members of the authority and all other educational entities voluntarily participating in the authority.

**K.** **"Party"** means any person or entity that initiates or responds to an authority proceeding by filing a petition for review with the authority and includes the authority; unless the context indicates otherwise, the term "party" may also refer to counsel of record for the party.

[6.50.16.7 NMAC - Rp, 6.50.16.7 NMAC, 09/01/2014]

**6.50.16.8 RELATIONSHIP BETWEEN THE AUTHORITY, ITS MEMBERS AND COVERED EMPLOYEES:** These findings and policy considerations guide the authority in adopting the following regulations and providing a procedure for administrative appeal of authority coverage determinations:

**A.** The authority is an agency of the state of New Mexico and is endowed only with those powers and duties stated in the New Mexico Public School Insurance Authority Act, Section 22-29-1 et seq. NMSA 1978 ("act"). The relationship between the authority and its members or employees, and any coverage provided by the authority to them, is defined and constrained by the act and by authority rules, regulations and procedures lawfully promulgated under the act.

**B.** The members of the authority participate pursuant to Section 22-29-9, NMSA 1978 of the act, which provides that school districts and charter schools shall participate in the authority unless they are granted a waiver of participation pursuant to the procedures provided in that section of the act. Section 22-2-9 NMSA 1978 also provides that other educational entities may participate in the authority.

**C.** The act does not empower the authority to contract with its members or employees. There is no relationship between the authority and its members or employees based upon or arising out of any contract between the authority and its members or employees.

**D.** The insurance protection provided by the authority to its members is provided either by insurance policies contracted through private insurers or through the statutory self-insurance program administered by the authority.

**E.** For the benefit of the authority and its members and their employees, the following regulations provide a formal procedure for members and employees to appeal authority coverage determinations. Therefore, the following procedures for appeal from any coverage determination or ruling of the authority are provided as the exclusive remedy for any person or entity challenging a coverage determination of the authority.

[6.50.16.8 NMAC - Rp, 6.50.16.8 NMAC, 09/01/2014]

**6.50.16.9 PROCEDURE FOR APPEAL OF A FINAL COVERAGE DETERMINATION OF THE AUTHORITY:** An aggrieved member or employee may appeal any final coverage determination of the authority by following the procedures specified herein. Review of any final decision or order of the authority can only be sought as provided by statute or by rules promulgated by the supreme court for appeal of state agency decisions.

[6.50.16.9 NMAC - Rp, 6.50.16.9 NMAC, 09/01/2014]

**6.50.16.10 PETITION FOR REVIEW:** Every appeal of a coverage determination of the authority shall be initiated by mailing a petition for review, within 30 days of the mailing date of the determination, to the executive director of the New Mexico Public School Insurance authority by certified mail.

**A.** A petition for review must specify and include:

**(1)** the name of the employee or member appealing, and, for institutional parties, the name, position, address and phone number of a person who will be responsible for receiving communications from the authority;

**(2)** a full description of the coverage determination being appealed, including the date of the determination and, specifically, the substance of the determination that is being appealed;

**(3)** a short, concise statement of the grounds for the appeal;

**(4)** if the authority determination is in a writing, a copy of the writing must be attached to the notice;

**(5)** copies of all documents, photographs or other tangible evidence that appellant contends provides support for appellant's position; and

**(6)** a memorandum stating the complete argument for overturning the determination of the authority, including a statement of relevant facts, an outline of controlling law, and the appellant's argument.

**B.** An extension of up to 14 days to provide the items specified in Paragraphs (5) and (6) of Subsection A of 6.50.16.10 NMAC may be granted at the discretion of the authority upon written request of the appellant.

[6.50.16.10 NMAC - Rp, 6.50.16.10 NMAC, 09/01/2014]

**6.50.16.11 FINAL DECISION OF THE AUTHORITY BASED ON PETITION FOR REVIEW:**

**A.** Within 30 days following receipt of the completed petition for review, including all supporting documents, the board shall either:

**(1)** issue a final decision vacating or modifying the coverage determination of the authority consistent with appellant's argument; or

**(2)** issue a notice of hearing setting, such hearing to be held no less than 30 days and no more than 45 days after the date the notice of setting is mailed to appellant.

**B.** Either the final decision in conformity with appellant's argument or the notice of hearing setting shall be mailed to appellant by first-class mail. A notice of hearing setting shall specify the date, time, location and subject matter of the hearing.

[6.50.16.11 NMAC - Rp, 6.50.16.11 NMAC, 09/01/2014]

**6.50.16.12 SETTLEMENT OF APPEAL:** The appellant and the authority may, at any time, either prior to or during a proceeding under this rule, informally settle a dispute by the consent of the parties.

[6.50.16.12 NMAC - Rp, 6.50.16.12 NMAC, 09/01/2014]

**6.50.16.13 PRE-HEARING PROCEDURE:**

**A.** Hearing officer. The board shall appoint a hearing officer for an appeal within 7 days after mailing the notice of setting. The board shall provide appropriate clerical support and space for any hearings conducted. Venue for any hearings shall be Santa Fe county unless the hearing officer in view of convenience to parties and witnesses orders that another location [~~is~~] or virtual attendance is more appropriate. The hearing officer shall oversee all proceedings after the hearing is set. The hearing officer will also provide written findings of fact and a disposition recommendation to the board within 14 days after completion of a hearing. The board shall make a final decision, after review of the recommendations of the hearing officer, and mail a notice of final decision to appellant within 30 days of receipt of the hearing officer's recommendations.

**B.** Representation of parties:

**(1)** The authority shall be represented in proceedings under this rule by its general counsel or a staff member of the authority appointed by the executive director for this purpose.

**(2)** The appellant may appear pro se, if appellant is an individual, or by an administrator of an institutional appellant who has been appointed for that purpose by the governing body of the institution. Any appellant may be represented by legal counsel licensed to practice law in the state of New Mexico.

**C.** Production of authority documents:

**(1)** Should a hearing be set by the board, the authority shall make available for copying and inspection all documents that the authority determines to be relevant to the initial determination being appealed within seven days of the date the hearing setting is issued. "Relevance," in this context is to be construed liberally in favor of production.

**(2)** Documents may be withheld or redacted by the authority only when the relevant material is protected from disclosure or otherwise privileged under New Mexico law. In the interest of complete disclosure, redaction shall be favored over withholding the document.

**(3)** Should any documents be withheld pursuant to New Mexico law, a list or privilege log generally identifying each document, its contents and the claimed privilege shall be provided to the appellant at the time of production.

**(4)** Documents produced shall be made available for inspection and copying at the offices of the authority.

**D.** Production of appellant or other party documents: The hearing officer for good cause shown may order inspection, production and copying of documents deemed relevant that are in the possession, custody or control of the appellant member, employee or other party.

**E.** Authority, appellant, member and employee arguments: At least 14 days before the date set for the hearing, all parties shall file simultaneously memorandums stating their complete arguments for or against the authority determination, including a statement of relevant facts, an outline of controlling law and the relief requested. Each party must mail or deliver the original memorandum and one copy to the hearing officer and one copy to the representative of each other party.

**F.** Witness and exhibit lists: Each party must file witness and exhibit lists at least 14 days before the date set for the hearing by mailing or delivering the original to the hearing officer and one copy to the representative of each other party. Witnesses must be identified with particularity. The party calling a witness must provide the witness's name and address and must describe the subject matter of the testimony expected to be elicited from each witness. Each document or object identified in the exhibit list must be immediately made available for inspection and copying. Only witnesses properly identified in the witness list will be permitted to testify in the hearing and only exhibits properly identified in the exhibit list will be admissible in the hearing unless upon good cause being shown the hearing officer determines otherwise.

[6.50.16.13 NMAC - Rp, 6.50.16.13 NMAC, 09/01/2014]

**6.50.16.14 HEARINGS:**

**A.** Rights of parties and those offering comment. At any hearing, all parties shall be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments, and generally participate in the conduct of the hearing. Non-parties wishing to make comments shall be entitled to make an oral or written statement for the record but such statement shall not be considered as evidence. Non-parties making comment shall not have the right to introduce evidence or examine or cross-examine witnesses, to receive copies of pleadings or documents, to appeal from any decision or order, or to otherwise participate in the hearing other than by making their comments.

**B.** Continuance. Any party who desires a continuance shall request a continuance immediately upon receipt of notice of hearing or as soon thereafter as facts requiring such continuance come to the party's knowledge. The hearing officer may grant a request for continuance if timely made and supported by reasonable cause. The hearing officer may also grant a continuance at any time in the hearing officer's sound discretion.

**C.** Order of presentation. The hearing officer shall determine the order of presentation of the evidence and shall be guided in this matter by the interests of fairness and justice.

**D.** Rules of evidence.

**(1)** All relevant evidence is admissible which, in the opinion of the hearing officer, is the best evidence most reasonably obtainable, having due regard to its necessity, competence, availability and trustworthiness.

**(2)** In passing upon the admissibility of evidence, the hearing officer shall give consideration to, but shall not be bound by, the New Mexico rules of evidence which govern proceedings in New Mexico district courts. The hearing officer shall also give consideration to the legal requirement that any final decision on the merits be supported by competent evidence.

**(3)** All testimony to be considered as evidence in a hearing shall be made under oath.

**(4)** The parties may agree to submit written stipulations of fact or law or both to the hearing officer and such stipulations shall be binding upon the parties entering into the stipulation.

**(5)** A hearing officer may take administrative notice of the following matters if otherwise admissible under this rule: rules, regulations and procedures of the authority and other government agencies; decisions, records and transcripts in other authority proceedings; state and federal statutes; decisions of state and federal courts; and matters of which the courts of this state may take judicial notice. Matters noticed are admitted into evidence to the same extent as other relevant evidence.

**E.** Proposed findings. The hearing officer may require all parties of record to file proposed forms of order, including proposed findings of fact and conclusions of law, at the close of testimony in the proceeding.

[6.50.16.14 NMAC - Rp, 6.50.16.14 NMAC, 09/01/2014]

**6.50.16.15 CONFLICTS:** If an employee or official of an aggrieved member is on the authority board, that authority board member shall abstain from any participation, discussion, action or voting with respect to the petition for review. In the event an aggrieved authority employee files a petition for review [~~he or she~~] the employee shall

abstain from any participation, discussion, action or communication with regard to the petition other than in [~~his or her~~] the employee's normal role as a petitioner.
[6.50.16.15 NMAC - Rp, 6.50.16.15 NMAC, 09/01/2014]

**6.50.16.16 PROCEDURE FOR REVIEW OF A FINAL DECISION OF THE AUTHORITY:** Final decisions of the authority, whether based upon a notice of appeal or the written findings of fact and disposition recommendations of a hearing officer, may be reviewed in the New Mexico district courts pursuant to the provisions of Rule 1-075 of the Rules of Civil Procedure for the district courts, governing issuance of writs of certiorari for constitutional review of agency decisions. It is important that an appellant wishing to seek district court review of a final decision of the authority immediately examine the most recent publication of Rule 1-075 to determine its requirements. Pursuant to Rule 1-075, a petition for writ of certiorari must be filed in the district court within 30 days after the date of the final decision of the authority.
[6.50.16.16 NMAC-Rp, 6.50.16.16 NMAC, 09/01/2014]

**HISTORY of 6.50.16 NMAC:**

**History of Repealed Material:**
6.50.16 NMAC, Administrative Appeal of Authority Coverage Determinations, filed 6/16/2000 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 17 USE OF SCHOOL FACILITIES BY PRIVATE PERSONS**

**6.50.17.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.17.1 NMAC - Rp, 6.50.17.1 NMAC, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.17.2 SCOPE:** This part applies to all school districts, charter schools and other educational entities authorized to participate in the authority's risk related coverages.
[6.50.17.2 NMAC - Rp, 6.50.17.2 NMAC, 09/01/2014]

**6.50.17.3 STATUTORY AUTHORITY**: Subsection F of Section 22-29-7 NMSA 1978 directs the authority to establish a policy to be followed by participating members relating to the use of school facilities by private persons provided that the policy relates only to liability and risk issues. This policy shall not affect the rights and responsibilities of local school boards to determine how, when and by whom school district facilities are used. The policy shall be distributed to participating members and posted upon the authority's web site.
[6.50.17.3 NMAC - Rp, 6.50.17.3 NMAC, 09/01/2014]

**6.50.17.4 DURATION:** Permanent.
[6.50.17.4 NMAC - Rp, 6.50.17.4 NMAC, 09/01/2014]

**6.50.17.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.17.5 NMAC - Rp, 6.50.17.5 NMAC, 09/01/2014]

**6.50.17.6 OBJECTIVE:** To establish a policy to be followed by participating members relating to the use of school facilities by private persons. This policy relates only to liability and risk issues.
[6.50.17.6 NMAC - Rp, 6.50.17.6 NMAC, 09/01/2014]

**6.50.17.7 DEFINITIONS:** [RESERVED]

**6.50.17.8 POLICY ON USE OF SCHOOL FACILITIES BY PRIVATE PERSONS:**

**A.** The representative of the requesting group shall contact the facilities manager or other designated school official of the desired site regarding the proposed usage within a time frame required by the site manager or official. The school or school district shall provide the requesting group with a site use agreement which sets forth the terms and conditions of use of the premises. Site use agreements shall at minimum include a copy of the school's safety rules or safety rules provided by the authority's risk management provider. The requesting group shall agree to follow the safety rules included with the site use agreement and also agree to follow the liability and risk related rules contained in Subsection G of 6.50.17.8 NMAC prior to use of the school facilities. The school facility use shall be conducted in compliance with all federal, state and municipal statutes, ordinances, rules and regulations including those with regard to discrimination. School facilities shall not be used for any unlawful purpose.

**B.** All groups shall also agree that the schools will not be liable for injury to the property of the group itself or participants in the group's activities resulting from their participation in the group's activities. Groups and their individual participants shall be required to give waivers of liability and releases for personal injury or property damage on forms provided by the school or the authority.

**C.** Liability insurance provided through the authority shall be excess over any valid and collectible insurance carried by any group permitted to use school facilities. Liability insurance provided by the authority for use of school facilities by private persons is limited to $1,000,000 per occurrence. Schools or school districts shall not warrant the suitability of the facility or of the facility's contents for the uses intended by the requesting group.

**D.** Commercial groups shall provide a copy of a current business license. Commercial groups shall inform participants that the activity is not sponsored by the school whose facilities are being used.

**E.** All districts shall include within their site use agreement a statement clearly indicating that the approved activity sponsor must assure that activity participants, guests and spectators only access those site areas

designated for the activity. District superintendents shall also designate in the site use agreement an individual who shall verify that all the areas utilized were properly checked and secured upon departure from the facility.

**F.** Schools and school districts shall make their own arrangements regarding any payments required for use of the facilities, for reimbursement for special services such as setting up tables and chairs, use of school equipment such as projectors or video equipment or abnormal wear and tear on the facilities. All fees shall be made by check or money order and shall be made payable to the school or school board. It is inappropriate for users of school facilities to pay school employees directly for services in kind or in cash.

**G.** In addition to the safety rules included in the site use agreement, any user of school or school district facilities must agree to the following liability and risk related rules.

**(1)** The use of alcohol, illegal drugs and tobacco are prohibited on all school property at all times.

**(2)** Guns are not permitted on school property except for those in the possession of authorized law enforcement personnel.

**(3)** Users of the facility shall be responsible for providing security as required by the member school or school district for the type of function they have planned.

**(4)** Users of swimming pool facilities must have a certified lifeguard on duty at all times.

**(5)** For events that involve animals, including dogs, all must be leashed, penned, caged or otherwise properly contained, constrained or under supervision and control at all times. Animals or pets not properly contained, constrained or under supervision and control at all times are prohibited.

**(6)** Open fires including candles, torches, and bonfires shall not be allowed except pursuant to prior approval and permit by the appropriate authorities.

**(7)** Building exits shall never be blocked for any reason.

**(8)** Parking shall be in designated areas only.

**(9)** Every effort shall be made to provide vehicle and pedestrian traffic management in order to insure safe and orderly movement of vehicles and people.

**(10)** All care shall be taken in the design, placement and construction of booths, displays, viewing stands, platforms, theater sets, temporary stages or any other structures to safeguard the safety of those building, using and disassembling such structures. Alterations made by the user shall be removed and the facility replaced to prior and current construction standards.

**(11)** Decorations shall be fire resistant whenever possible, cover no more than 20 percent of the wall area and never be placed within close proximity to incendiary sources.

**(12)** Care shall be taken at all times to avoid the creation of tripping hazards or if unavoidable to warn participants of obstacles.

**(13)** No hazardous materials, including pyrotechnic devises, fireworks, explosives flammable materials or liquids, poisonous materials or plants, strong acids or caustics shall be brought onto the premises or used in any way while occupying the premises except with the approval prior to use by the fire marshal or other authority having jurisdiction.

**(14)** No amusement rides or attractions, including but not limited to, trampolines of any type, enclosed or air supported structures of any type, climbing walls, climbing ropes, bow and arrow shooting activity or equipment or devises related thereto shall be brought onto the premises or used in any way while occupying the premises except with the express permission of school authorities and on proof of insurance by the user of the facility of at least $1,000,000 per occurrence naming the school or school district and the authority as additional insureds. All such activities shall be operated and overseen by persons experienced and, if possible, certified to do so.

**(15)** All users of school facilities shall give written notice to the school of any accident resulting in bodily injury or property damage to property of the school occurring on school premises or in any way connected with the use of the school premises within 24 hours of the accident. The notice shall include details of the time, place and circumstances of the accident and the names and addresses and phone numbers of any persons witnessing the accident.

**(16)** If playground equipment is to be used, the user of the facility shall provide at least one adult supervisor for every 15 children.

**(17)** The user of the facility shall provide the appropriate signage to inform participants of the safety rules. A list of emergency agencies and phone numbers shall also be posted.

**(18)** Access to school facilities by the users of the facility shall be limited to those areas specified in the site use agreement.

**H.** All users of school facilities shall agree to provide prompt and thorough clean-up and removal or storage of all special structures within no more than 24 hours after the end of the event, but in no case later than the beginning of the next school day or if school is out no later than prior to use of the area by school personnel. Users shall ensure that any furniture and equipment moved during the use of the facilities is replaced.
[6.50.17.8 NMAC - Rp, 6.50.17.8 NMAC, 09/01/2014]

**HISTORY of 6.50.17 NMAC:**

**History of Repealed Material:**
6.50.17 NMAC, Use of School Facilities by Private Persons, filed 2/9/2010 - Repealed effective 09/01/2014.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 50 INSURANCE**
**PART 18 USE OF VOLUNTEERS IN SCHOOLS AND SCHOOL DISTRICTS**

**6.50.18.1 ISSUING AGENCY:** New Mexico Public School Insurance Authority.
[6.50.18.1 NMAC - Rp, 6.50.18.1 NMAC, 09/01/2014]
[The address of the New Mexico Public School Insurance Authority is 410 Old Taos Highway, Santa Fe, New Mexico 87501.]

**6.50.18.2 SCOPE:** This part applies to all school districts, charter schools and other educational entities authorized to participate in the authority's risk related coverages.
[6.50.18.2 NMAC - Rp, 6.50.18.2 NMAC, 09/01/2014]

**6.50.18.3 STATUTORY AUTHORITY**: Subsection E of Section 22-29-7 NMSA 1978 directs the authority to establish a policy to be followed by participating members relating to the use of volunteers, distribute the policy to participating members and post the policy upon the authority's web site.
[6.50.18.3 NMAC - Rp, 6.50.18.3 NMAC, 09/01/2014]

**6.50.18.4 DURATION:** Permanent.
[6.50.18.4 NMAC - Rp, 6.50.18.4 NMAC, 09/01/2014]

**6.50.18.5 EFFECTIVE DATE:** September 1, 2014 unless a later date is cited at the end of a section.
[6.50.18.5 NMAC - Rp, 6.50.18.5 NMAC, 09/01/2014]

**6.50.18.6 OBJECTIVE:** To establish a policy to be followed by participating members relating to the use of volunteers.
[6.50.18.6 NMAC - Rp, 6.50.18.6 NMAC, 09/01/2014]

**6.50.18.7 DEFINITIONS:**

**A. "Regular volunteers"** means those persons, including relatives of students, who commit to serve on a regular basis at a school district, charter school or other educational entity without compensation.

**B. "Spontaneous volunteers"** means those persons who agree to fill an urgent, temporary need for a school district, charter school or other educational entity without compensation and who are not pre-registered as a regular volunteer.
[6.50.18.7 NMAC - Rp, 6.50.18.7 NMAC, 09/01/2014]

**6.50.18.8 POLICY FOR REGULAR VOLUNTEERS IN SCHOOLS AND SCHOOL DISTRICTS:**

**A.** Participating member schools and school districts make extensive use of regular volunteers for many of their programs. In seeking and accepting the voluntary services of qualified, interested individuals, the participating members recognize that they have basic responsibilities to the regular volunteers as well as to the students and to themselves.

**B.** Each participating member shall be responsible for organizing and managing and documenting its own regular volunteer program subject to the following rules. Participating member schools, school districts and other educational entities shall have in place policies clearly establishing how and by whom regular volunteers are appointed and the policies at minimum shall require prior to services:

**(1)** Provide an application process for all [~~interviewing~~] all prospective regular volunteers and doing [~~a~~] an FBI fingerprint background check, and a reference check including, but not limited to any history of drug abuse or drug dealing, domestic violence, DUI offenses, motor vehicle records checks, and [~~sex crimes~~] ethical misconduct in compliance with 22.10A-5 NMAC;

**(2)** providing all regular volunteers with a job description, outlining specific duties, time commitment and qualifications for acceptance as a regular volunteer;

**(3)** providing appropriate training, supervision and evaluation of regular volunteers; and

**(4)** instructing all regular volunteers to understand that failure to obey the code of ethics and standards of professional conduct as provided in 6.60.9.8 NMAC and 6.60.9.9 NMAC concerning the obligations of school personnel is grounds for dismissal.

**C.** Regular volunteers shall not be allowed to begin their service until after their duties are explained to them and they have accepted in writing the following volunteer pledge. It is my duty:

**(1)** to deal justly and considerately with each student, school employee or other volunteer;

**(2)** to share the responsibility for improving educational opportunities for all;

**(3)** to stimulate students to think and learn, but at the same time protect them from harm;

**(4)** to respect the confidentiality of student records and information about students, their personal or family life;

**(5)** not to discriminate or to permit discrimination on the basis of race, color, national origin, ethnicity, sex, sexual orientation, disability, religion or serious medical condition against any person while I am on duty as a volunteer;

**(6)** to avoid exploiting or unduly influencing a student into engaging in an illegal or immoral ethical misconduct or act or any other behavior that would subject the student to discipline for misconduct, whether or not the student actually engages in the behavior;

**(7)** to avoid giving gifts to any one student unless all students similarly situated receive or are offered gifts of equal value for the same reason;

**(8)** to avoid lending money to students;

**(9)** to avoid having inappropriate contact with any student, whether or not on school property, which includes all forms of sexual touching, sexual relations or romantic relations, any touching which is unwelcome by the student or inappropriate given the age, sex and maturity of the student;

**(10)** to avoid giving a ride to a student;

**(11)** not to engage in sexual harassment of students, other volunteers or school employees;

**(12)** not to engage in inappropriate displays of affection, even with consenting adults, while on school property or during school events off premises;

**(13)** not to possess or use tobacco, alcohol, cannabis or illegal drugs while on school property or during school events off premises;

**(14)** to use educational facilities and property only for educational purposes or purposes for which they are intended consistent with applicable law, policies and rules;

**(15)** to avoid any violent, abusive, indecent, profane, boisterous, unreasonably loud or otherwise disorderly conduct when on school property or off campus at school functions;

**(16)** to abide by the school's social media policy to refrain from using school information technology equipment, hardware, software or internet access for other than a school related purpose;

**(17)** to refrain from striking, assaulting or restraining students unless necessary in the defense of self or others;

**(18)** to refrain from using inflammatory, derogatory or profane language while on school property or while attending school events off premises;

**(19)** to refrain from bringing or possessing firearms or other weapons on school property except with proper authorization;

**(20)** not to be under the influence of alcohol, cannabis or illegal drugs on school property or at school events off premises; and

**(21)** to report, as appropriate under the circumstances, violations of this pledge by other regular volunteers or school employees.

**D.** For the mutual protection of regular volunteers and the participating members, personnel administering regular volunteer programs shall provide a safe place to work and clear project organization or direction, establish and inform regular volunteers of emergency procedures, ensure that regular volunteers understand that their activities create participating member's liability, and that ethical standards apply to them as well as to regular school employees. Participating member personnel shall inform each regular volunteer in writing of the reserved right to dismiss unsatisfactory regular volunteers and of the established procedures for doing so.

**E.** Spontaneous volunteers are not subject to these rules, but spontaneous volunteers must be supervised at all times by an employee or regular volunteer of the school district, charter school or other educational entity.

[6.50.18.8 NMAC - Rp, 6.50.18.8 NMAC, 09/01/2014]

**HISTORY of 6.50.18 NMAC:**

**History of Repealed Material:**

6.50.18 NMAC, Use of Volunteers in Schools and School Districts, filed 2/9/2010 - Repealed effective 09/01/2014.

# Public Schools Insurance Authority

## Board Meeting

## Fiscal Year 2024

## April 2024 Financial Reports

**June 6, 2024**

# New Mexico Public Schools Insurance Authority


New Mexico Public Schools Insurance Authority

## Operating Budget

## Fiscal Year 2025

**July 1, 2024 through June 30, 2025**

**Public School Insurance Authority**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Department |
|---|---|---|
| 34200 | 0000 | 0000000000 |

| | | FY24 OPBUD | FY25 PCF Projection | FY25 GAA OPBUD with Transfers | FY25 Comp Package | FY25 Other Adjustments | FY25 OPBUD-3 | FY25 Other Recurring | Final FY25 OPBUD |
|---|---|---|---|---|---|---|---|---|---|
| 112 | Other Transfers | 1,643.5 | 0.0 | 1,747.3 | 0.0 | 0.0 | 1,791.2 | 0.0 | 1,791.2 |
| 130 | Other Revenues | 467,117.4 | 0.0 | 508,194.6 | 0.0 | 0.0 | 508,194.6 | 0.0 | 508,194.6 |
| 150 | Fund Balance | 5,553.8 | 0.0 | 29,734.7 | 38.4 | 5.5 | 29,778.6 | 0.0 | 29,778.6 |
| | | **474,314.7** | **0.0** | **539,676.6** | **38.4** | **5.5** | **539,764.4** | **0.0** | **539,764.4** |
| **REVENUE** | | **474,314.7** | **0.0** | **539,676.6** | **38.4** | **5.5** | **539,764.4** | **0.0** | **539,764.4** |
| **EXPENSE** | | | | | | | | | |
| 200 | Personal Services and Employee Benefit | 1,367.8 | 1,335.5 | 1,466.0 | 38.4 | 5.5 | 1,509.9 | 0.0 | 1,509.9 |
| 300 | Contractual services | 471,118.1 | 0.0 | 536,278.0 | 0.0 | 0.0 | 536,278.0 | 0.0 | 536,278.0 |
| 400 | Other | 185.3 | 0.0 | 185.3 | 0.0 | 0.0 | 185.3 | 0.0 | 185.3 |
| 500 | Other financing uses | 1,643.5 | 0.0 | 1,747.3 | 0.0 | 0.0 | 1,791.2 | 0.0 | 1,791.2 |
| EXPENDITURES | | **474,314.7** | **1,335.5** | **539,676.6** | **38.4** | **5.5** | **539,764.4** | **0.0** | **539,764.4** |
| **EXPENSE** | | **474,314.7** | **1,335.5** | **539,676.6** | **38.4** | **5.5** | **539,764.4** | **0.0** | **539,764.4** |
| **FTE POSITIONS** | | | | | | | | | |
| 810 | Permanent | 12.00 | 12.00 | 12.00 | 0.00 | 0.00 | 12.00 | 0.00 | 12.00 |
| **FTE POSITIONS** | | **12.00** | **12.00** | **12.00** | **0.00** | **0.00** | **12.00** | **0.00** | **12.00** |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P630 | 35000 | Employee Benefits |

| | | FY24 OPBUD | FY25 PCF Projection | FY25 GAA OPBUD with Transfers | FY25 Comp Package | FY25 Other Adjustments | FY25 OPBUD-3 | FY25 Other Recurring | Final FY25 OPBUD |
|---|---|---|---|---|---|---|---|---|---|
| 130 | Other Revenues | 367,093.0 | 0.0 | 394,945.9 | 0.0 | 0.0 | 394,945.9 | 0.0 | 394,945.9 |
| 150 | Fund Balance | 4,713.6 | 0.0 | 9,978.8 | 19.2 | 2.8 | 10,000.8 | 0.0 | 10,000.8 |
| | | **371,806.6** | **0.0** | **404,924.7** | **19.2** | **2.8** | **404,946.7** | **0.0** | **404,946.7** |
| **REVENUE** | | **371,806.6** | **0.0** | **404,924.7** | **19.2** | **2.8** | **404,946.7** | **0.0** | **404,946.7** |
| **EXPENSE** | | | | | | | | | |
| 300 | Contractual services | 370,984.4 | 0.0 | 404,051.1 | 0.0 | 0.0 | 404,051.1 | 0.0 | 404,051.1 |
| 500 | Other financing uses | 822.2 | 0.0 | 873.6 | 0.0 | 0.0 | 895.6 | 0.0 | 895.6 |
| EXPENDITURES | | **371,806.6** | **0.0** | **404,924.7** | **0.0** | **0.0** | **404,946.7** | **0.0** | **404,946.7** |
| **EXPENSE** | | **371,806.6** | **0.0** | **404,924.7** | **0.0** | **0.0** | **404,946.7** | **0.0** | **404,946.7** |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P631 | 35000 | Employee Benefits |

| | | FY24 OPBUD | FY25 PCF Projection | FY25 GAA OPBUD with Transfers | FY25 Comp Package | FY25 Other Adjustments | FY25 OPBUD-3 | FY25 Other Recurring | Final FY25 OPBUD |
|---|---|---|---|---|---|---|---|---|---|
| | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **EXPENSE** | | | | | | | | | |
| 300 | Contractual services | 0.0 | 0.0 | 66.6 | 0.0 | 0.0 | 66.6 | 0.0 | 66.6 |
| EXPENDITURES | | **0.0** | **0.0** | **66.6** | **0.0** | **0.0** | **66.6** | **0.0** | **66.6** |
| **EXPENSE** | | **0.0** | **0.0** | **66.6** | **0.0** | **0.0** | **66.6** | **0.0** | **66.6** |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P631 | 35100 | Risk Related Coverages |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P631 | 35100 | Risk Related Coverages |

| | | FY24 OPBUD | FY25 PCF Projection | FY25 GAA OPBUD with Transfers | FY25 Comp Package | FY25 Other Adjustments | FY25 OPBUD-3 | FY25 Other Recurring | Final FY25 OPBUD |
|---|---|---|---|---|---|---|---|---|---|
| 130 | Other Revenues | 100,024.4 | 0.0 | 113,248.7 | 0.0 | 0.0 | 113,248.7 | 0.0 | 113,248.7 |
| 150 | Fund Balance | 840.2 | 0.0 | 19,755.9 | 19.2 | 2.7 | 19,777.8 | 0.0 | 19,777.8 |
| | | **100,864.6** | **0.0** | **133,004.6** | **19.2** | **2.7** | **133,026.5** | **0.0** | **133,026.5** |
| **REVENUE** | | **100,864.6** | **0.0** | **133,004.6** | **19.2** | **2.7** | **133,026.5** | **0.0** | **133,026.5** |
| **EXPENSE** | | | | | | | | | |
| 300 | Contractual services | 100,043.3 | 0.0 | 132,064.3 | 0.0 | 0.0 | 132,064.3 | 0.0 | 132,064.3 |
| 500 | Other financing uses | 821.3 | 0.0 | 873.7 | 0.0 | 0.0 | 895.6 | 0.0 | 895.6 |
| EXPENDITURES | | **100,864.6** | **0.0** | **132,938.0** | **0.0** | **0.0** | **132,959.9** | **0.0** | **132,959.9** |
| **EXPENSE** | | **100,864.6** | **0.0** | **132,938.0** | **0.0** | **0.0** | **132,959.9** | **0.0** | **132,959.9** |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P632 | 00000 | Not Used - DO NOT DELETE |

| | | FY24 OPBUD | FY25 PCF Projection | FY25 GAA OPBUD with Transfers | FY25 Comp Package | FY25 Other Adjustments | FY25 OPBUD-3 | FY25 Other Recurring | Final FY25 OPBUD |
|---|---|---|---|---|---|---|---|---|---|
| | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **EXPENSE** | | | | | | | | | |
| 200 | Personal Services and Employee Benefit | 0.0 | 69.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EXPENDITURES | | **0.0** | **69.4** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **EXPENSE** | | **0.0** | **69.4** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P632 | 34900 | Public School Ins. Auth--Oper. |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P632 | 34900 | Public School Ins. Auth--Oper. |

| | | FY24 OPBUD | FY25 PCF Projection | FY25 GAA OPBUD with Transfers | FY25 Comp Package | FY25 Other Adjustments | FY25 OPBUD-3 | FY25 Other Recurring | Final FY25 OPBUD |
|---|---|---|---|---|---|---|---|---|---|
| 112 | Other Transfers | 1,643.5 | 0.0 | 1,747.3 | 0.0 | 0.0 | 1,791.2 | 0.0 | 1,791.2 |
| | | **1,643.5** | **0.0** | **1,747.3** | **0.0** | **0.0** | **1,791.2** | **0.0** | **1,791.2** |
| **REVENUE** | | **1,643.5** | **0.0** | **1,747.3** | **0.0** | **0.0** | **1,791.2** | **0.0** | **1,791.2** |
| **EXPENSE** | | | | | | | | | |
| 200 | Personal Services and Employee Benefit | 1,367.8 | 1,266.1 | 1,461.4 | 38.4 | 10.1 | 1,509.9 | 0.0 | 1,509.9 |
| 300 | Contractual services | 90.4 | 0.0 | 91.0 | 0.0 | 5.0 | 96.0 | 0.0 | 96.0 |
| 400 | Other | 185.3 | 0.0 | 185.3 | 0.0 | 0.0 | 185.3 | 0.0 | 185.3 |
| EXPENDITURES | | **1,643.5** | **1,266.1** | **1,737.7** | **38.4** | **15.1** | **1,791.2** | **0.0** | **1,791.2** |
| **EXPENSE** | | **1,643.5** | **1,266.1** | **1,737.7** | **38.4** | **15.1** | **1,791.2** | **0.0** | **1,791.2** |

**Public School Insurance Author**

State of New Mexico

## S-8 OPBUD by Fund Level

(Dollars in Thousands)

| BU | PCode | Fund | Fund Name |
|---|---|---|---|
| 34200 | P632 | 35200 | Risk Management Operating |

| FY24 OPBUD | FY25 PCF Projection | FY25 GAA OPBUD with Transfers | FY25 Comp Package | FY25 Other Adjustments | FY25 OPBUD-3 | FY25 Other Recurring | Final FY25 OPBUD |
|---|---|---|---|---|---|---|---|
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

**FY24 Capital Asset Inventory**

| Room No. | Inventory No. | Item Description | Serial No. | Model No. | Manufacturer | Acquisition Date | Cost | Inventory Completed | Completed By | Note |
|---|---|---|---|---|---|---|---|---|---|---|
| Building | N/A | Building Structure | | | | 10/1/1989 | $391,889.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Land | N/A | Land | | | | 10/1/1989 | $235,000.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lease Hold Improvement | N/A | Carpeting | | | | 3/7/1996 | $2,963.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lease Hold Improvement | N/A | ADA improvement | | | | 4/18/1996 | $65,777.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lease Hold Improvement | N/A | Building improvement | | | | 6/30/2002 | $38,777.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lease Hold Improvement | N/A | Sewer line | | | | 6/1/2003 | $9,500.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lease Hold Improvement | N/A | Carpet and tile | | | | 10/15/2009 | $10,680.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lease Hold Improvement | N/A | STO Powerflex | | | | 6/9/2015 | $17,472.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Roof | 00543, 00544, 00545 | 3 Furnaces ( York Central Air Conditioner ) | W1B3486037, W1D3674865, W1D3619638 | YCJF48S41S2A, YCJF48S41S2A, YCJF48S41S2A | York | 3/25/2015 | $19,862.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Building | N/A | Security System | | | | 6/27/2017 | $10,762.57 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | 00035 | Grand Canyon Oil Painting | | | | 05/23/90 | $150.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | 00167 | Cristo Rey Church Oil Painting | | | | 05/23/90 | $150.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | NA | Wedding Vase | | | | 1/31/1990 | $250.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | NA | Pottery | | | | 3/30/1990 | $175.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | NA | Pottery-Large | | | | 4/26/1990 | $100.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | NA | Gourd Pot | | | | 6/7/1990 | $200.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | NA | Gourd Pot | | | | 6/7/1990 | $90.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Lobby | NA | Gourd Pot | | | | 6/7/1990 | $300.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| North Storage | 00168 | Taos Pueblo Print | | | | 01/31/90 | $200.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| North Storage | NA | Art 258 | | | | 10/5/1998 | $150.00 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| Conf. | 00602 | Sharp Smart Board | F8V3311B06 | PLN703B | Sharp | 6/20/2017 | $6,911.45 | 4/24/2024 | Dominique Williams & Marlene Vigil | |
| | | | | | | | **$811,359.02** | | | |

**Patrick Sandoval**
*Executive Director*

**Martha Quintana**
*Deputy Director*

# NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

## Office of Executive Director

410 Old Taos Highway
Santa Fe, New Mexico 87501
1-800-548-3724 or 505-988-2736
505-983-8670 (fax)



June 4, 2024

Pursuant to NMSA § 12-6-10.A Annual inventory I hereby certify that a physical inventory of the capital assets owned by the New Mexico Public Schools Insurance Authority has been conducted and the listing of all capital assets is true and correct for Fiscal Year 2024.

CFO Verification Phillip Gonzales _____

Board President Verification _____

Contract No. **342-2025-01**

# STATE OF NEW MEXICO
# AUDIT CONTRACT

**NM Public School Insurance Authority**

hereinafter referred to as the "Agency," and

[redacted]

hereinafter referred to as the "Contractor," agree:

**As required by the Audit Rule, Section 2.2.2.1 NMAC *et seq.*, Contractor agrees to, and shall, inform the Agency of any restriction placed on Contractor by the Office of the State Auditor pursuant to Section 2.2.2.8 NMAC, and whether the Contractor is eligible to enter into this Contract despite the restriction.**

1. **SCOPE OF WORK** (Include in Paragraph 25 any expansion of scope)

   A. The Contractor shall conduct a financial and compliance audit of the Agency for Fiscal Year **2024** in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* the Audit Act, Sections 12-6-1 through 12-6-15, NMSA 1978, and the Audit Rule (Section 2.2.2.1 NMAC *et seq.).*

2. **DELIVERY AND REPRODUCTION**

   A. In order to meet the delivery terms of this Contract, the Contractor shall deliver the documents to the State Auditor on or before the deadline set forth for the Agency in Section 2.2.2.9 NMAC.

   B. Reports uploaded to OSA Connect by the Agency's due date will be considered received by the due date for purposes of Section 2.2.2.9 NMAC. Unfinished or excessively deficient reports will not satisfy this requirement; such reports will be rejected and returned to the Contractor and the State Auditor may take action in accordance with Section 2.2.2.13 NMAC. If the State Auditor does not receive copies of the management representation letter and the completed Report Review Guide with the audit report or prior to submittal of the audit report, the State Auditor will not consider the report submitted to the State Auditor.

   C. As soon as the Contractor becomes aware that circumstances exist that will make the Agency's audit report late, the Contractor shall immediately provide written notification of the situation to the State Auditor in accordance with Section 2.2.2.9 NMAC.

   D. Pursuant to Section 2.2.2.10 NMAC, the Contractor shall prepare a written and dated engagement letter that identifies the specific responsibilities of the Contractor and the Agency.

   E. After its review of the audit report pursuant to Section 2.2.2.13 NMAC, the State Auditor shall authorize the Contractor to print and submit the final audit report. Within five business days after the date of the authorization to print and submit the final audit report, the Contractor shall provide the State Auditor an electronic version of the audit report, in PDF format, and the electronic copy of the Excel version of the Summary of Findings Form, and any other required electronic schedule (if applicable). After the State Auditor officially releases the audit report by issuance of a release letter, the Contractor shall deliver **2** copies of the audit report to the Agency. The Agency or Contractor shall ensure that every member of the Agency's governing authority shall receive a copy of the report.

3. **COMPENSATION**

   A. The total amount payable by the Agency to the Contractor under this Contract shall not exceed **$44,126.00** including applicable gross receipts tax.

   B. Contractor agrees not to, and shall not, perform any services in furtherance of this Contract prior to approval by the State Auditor. Contractor acknowledges and agrees that it will not be entitled to payment or compensation for any services performed by Contractor pursuant to this Contract prior to approval by the State Auditor.

   C. Total Compensation will consist of the following:

| SERVICES | AMOUNTS |
|---|---|

| | |
|---|---|
| (1) Financial statement audit | **$30,000.00** |
| (2) Federal single audit | **$0.00** |
| (3) Financial statement preparation | **$11,000.00** |
| (4) Other nonaudit services, such as depreciation schedule updates | **$0.00** |
| (5) Other (i.e., component units, specifically identified) | **$0.00** |

Gross Receipts Tax = **$3,126.00**

Total Compensation = **$44,126.00** including applicable gross receipts tax

D. The Agency shall pay the Contractor the New Mexico gross receipts tax levied on the amounts payable under this Contract and invoiced by the Contractor. Payment is subject to availability of funds pursuant to the Appropriations Paragraph set forth below.

E. The State Auditor may authorize progress payments to the Contractor by the Agency; pursuant to Section 2.2.2.8(M)(3) NMAC; provided that the authorization is based upon evidence of the percentage of audit work completed as of the date of the request for partial payment. If requested by the State Auditor, the Agency shall provide a copy of the progress billings. Final payment for services rendered by the Contractor shall not be made until a determination and written finding is made by the State Auditor in the release letter that the audit has been made in a competent manner in accordance with the provisions of this Contract and applicable rules of the State Auditor.

4. **TERM.** Unless terminated pursuant to Paragraphs 5 or 19, this Contract shall terminate one calendar year after the latest date on which it is signed.

5. **TERMINATION, BREACH AND REMEDIES**

A. This Contract may be terminated:

1. By either party without cause, upon written notice delivered to the other party and the State Auditor at least ten (10) days prior to the intended date of termination.

2. By either party, immediately upon written notice delivered to the other party and the State Auditor, if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the report in accordance with Paragraph 2 shall constitute a material breach of this Contract.

3. By the Agency pursuant to Paragraph 19, immediately upon written notice to the Contractor and the State Auditor.

4. By the State Auditor, immediately upon written notice to the Contractor and the Agency after determining that the audit has been unduly delayed, or for any other reason.

B. By termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. If the Agency or the State Auditor terminates this Contract, the Contractor shall be entitled to compensation for work performed prior to termination in the amount of earned, but not yet paid, progress payments, if any, that the State Auditor has authorized to the extent required by Paragraph 3(E). If the Contractor terminates this Contract for any reason other than Agency's breach of this Contract, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.

C. Pursuant to Section 2.2.2.8 NMAC, the State Auditor may disqualify the Contractor from eligibility to contract for audit services with the State of New Mexico if the Contractor knowingly makes false statements, false assurances or false disclosures under this Contract. The State Auditor on behalf of the Agency or the Agency may bring a civil action for damages or any other relief against a Contractor for a material breach of this Contract.

D. THE REMEDIES HEREIN ARE NOT EXCLUSIVE, AND NOTHING IN THIS SECTION 5 WAIVES OTHER LEGAL RIGHTS AND REMEDIES OF THE PARTIES.

6. **STATUS OF CONTRACTOR**

The Contractor and its agents and employees are independent contractors performing professional services for the Agency and are not employees of the Agency. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles or any other benefits afforded to employees of the Agency as a result of this Contract. The Contractor agrees not to purport to bind the State of New Mexico to any obligation not assumed under this Contract unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

7. **ASSIGNMENT**

The Contractor shall not assign or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract.

8. **SUBCONTRACTING**

The Contractor shall not subcontract any portion of the services to be performed under this Contract without the prior written approval of the Agency and the State Auditor. An agreement between the Contractor and a subcontractor to subcontract any portion of the services under this Contract shall be completed on a form prescribed by the State Auditor. The agreement shall be an amendment to this Contract and shall specify the portion of the audit services to be performed by the subcontractor, how the responsibility for the audit will be shared between the Contractor and the subcontractor, the party responsible for signing the audit report and the method by which the subcontractor will be paid. Pursuant to Section 2.2.2.8 NMAC, the Contractor may subcontract only with independent public accounting firms that are on the State Auditor's List of Approved Firms, and that are not otherwise restricted by the State Auditor from entering into such a contract.

9. **RECORDS**

The Contractor shall maintain detailed time records that indicate the date, time, and nature of services rendered during the term of this Contract. The Contractor shall retain the records for a period of at least five (5) years after the date of final payment under this contract. The records shall be subject to inspection by the Agency and the State Auditor. The Agency and the State Auditor shall have the right to audit billings both before and after payment. Payment under this Contract shall not foreclose the right of the Agency or the State Auditor on behalf of the Agency to recover excessive or illegal payments.

10. **RELEASE**

The Contractor, upon receiving final payment of the amounts due under the Contract, releases the State Auditor, the Agency, their respective officers and employees and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Contract. This paragraph does not release the Contractor from any liabilities, claims or obligations whatsoever arising from or under this Contract.

11. **CONFIDENTIALITY**

All information provided to or developed by the Contractor from any source whatsoever in the performance of this Contract shall be kept confidential and shall not be made available to any individual or organization by the Contractor, except in accordance with this Contract or applicable standards, without the prior written approval of the Agency and the State Auditor.

12. **PRODUCT OF SERVICES; COPYRIGHT AND REPORT USE**

Nothing developed or produced, in whole or in part, by the Contractor under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. The Agency and the State Auditor may post an audited financial statement on their respective websites once it is publicly released by the State Auditor. For District Courts and District Attorneys only, the contractor agrees that the Financial Control Division of the Department of Finance and Administration (DFA) is free to use the audited financial statements in the statewide Comprehensive Annual Financial Report and that the Contractor's audit report may be relied upon during the audit of the statewide Comprehensive Annual Financial Report, if applicable. However, DFA should not provide to any third party, other than the Comprehensive Annual Financial Report auditor, the District Courts' or District Attorneys' draft audit reports or their opinion letters or findings.

13. **CONFLICT OF INTEREST**

The Contractor represents and warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. Each of the Contractor and the Agency certifies that it has followed the requirements of the Governmental Conduct Act, Section 10-16-1, et seq., NMSA 1978, regarding contracting with a public officer, state employee or former state employee, as required by the applicable professional standards.

14. **INDEPENDENCE**

The Contractor represents and warrants its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards,* issued by the Comptroller General of the United States, and Section 2.2.2.8 NMAC. The Contractor shall immediately notify the State Auditor and the Agency in writing if any impairment to the Contractor's independence occurs or may occur during the period of this Contract.

15. **AMENDMENT**

This Contract shall not be altered, changed or amended except by prior written agreement of the parties and with the prior written approval of the State Auditor. Any amendments to this Contract shall comply with the Procurement Code, Sections 13-1-28 through 13-1- 199, NMSA 1978.

16. **MERGER**

This Contract supersedes all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract. Contractor and Agency shall enter into and execute an engagement letter pursuant to Section 2.2.2.10 NMAC, consistent with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAGAS). **The engagement letter and any associated documentation included with or referenced in the engagement letter shall not be interpreted to amend this Contract. Conflicts between the engagement letter and this Contract are governed by this Contract, and shall be resolved accordingly.**

17. **APPLICABLE LAW**

The laws of the State of New Mexico shall govern this Contract. By execution of this Contract, Contractor irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising from or related to this Contract.

18. **AGENCY BOOKS AND RECORDS**

The Agency is responsible for maintaining control of all books and records at all times and the Contractor shall not remove any books and records from the Agency's possession for any reason.

19. **APPROPRIATIONS**

The terms of this Contract are contingent upon sufficient appropriations and authorization being made by the legislature or the Agency's governing body for the performance of this Contract. If sufficient appropriations and authorization are not made by the legislature or the Agency's governing body, this Contract shall terminate upon written notice being given by the Agency to the Contractor. The Agency's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. This section of the Contract does not supersede the Agency's requirement to have an annual audit pursuant to Section 12-6-3(A) NMSA 1978.

20. **PENALTIES FOR VIOLATION OF LAW**

The Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978, imposes civil and criminal penalties for certain violations. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

21. **EQUAL OPPORTUNITY COMPLIANCE**

The Contractor shall abide by all federal and state laws, rules and regulations, and executive orders of the Governor of the State of New Mexico pertaining to equal employment opportunity. In accordance with all such laws, rules, regulations and orders, the Contractor assures that no person in the United States shall, on the grounds of race, age, religion, color, national origin, ancestry, sex, physical or mental handicap or serious medical condition, spousal affiliation, sexual orientation or gender identity be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Contract. If the Contractor is found not to be in compliance with these requirements during the life of this Contract, the Contractor shall take appropriate steps to correct these deficiencies.

22. **WORKING PAPERS**

A. The Contractor shall retain its working papers of the Agency's audit conducted pursuant to this Contract for a period of at least five (5) years after the date shown on the opinion letter of the audit report, or longer if requested by the federal cognizant agency for audit, oversight agency for audit, pass through-entity or the State Auditor. The State Auditor shall have access to the working papers at the State Auditor's discretion. When requested by the State Auditor, the Contractor shall deliver the original or clear, legible copies of all working papers to the requesting entity.

B. The Contractor should follow the guidance of AU-C 210 A.27 to A.31 and AU-C 510 .A3 to .A11 in communications with the predecessor auditor and to obtain information from the predecessor auditor's audit documentation.

23. **DESIGNATED ON-SITE STAFF**

The Contractor's on-site individual auditor responsible for supervision of work and completion of the audit is **Farley Vener**. The Contractor shall notify the Agency and the State Auditor in writing of any changes in staff assigned to perform the audit.

24. **INVALID TERM OR CONDITION**

If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected.

25. **OTHER PROVISIONS**

**SIGNATURE PAGE**

This Contract is made effective as of the date of the latest signature.

| **AGENCY** | | **CONTRACTOR** | |
|---|---|---|---|
| **NM Public School Insurance Authority** | | [redacted] | |
| PRINTED NAME: | _____ | PRINTED NAME: | _____ |
| SIGNATURE: | _____ | SIGNATURE: | _____ |
| TITLE: | _____ | TITLE: | _____ |
| DATE: | _____ | DATE: | _____ |

State Auditor Contract No. 24 - **342**

ALBUQUERQUE
AVIATION ACADEMY

6441 Ventana Rd. NW
Albuquerque, NM 87114
MAIN (505) 608-6441
FAX (505) 212-6180

**Resolution 2023/2024-00_**
**PART-TIME EMPLOYEE RESOLUTION**
**2024-2025 School Year**

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

**WHEREAS**, the Albuquerque Aviation Academy is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

**WHEREAS**, the governing board of the Albuquerque Aviation Academy understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Albuquerque Aviation Academy and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

**NOW, THEREFORE, BE IT RESOLVED** that we, the governing board of the Albuquerque Aviation Academy wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year.

In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 15th day of March 2024.

DocuSigned by:
Board President
9E6A07073CE6494...

Board Member

DocuSigned by:
Board Member
ADF51C748C4848A...

Board Member

Board Member

Board Member

Board Member

Board Member

405 Dr. Martin Luther King Jr. Ave. NE
Albuquerque, NM 87102
505-242-6640

**Resolution 2023/2024-002**
**PART-TIME EMPLOYEE RESOLUTION**
**2024-2025 School Year**

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

**WHEREAS**, the ABQ Charter Academy is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

**WHEREAS**, the governing board of the ABQ Charter Academy understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the ABQ Charter Academy and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

**NOW, THEREFORE, BE IT RESOLVED** that we, the governing board of the ABQ Charter Academy wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year.

In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 23rd day of April 2024.

Board President

Board Member

Chandra McCray (Apr 25, 2024 08:26 MDT)

Board Member

Board Member

Board Member

Bernalillo Public Schools
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 School Year
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Bernalillo Public School District (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Bernalillo Public School District (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Bernalillo Public School District (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Bernalillo Public School District (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year**. (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 28 day of 3/28/24

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

02.27.2024

STEVE CARLSON
*Superintendent*

Central Consolidated School District
Office of the Superintendent
P.O. Box 1199,
Shiprock, NM 87420
tel. 505.368.4984
fax 505.368.5232
www.ccsdnm.org

**CENTRAL CONSOLIDATED SCHOOL DISTRICT**
**PART-TIME EMPLOYEE RESOLUTION**
**2024-2025 School Year**

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the **Central Consolidated School District** is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of **Central Consolidated School District** understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of **Central Consolidated School District** and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the **Central Consolidated School District** wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-2025 School Year**. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 20th day of FEBRUARY, 2024.

Board President, Suzette J. Haskie-Oberly

Board Vice-President, Christina J. Aspaas

Board Secretary, Marion L. Wells

Board Member, Gary J. Montoya

Board Member, Matthew Tso

# CHAMA VALLEY INDEPENDENT SCHOOLS #19

ANTHONY CASADOS, SUPERINTENDENT
POST OFFICE DRAWER 10
TIERRA AMARILLA, NM 87575
PHONE #: 575-588-7285
FAX #: 575-588-7860
E-MAIL: ACASADOS@CHAMASCHOOLS.ORG
VISIT US AT: WWW.CHAMASCHOOLS.ORG



## CHAMA VALLEY SCHOOLS BOARD OF EDUCATION 2024-2025
## NMPSIA LINES OF EMPLOYEE BENEFITS COVERAGE

**WHEREAS**, the New Mexico Public Schools Insurance Authority (NMPSIA) Rules and Regulations which allow part- time employees to participate in the NMPSIA Rule 6 NMAC 50.1, Page 8, Definition 7.16 Eligible Part- Time Employees.

**WHEREAS**, Part-Time Employee means a person employed by, paid by, and working for the Chama Valley Independent School District No. 19 less than twenty (20) hours per week BUT NOT LESS THAN SIXTEEN (16) HOURS PER WEEK during the academic school term or terms and determined to be eligible for participation in the Chama Valley Schools Benefit Coverage.

**WHEREAS**, Employees working less than (20) hours per week but at least sixteen (16) hours per week during the academic school term or terms and who on the effective date of this rule participate in the Authority Plan of benefits may continue to participate if the Chama Valley Independent School District No. 19 agrees to such participation. Discontinuance of participation thereafter for any reason other than clerical error shall terminate the opportunity to continue coverage.

**NOW THEREFORE, BE IT RESOLVED**, that Chama Valley Independent School District No. 19 Board of Education wishes to allow school employees that work less than (20) hours per week but at least SIXTEEN (16) hours per week, excluding substitutes, to be covered under this health insurance plan. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

ADOPTED this **26th** day of **March, 2024** by the Chama Valley Independent School District Board of Education.

Margaret Martinez, Chairman

ATTEST:

Earl James Martinez, Secretary

(SEAL)

**CVISD 03/26/2024**

# DEMING PUBLIC SCHOOLS

*"Growing Champions, Every Student, Every Day!"*

Vicki K. Chávez, Superintendent

Fred Parker, Deputy Superintendent
Lesley Doyle, Chief Finance Officer


## Deming Public Schools
## PART-TIME EMPLOYEE RESOLUTION
## 2024-2025 School Year

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 18.75 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the **Deming Public School Board of Education** is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our district be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 18.75 hours per week; and

WHEREAS, the governing board of the **Deming Public School Board of Education** understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the **Deming Public School District** and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE BE IT RESOLVED that we, the governing board of the **Deming Public School Board of Education** wish to offer the district's part-time employees as described above, the ability to participate in the NMPSIA employee benefits lines of coverage for the **2024-2025 school year.** In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 21st day of MARCH 2024

Board Chairman

Board Member

Board Member

Board Member

Board Member

Board Member


400 Cody Road – Mailing Address: 1001 South Diamond
Deming, NM 88030 – (575) 546-8841 – Fax (575) 546-8517
Visit us at www.demingps.org

**Superintendent**
Brandon Hays
**Principal**
Amanda Harris
**Financial Manager**
Kyle Harris
**Athletic Director**
Kyle Harris



RESOLUTION

BOARD OF EDUCATION, DORA CONSOLIDATED SCHOOL DISTRICT

RESOLUTION NO. 2023/24-07

PART-TIME EMPLOYEE BENEFITS
2024-2025 School Year

WHEREAS, the Dora Board of Education met in regular session on March 6, 2024 at 6:00 p.m. as required by law; and

WHEREAS, the Dora Consolidated Board of Education is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the Dora Consolidated Board of Education agrees to pay the employer's share of insurance premiums; and

WHEREAS, the governing board of the Dora Consolidated Board of Education understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the Dora Consolidated Board of Education and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

BE IT HEREBY RESOLVED by the Dora Board of Education to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

ADOPTED THIS 6TH DAY OF MARCH 2024 BY THE BOARD OF EDUCATION, DORA CONSOLIDATED SCHOOL DISTRICT.

BOARD OF EDUCATION:

Jana Roberts, President

Andrea King, Member

Dallen Skelley, Vice President

Kerry Osburn, Member

Brandon Dewbre, Secretary

SUPERINTENDENT
Ms. Holly M. Martinez
Holly.Martinez@k12espanola.org
Website: www.k12espanola.org
405 Hunter Street
Española, New Mexico 87532
505-753-2254 – 367-3303
Fax 505-367-3363

**Española Public Schools**

Striving for Excellence



# Espanola Public Schools
# PART-TIME EMPLOYEE RESOLUTION
# 2024-2025 School year

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Espanola Public Schools is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Espanola Public Schools to participate, an annual resolution requesting such must be adopted by the board of the Espanola Public Schools and approved by the NMPSIA Board of Espanola Public Schools Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Espanola Public Schools wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024/2025 school year. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this, 18th day of April 2024.

Javin Coriz _____ Board President

_____ Board Vice President

_____ Board Member

Katrina Martinez _____ Board Member

_____ Board Member

FLOYD MUNICIPAL SCHOOLS
PO BOX 65
1564 NM 267
FLOYD, NM 88118
PHONE: 575.478.2211
FAX: 575.478.2277

Web Site: www.floydbroncos.com

FLOYD MUNICIPAL SCHOOLS
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-25 School Year
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the FLOYD MUNICIPAL SCHOOLS (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the FLOYD MUNICIPAL SCHOOLS (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the FLOYD MUNICIPAL SCHOOLS (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the FLOYD MUNICIPAL SCHOOLS (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-25 **school year.** (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 18 day of MARCH, 2024

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

Fort Sumner Municipal Schools
Matt Moyer, Superintendent

FORT SUMNER MUNICIPAL SCHOOLS

# FORT SUMNER MUNICIPAL SCHOOLS
# PART-TIME EMPLOYEE RESOLUTION
# 2024-2025 SCHOOL YEAR

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Fort Sumner Municipal Schools is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Fort Sumner Municipal Schools understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Fort Sumner Municipal Schools and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Fort Sumner municipal Schools wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-2025 School year** In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 8 th day of April, 2024

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

1001 E. Sumner Ave. • PO Box 387 • Fort Sumner, NM 88119
Phone 575.355.7734 • Fax 575.355.7716
http://www.ftsumnerk12.com • Email mmoyer@ftsumnerk12.com

# GILBERT L. SENA
CHARTER HIGH SCHOOL

## PART-TIME EMPLOYEE RESOLUTION
## 2024-2025 School Year

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Gilbert L Sena Charter High School is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Gilbert L Sena Charter High School understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Gilbert L Sena Charter High School and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Gilbert L Sena Charter High School wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-2025** In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 24 day of April 2024

Board President Tanya Otero Villalobos
Tanya Otero Villalobos (Apr 25, 2024 12:57 MDT)

Board Member KS
Karen Smith (Apr 25, 2024 07:55 MDT)

Board Member
Tennise Lucas (Apr 25, 2024 12:55 MDT)

Board Member

Board Member Mary Louise Sena
Mary Louise Sena (Apr 24, 2024 22:29 MDT)

Board Member

Grady Municipal School
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 School Year
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Grady Municipal School (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Grady Municipal School (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Grady Municipal School (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Grady Municipal School (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year. (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 18 day of March, 2024

Colten Dean
Board President

Phillip Bond
Board Member

Kathy Edwards
Board Member

Board Member

Board Member

Board Member

02.27.2024

**HATCH VALLEY PUBLIC SCHOOLS**
Michael M Chávez, Superintendent
PO Box 790
Hatch, NM 87937
TE: (575) 267-8200

Hatch Valley Public Schools
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Hatch Valley Public Schools (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Hatch Valley Public Schools (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Hatch Valley Public Schools (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Hatch Valley Public Schools (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year**. (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 10th day of April 2024.

Richard Marquez
Board Chairman

Rey Gonzales
Board Member

Board Member

Board Member

Board Member

Board Member

HONDO VALLEY PUBLIC SCHOOL

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the HONDO VALLEY PUBLIC SCHOOL (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the HONDO VALLEY PUBLIC SCHOOL (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the HONDO VALLEY PUBLIC SCHOOL (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the HONDO VALLEY PUBLIC SCHOOL (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 24-25 (starting/ending school year) **school year.** In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 18TH day of MARCH, 2024

Board President

Board Member — PRESIDENT

Board Member

Board Member

Board Member

Board Member

02.27.2024

Jefferson Montessori Academy
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 School Year
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Jefferson Montessori Academy (JMA) is requesting from the New
(district/entity name)

Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the JMA
(district/entity name)

understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the JMA and approved by the NMPSIA Board of
(district/entity name)

Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the JMA wish to offer the school's part-time
(district/entity name)

employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-25 **school year.** In addition,
(starting/ending school year)

we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 21st day of March, 2024

Deanna Westerhelm
Board President

Board Member

Cathy Baker
Board Member

Board Member

Christy Lisk
Board Member

Board Member

Z MOUNTAIN
ublic Schools

PO Box 230,
Gallina, NM 87017

JMSD.k12.nm.us

Ph: 575-638-5491
Fax: 575-638-5571

Felix Garcia, Superintendent  Kimberly Cordova, Finance Manager  Scott Meihack District Principal
Arsencio Jacquez, Lybrook Principal

## PART-TIME

## EMPLOYEE RESOLUTION
## July 1, 2024 - June 30, 2025
## School Year

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Jemez Mountain School District is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Jemez Mountain School District understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Jemez Mountain School District and approved by the NMPSIA Board of Jemez Mountain School District Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Jemez Mountain School District wish to offer the school's part -time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024/2025 **school year.** In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 12th day of March 2024.

Board Chairperson

Randy Cordova
Board Member

Board Member

Board Member

Board Member

Reset Form

Jemez Valley Public Schools

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Jemez Valley Public Schools (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Jemez Valley Public Schools (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Jemez Valley Public Schools (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Jemez Valley Public Schools (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year** (starting/ending school year). In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 19th day of March 2024.

Board Chairman

Board Member

Board Member

Board Member

Board Member

Board Member

05/02/2023

LA ACADEMIA DE ESPERANZA

**PART-TIME EMPLOYEE RESOLUTION**
**For the 2024-2025 School Year**

**To provide Insurance to eligible part-time Employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the Employer's share of Insurance premiums.**

WHEREAS, La Academia de Esperanza is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our charter school be permitted to authorize participation in the Employee lines of benefits coverage to our part-time Employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the Governing Council of La Academia de Esperanza understands that in order for the part-time Employee to be eligible to participate, an annual Resolution requesting such must be adopted by the Governing Council of La Academia de Esperanza and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the Governing Council of La Academia de Esperanza, wish to offer the school's part-time Employees as described above, the ability to participate in the NMPSIA Employee benefit lines of coverage for the 2024-2025 school year. In addition, we do resolve to provide the Employer's share of the Insurance premiums for such eligible part-time Employees.

Signed this 26th day of March, 2024.

Laura Braun
Laura Braun (Mar 28, 2024 14:37 MDT)
Governing Council President
Laura Braun

Melissa McLaney (Mar 28, 2024 14:12 MDT)
Governing Council Member
Melissa McLaney

Richard Malcolm
Richard Malcolm (Mar 30, 2024 21:56 MDT)
Governing Council Member
Richard Malcolm

PATRICIA MORRISON
PATRICIA MORRISON (Mar 28, 2024 20:59 MDT)
Governing Council Member
Patti Morrison

Xian Bass (Apr 2, 2024 12:53 MDT)
Governing Council Member
Xian Bass

Governing Council Member

7311Glenrio Road NW, Albuquerque, NM 87121
(505) 764-5500 www.ladecharter.org FAX 505-764-5501

# LAKE ARTHUR MUNICIPAL SCHOOLS

P.O. Box 98 700 Broadway Lake Arthur, New Mexico 88253
(575) 365-2000 • Fax (575)-365-2002
Website: www.la-panthers.org



Lake Arthur Municipal Schools
(School District/Entity Name)

## PART-TIME EMPLOYEE RESOLUTION

2024-2025 School Year
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Lake Arthur Municipal Schools (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Lake Arthur Municipal Schools (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Lake Arthur Municipal Schools (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Lake Arthur Municipal Schools (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year. (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 12 day of March, 2024

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

**BOARD OF EDUCATION**

Las Cruces Public Schools ◆ Las Cruces, New Mexico

# Resolution

## "A RESOLUTION TO PROVIDE INSURANCE TO ELIGIBLE PART-TIME EMPLOYEES AND PAY THE EMPLOYER'S SHARE OF INSURANCE PREMIUMS FOR THE 2024/2025 SCHOOL YEAR"

**WHEREAS,** the Las Cruces Public Schools Board of Education is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our district be permitted to provide insurance participation opportunities to the school district's part-time employees who are hired for a .5 full-time equivalent position working a minimum of 15 hours each week, but not necessarily 20 hours each week; and

**WHEREAS**, the Board understands that in order for the part-time employee to be eligible to participate in Authority Employee Benefit Coverage's, an annual Resolution requesting such must be adopted by the Board of Education and approved by the Authority Board and filed annually with the Authority; and

**WHEREAS,** the Board agrees to provide the employer's share of the insurance premium in accordance with the law for such employees; and

**WHEREAS,** the Board further agrees that for job-share employment relationships, the school district will pay premiums for only one of the job-share participants, consequently, the other job-share position could be paid by the employee at 100% of premiums; however, the school district will pay premiums for Basic Life Insurance for all job-share employees that work a minimum of 15 hours each week;

**NOW, THEREFORE, BE IT RESOLVED** that we, the members of the Las Cruces Public Schools Board of Education, wish to offer the district's part-time employees the ability to participate in Authority Employee Benefit Coverage's. In addition, we, the members of the Board of Education, do resolve to provide the employers share of the insurance premiums for such eligible part-time employees.

Adopted this 23rd day of April, 2024 at Las Cruces, New Mexico.

Teresa Tenorio, President

Pamela Cort, Vice-President

Robert Wofford, Secretary

Ed Frank, Member

Patrick Nolan, Member

STATE OF NEW MEXICO
NOTARY PUBLIC
STEPHANIE R BENAVIDEZ
COMMISSION # 1139718
COMMISSION EXPIRES: 02-20-2027

SUBSCRIBED AND SWORN to before me this ____ day of April 23, 2024.

Notary Public

My Commission Expires: 02/20/2027

LORDSBURG MAVERICKS

**Lordsburg Municipal Schools**
**401 West 4th Street**
**P.O. Box 430**
**Lordsburg, NM 88045**
**Telephone (575) 542-9361**
**Fax (575) 542-9364**
**http://www.lmsed.org**

**SUPERINTENDENT**
**Stephen Lucas**

**DIRECTOR OF OPERATIONS**
**Ryan Chaney**

## PART-TIME EMPLOYEE RESOLUTION
**2024-25 School Year**

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Lordsburg Municipal Schools is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Lordsburg Municipal Schools understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Lordsburg Municipal Schools and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

***NOW, THEREFORE, BE IT RESOLVED*** that we, the governing board of the Lordsburg Municipal Schools wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-25 school year**. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 15 day of April 2024.

Susie Cole
acting Board President

Alyssa Esquivel (acting)
Board Vice-President

# Los Alamos Public Schools

**Los Alamos Public Schools**
(School District/Entity Name)

## PART-TIME EMPLOYEE RESOLUTION
## FY 2024/2025 School Year
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the **Los Alamos Public Schools** (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the **Los Alamos Public Schools** (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the **Los Alamos Public Schools** (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the **Los Alamos Public Schools** (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **FY24/25 School Year**. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this **9th** day of **April, 2024.**

Board President: _____ Board Member: Melanie A. Colyn

Board Member: _____ Board Member: _____

Board Member: Sondra Wyman

P.O Box 90 • 2075 Trinity Drive • Los Alamos, NM • Phone: (505) 663-2222 • Fax: (505) 663-3247

**Magdalena Municipal Schools**
P.O. BOX 24
MAGDALENA, NEW MEXICO 87825
PHONE 854-2241; FAX 854-2531

"OUR STUDENTS ARE OUR NUMBER ONE PRIORITY"



# PART-TIME EMPLOYEE RESOLUTION

## 2024-2025 SCHOOL YEAR

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the *Magdalena Municipal Schools* is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the *Magdalena Municipal Schools* understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the *Magdalena Municipal Schools* and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the *Magdalena Municipal Schools* wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 12 day of March, 2024.

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

Magdalena Municipal School District does not discriminate in employment or provision of services
On the basis of race, color, national origin, gender, age, or handicapping condition

La falta de conocimiento de inglés o identificación como estudiante con necesidades especiales no serán barreras para la admisión en programas de eseñanza de educación tecnica.
Lack of English language skills or identification as a special needs student will not be barriers to admission and participation in career technical education programs.
Bilagáana bizaad íhoóą'g'íí doyeegó biłbééhózingo éí doodaíí óltaí' bich'į' ańdahaaazt'í'gí éidóó yiniłtáakaahda. Naanish ál'íígí dóó ba 'ihoo'aahgí bich'į'ąą'a't'é.

# Maxwell Municipal Schools

*Prepare and inspire students to achieve their full potential.*

## MAXWELL MUNICIPAL SCHOOLS
## PART-TIME EMPLOYEE RESOLUTION
## 2024-2025 SCHOOL YEAR

**To provide Insurance to eligible part-time employees who are on contract that work less than 20 hours per week but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Maxwell Municipal School District is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than twenty (20) hours per week but not less than fifteen (15) hours per week; and

WHEREAS, the governing board of the Maxwell Municipal School District understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by board of the Maxwell Municipal School District and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board the Maxwell Municipal School District wish to offer the district's part time employees, as described above, the ability to participate in the NMPSIA employee benefit line of coverage for the 2024-25 school year. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 25h day of March 2024:

President

Member

Vice President

Member

Secretary

411 Parque Avenue - PO Box 275 - Maxwell, NM 87728
P 575-375-2371 F 575-375-2375 www.maxwellp12.com

**Mora Independent School District**

**PART-TIME EMPLOYEE RESOLUTION**

**2024-2025 School Year**

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Mora Independent School District is requesting from the New Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Mora Independent School District

understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Mora Independent School District and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Mora Independent School District wish to offer the school's part-time

employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year.** In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 5th day of April.

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

# Peñasco Independent School District

*Melissa Sandoval. Superintendent*

## PART-TIME EMPLOYEE RESOLUTION
## 2024-2025 School Year

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the *Peñasco Independent School District* is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the *Peñasco Independent School District* understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the *Peñasco Independent School District* and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the *Peñasco Independent School District* wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-2025 School Year**. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 27 day of March 2024.

Amanda Bissell
Board President

3/27/2024

Board Member

03.27.2024



575-587-2502
P.O Box 520
575-587-2513 (fax)
Peñasco, NM 87553
www.penascoisd.com

POJOAQUE VALLEY SCHOOL DISTRICT

1574 State Road 502
Santa Fe, New Mexico 87506
P: 505-455-2282 / F: 505-455-7152
**www.pvs.k12.nm.us**

Sondra A. Adams
Superintendent

Kay P. Morris
Associate Superintendent

Vickie Garcia
Chief Financial Officer

Staci Mascareñas
Human Resources Director

# Pojoaque Valley Schools

[School DistricVEntity Name)

## PART-TIME EMPLOYEE RESOLUTION

_2024-2025 - **School Year**
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Pojoaque Valley Schools is requesting from the New
(district/entity name)
Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Pojoaque Valley Schools
(district/entity name)
understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Pojoaque Valley Schools
(district/entity name)
and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the
Pojoaque Valley Schools wish to *offer* the school's part-time
(district/entity name)
employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year.** In addition,
(starting/ending school year)
we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this _____ day of _____

Board Chairman

Board Member

Board Member

Board Member

Board Member

Board Member

Pojoaque Valley Schools Board of Education

| Adam E. Muller | Jerome P. Lujan | Susan Quintana | Toby G. Velasquez | Felix Benavidez |
|---|---|---|---|---|
| President | Vice President | Secretary | Member | Member |

# Questa Independent School District

**2556A Wildcat Road / P.O. Box 440 / Questa, NM 87556**
**District Office Phone: 575-586-0421 Fax: 575-586-0531**


**Questa Independent School District**

(School District/Entity Name)

## PART-TIME EMPLOYEE RESOLUTION
## 2024-2025 School Year

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the **Questa Independent School District** (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the **Questa Independent School District** (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the **Questa Independent School District** (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the **Questa Independent School District** (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-2025 school year**. In addition, (starting/ending school year) we do resolve to provide the employer's share of the insurance premiums

such eligible part-time employees.

Signed this 18th day of March

Board Chairman

Board Member

Board Member

Board Member

Board Member

Board Member

05/02/2023

Independent School
District No. 1
24 Mountaineer Rd.
P. O. Box 350
Reserve, NM 87830

(833) 946-4242
(833) 880-0101 Fax

Randall Earwood
Superintendent

Kayli Ortiz
Principal

Katie Erb
SPED Director

Reserve Independent School District
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Reserve Independent School District (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Reserve Independent School District (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Reserve Independent School District (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Reserve Independent School District (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year.** (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 18 day of March 2024

Russell Laney
Board President

Board Member

Board Member

Board Member

Board Member

Board Member

ROSWELL INDEPENDENT SCHOOL DISTRICT

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Roswell Independent School District (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Roswell Independent School District (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Roswell Independent School District (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Roswell Independent School District (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year** (starting/ending school year). In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 8th day of April, 2024

Jack Clem
Board Chairman

Ryan French
Board Member

Board Member

Hilda Sanchez
Board Member

Board Member

Board Member

05/02/2023

San Jon Schools Resolution Number 2324 - 1

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 School Year

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the San Jon Schools (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the San Jon Schools (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the San Jon Schools (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the San Jon Schools (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year.** (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 10 day of April, 2024

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

DISTRICT 25 SANTA ROSA CONSOLIDATED SCHOOLS

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 School Year

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the SANTA ROSA CONSOLIDATED SCHOOLS (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the SANTA ROSA CONSOLIDATED SCHOOLS (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the SANTA ROSA CONSOLIDATED SCHOOLS (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the SANTA ROSA CONSOLITADED SCHOOLS (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year.** (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 19TH day of MARCH, 2024

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

02.27.2024

School of Dreams Academy

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the School of Dreams Academy (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the School of Dreams Academy (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the School of Dreams Academy (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the School of Dreams Academy (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year** (starting/ending school year). In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 8 day of APRIL .

Board Chairman

Board Member

Board Member

Board Member

Board Member

Board Member

Socorro Cons Schools

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Socorro Cons Schools (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Socorro Cons Schools (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Socorro Consolidated School District (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Socorro Consolidated School District (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year**. (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 25th day of March, 2024.

Board Chairman

Board Member

Board Member

Board Member

Board Member

Board Member

05/02/2023

Southwest Preparatory Learning Center

(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024/2025 **School Year**

(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Southwest Preparatory Learning Center (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Southwest Preparatory Learning Center (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Southwest Preparatory Learning Center (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Southwest Preparatory Learning Center (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024/2025 (starting/ending school year) **school year**. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 18 day of April 2024 .

DocuSigned by: D00DB3D62E9841F... Board Chairman

DocuSigned by: Xavier Chavez 7C47DF8A7584452... Board Member

DocuSigned by: 2EA9F61921D5475... Board Member

DocuSigned by: Jessica Garcia 49303DFE68F9405... Board Member

DocuSigned by: A68F2419466E4FB... Board Member

Board Member

**SPRINGER MUNICIPAL SCHOOLS**

Springer Schools
1401 8th Street
P.O. Box 308
Springer, NM. 87747

Phone: 575-483-3432
Fax: 575-483-2387

# Springer Municipal Schools

## PART-TIME EMPLOYEE RESOLUTION
## 2024/2025 School Year

**To provide insurance to bus drivers only, who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, Springer Municipal Schools is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our bus drivers who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and WHEREAS, the governing board of the Springer Municipal Schools understands that in order for bus drivers to be eligible to participate, an annual resolution requesting such must be adopted by the board of Springer Municipal Schools and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Springer Municipal Schools wish to offer the school's bus drivers as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024/2025 school year**. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 27th day of March 2024

Board Chairman

Board Member

Board Member

Board Member

Board Member

Board Member

**Nadine M. Vigil**
**Head Administrator/Director**

**TAOS INTERNATIONAL**
**K-8 Free Public State Charter School**
**118 Este Es Rd. Taos, NM 87571**
**Phone: 575.751.7115 Fax: 5775.751.3642**
**Dual Language/IB K-8 World School**

**Michelle Abeyta**
**Office Manager**

***Taos International School's Primary and Middle Years Programmes are recognized as authorized IB World Schools. These are sc hools that ıare a common philosophy-a commitment of high quality, challenging, international education that Taos International School believes is ıportant for our students".***

***aos International is prohibited from discriminating on the basis of race, color, national origin, sex (including gender identity and sexual ıientation), disability, age, or reprisal or retaliation for prior civil rights activity.***

TAOS INTERNATIONAL
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Taos International (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Taos International (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Taos International (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Taos International (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year. (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 12 day of March

Clifford Johnson — Board President

Anna P Romero — Board Member

Board Member

Julie Kay Romero — Board Member

The New America School-NM
1734 Isleta Blvd SW
Albuquerque, NM 87105
(505) 222-4360
www.newamericaschoolnm.org



# THE NEW AMERICA SCHOOL- NEW MEXICO
# PART-TIME EMPLOYEE RESOLUTION
## 2024-2025 School Year

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, ***The New America School-New Mexico*** is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of ***The New America School-New Mexico*** understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of ***The New America School-New Mexico*** and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of ***The New America School-New Mexico*** wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-2025 School Year.** In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 13th day of March 2024.

Board Member

Board Member

Board Member

Board Member

Board Member

The New America School-Las Cruces
207 S. Main Street
Las Cruces, NM 88001
(575) 527-9085
lcnas.org



# THE NEW AMERICA SCHOOL- LAS CRUCES
# PART-TIME EMPLOYEE RESOLUTION
## 2024-2025 School Year

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, ***The New America School-Las Cruces*** is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of ***The New America School-Las Cruces*** understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of ***The New America School-Las Cruces*** and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of ***The New America School-Las Cruces*** wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the **2024-2025 School Year**. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 21st day of March, 2024.

Board President

Board Member

Board Member

Board Member

Board Member

Tucumcari Public Schools
2400 South Eighth Street • P.O. Box 1046
Tucumcari, New Mexico 88401
Ph. 575.461.3910
Fax 575.461.3554

**TUCUMCARI PUBLIC SCHOOLS**
**PART-TIME EMPLOYEE RESOLUTION NO. 2024-06**
**2024-2025 School Year**

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the TUCUMCARI PUBLIC SCHOOLS is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the TUCUMCARI PUBLIC SCHOOLS understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the TUCUMCARI PUBLIC SCHOOLS and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the TUCUMCARI PUBLIC SCHOOLS wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 school year. In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 15 day of April 2024.

Board Chairman

Board Member

Board Chairman

Board Member

Board Chairman

Board Member

**"EXCELLENCE IN EDUCATION"**

Vaughn Municipal Schools
(School District/Entity Name)

# PART-TIME EMPLOYEE RESOLUTION

2024-2025 School Year
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the Vaughn Municipal Schools (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the Vaughn Municipal Schools (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the Vaughn Municipal Schools (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the Vaughn Municipal Schools (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year.** (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 13th day of March

Board President

Board Member

Board Member

Board Member

Board Member

Board Member

02.27.2024

# WAGON MOUND PUBLIC SCHOOLS

Post Office Box 158 • 300 Park Avenue • Wagon Mound, New Mexico 87752
Voice: 575-666-3000 FAX: 575-666-9001


WAGON MOUND PUBLIC SCHOOLS
(School District/Entity Name)

## PART-TIME EMPLOYEE RESOLUTION

2024-2025 **School Year**
(starting/ending school year)

**To provide insurance to eligible part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week, and to pay the employer's share of insurance premiums.**

WHEREAS, the WAGON MOUND PUBLIC SCHOOLS (district/entity name) is requesting from the New Mexico Public Schools Insurance Authority (NMPSIA) that our school district/entity be permitted to authorize participation in the employee lines of benefits coverage to our part-time employees who are on contract that work less than 20 hours per week, but not less than 15 hours per week; and

WHEREAS, the governing board of the WAGON MOUND PUBLIC SCHOOLS (district/entity name) understands that in order for the part-time employee to be eligible to participate, an annual resolution requesting such must be adopted by the board of the WAGON MOUND PUBLIC SCHOOLS (district/entity name) and approved by the NMPSIA Board of Directors and filed annually with the NMPSIA Board.

NOW, THEREFORE, BE IT RESOLVED that we, the governing board of the WAGON MOUND PUBLIC SCHOOLS (district/entity name) wish to offer the school's part-time employees as described above, the ability to participate in the NMPSIA employee benefit lines of coverage for the 2024-2025 **school year.** (starting/ending school year) In addition, we do resolve to provide the employer's share of the insurance premiums for such eligible part-time employees.

Signed this 14 day of March, 2024

Tony Rubin
Board President

Board Member

Camille Cornell
Board Member

Board Member

Board Member

Board Member

02.27.2024

Part Time Resolution Listing
2024-2025 School Year

| TYPE | NAME | DIST # | 42 Part Time Resolution (2024/2025 School Year) 13 w/enrl-29 EE |
|---|---|---|---|
| C | Albuquerque Charter Academy | 345 | **Standard** |
| C | Albuquerque Collegiate Charter School | 439 | **Standard** |
| C | Albuquerque Aviation Academy **Eff. 07/01/2024 Name change from SW Aeronautics (SAMS)** | 416 | **Standard** |
| C | Albuquerque Charter Academy | 345 | **Standard** |
| S | Bernalillo Public Schools | 61 | **Standard** |
| S | Central Consolidated Schools | 67 | **Standard** |
| S | Chama Valley Independent Schools **<20 but not <16 hrs/wk** | 53 | **Non-Standard** |
| S | Deming Public Schools **<20 but not <18.75 hrs/wk** | 42 | **Non-Standard** |
| S | Dora Consolidated Schools | 114 | **Standard** |
| S | Espanola Public Schools | 55 | **Standard** |
| S | Floyd Municipal Schools | 59 | **Standard** |
| S | Fort Sumner Municipal Schools | 16 | **Standard** |
| C | Gilbert L. Sena Charter High School | 342 | **Standard** |
| S | Grady Municipal Schools | 15 | **Standard** |
| S | Hatch Valley Public Schools | 18 | **Standard** |
| S | Hondo Valley Public Schools | 39 | **Standard** |
| C | Jefferson Montessori Academy | 328 | **Standard** |
| S | Jemez Mountain Public Schools | 56 | **Standard** |
| S | Jemez Valley Public Schools | 63 | **Standard** |
| C | La Academia De Esperanza Charter | 332 | **Standard** |
| S | Lake Arthur Municipal Schools | 7 | **Standard** |
| S | Las Cruces Public Schools **PT 0.5 FTE <20 but not <15 hrs/wk; only for 1 EE in a job share arrangement when EE works a minimum of 15 hrs/wk.** | 17 | **Non-Standard** |
| S | Lordsburg Municipal Schools | 29 | **Standard** |
| S | Los Alamos Public Schools | 41 | **Standard** |
| S | Magdalena Municipal Schools | 75 | **Standard** |
| S | Maxwell Municipal Schools | 11 | **Standard** |
| S | Mora Independent School District | 44 | **Standard** |
| S | Penasco Independent Schools | 77 | **Standard** |
| S | Pojoaque Valley Public Schools | 72 | **Standard** |
| S | Questa Public Schools | 79 | **Standard** |
| S | Reserve Independent Schools | 2 | **Standard** |
| S | Roswell Independent Schools | 4 | **Standard** |
| S | San Jon Municipal School | 52 | **Standard** |
| S | Santa Rosa Consolidateed Schools | 25 | **Standard** |
| C | School of Dreams Academy | 388 | **Standard** |
| S | Socorro Consolidated Schools | 74 | **Standard** |
| C | Southwest Preparatory Learning Center | 347 | **Standard** |
| S | Springer Municipal Schools **bus drivers only** | 10 | **Non-Standard** |
| C | Taos International School | 428 | **Standard** |
| C | The New America School | 385 | **Standard** |
| C | The New America School - Las Cruces | 415 | **Standard** |
| S | Tucumcari Public Schools | 49 | **Standard** |
| S | Vaughn Municipal Schools | 26 | **Standard** |
| S | Wagon Mound Public Schools | 45 | **Standard** |

*This Resolution must be submitted to the Authority for approval by the Authority Board of Directors for it to be effective. The enrollment period and effective date of coverage shall be mutually agreed upon by the NMPSIA Participating Employer and the Authority and set forth in the notice from the Authority.*

ARTESIA PUBLIC SCHOOLS

RESOLUTION ADOPTED BY ARTESIA PUBLIC SCHOOLS GOVERNING BODY GIVING NOTICE OF REQUEST TO INCREASE EMPLOYEE BASIC LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) COVERAGE BENEFIT AMOUNT

The Governing Body of ARTESIA PUBLIC SCHOOLS having affirmatively voted in a meeting noticed and conducted pursuant to the Open Meetings Act petitions the New Mexico Public Schools Insurance Authority (Authority) as follows:

WHEREAS, ARTESIA PUBLIC SCHOOLS is requesting from the New Mexico Public Schools Insurance Authority that ARTESIA PUBLIC SCHOOLS be permitted to increase our basic life and AD&D insurance from $ 25,000 to $ 50,000 for employees who are on contract that work 15 hours per week or more with an effective date of JULY 1, 2024; and

WHEREAS, ARTESIA PUBLIC SCHOOLS understands that in order for the change in basic life insurance and AD&D, a resolution requesting such must be adopted by the ARTESIA PUBLIC SCHOOLS Board and approved by the NMPSIA Board of Directors and amend the life policy by the NMPSIA life insurance carrier who provides the basic life and AD&D insurance coverage to NMPSIA.

WHEREAS, ARTESIA PUBLIC SCHOOLS understands those eligible employees who are not on the active payroll or are on an approved leave of absence (ie. medical, educational, FMLA leave, etc.) are not entitled to the basic life and AD&D increase on the effective date until they return to active payroll or return to active work from the approved leave of absence.

NOW, THEREFORE, BE IT RESOLVED that we, the governing Board of ARTESIA PUBLIC SCHOOLS wish to offer our eligible employees as described above, the ability to participate in the basic life insurance and AD&D coverage for $ 50,000 effective JULY 1, 2024. In addition, we agree to report to the NMPSIA benefits administrator any eligible employee not on active payroll or on an approved leave of absence on the effective date.

Members of the Governing Body of ARTESIA PUBLIC SCHOOLS:

Signed this 13TH day of MAY 2024.

Troy L. Bowman
President

Member

Member

Member

Member

Member

Revised 5.2024

New Mexico Public Schools Insurance Authority

# June 2024 Benefits Statistics

January 2024-March 2024

3rd Quarter

**150 Total Inquiries**

116 Phone Calls
29 Website Feedback
3 Emails
2 In person

**Days Resolved**

1 Day= 132
2 Days= 10
3 Days= 5
4 Days= 2
8 Days= 1

## Carriers 31

| | |
|---|---|
| Blue Cross Blue Shield | 7 |
| Presbyterian | 8 |
| Cigna | 0 |
| CVS | 3 |
| United Concordia | 1 |
| Delta Dental | 2 |
| Davis Vision | 6 |
| The Standard | 4 |

## General 119

| | |
|---|---|
| Erisa Administrative Services | 28 |
| Employer | 58 |
| NMPSIA | 16 |
| NMRHCA | 8 |
| Risk | 3 |
| CCMSI | 5 |
| Medicare | 1 |
| | |

# Data Parameters

## Medical

- Current Reporting Period: The current reporting period represents claims incurred from January 1, 2023 through December 31, 2023 and paid through February 29, 2024.
- Benchmark: based on the Public Solutions – School Districts group population. Select benchmark utilization and expense measures, such as PMPMs and rates per 1,000, have been adjusted to reflect age and gender distribution.
- High cost claimants (HCCs) are defined as members with paid expenses greater than $100,000 within the reporting period.

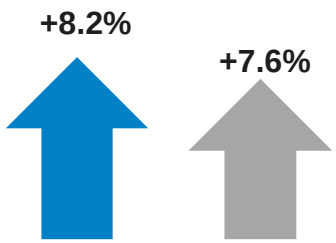
## Medical Pharmacy

- Current Period: claims from January 1, 2023 to December 31, 2023
- Benchmark: based on Public Solutions – School Districts.

## Wellbeing Management

- The current reporting period represents program activity and claims incurred from January 1, 2023 through December 31, 2023 and claims paid January 1, 2023 through February 29, 2024.
- Benchmark data is based on the Enable NM ASO Business.

# Medical Executive Summary




**Total Paid PMPM**

YoY Trend  Benchmark

**High Cost Claimants 4.8%** was the major contributor to the components of trend.

**Inpatient Facility** YoY paid PMPM trend increased **16.3%**, impacted by cost increase **23.7%**.

**Outpatient** YoY paid PMPM trend increased **8.6%**, most impacted by a cost increase of **5.4%**.

## EXPENSE

**$153.0M**
Total Claim Spend

**$491/$531**
Prior Paid PMPM / Current Paid PMPM

**88.9%**
Plan Share

## DEMOGRAPHICS

**23,999**
Average Membership

**2.3%**
Membership Change

**2.1**
Contract Size

## KEY COST DRIVERS

### High-Cost Claimants

accounted for **$49.9M** spend in the current period; which is a **16.4%** increase from prior period.

### Neoplasms

experienced the largest percentage increase **33.1%**.

### Circulatory

**9.1%** of total Paid PMPM; cost increased **22.8%** from prior period.

# Program Risk and Spend Analysis

BlueCross BlueShield of New Mexico

CLINICALLY MANAGED

11.7%

Bmk 10.2%

Prior 10.1%

TOTAL SPEND

59.1%

Bmk 55.2%

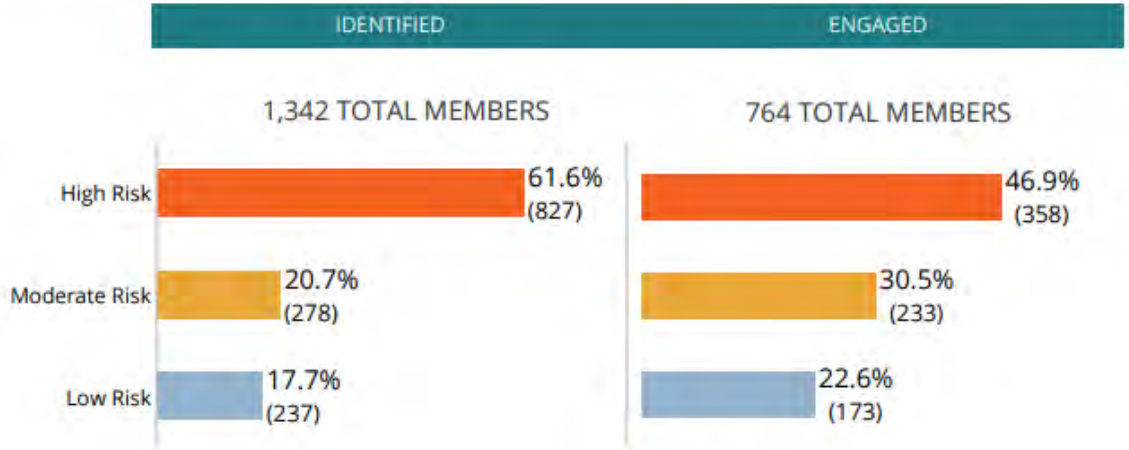
Prior 56.2%

## Risk and Dollar Distribution (OF TOTAL POPULATION)

| | ACCOUNT | | | | BMK | | PRIOR | |
|---|---|---|---|---|---|---|---|---|
| | % OF MEMBERS | % OF SPEND | MEMBER COUNT | TOTAL SPEND | % OF MEMBERS | % OF SPEND | % OF MEMBERS | % OF SPEND |
| High Risk | 27.2% | 68.1% | 7,596 | $104.3M | 24.1% | 65.9% | 27.2% | 78.7% |
| Moderate Risk | 21.6% | 16.0% | 6,033 | $24.5M | 20.6% | 18.2% | 20.8% | 11.7% |
| Low Risk | 51.2% | 15.9% | 14,290 | $24.4M | 55.3% | 15.8% | 52.0% | 9.6% |

CLINICAL PROGRAM PARTICIPATION

Risk distribution for clinical program outreach and engagement. Includes any clinical strategic business partner engagement

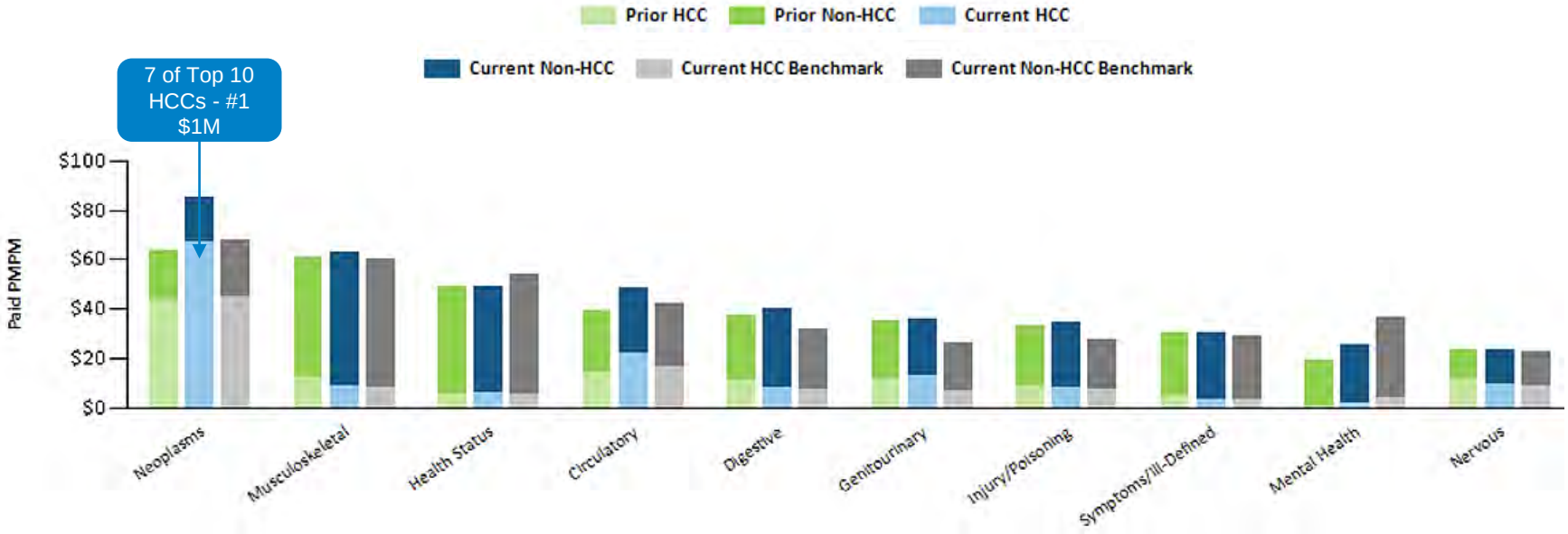



Program Activity: Jan 2023 - Dec 2023
Claims Incurred: Jan 2023 - Dec 2023
Claims Paid: Jan 2023 - Feb 2024

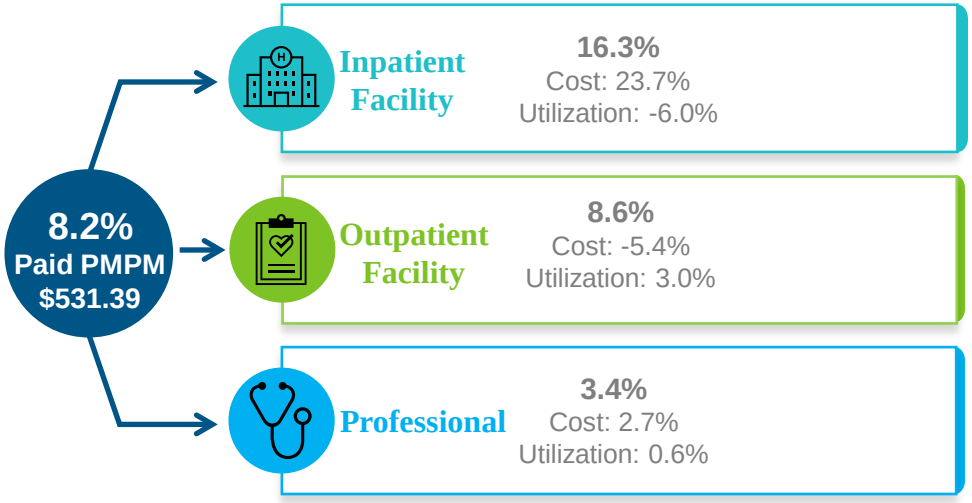
# Top 10 Diagnostic Categories by Paid PMPM

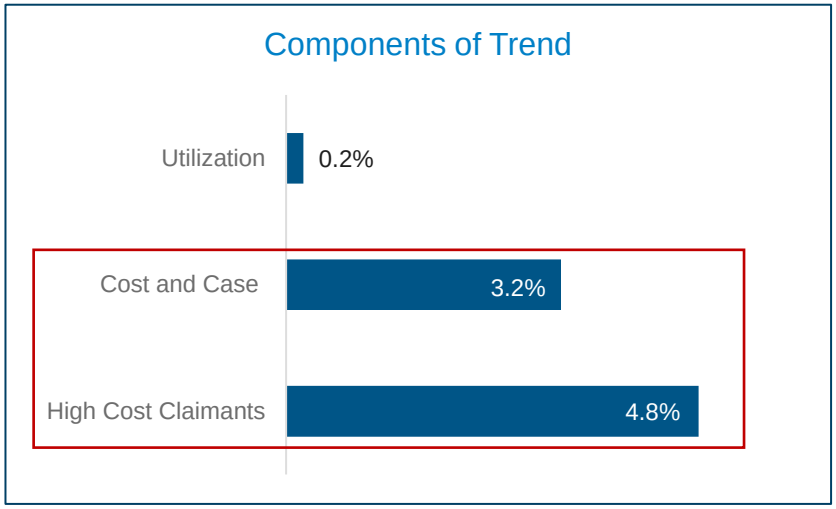
| Diagnostic Categories with Paid PMPM | Prior | Current | % Change | Benchmark | Benchmark Variance |
|---|---|---|---|---|---|
| Neoplasms | $63.98 | $85.17 | 33.1% | $67.53 | 26.1% |
| Musculoskeletal | $61.00 | $63.07 | 3.4% | $60.14 | 4.9% |
| Health Status | $49.02 | $49.13 | 0.2% | $54.20 | -9.4% |
| Circulatory | $39.46 | $48.47 | 22.8% | $41.93 | 15.6% |
| Digestive | $37.64 | $40.30 | 7.1% | $31.64 | 27.4% |
| Genitourinary | $35.32 | $36.24 | 2.6% | $26.10 | 38.8% |
| Injury/Poisoning | $33.01 | $34.63 | 4.9% | $27.51 | 25.9% |
| Symptoms/Ill-Defined | $30.41 | $30.73 | 1.0% | $28.71 | 7.0% |
| Mental Health | $19.36 | $25.25 | 30.4% | $36.99 | -31.7% |
| Nervous | $23.52 | $23.34 | -0.7% | $22.89 | 2.0% |
| All Others | $98.39 | $95.05 | -3.4% | $96.02 | -1.0% |
| Total | $491.10 | $531.39 | 8.2% | $493.67 | 7.6% |

*The Top 4 Most Costly Diagnostic Categories accounted for **46.3%** of total medical costs in the current period*

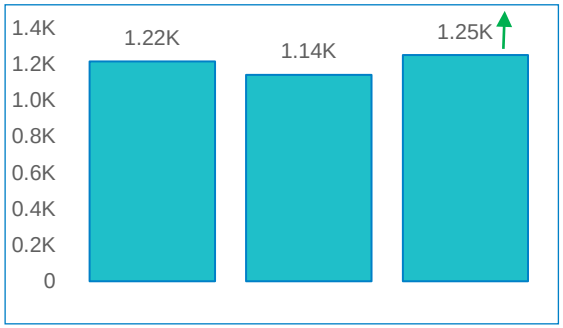


# Key Indicators

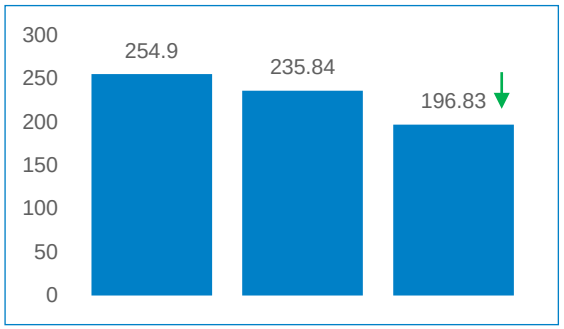


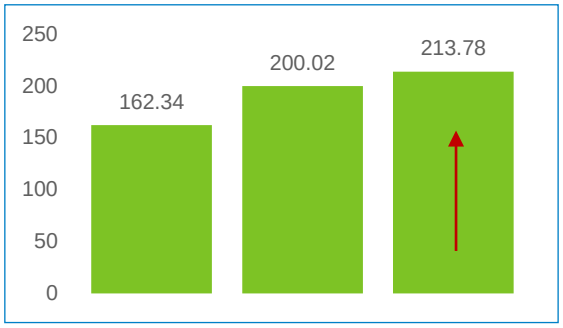

## Telehealth Visits per 1,000




## Urgent Care Visits per 1000




## ER Visits per 1000



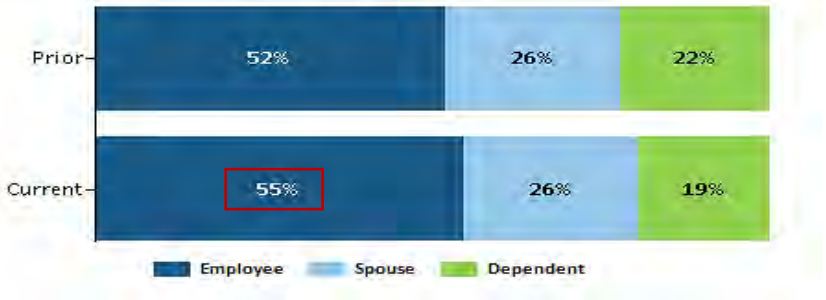
# Emergency Room Overview

| | Prior | Current | % Change | Benchmark | Benchmark Variance |
|---|---|---|---|---|---|
| ER Allowed | $15,860,207 | $16,609,233 | 4.7% | | |
| ER Paid | $14,037,338 | $14,482,426 | 3.2% | | |
| ER Allowed PMPM | $55.35 | $57.67 | 4.2% | $38.40 | 50.2% |
| **ER Paid PMPM** | **$48.99** | **$50.29** | **2.7%** | **$29.53** | **70.3%** |
| ER Visits | 4,491 | 4,638 | 3.3% | | |
| ER Visits/1,000 | 188.1 | 193.3 | 2.8% | 186.5 | 3.6% |
| ER Allowed/Visit | $3,532 | $3,581 | 1.4% | $2,470 | 45.0% |
| ER Paid/Visit | $3,126 | $3,123 | -0.1% | $1,900 | 64.4% |

## ER Visits per 1,000 by Relationship

| | Prior | Current | % Change | Benchmark | Benchmark Variance |
|---|---|---|---|---|---|
| Employee | 197.5 | 201.4 | 2.0% | 196.1 | 2.7% |
| Spouse | 191.3 | 198.1 | 3.5% | 164.3 | 20.5% |
| Dependent | 172.1 | 177.6 | 3.2% | 182.8 | -2.9% |

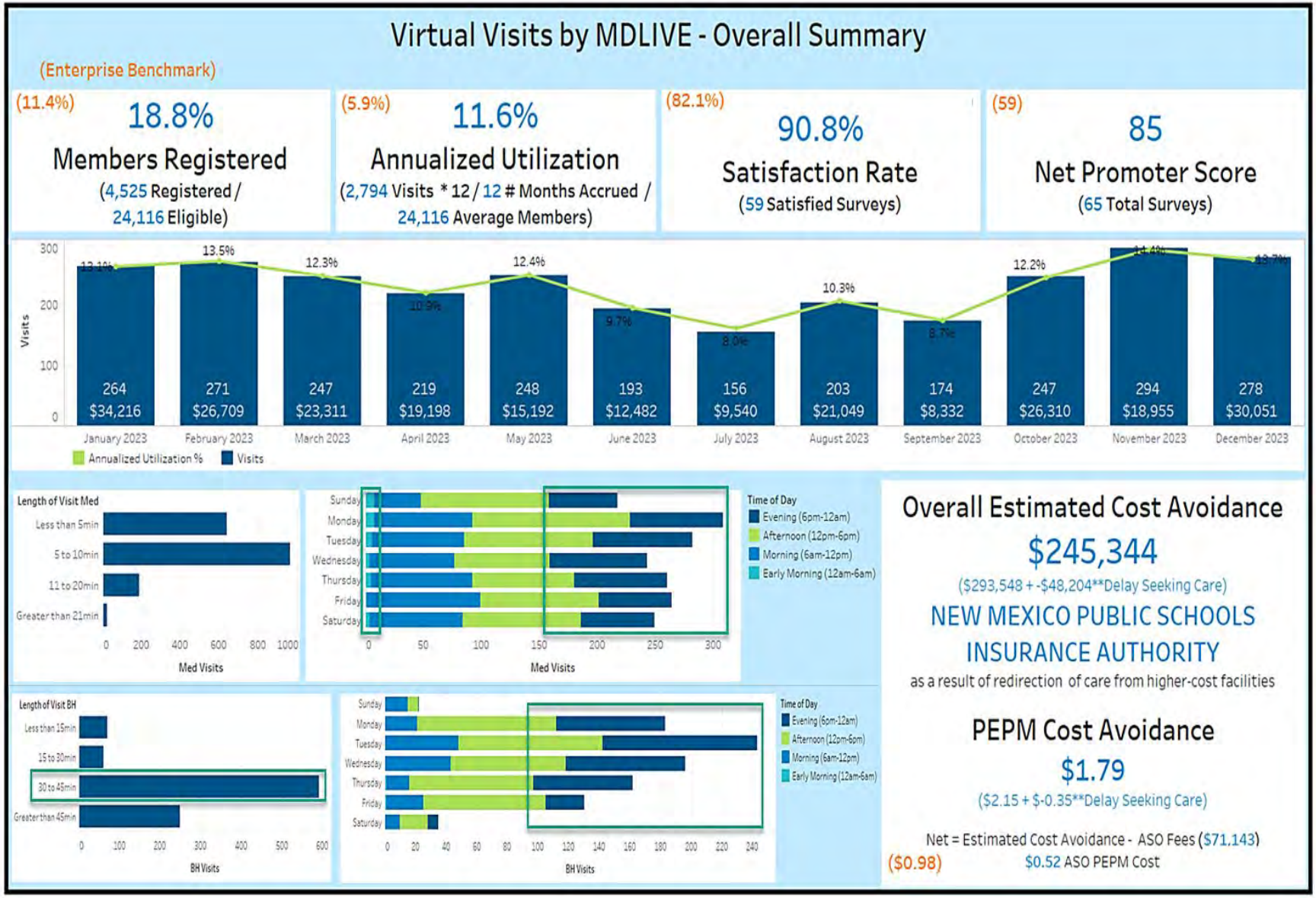
## ER Paid % by Relationship




## Members with 10+ ER Visits

| Visits | Age | Rel | Primary Diagnosis | Paid | City/State |
|---|---|---|---|---|---|
| 12 | 49 | Sps | Abdominal and pelvic pain | $92,543 | Artesia, NM |
| 11 | 75 | Sub | Malaise and fatigue | $37,570 | Hobbs ,NM |
| 10 | 23 | Dep | Hemorrhage in early pregnancy | $28,900 | Chaparral, NM |
| 10 | 58 | Sps | Urinary tract infection | $55,596 | Hobbs, NM |
| 10 | 60 | Sub | Ulcerative colitis | $63,894 | El Paso, TX |

# Virtual Visits



# Behavioral Health Summary

BlueCross BlueShield of New Mexico

Mental Health: Current Period

**Medical Paid PMPM**
**$18.65**

Substance Use Disorder: Current Period

**Medical Paid PMPM**
**$2.30**

Behavioral Health: Current Period

**Medical Paid PMPM**
**$20.95**

MH Benchmark: Current Period

**Medical Paid PMPM**
$29.46

SUD Benchmark: Current Period

**Medical Paid PMPM**
$2.20

BH Benchmark: Current Period

**Medical Paid PMPM**
$31.66

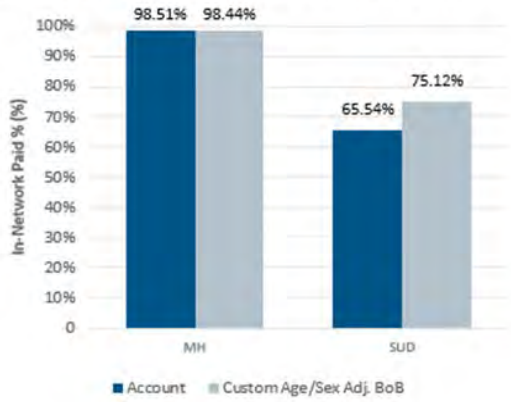
## Behavioral Health Paid PMPM Year over Year Trend

| BH Managed Services Diagnosis Category | Jan 2022 - Dec 2022 | Jan 2023 - Dec 2023 | Jan 2023 - Dec 2023 % Var |
|---|---|---|---|
| MH | $14.53 | $18.65 | ▲ +28.4% |
| SUD | $1.65 | $2.30 | ▲ +39.2% |
| **Total: Selected Filter(s)** | **$16.18** | **$20.95** | ▲ +29.5% |

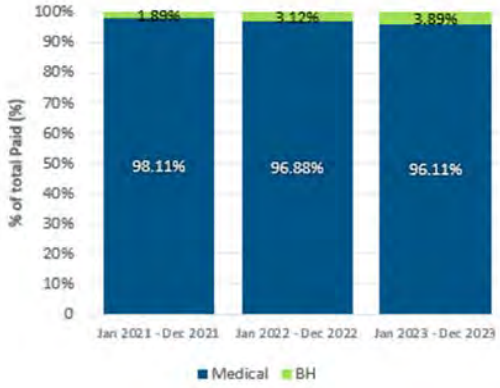
## Behavioral Health Comparison to the Benchmark

| BH Managed Services Diagnosis Category | Account | Custom Age/Sex Adj. BoB | Custom Age/Sex Adj. % BoB Variance |
|---|---|---|---|
| MH | $18.65 | $29.46 | -36.68% |
| SUD | $2.30 | $2.20 | 4.45% |
| **Total: Selected Filter(s)** | **$20.95** | **$31.66** | **-33.82%** |

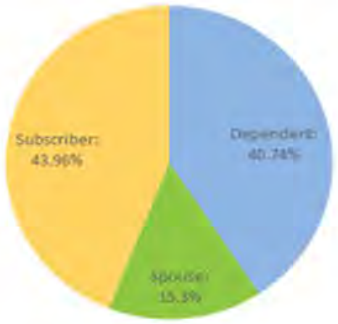
## BH In-Network % vs Bench: Current Period




## Behavioral Health % vs Total Paid




## BH Paid % by Relationship: Current Period



# High-Cost Claimants – Overview

BlueCross BlueShield of New Mexico

## 219 HCCs

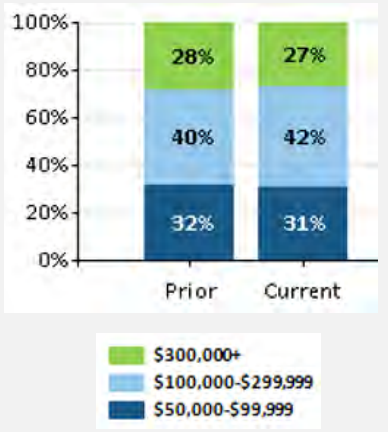
198 HCCs in Prior Period

## $49.9M Paid

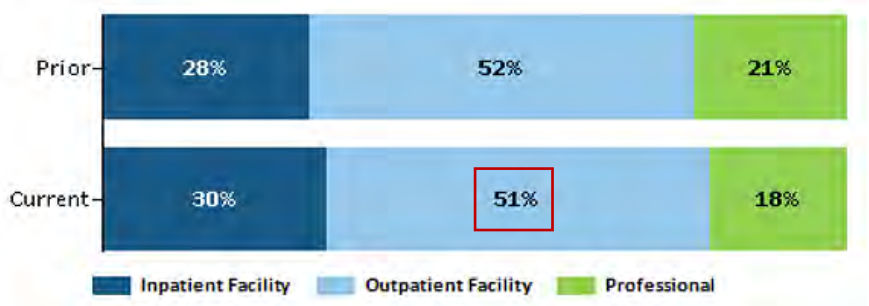
$42.9M Paid in Prior Period

| Top 5 HCC Diagnostic Categories | Prior Claimants | Prior Paid | Prior Paid/ Claimant | Prior Paid % | Current Claimants | Current Paid | Current Paid/ Claimant | Current Paid % |
|---|---|---|---|---|---|---|---|---|
| Neoplasms | 47 | $13,687,298 | $291,219 | 31.9% | 82 | $21,711,314 | $264,772 | 43.5% |
| Circulatory | 25 | $4,195,279 | $167,811 | 9.8% | 30 | $6,738,391 | $224,613 | 13.5% |
| Genitourinary | 15 | $3,821,802 | $254,787 | 8.9% | 19 | $4,679,763 | $246,303 | 9.4% |
| Nervous System | 14 | $3,337,372 | $238,384 | 7.8% | 15 | $2,752,225 | $183,482 | 5.5% |
| Musculoskeletal | 26 | $3,856,184 | $148,315 | 9.0% | 16 | $2,392,727 | $149,545 | 4.8% |
| All others | 71 | $13,983,491 | $196,951 | 32.6% | 57 | $11,646,449 | $204,324 | 23.3% |
| **Summary** | **198** | **$42,881,424** | **$216,573** | **100.0%** | **219** | **$49,920,870** | **$227,949** | **100.0%** |

Paid Cost Distribution by Paid Band




HCC Paid Cost Distribution by Service Category




**54**

**Average Age**

46 Benchmark

**24.2%**

**Repeat HCCs**

26.3% Benchmark

# Med Rx Summary

The below reports provide cost and utilization data for the drugs under the medical plan (Medical Rx). Custom benchmarks (BMK) are provided where indicated.

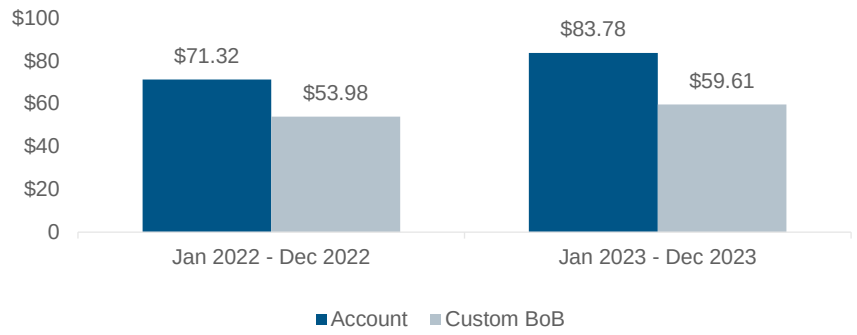
## Medical Rx Key Indicators

| Metrics | Jan 2022 – Dec 2022 | Jan 2023 – Dec 2023 | Jan 2023 - Dec 2023 % Var |
|---|---|---|---|
| Medical Claimants per 1000 | 412.5 | 414.7 | ▲ +0.5% |
| Medical Services per 1000 | 855.2 | 877.5 | ▲ +2.6% |
| Medical Allowed PMPM | $74.19 | $86.79 | ▲ +17.0% |
| Medical Pharmacy Paid PMPM | $71.32 | $83.78 | ▲ +17.5% |

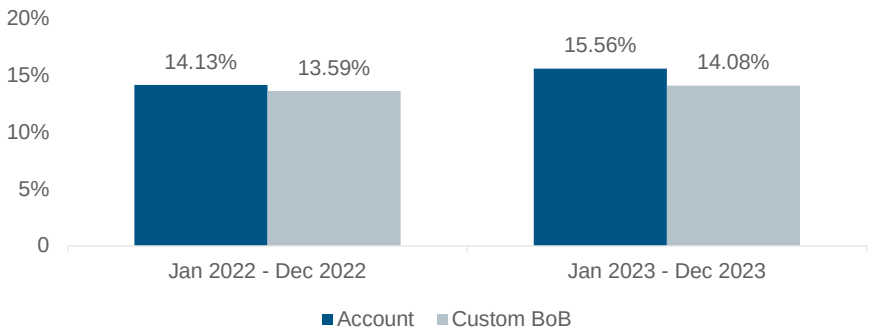
## Medical Rx BMK Variances

| Metrics | Custom BoB % Variance |
|---|---|
| Medical Claimants per 1000 | -4.39% |
| Medical Services per 1000 | -4.97% |
| Medical Allowed PMPM | 40.44% |
| Medical Pharmacy Paid PMPM | 40.55% |

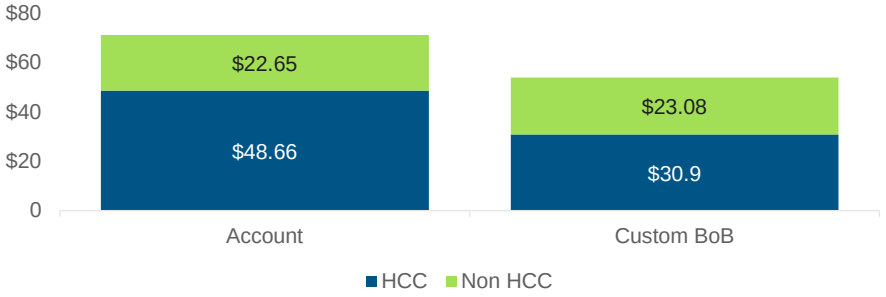
## Medical Rx Paid PMPM vs. BMK



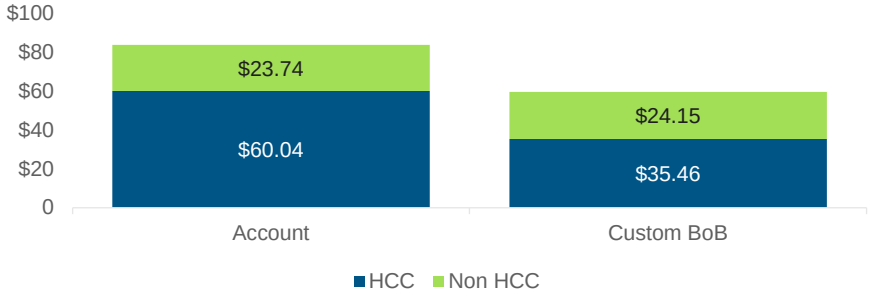

## Medical Rx as % of Total Paid vs. BMK




## $100K HCC Indicators – 2022




## $100k HCC Indicators – 2023



PRESBYTERIAN

# New Mexico Public Schools Insurance Authority (NMPSIA)
# FY 2024 – 2nd Quarter Review

JUNE 5 & 6, 2024

# Enrollment Overview – Where Employees Reside

| Top 5 Member Counties | Jul 2022 - Dec 2022 | Jul 2023 - Dec 2023 | % Change |
|---|---|---|---|
| BERNALILLO, NM | 2,581 | 2,657 | 3.0% |
| SANDOVAL, NM | 2,291 | 2,419 | 5.6% |
| SANTA FE, NM | 2,324 | 2,280 | -1.9% |
| SAN JUAN, NM | 2,146 | 2,173 | 1.3% |
| DONA ANA, NM | 1,603 | 1,665 | 3.9% |
| **Top 5 Counties Summary** | **10,944** | **11,195** | **2.3%** |
| **All Other Counties** | **8,983** | **8,984** | **0.0%** |
| **Overall Summary** | **19,927** | **20,178** | **1.3%** |

**Key Observations:**

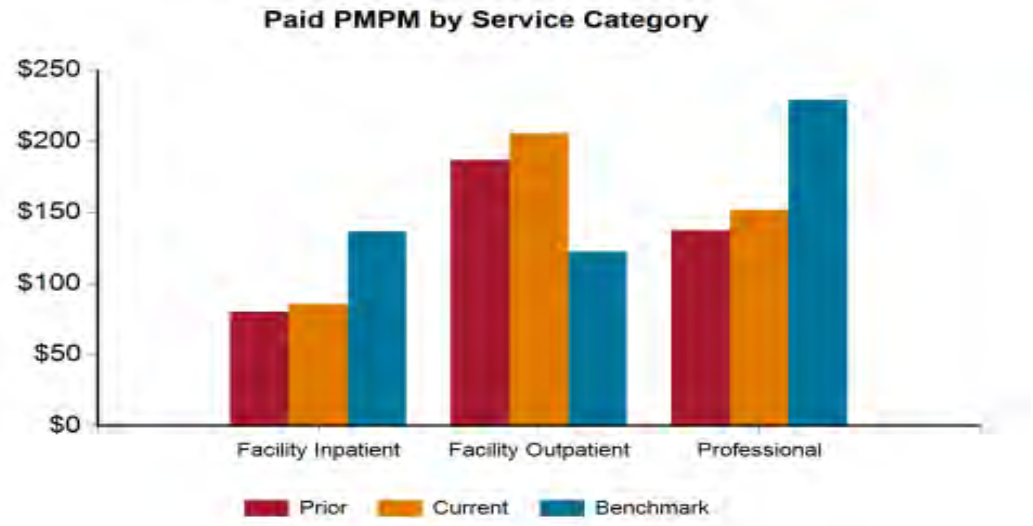
- Average Members increased 1.3% compared to the prior reporting period and Average Subscribers increased 1.3%.
- Your population is 56.1% female with an overall average age of 37.2 years

**Membership by Benefit Plan**

| Top 3 Member Plans | Jul 2022 - Dec 2022 | Jul 2023 - Dec 2023 | % Change |
|---|---|---|---|
| HWP20000 - NMPSIA_HIGH OP_A0000035 | 14,920 | 14,771 | -1.0% |
| HWP20002 - NMPSIA_ LOW OP_A0000035 | 5,007 | 5,407 | 8.0% |
| | | | |
| All Other | | | |
| Summary | 19,927 | 20,178 | 1.3% |

# Financial Key Indicators Overview

| Financial Key Indicators | Jul 2022 - Dec 2022 | Jul 2023 - Dec 2023 | % Change | Benchmark | Benchmark Variance |
|---|---|---|---|---|---|
| Billed | $91,375,604.47 | $103,464,723.64 | 13.2% | | |
| Network Savings | $40,292,410.46 | $46,859,752.11 | 16.3% | | |
| Allowed | $51,083,194.01 | $56,604,971.53 | 10.8% | | |
| Out of Pocket | $5,213,938.99 | $5,921,183.76 | 13.6% | | |
| Total COB Adjustment | $871.03 | $1,604.23 | 84.2% | | |
| Paid | $45,868,383.99 | $50,682,183.54 | 10.5% | | |
| Paid PEPM | $782.20 | $853.03 | 9.1% | $515.87 | 65.4% |
| Paid PMPM | $383.64 | $418.62 | 9.1% | $452.70 | -7.5% |
| HCC Paid PMPM | $28.36 | $51.73 | 82.4% | $18.37 | 181.6% |
| Excluding HCC Paid PMPM | $355.28 | $366.89 | 3.3% | $434.33 | -15.5% |




**Key Observations:**

- Facility Outpatient is driving costs at the highest rate and far exceeding benchmark
- All service areas saw increases in utilization in comparison to previous year
- July 2022– December 2023 Excluding HCC paid PMPM $355.28, HCC paid PMPM $28.36
- July 2023- December Excluding HCC paid PMPM $366.89, HCC paid PMPM $51.73

# Cost & Utilization Key Indicators

| Service Category | Metric | Jul 2022 - Dec 2022 | Jul 2023 - Dec 2023 | % Change | Benchmark | Benchmark Variance |
|---|---|---|---|---|---|---|
| Facility Inpatient | Allowed PMPM | $73.47 | $81.01 | 10.3% | $122.71 | -34.0% |
| | Paid | $8,435,608.39 | $9,463,122.98 | 12.2% | | |
| | Paid PMPM | $70.55 | $78.16 | 10.8% | $120.03 | -34.9% |
| | Admissions | 347 | 352 | 1.4% | | |
| | Admissions/1,000 | 34.8 | 34.9 | 0.2% | 99.1 | -64.8% |
| | Days/1,000 | 185.9 | 160.3 | -13.8% | 759.6 | -78.9% |
| | Average Length of Stay | 5.3 | 4.6 | -13.9% | 6.9 | -33.1% |
| | Paid/Admission | $24,310.11 | $26,883.87 | 10.6% | $13,714.93 | 96.0% |
| | Paid/Day | $4,554.86 | $5,852.27 | 28.5% | $2,029.28 | 188.4% |
| Facility Outpatient | Allowed PMPM | $196.34 | $214.22 | 9.1% | $120.87 | 77.2% |
| | Paid | $21,437,965.16 | $23,434,559.26 | 9.3% | | |
| | Paid PMPM | $179.31 | $193.56 | 8.0% | $114.22 | 69.5% |
| | Visits | 15,950 | 15,650 | -1.9% | | |
| | Visits/1,000 | 1,600.9 | 1,551.2 | -3.1% | 2,884.4 | -46.2% |
| | Paid/Visit | $1,344.07 | $1,497.42 | 11.4% | $475.87 | 214.7% |
| Professional | Allowed PMPM | $157.45 | $172.31 | 9.4% | $225.33 | -23.5% |
| | Paid | $15,994,810.44 | $17,784,501.30 | 11.2% | | |
| | Paid PMPM | $133.78 | $146.90 | 9.8% | $218.44 | -32.8% |
| | Services | 165,053 | 171,869 | 4.1% | | |
| | Services/1,000 | 16,565.9 | 17,035.1 | 2.8% | 24,239.8 | -29.7% |
| | Paid/Service | $96.91 | $103.48 | 6.8% | $107.41 | -3.7% |
| **Medical Summary** | **Allowed PMPM** | **$427.26** | **$467.54** | **9.4%** | **$468.91** | **-0.3%** |
| | **Paid** | **$45,868,383.99** | **$50,682,183.54** | **10.5%** | | |
| | **Paid PMPM** | **$383.64** | **$418.62** | **9.1%** | **$452.70** | **-7.5%** |
| | **In-Network Paid %** | | | | | |
| | **In-Network Services %** | **0.0%** | **0.0%** | | **0.0%** | |
| | **Plan Share %** | **89.8%** | **89.5%** | | **96.6%** | |



# Network Analysis

| Network Indicator | Service Category | Billed | Network Savings | Network Savings % | Paid | % of total Paid |
|---|---|---|---|---|---|---|
| In Network | Facility Inpatient | $15,949,174.01 | $6,200,852.58 | 38.9% | $9,418,291.73 | 18.6% |
| | Facility Outpatient | $43,909,455.11 | $18,158,703.41 | 41.4% | $23,332,578.58 | 46.2% |
| | Professional | $42,363,957.68 | $21,635,654.00 | 51.1% | $17,775,075.23 | 35.2% |
| | **Summary** | **$102,222,586.80** | **$45,995,209.99** | **46.1%** | **$50,525,945.54** | **99.7%** |
| Out of Network | Facility Inpatient | $287,641.90 | $227,661.14 | 79.1% | $44,831.25 | 28.7% |
| | Facility Outpatient | $714,197.54 | $529,833.27 | 74.2% | $101,980.68 | 65.3% |
| | Professional | $240,297.40 | $107,047.71 | 44.5% | $9,426.07 | 6.0% |
| | **Summary** | **$1,242,136.84** | **$864,542.12** | **69.6%** | **$156,238.00** | **0.3%** |
| **Overall Summary** | | **$103,464,723.64** | **$46,859,752.11** | **46.4%** | **$50,682,183.54** | **100.0%** |

**Key Observations:**

- In network percentage of paid 99.7% versus Out of network percentage paid 0.3%
- Network Savings $46,859,752.11
- 4,960 members, representing 21.1% of the population, did not utilize any services in the current period

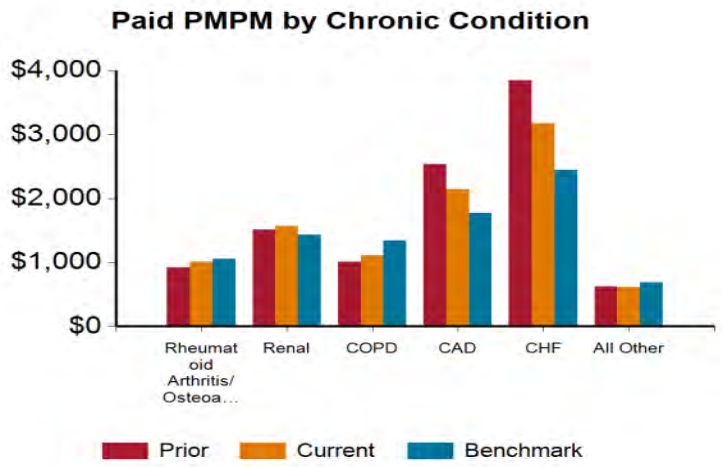
# Top Diagnostic Categories

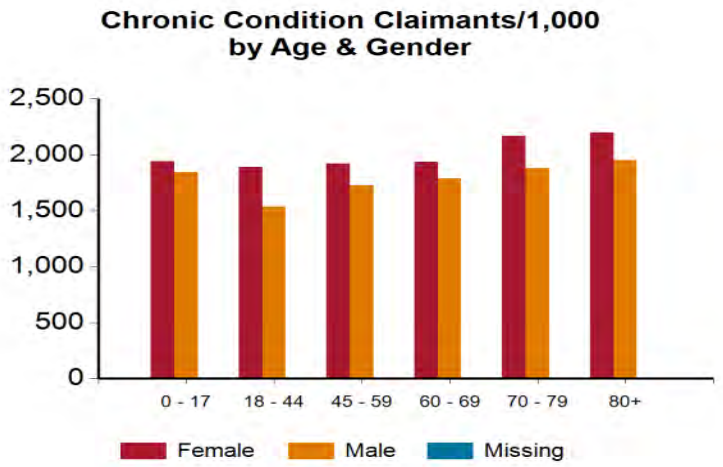
| | Jul 2022 - Dec 2022 | | Jul 2023 - Dec 2023 | | | | |
|---|---|---|---|---|---|---|---|
| | Claimants | Paid PMPM | Claimants | Paid PMPM | PMPM % Change | Benchmark | Benchmark Variance |
| Symptoms/Ill-Defined | 10,358 | $65.43 | 9,831 | $84.17 | 28.7% | $106.19 | -20.7% |
| Neoplasms | 852 | $40.28 | 925 | $46.32 | 15.0% | $25.81 | 79.5% |
| Musculoskeletal | 3,449 | $39.83 | 3,622 | $41.93 | 5.3% | $32.79 | 27.9% |
| Circulatory | 1,802 | $38.45 | 1,806 | $37.50 | -2.5% | $33.32 | 12.6% |
| Digestive | 952 | $30.65 | 1,076 | $32.33 | 5.5% | $22.85 | 41.5% |
| Genitourinary | 2,002 | $26.51 | 2,062 | $31.24 | 17.8% | $20.03 | 56.0% |
| Injury/Poisoning | 1,963 | $28.44 | 2,095 | $30.82 | 8.4% | $30.08 | 2.4% |
| Mental Health | 2,301 | $23.20 | 2,496 | $23.03 | -0.7% | $55.80 | -58.7% |
| Infectious/Parasitic | 1,832 | $15.75 | 1,407 | $20.77 | 31.9% | $19.76 | 5.1% |
| Nervous System | 1,522 | $16.31 | 1,565 | $14.65 | -10.2% | $24.20 | -39.5% |
| All Other | 7,691 | $58.80 | 7,671 | $55.86 | -5.0% | $81.84 | -31.7% |
| **Total** | **14,729** | **$383.64** | **14,641** | **$418.62** | **9.1%** | **$452.70** | **-7.5%** |

**Key Observations:**

- Symptoms/Ill-Defined was the most costly diagnostic category and paid PMPM increased 28.7% between reporting periods
- The top 4 diagnostic categories account for 49.4% of total medical cost in the current period

# Chronic Conditions Overview




- Claimants with chronic conditions decreased 0.8% compared to the prior reporting period.
- Paid PMPM for members with chronic conditions increased 9.1% compared to the prior reporting period.
- The most common chronic condition by number of claimants was Hyperlipidemia, followed by Hypertension.

| | Claimants | | | PMPM | | | |
|---|---|---|---|---|---|---|---|
| **Top 5 Chronic Conditions** | **Jul 2022 - Dec 2022** | **Jul 2023 - Dec 2023** | **% Change** | **Jul 2022 - Dec 2022** | **Jul 2023 - Dec 2023** | **% Change** | **Benchmark** |
| Hyperlipidemia | 4,262 | 4,566 | 7.1% | $718.45 | $664.39 | -7.5% | $869.11 |
| Hypertension | 3,587 | 3,663 | 2.1% | $902.73 | $817.29 | -9.5% | $1,056.02 |
| Obesity | 3,108 | 3,468 | 11.6% | $864.14 | $798.29 | -7.6% | $796.02 |
| Depression | 2,905 | 3,012 | 3.7% | $716.43 | $670.36 | -6.4% | $850.60 |
| Rheumatoid Arthritis/ Osteoarthritis | 2,464 | 2,719 | 10.3% | $915.73 | $1,013.88 | 10.7% | $1,056.79 |
| **Top 5 Chronic Conditions** | **8,344** | **8,668** | **3.9%** | **$633.53** | **$635.23** | **0.3%** | **$725.19** |
| **All Chronic Conditions** | **9,307** | **9,624** | **3.4%** | **$619.30** | **$654.15** | **5.6%** | **$685.10** |
| **Overall Summary** | **14,850** | **14,738** | **-0.8%** | **$383.64** | **$418.62** | **9.1%** | **$452.70** |

# Emergency Room Analysis

| Metrics | Jul 2022 - Dec 2022 | Jul 2023 - Dec 2023 | % Change | Benchmark | Benchmark Variance |
|---|---|---|---|---|---|
| ER Allowed | $6,909,186.85 | $7,540,094.88 | 9.1% | | |
| ER Allowed PMPM | $57.79 | $62.28 | 7.8% | $39.79 | 56.5% |
| ER Paid | $6,208,373.25 | $6,525,920.55 | 5.1% | | |
| ER Paid PMPM | $51.93 | $53.90 | 3.8% | $37.33 | 44.4% |
| ER Visits | 2,096 | 2,174 | 3.7% | | |
| ER Visits per 1000 | 210.4 | 215.5 | 2.4% | 517.3 | -58.3% |
| Allowed per ER Visit | $3,296.37 | $3,468.30 | 5.2% | $899.37 | 285.6% |
| Paid per ER Visit | $2,962.01 | $3,001.80 | 1.3% | $845.03 | 255.2% |
| % of Claimants w/ 3+ ER Visits | 7.2% | 7.0% | -3.3% | 13.7% | -49.2% |

**Key Observations:**

- ER Paid PMPM increased 9.1% between the two reporting periods and was 44.4% greater than the benchmark.
- ER visits increased 3.7% between the two reporting periods.
- 7.0% of claimants had 3 or more ER visits in the current period.

**ER Utilization by Top 5 Diagnosis Group**

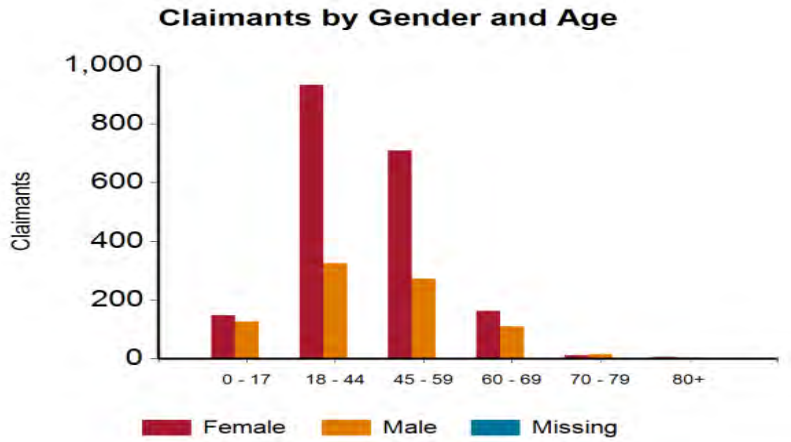
| Diagnosis Group | Claimants | ER Paid | ER Visits | Paid per ER Visit | ER Visits per 1000 |
|---|---|---|---|---|---|
| Symptoms/Ill-Defined | 494 | $1,554,067.15 | 617 | $2,518.75 | 61 |
| Injury/Poisoning | 380 | $899,337.75 | 430 | $2,091.48 | 43 |
| Digestive | 136 | $891,576.00 | 179 | $4,980.87 | 18 |
| Genitourinary | 165 | $804,867.38 | 225 | $3,577.19 | 22 |
| Circulatory | 160 | $676,270.26 | 191 | $3,540.68 | 19 |
| All Other | 625 | $1,699,802.01 | 779 | $2,182.03 | 77 |
| **Total** | **1,563** | **$6,525,920.55** | **2,174** | **$3,001.80** | **215** |

**ER Utilization by Visit Count**

| ER Visits | Claimants | % of ER Utilizers | ER Visits | ER Paid |
|---|---|---|---|---|
| 1 | 1,167 | 74.7% | 1,167 | $3,211,683.80 |
| 2 | 271 | 17.3% | 542 | $1,595,516.99 |
| 3 | 81 | 5.2% | 243 | $893,793.66 |
| 4 | 23 | 1.5% | 92 | $318,849.03 |
| 5+ | 21 | 1.3% | 130 | $506,077.07 |
| **Total** | **1,563** | **100.0%** | **2,174** | **$6,525,920.55** |

# Telehealth Utilization

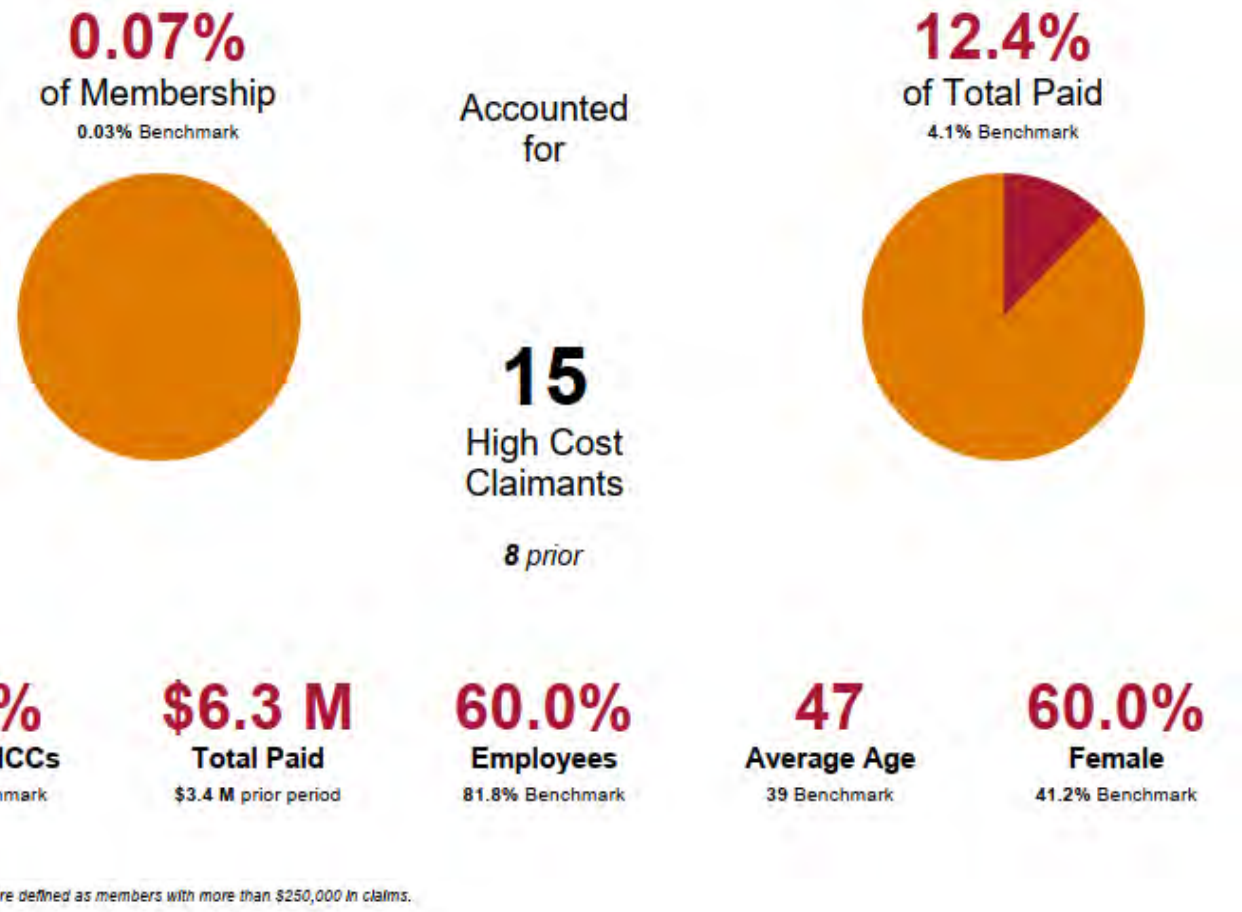
| | Services per 1000 | | | |
|---|---|---|---|---|
| Top 5 Telehealth Services | Jul 2022 - Dec 2022 | Jul 2023 - Dec 2023 | % Change | Benchmark |
| 90837 - PSYCHOTHERAPY W/PATIENT 60 MINUTES | 464.1 | 467.2 | 0.7% | 404.9 |
| 99214 - OFFICE/OUTPATIENT ESTABLISHED MOD MDM 30 MIN | 144.3 | 132.7 | -8.0% | 156.3 |
| 99213 - OFFICE/OUTPATIENT ESTABLISHED LOW MDM 20 MIN | 173.8 | 113.6 | -34.7% | 87.6 |
| 90834 - PSYCHOTHERAPY W/PATIENT 45 MINUTES | 71.6 | 54.1 | -24.4% | 58.3 |
| 90833 - PSYCHOTHERAPY W/PATIENT W/E&M SRVCS 30 MIN | 29.5 | 26.5 | -10.3% | 40.9 |
| **Top 5 Telehealth Services** | **853.1** | **765.7** | **-10.2%** | **707.0** |
| **All Telehealth Services** | **1,047.2** | **942.2** | **-10.0%** | **1,022.7** |




**Key Observations:**

- Telehealth utilization decreased 10.0% compared to the prior reporting period.
- The most frequent diagnosis for Telehealth related visits was Generalized anxiety disorder, followed by Adjustment disorder with mixed anxiety and depressed mood.
- The highest utilization occurred with the 18 – 44 age group

# High-Cost Claimant Overview




**Key Observations:**

- Top HCC Diagnostic Category: Symptoms/Ill-Defined
- Average age of HCC 47
- $6.3M Paid prior period $3.4M
- 60% Female
- 60% Employees
- 6.7% Repeat HCC

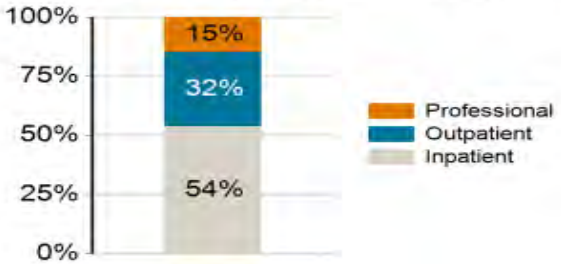
*Note: High Cost Claimants are defined as members with more than $250,000 in claims

# High-Cost Claimant Breakdown

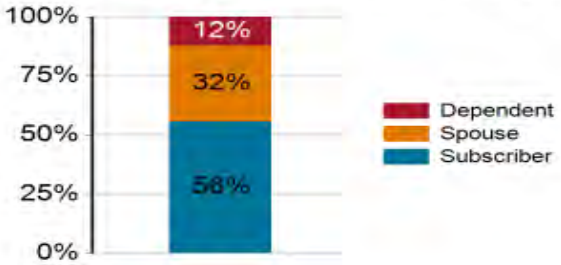
| Claimant Paid Band | Claimants | Claimants % | Paid | Paid % | Paid/Claimant |
|---|---|---|---|---|---|
| <$0 - $50,000 | 14,475 | 98.9% | $30,199,015.54 | 59.6% | $2,086.29 |
| $50,001 - $100,000 | 101 | 0.7% | $6,794,353.33 | 13.4% | $67,270.83 |
| $100,001 - $250,000 | 50 | 0.3% | $7,425,953.36 | 14.7% | $148,519.07 |
| $250,001 - $500,000 | 13 | 0.1% | $4,352,553.89 | 8.6% | $334,811.84 |
| Greater than $500,000 | 2 | 0.0% | $1,910,307.42 | 3.8% | $955,153.71 |
| **Summary > $50,000** | 166 | 1.1% | $20,483,168.00 | 40.4% | $123,392.58 |
| **Overall Summary** | 14,641 | 100.0% | $50,682,183.54 | 100.0% | $3,461.66 |

| Top HCC Leading Diagnostic Categories | Claimants | Paid | Paid/Claimant |
|---|---|---|---|
| **Infectious/Parasitic** | **9** | **$1,539,707.96** | **$171,078.66** |
| Septicemia | 6 | $1,446,772.47 | $241,128.75 |
| Bacterial infections | 1 | $49,825.28 | $49,825.28 |
| Fungal infections | 1 | $33,202.56 | $33,202.56 |
| All Other | 4 | $9,907.65 | $2,476.91 |
| **Circulatory** | **12** | **$1,530,471.10** | **$127,539.26** |
| Myocarditis and cardiomyopathy | 1 | $414,172.58 | $414,172.58 |
| Acute myocardial infarction | 1 | $332,490.00 | $332,490.00 |
| Cardiac dysrhythmias | 6 | $289,370.86 | $48,228.48 |
| All Other | 10 | $494,437.66 | $49,443.77 |
| **Symptoms/Ill-Defined** | **14** | **$1,387,558.57** | **$99,111.33** |
| Encounter for antineoplastic therapies | 4 | $1,093,520.26 | $273,380.07 |
| Other general signs and symptoms | 4 | $115,569.42 | $28,892.36 |
| Shock | 3 | $45,295.05 | $15,098.35 |
| All Other | 14 | $133,173.84 | $9,512.42 |
| **All Other** | **15** | **$1,805,123.68** | **$120,341.58** |
| **Total** | **15** | **$6,262,861.31** | **$417,524.09** |

**HCC Paid by Service Category**




**HCC Paid By Member Relationship**



CENTRAL REGION EDUCATIONAL COOPERATIVE

Telephone (505) 889-3412
Fax (505) 889-3422

4216 Balloon Park Rd NE., * Albuquerque, NM 87109
Post Office Box 37440 * Albuquerque, NM 87176

Executive Director
**Maria Jaramillo**

May 30, 2024

Patrick Sandoval, Executive Director
New Mexico Public School Insurance Authority
410 Old Taos Highway
Santa Fe, New Mexico 87501

VIA EMAIL

Re: Risk Insurance

Dear Mr. Sandoval:

This letter is to inform you that Central Region Educational Cooperative (CREC) would like to petition the New Mexico Public School Insurance Authority to participate in the risk program. CREC believes that joining the NMPSIA Liability/Risk pool is in the best interest for our organization from a coverage and cost perspective.

Please consider this a formal request for the CREC to join the NMPSIA Liability/Risk related pool, effective July 1, 2024.

Thank you for your consideration of this important matter.

Respectfully,

Maria Jaramillo
Executive Director

ESQUIVEL & HOWINGTON, LLC
ATTORNEYS AT LAW

Martin R. Esquivel, Esq.
(Licensed in NM)

Katherine A. Howington
(Licensed in NM and AZ)

June 4, 2024

*Via Email: Patrick.Sandoval@psia.nm.gov*
Mr. Patrick Sandoval
Executive Director
New Mexico Public Schools Insurance Authority
410 Old Taos Highway
Santa Fe, NM 87501

Re: Legality of Blanket Student Accident Insurance

Dear Mr. Sandoval,

I have been asked to provide an opinion on whether the purchase of Blanket Student Accident Insurance by Members on behalf of students violates Article IX, Section 14 of the New Mexico State Constitution. It is my legal opinion that purchasing this benefit on behalf of students is unconstitutional based on the only legal authority to date, which is a 1964 Attorney General's opinion. In an abundance of caution, I recommend that payment of the premium by Members be put on hold during the next school year and that we formally request an Attorney General's opinion on the matter, in order to avoid possible litigation on this issue in the future.

Article IX, Section 14 of the New Mexico Constitution is commonly referred to as the Anti-Donation Clause. The issue of whether a government-funded payment is in violation of the Anti-Donation Clause comes down to two questions: (1) Has the State or any county, school district or municipality made a donation or pledged its credit in aid of any person, association or corporation? (2) If yes, does an exception provided by Subsections A through G apply? Roughly, those exceptions allow for the care and maintenance of sick or indigent persons; veterans' scholarships; loans to nurses; transfers authorized by the Local Economic Development Act; and affordable housing. If no exception applies, then two remedies are available for violations: injunction (to stop the government from making unconstitutional transfers) and restitution (to compel a refund to the state entity). These remedies pose a risk to our Members as well as to the New Mexico Public Schools Insurance Authority.

The New Mexico Supreme Court has defined donation, for purposes of Article IX, Section 14, as "a gift, an allocation or appropriation of something of value, without consideration." *Vill. of Deming v. Hosdreg Co*., 1956-NMSC-111, ¶ 36, 62 N.M. 18, 303 P.2d 920 (per curiam) (internal quotation marks omitted). Article IX, Section 14 permits "incidental aid or resultant benefit to a private corporation or other named recipients" unless the aid or benefit "by reason of its nature and the circumstances surrounding it, take on character as a donation in substance and effect." *Vill. of Deming,* 1956-NMSC-111, ¶¶ 34, 37. The Court has found violations of the anti-donation clause

in circumstances involving an outright gift of public money to a private individual or entity. See, e.g., *Chronis v. State ex rel. Rodriguez*, 1983-NMSC-081, ¶¶ 24, 30, 100 N.M. 342, 670 P.2d 953 (holding that a law granting liquor licensees a credit against gross receipts taxes owed to state constituted an unconstitutional subsidy to the liquor industry); *State ex rel. Mechem v. Hannah*, 1957-NMSC-065, ¶¶ 18, 40, 63 N.M. 110, 314 P.2d 714 (holding unconstitutional a law granting "an outright gift" of public funds to ranchers and farmers to purchase livestock feed in times of drought); Hutcheson v. Atherton, 1940-NMSC-001, ¶¶ 24, 35, 44 N.M. 144, 99 P.2d 462 (holding unconstitutional the appropriation of bond money to finance auditoriums for use by private corporations because the aid was "direct and substantial"). *Moses v. Ruszkowski*, 2019-NMSC-003, 50.

While no New Mexico appellate court has addressed the question of whether a school district is in violation of the anti-donation clause by purchasing student accident insurance for students, there is a 60-year old Attorney General's Opinion on the matter which explicitly states, "…the payment of insurance premiums for any student insurance, without specification as to amount or extent, would appear to be violative of the above cited constitutional provision, and falls outside the authorization of the legislative enactment …" The AG's opinion references an older statute which authorized payment of health insurance premiums for eligible employees but concluded that "…the payment of insurance premiums for any student insurance, without specification as to amount or extent, would appear to be violative" of the Anti-Donation clause. The AG's Opinion from 1964 is attached to this letter for reference.

In addition, policies adopted by Member schools through the New Mexico School Board Policy Manual (adopted by a majority of Members) also contain the following provision under Section J-5000:

> The Board may provide or make available a student health benefits insurance program for the District. The program will be conducted at no expense to the District. Students involved in sports shall obtain catastrophic health and accident insurance coverage.
> The Superintendent will provide to parents or guardians information on student health benefits insurance if such insurance is available.

This policy anticipates that the student health benefit be offered, but not paid for, consistent with the principle behind the Anti-Donation clause.

In summary, I believe that there is a substantial legal risk that offering this benefit to parents and students violates the New Mexico Constitution. I believe the safest route would be to request another AG's opinion on the matter. I would be a bit surprised if the AG's opinion has changed, but it may be worthwhile to request another review.

Thank you.

Sincerely,

Esquivel & Howington, LLC

By:_____
Martin R. Esquivel, Esq.

MRE:se

Encl: AG Opinion (1964)

Opinion No. 64-83

Collection: Attorney General Opinions and Advisory Letters

Date: 06/16/1964

File Number: 1964 Op. Att'y Gen. No. 64-83

**Opinion No. 64-83**

June 16, 1964

**BY:** OPINION OF EARL E. HARTLEY, Attorney General Thomas A Donnelly, Assistant Attorney General

**TO:** Mr. Harry Wugalter, Chief, Public School Finance Division, Department of Finance & Administration, Santa Fe, New Mexico

**QUESTION**

QUESTION

Is it permissible for a school district to pay for students' insurance (of any type) with school district funds other than funds raised through the Student Activity Account?

CONCLUSION

No.

**OPINION**

ANALYSIS

The answer to the question presented, in our opinion, must be answered in the negative. Article IX, Section 14, of the New Mexico State Constitution provides in part:

"Neither the state, nor any county, **school district,** or municipality, except as otherwise provided in this Constitution, shall directly or indirectly lend or pledge its credit, **or make any donation to or in aid of any** person, association or public or private corporation. . ." (Emphasis supplied).

As stated supra, a school district is prohibited by state constitution from directly or indirectly providing or lending its credit or funds to any person except in instances where value is received therefor.

Section 5-4-12, N.M.S.A., 1953 Compilation, authorizes the state, state institutions and political subdivisions of the state to provide group or other forms of insurance for "the benefit of **eligible**

**employees** of the respective departments, institutions and subdivisions" in an amount not to exceed twenty per cent of the cost of such insurance. Such statute has been interpreted by this office as a valid use of public funds and not to constitute a pledge of credit or donation in contravention of the state constitution, upon the premise that such contribution is in fact an increment to a public employee's salary and is a benefit to the state or its subdivisions through its concomitant effect of attracting and maintaining capable public personnel in public positions. In such instance, a contribution to a limited maximum is not a lending of credit or a donation but an increase in the remuneration of a public employee for services rendered. See Attorney General's Opinions Nos. 63-44, dated May 3, 1963, 63-100, dated August 13, 1963, and 63-25, dated March 28, 1963.

In the case under consideration however, the payment of insurance premiums for any student insurance, without specification as to amount or extent, would appear to be violative of the above cited constitutional provision, and falls outside the authorization of the legislative enactment stated in Section 5-4-12, supra. Careful examination of the statutes of this state relating to schools indicates no authorization permitting the use of public funds for the payment of student insurance premiums. Section 58-11-16, N.M.S.A., 1953 Compilation, defines "blanket sickness and accident insurance" and recognizes that policies of insurance may be issued: "(3) Under a policy or contract issued to a college, school, or other institution of learning or to the head or principal thereof, who or which shall be deemed the policyholder, covering students or teachers."

Such statutory provision does not however, validate the expenditure of public moneys for such purpose. Where the funds utilized to pay the cost of individual student insurance benefits, whether it be group health, accident, life insurance or insurance of any other character, are derived from public moneys the application of such funds to payment of insurance benefits would be contrary to law.

Student activity funds maintained apart from public funds and derived from private sources or donations, would not be considered public moneys and could however, validly be applied to pay the cost of various types of insurance for individual students attending public schools.

# Blanket Student Accident & Catastrophic Insurance

Prepared Exclusively for

## NMPSIA

Arranged by

POMS & ASSOCIATES

Administered by

myers | stevens | toohey

## ABOUT MYERS-STEVENS & TOOHEY (MS&T)

- Founded in 1970, MS&T is a fully licensed Managing General Agent/ Third Party Administrator
- Provides carefully integrated insurance solutions to thousands of school systems throughout the United States
- Over 53 years of experience and knowledge in the highly specialized area of Student Accident Insurance
- Committed to superior customer service from plan design to payment of claims
- Allows insureds the freedom to seek medical treatment from any licensed provider
- Gives access to First Health, one of the largest provider networks in the nation
- Student Insurance Provider for NMPSIA since 1999

## ABOUT MS&T CLAIMS ADMINISTRATION

- On-site claims administration with a seasoned and experienced team of adjusters with an average tenure of 25 years
- Average claims response is less than 10 business days
- Claims accuracy audit score has averaged 99.1% over the last 11 years
- HIPAA and OFAC compliant
- Open 5 days per week 7:30 am to 4:30 pm Pacific Standard Time, Monday through Friday
- Claims team and support staff routinely go the extra mile
- Bi-lingual support

## ABOUT FIRST HEALTH

- First Health is an extensive provider network that allows for deep discounts on billed charges
- Savings average over 41%
- Comprehensive coverage in urban and rural markets eliminate the patch-work approach
- Over 5,000 hospitals, 90,000 ancillary facilities, and 1 million health care professional service locations nationwide
- 98% of the U.S. population with access to a network provider
- Electronic web directories which enable members to find network providers, office hours, languages spoken, hospital affiliation and driving directions
- Annually, *U.S. News & World Report* publishes **America's Best Hospitals**. Students and athletes will have access to the best of care and lower costs as the great majority of these hospitals and doctors published in this report are contracted.

# MS&T'S UNDERWRITING COMPANY

MS&T has been working with Chubb to underwrite its student insurance programs for over 15 years. This long-term relationship gives us the trust needed to optimally design our programs to best fit the needs of our schools and students. Additionally, we have the flexibility needed to address special situations as they arise.

CHUBB®

## Overview

Chubb is the world's largest publicly traded property and casualty insurer, providing commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance.

- As an underwriting company, we assess, assume and manage risk with insight and discipline
- Chubb operates in 54 countries and territories, with approximately 40,000 employees serving a diverse group of clients worldwide

## Balance Sheet Strength

**(As of December 31, 2023)**

- Total assets of $228.9 billion
- Total capital, which reflects our capacity to take on risk, of $74.3 billion
- Net loss reserves of $60.2 billion back our policyholder commitments
- Book value, or shareholders' equity in the company, is $59.5 billion
- Total investments of $136.7 billion are predominantly investment grade fixed income securities

## Balanced, Diversified Leader

- A global leader in traditional and specialty P&C coverage for businesses of all sizes
- The largest commercial lines insurer in the U.S. and one of the largest financial lines provider globally
- The leading personal lines insurer for America's successful individuals and families and a large personal lines provider globally
- A global leader in personal accident and supplemental health insurance
- A P&C reinsurer
- An international life insurer focused on Asia

| Current Ratings[1] | | |
|---|---|---|
| *Rating Agency Ratings* | *Financial Strength Rating* | *Outlook* |
| S&P | AA | Stable |
| A.M. Best | A++ | Stable |
| Fitch | AA | Stable |
| Moody's | Aa3 | Positive |

[1]*Ratings apply to Chubb's core operating insurance companies as of January 04, 2024. For ratings of individual insurance companies, see Investor Information on investors.chubb.com.*

# BASE COVERAGE

Student injuries can represent problems for families as well as the district or charter school involved. This is especially the case when the student is otherwise uninsured or under-insured. Accessing care can be an issue and the risk of litigation against the school may increase with every out-of-pocket dollar a family experiences.

To address this issue, the proposed blanket school-time plan will implement coverage paid at 100% of Reasonable and Customary (R&C) Charges with no deductible, while also implementing a $3,000 sickness medical expense. The blanket school-time plan is designed to help fill the gap in the $25,000 deductible in the catastrophic program. It will provide first dollar accident coverage that seamlessly transitions claims from the blanket school-time to the catastrophic plans.

This blanket coverage would be for all enrolled students of NMPSIA member districts and charters while on campus, including the hour before and the hour after regularly scheduled classes, attending school sponsored and directly supervised events, while in school vehicles, and in district approved and sponsored programs such as school-to-work and JROTC. This would also include practice, games, and travel associated with interscholastic sports provided that the travel is direct and without interruption between school and site of the sponsored activity.

## Changes in the delivery of healthcare and personal finance

- ! Despite what many may think about the evolution of health care in the U.S., there remain a significant number of students who are completely uninsured for a variety of reasons.
- ! Another segment consists of those covered as dependents through either individual or employer health plans where co-insurance has increased dramatically.
- ! Choice of providers has become more limited when families discover their doctors and facilities are no longer participating in their network.
- ! And, while many students may be covered under Medicaid, lower reimbursement levels mean that significant number of providers do not accept Medicaid patients.
- ! Out-of-pocket spending for health care continues to be a leading hardship with medical debt being the #1 cause of bankruptcy in the US.*
- ! 60% of Americans are unable to cover an unexpected $1,000 expense**; a concern when the average ER cost for a broken bone is $10,000. †


***By providing Base Student Accident Insurance, schools can help families access and pay for the medical care needed by their children following covered school-related injuries.***

## Student Accident Insurance can also:

- ✓ Facilitate compliance with relevant state law or Board policy (when applicable)
- ✓ Mitigate liability exposure and related costs to the school resulting from uninsured or underinsured school–related injuries
- ✓ Provide access to additional 24/7 coverage for both accidents and sickness † †
- ✓ Help families avoid serious financial hardship
- ✓ Remove financial barriers for children participating in extracurricular/co-curricular activities
- ✓ Reduce the administrative load for staff
- ✓ Foster positive relationships with the community

* https://finance.yahoo.com/news/medical-debt-uniquely-american-problem-155327746.html
** https://www.cnbc.com/2019/01/23/most-americans-dont-have-the-savings-to-cover-a-1000-emergency.html † https://www.talktomira.com/post/how-much-does-an-er-visit-cost
† † Plans do not constitute comprehensive health insurance coverage (often referred to as "major medical coverage") and do not satisfy a person's individual obligation to secure the requirement of minimum essential coverage under the Affordable Care Act (ACA).

# CATASTROPHIC COVERAGE

New Mexico Public School Insurance Authority (NMPSIA) already mandates Class I catastrophic injury coverage for Albuquerque Public Schools for student athletes, students engaged in activities supportive of interscholastic sports and other activities as sanctioned by the New Mexico Activities Association (NMAA).

The need for catastrophic coverage is clear and although they are most commonly associated with athletic participation, these injuries are not relegated to sports activities alone. The transportation of students, specialized electives, physical education, natural disasters and on-campus violence are just a few examples of how these injuries can occur in areas other than the playing field.

The catastrophic proposal expands the current Class I injury policy for athletics to include Class II injury coverage for all other student activities. These include, but are not limited to; transportation and busing, physical education, JROTC, School-to-Work, field trips and any time students are on campus for regularly scheduled classes.

## Help beyond medical bills

Our catastrophic plans can pay covered accident medical expenses on an excess basis at 100% of Reasonable and Customary (R&C) Charges up to $5,000,000 after a $25,000 deductible, which may be satisfied through the Student Accident Base Coverage.

The plan also provides additional blanket accidental death & dismemberment, loss of sight, speech, and hearing benefits.

## Catastrophic Accident Cash

If as the result of a covered accident, the insured during the covered activity, suffers and injury that results in Coma, Hemiplegia, Paraplegia, Quadriplegia, and/or Uniplegia, the Catastrophic Accident Cash will be paid up to $1,000,000. Coma means a profound state of unconsciousness, as determined by a Physician according to the Glasgow Coma Scale, from which anInsured Person cannot be aroused to consciousness even by powerful stimulation.

*CLASS I -INTERSCHOLASTIC ATHLETICS, Students Grades 7-12. Covers NMPSIA Member District's and School's students while participating in school scheduled, sponsored and directly supervised games and practice sessions of interscholastic sports including student athletes, student managers, student trainers, cheerleaders, majorettes and non-athletic activities deemed sanctioned by the New Mexico Activities Association and while traveling directly and without interruption to or from residence and School for regular attendance; or residence or School to participate in School Activities and while traveling in School Vehicles at any time. .

**CLASS II - Student Activities Coverage - Covers NMPSIA Member's students while on school premises when school is in session and while participating in any school sponsored activity (except interscholastic athletics and New Mexico Activities Association sponsored activities) with direct adult supervision provided by the school including official Vocation Job Training Programs (School-To-Work) and JROTC programs and while traveling directly and without interruption to or from residence and School for regular attendance; or residence or School to participate in School Activities and while traveling in School Vehicles at any time.

# BLANKET SCHOOL-TIME COVERAGE PLAN DESIGN AND RATE

| Plan Design | |
|---|---|
| AME (Full Excess) | $25,000 |
| Deductible | $0 |
| Incurral Period | 120 days |
| Benefit Period | 104 weeks |
| Coinsurance | 100% of R&C |
| AD&D | Loss of Life $10,000; Loss of Sight One Eye, or Single Dismemberment: $25,000; Loss of Sight Both Eyes, Double Dismemberment, or Paralysis: $50,000<br>Heart or circulatory malfunction death benefit payable for Loss of Life due to Heart, Circulatory Malfunction that occurs within 52 weeks of participation in a covered activity that is causally connected to such Malfunction: $10,000 |
| Psychological Therapy | up to $5,000 |
| Random Act of Violence | $5,000 |
| Specified Trip Medical Evacuation | up to $25,000 |
| Specified Trip Repatriation | up to $10,000 |
| Specified Trip Family Travel Expense | up to 21 days up to $10,000 |
| Sickness Medical Expense | $3,000 |
| **Rate per Covered Person per year** | **$3.65** |

- ✓ Coverage includes interscholastic sports and interscholastic tackle football with all practice, travel and games associated.
- ✓ Coverage is extended to all registered volunteers of all NMPSIA member districts and charter schools.
- ✓ 1 hour before and after regularly scheduled classes and anytime students are on campus for regularly scheduled classes.
- ✓ Inclusive of all school-to-work (job vocational training) programs, special education, JROTC and day/overnight trips.
- ✓ Also includes directly sponsored and supervised out-of-season sports training, conditioning, and physical education.
- ✓ All claims administration will be serviced in-house with bilingual staff available.
- ✓ A website portal for NMPSIA and families with access to plan information and claims procedures.

## CATASTROPHIC CLASS I COVERAGE

| BENEFITS | MAXIMUMS |
|---|---|
| Catastrophic Accident Medical Expense with 10 year benefit period - paid up to | $5,000,000 at 100% of R&C |
| Deductible per Occurrence (applies to Accident Medical Expense): | $25,000 |
| Accidental Death and Dismemberment payable in addition to above listed benefits | $50,000 |
| Double Dismemberment payable in addition to above benefits | $100,000 |
| Catastrophic Cash Benefit payable in addition to accident medical expense benefits | up to $1,000,000 |
| Seat Belt and Airbag | $5,000 |
| Burn Medical Expense – paid up to | $150,000 |
| Special Adaptation Expense Benefit – paid up to | $150,000 ($75,000 for housing, 75,000 for vehicles) |
| Benefit Period | 10 Years |
| **Rate per Covered Person per year** | **$3.48** |

## CATASTROPHIC CLASS II & V (VOLUNTEER) COVERAGE

| BENEFITS | MAXIMUMS |
|---|---|
| Catastrophic Accident Medical Expense with 10 year benefit period - paid up to | $5,000,000 at 100% of R&C |
| Deductible per Occurrence (applies to Accident Medical Expense): | $25,000 |
| Accidental Death and Dismemberment payable in addition to above listed benefits | $50,000 |
| Double Dismemberment payable in addition to above benefits | $100,000 |
| Catastrophic Cash Benefit payable in addition to accident medical expense benefits | up to $1,000,000 |
| Seat Belt and Airbag | $5,000 |
| Burn Medical Expense – paid up to | $150,000 |
| Special Adaptation Expense Benefit – paid up to | $150,000 ($75,000 for housing, 75,000 for vehicles) |
| Benefit Period | 10 Years |
| **Rate per Covered Person per year** | **$1.40** |

**Estimated 2024-2025 Premium breakdown and allocation based upon current numbers:**

| | |
|---|---|
| Blanket School-Time x $3.65:<br>(244,614 Est. NM State Enrollment for 2024-2025) | $ 892,841.10 |
| Catastrophic Class I Athletics x $3.48:<br>(55,032 Est. NM State NMAA Activity Participants for 2024-2025) | $ 191,511.36 |
| Catastrophic Class II Student Activities x $1.40:<br>(244,614 Est. District Enrollment 2024-2025) | $ 342,459.60 |
| Catastrophic Class V Volunteers x $0.47:<br>(7,000 Est. Estimated Registered Volunteers 2024-2025) | $ 3,290.00 |
| **Total Estimated 2024-2025 Premium:** | **$ 1,430,102.06** |

# BLANKET SCHOOL-TIME BENEFIT DESCRIPTIONS

## ACCIDENTAL DEATH & DISMEMBERMENT SCHEDULE:

This benefit applies to all Classes of Insured Persons. The following are Losses insured and the corresponding Benefit Amount expresses as a percentage of the Principal Sum:

| Accidental: | Benefits Amounts (Percentage of $10,000 Principal Sum) |
|---|---|
| Loss of Life | 100% |
| Loss of Speech and Loss of Hearing | 500% |
| Loss of Speech and either Loss of Hand, Loss of Foot or Loss of Sight or One Eye | 500% |
| Loss of Hearing and either Loss of Hand, Loss of Foot or Loss of Sight in One Eye | 500% |
| Loss of Hands (Both), Loss of Feet (Both), Loss of Sight or a combination of any two or Loss of Hand, Loss of Foot or Loss of Sight of One Eye | 500% |
| Paraplegia | 500% |
| Quadriplegia | 500% |
| Hemiplegia | 500% |
| Loss of Hand, Loss of Foot or Loss of Sight of One Eye (Any One of each) | 250% |
| Loss of Speech or Loss of Hearing | 250% |

## ACCIDENT MEDICAL EXPENSE: Up to $25,000

We will reimburse up to $25,000 for Accident Medical Expenses if Accidental Bodily Injury causes an Insured Person to first incur Medical Expenses for care and treatment of the Accidental Bodily Injury with 120 days after an accident. The Benefit Amount for Accident Medical Expense is payable only for Medical Expenses incurred within 104 weeks after the date of the accident causing the Accidental Bodily Injury. The Benefit Amount for Accident Medical Expense is payable in addition to any other applicable Benefit Amounts under the policy.

## SICKNESS MEDICAL EXPENSE: Up to $3,000

We will reimburse up to $3,000 for Medical Expenses (Covered Activity), if an Insured Person incurs medical expenses for care and treatment of a disease or illness for which symptoms first appear during a Covered Activity. The first medical expense for such disease or illness must be incurred during a Covered Activity. The Benefit Amount for medical expenses is payable only for medical expenses incurred within 104 weeks after the date of participation in a Covered Activity. The Benefit Amount is payable in addition to any other applicable Benefit Amounts under the policy.

## PSYCHOLOGICAL THERAPY: Up to $5,000

We will reimburse Psychological Therapy Expense up to $5,000 if an Accidental Bodily Injury results in a Physician's determination that Psychological Therapy is required for:

1) such Insured Person;

The Benefit Amount for Psychological Therapy Expense will be paid:

1) to the natural person who incurs the expense; and
2) in addition to any other applicable Benefits Amounts under the policy

## RANDOM ACT OF VIOLENCE: $5,000

If Accidental Bodily Injury resulting from a Random Act of Violence causes a covered Loss to the Insured Person, We will pay the Random Act of Violence Benefit. Random Act of Violence means a willful or unlawful use of force in connection with the commission of or attempt to commit a crime that is a felony or misdemeanor in the jurisdiction in which it occurs. This Benefit is payable in addition to any other applicable benefits under the policy. This benefit does not apply if the Random Act of Violence is an act by the Insured Person.

## SPECIFIED TRIP MEDICAL EVACUATION: Up to $25,000 and SPECIFIED TRIP REPATRIATION: Up to $10,000

If an Insured Person's Accidental Bodily Injury, disease or illness occurs while insured under a Hazard and requires the Medical Evacuation or Repatriation of the Insured Person while the Insured Person is on a covered trip, then We will pay the Covered Expenses for such Medical Evacuation or Repatriation up to $25,000 for Evacuation and Repatriation. The Benefit Amount for Medical Evacuation or Repatriation is payable in addition to any other applicable Benefit Amounts under the policy.

The insurance applies only if the covered trip:

1) is more than 50 miles from the Insured Person's primary residence; and
2) lasts no more than 30 days.

The Medial Evacuation or Repatriation must be ordered by a Physician, who certifies that the Medial Evacuation or Repatriation is necessary to prevent death or serious deterioration of the Insured Person's medical condition. The Medical Evacuation or Repatriation must be approved and arranged by Our Assistance Services Administrator.

## SPECIFIED TRIP FAMILY TRAVEL EXPENSE: Up to 21 Days and Up to $10,000

If an Insured Persons Accidental Bodily Injury, disease or illness occurs during an insured Hazard and requires a Hospital stay for more than 3 days while the Insured Person is on a covered trip, then We will reimburse up to the Benefit Amount for Family Travel Expense, if all the following conditions are met:

1) the Insured Person is confined to a Hospital; and
2) the Hospital is at least 50 miles from the Insured Person's permanent residence; and
3) all transportation arrangements for an Immediate Family Member are made by Our Assistance Services Administrator and are by the most economical route.

# CATASTROPHIC BENEFIT DESCRIPTIONS

## ACCIDENTAL DEATH & DISMEMBERMENT SCHEDULE:

This benefit applies to all Classes of Insured Persons. The following are Losses insured and the corresponding Benefit Amount expresses as a percentage of the Principal Sum:

| Accidental: | Benefits Amounts (Percentage of $50,000 Principal Sum) |
|---|---|
| Loss of Life | 100% |
| Loss of Speech and Loss of Hearing | 200% |
| Loss of Speech and either Loss of Hand, Loss of Foot or Loss of Sight or One Eye | 200% |
| Loss of Hearing and either Loss of Hand, Loss of Foot or Loss of Sight in One Eye | 200% |
| Loss of Hands (Both), Loss of Feet (Both), Loss of Sight or a combination of any two or Loss of Hand, Loss of Foot or Loss of Sight of One Eye | 200% |
| Paraplegia | 200% |
| Quadriplegia | 200% |
| Hemiplegia | 200% |
| Loss of Hand, Loss of Foot or Loss of Sight of One Eye (Any One of each) | 40% |
| Loss of Speech or Loss of Hearing | 40% |

## ACCIDENT MEDICAL EXPENSE: Up to $5,000,000 (Subject to $25,000 deductible)

We will reimburse up to $5,000,000 for Accident Medical Expenses if Accidental Bodily Injury causes an Insured Person to first incur Medical Expenses for care and treatment of the Accidental Bodily Injury with 180 days after an accident. The Benefit Amount for Accident Medical Expense is payable only for Medical Expenses incurred within 520 weeks after the date of the accident causing the Accidental Bodily Injury. The Benefit Amount for Accident Medical Expense is payable in addition to any other applicable Benefit Amounts under the policy.

## HEART OR CIRCULATORY MALFUNCTION: $50,000

We will pay the Benefit Amount of $50,000 if the Insured Person suffers death as a result of a Heart or Circulatory Malfunction. Death must occur within 52 weeks after participation in the Covered Activity and be a consequence of the Insured Person's participation in a Covered Activity. Heart or Circulatory Malfunction means a myocardial infarction, angina pectoris, coronary thrombosis or cerebral vascular accident but only if all the following conditions are met:

1) the Heart or Circulatory Malfunction of a Primary Insured Person occurs within 72 hours after participating in the Covered Activity;
2) an insured person is under 70 years of age on the date of the Heart or Circulatory Malfunction;
3) the first symptom of Heart or Circulatory Malfunction is medically diagnosed within 72 hours after a Primary Insured Person's Participation in a Covered Activity;
4) within 2 years prior to the date a Primary Insured Person participates in a Covered Activity, such Primary Insured Person:
    a) has not been medically diagnosed with any disease, illness or condition of the heart or circulatory system; or
    b) has not received any medication or treatment for any disease, illness or condition of the heart or circulatory system.

## CATASTROPHIC ACCIDENT CASH: Up to $1,000,000

We will pay the Initial Benefit Amount for Catastrophic Accident Cash after 180 days, if an accident results in an Insured Person's Coma, Hemiplegia, Paraplegia, Quadriplegia and Uniplegia. The Accident must result from an insured Hazard and occur while an Insured Person is insured under the policy, while it is in force. The covered loss must occur within 180 days after the Accident. For the purpose of the policy, Coma does not mean any state of consciousness intentionally induced during the course of treatment for a covered loss, unless the state of consciousness results from administration of anesthesia in preparation for surgical treatment of injuries sustained in that covered loss.

## BURN MEDICAL EXPENSE: Up to $150,000

We will reimburse up to $150,000 for Burn Medical Expenses, if an Insured Person suffers a Burn in an Accident. This benefit will reimburse the Reasonable and Customary Charges that are Medically Necessary for an in connection with treatment and Reconstructive Surgery for a Burn. The Benefit Amount for Burn Medical Expense is payable only for medical expenses incurred withing 520 weeks after the date of the Accident causing the Burn. The Benefit Amount for Burn Medical Expense is payable in addition to any other applicable Benefit Amounts under the policy.

## HOME ALTERATION: Up to $75,000 and VEHICLE MODIFICATION: Up to $75,000

We will reimburse charges up to $75,000 for Home Alteration or $75,000 for Vehicle Modification, if a covered Loss due to an Accidental Bodily Injury requires an Insured Person to incur expenses for Home Alteration or Vehicle Modification. The Expense for Home Alteration or Vehicle Modification must be incurred within 24 months of the Accidental Bodily Injury. The Benefit Amount for Home Alteration or Vehicle Modification is payable if:

1) a Physician certifies that the Home Alteration or Vehicle Modification is needed to accommodate a physical disability of an Insured Person;
2) the Home Alteration or Vehicle Modification is made by people experienced in such Home Alteration or Vehicle Modification;
3) the Home Alteration or Vehicle Modification is in compliance with any applicable laws or requirements for approval by the appropriate governmental authority in the jurisdiction where the services are rendered; and
4) the Home Alteration or Vehicle Modification expenses do not exceed the usual level of charges for similar alterations or modifications in the jurisdiction where the expenses are incurred.

## SEAT BELT AND OCCUPANT PROTECTION DEVICE: Up to $5,000 each to a maximum of $10,000

We will pay $5,000, if an Insured Person suffers an Accidental Bodily Injury resulting in a Covered Loss while such Insured Person is operating or riding in a Private Passenger Automobile and using a Seat Belt. The Seat Belt must be properly secured and used in accordance with the recommendations of its manufacturer. We will also pay $5,000 for an Occupant Protection Device, if an Insured Person suffers an Accidental Bodily Injury as set forth here and such Insured Person is positioned in a seat protected by a properly deployed Occupant Protection Device. The $5,000 for the Occupant Protection Device will only be paid if We pay the Seat Belt Benefit other than the Alternate Benefit Amount.

# DEFINITIONS

**Accident**
Accident means a sudden, unforeseen, and unexpected event which: 1) happens by chance; 2) arises from a source external to an Insured Person; 3) is independent of illness, disease or other bodily malfunction or medical or surgical treatment thereof; 4) occurs while the Insured Person is insured under this policy which is in force; and 5) is the direct cause of loss.

**Accidental Bodily Injury**
Accidental Bodily Injury means bodily injury, which: 1) is Accidental; 2) is the direct cause of a loss; and 3) occurs while an Insured Person is insured under this policy, which is in force. Accidental Bodily Injury does not mean a Repetitive Motion Injury.

**Conveyance**
Conveyance means any motorized craft, vehicle or mode of transportation licensed or registered by a governmental authority with competent jurisdiction.

**Covered Activity**
Covered Activity means those activities for which an Insured Person is insured under this policy.

**Deductible**
The Deductible for Accident Medical Expense, will be deducted from any Benefit Amount for Accident Medical Expense that We pay. This Deductible applies separately to each Insured Person and each Accident.

**Emergency Medical Treatment**
Emergency Medical Treatment means treatment for a medical condition which: 1) arises suddenly and unexpectedly; and 2) if left untreated could result in Loss of Life, or in serious deterioration of an Insured Person's medical condition.

**Emergency Transportation Vehicle**
Emergency Transportation Vehicle means a special equipped vehicle that provides transportation for the sick or injured to or from places of treatment due to an illness or injury.

**Hospital**
Hospital means a public or private institution which: 1) is licensed in accordance with the laws of the jurisdiction where it is located; 2) is accredited by The Joint Commission; 3) operates for the reception, care and treatment of sick, ailing or injured persons as in-patients; 4) provides organized facilities for diagnosis and medical or surgical treatment; 5) provides twenty-four (24) hour nursing care; 6) has a Physician or staff of Physicians ; and 7) s not primarily a day clinic, rest or convalescent home, assisted living facility or similar establishment and is not, other than incidentally, a place for the treatment of alcoholics or drug addicts.

**Immediate Family Member**
Immediate Family Member means an individual with any of the following relationships to the Insured Person: Spouse, and parents thereof; sons and daughters, including adopted children and stepchildren, and spouses thereof; parents, including stepparents, and spouses thereof; brothers and sisters, and spouses thereof; grandparents and grandchildren, and spouses thereof; aunts or uncles, and spouses thereof; nieces or nephews, and spouses thereof. Immediate Family Member also includes legal guardians or wards.

**Insured Person**
Insured Person means a person: 1) for whom insurance is elected, 2) and on whose behalf premium is paid.

**Loss**
Loss means Accidental: Loss of Foot, Loss of Hand, Loss of Hearing, Loss of Life, Loss of Sight, Loss of Sight of One Eye, Loss of Speech, Loss of Thumb and Index Finger.

**Medically Necessary**
Medically Necessary means a medical or dental service, supply or course of treatment which: 1) is ordered or prescribed by a Physician; 2) is appropriate and consistent with the patient's diagnosis; 3) is in accord with current accepted medical or dental practice; and 4) could not be eliminated without adversely affecting the patient's condition.

**Medical Expense**
Medical Expense means the Reasonable and Customary Charges for Medical Services for the care and treatment of Accidental Bodily Injuries sustained in an Accident.

**Other Plan**
Other Plan means any other insurance or payment source for Medical Services or disability, including but not limited to health coverage, disability insurance, worker's compensation insurance; or coverage provided or required by any law or statute, including, automobile insurance "fault" or "no-fault", employer sick leave or salary continuation plan, or similar benefit provided or required by governmental plan or program.

**Physician**
Physician means a licensed practitioner of the healing arts, acting within the scope of his or her license to the extent provided by the laws of the jurisdiction in which medical treatment is provided. Physician does not include: 1) an Insured Person; 2) an Immediate Family Member; 3) an Insured Person's employer or business partner; or 4) the Policyholder.

**Psychological Therapy**
Psychological Therapy means Medically Necessary counseling for a mental or nervous disorder by a Physician, whether on an out-patient basis, in a Hospital or any other medical facility licensed to provide such treatment.

**Random Act of Violence**
Random Act of Violence means a willful or unlawful use of force in connection with the commission of or attempt to commit a crime that is a felony or a misdemeanor in the jurisdiction in which it occurs.

**Reasonable and Customary (R&C)**
Reasonable and Customary Charge means the lesser of: 1) the usual charge made by Physicians or other health care providers for a given service or supply; or 2) the charge We reasonably determine to be the prevailing charge made by Physicians or other health care providers for a given service or supply in the geographical area where it is furnished.

**We, Us and Our**
We, Us and Our means Federal Insurance Company.

# EXCLUSIONS

## General Exclusions

**Aircraft Pilot or Crew**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person being in entering, or exiting any aircraft while acting or training as a pilot or crew member. This exclusion does not apply to passengers who temporarily perform pilot or crew functions in a life-threatening emergency.

**Disease or Illness**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person's emotional trauma, mental or physical illness, disease, pregnancy, childbirth or miscarriage, bacterial or viral infection, bodily malfunctions or medical, diagnostic or surgical treatment thereof. This exclusion does not apply to an Insured Person's bacterial infection caused by an Accident or from Accidental consumption of a substance contaminated by bacteria.

**Illegal Acts**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person's commission of any felony, or assault, or participation in an illegal occupation, riot, insurrection or civil commotion.

**Participation in Organized Sports (Except as provided in the Schedule of Benefits)**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person being engaged in or participating in interscholastic sports.

**Intoxication Exclusion**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person being intoxicated at the time of an Accident. Intoxication is defined by the laws of the jurisdiction where such Accident occurs. If such jurisdiction does not have a law to define Intoxication, then under this policy it will mean a blood alcohol content of .08 or greater.

**Narcotic Exclusion**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person being under the influence of any narcotic or other controlled substance or intentionally ingesting or inhaling any poison gas or fumes at the time of an Accident. This exclusion does not apply if any narcotic or other controlled substance is taken and used as prescribed by a Physician.

**Owned Aircraft, Leased Aircraft or Operated Aircraft**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person being in, entering, or exiting any aircraft: 1) owned, leased or operated by the Policyholder or on the Policyholder's behalf; or 2) operated by an employee of the Policyholder on the Policyholder's behalf.

**Service in the Armed Forces**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person participating in military action while in active military service with the armed forces of any country or established international authority. However, this exclusion does not apply to the first sixty (60) consecutive days of active military service with the armed forces of any country or established international authority.

**Specialized Aviation**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person's participation in Specialized Aviation activities.

**Suicide or Intentional Injury**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, an Insured Person's suicide, attempted suicide or intentionally self-inflicted injury.

**War**

This insurance does not apply to any Accident, Accidental Bodily Injury or Loss caused by or resulting from, directly or indirectly, war, undeclared war, civil war, insurrection, rebellion, revolution, warlike acts by a military force or personnel, any action taken in hindering or defending against any of these, the destruction or seizure of property for a military purpose, or any consequences of any of these acts regardless of any other direct or indirect cause or event, whether covered or not, contributing in any sequence to the loss.

## Accident Medical Expense Exclusions

The Benefit Amount for Accident Medical Expense does not apply to charges and services:

1. for which an Insured Person has no obligation to pay;
2. for any injury where worker's compensation benefits or occupational injury benefits are payable;
3. for any injury occurring while fighting, except in self-defense;
4. for treatment that is educational, experimental or investigational in nature or that does not constitute accepted medical practice;
5. for treatment by a person employed or retained by the Policyholder;
6. personal comfort or convenience items, such as but not limited to, hospital telephone charges, television rental, internet access, barber services or guest meals while confined in a Hospital or
7. routine physical exams that are not the result of an Accidental Bodily Injury.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2024-2025 Summary
NMPSIA's Excess Insurance and Motion Recommendation

**Property:**

1) The specific property limit will remain at $750,000,000 per occurrence, subject to various sub-limits. Two major sub-limits, Earthquake and Flood, will remain at an annual aggregate limit of $100,000,000; $50,000,000 for Flood Zone A, V, and all 100-year flood zones. For the perils of earthquake and Flood, there is a $1,000,000 per unit of insurance deductible.

2) The Major Property retention is $1,000,000 per occurrence "All Risk" with a retention of $10,000,000 for Wind, Hail, and CAT Losses, subject to a $25,000,000 annual aggregate - once $25,000,000 is reached, then the retention will revert to $2,500,000 for each and every Wind, Hail, and CAT loss.

3) Recommendation is to renew with APIP (Public Entity Property Insurance Program). This program remains the largest single property placement in the world, with over 10,000 public entities in the program. There are more than 35 Domestic, Lloyd's of London, and British Companies that provide reinsurance for all the first-party coverages.

4) The Property market remains in the hardest market since 911 and perhaps of all time. This has been driven primarily by poor underwriting results, increased cost of reinsurance, and shrinking of capital. Similar to last year, the "Commercial P&C Market Outlook Mid-Year Addendum" stated that premiums are increasing by as much as 100% for accounts that do not have poor loss history, and with some accounts that have poor loss history or are located in CAT states, they are increasing by as much as 200%.

5) NMPSIA has incurred $25 million + hail losses in 2022 and then again in 2023 and are reflective in the renewal terms. We were just notified of another late May hail loss that affected Melrose, Portales, Tatum, Grady that could be as large as the prior two years.

6) Cyber Liability coverage is included in the Property Program with a limit of liability of $55,000,000 Annual Aggregate for all NMPSIA members. The higher educational institutions will have a $5,000,000 limit each, whereas all remaining members will have a $2,000,000 limit. The Insurer is Lloyd's of London – Beazley Syndicate 2623 – 263. Coverages include BREACH RESPONSE: $500,000 Aggregate Limit for each Member; FIRST PARTY LOSS - Business Interruption Loss Resulting from Security Breach: $2,000,000 Aggregate Limit for each Member, Business

Interruption Loss Resulting from System Failure: $500,000 Aggregate Limit for each Member, Dependent Business Loss Resulting from Security Breach: $750,000 Aggregate Limit for each Member, Dependent Business Loss Resulting from System Failure: $100,000 Aggregate Limit for each Member, Cyber Extortion Loss: $2,000,000 Aggregate Limit for each Member, and Data Recovery Costs: $2,000,000 Aggregate Limit for each Member. LIABILITY: Data & Network Liability: $2,000,000 Aggregate Limit for each Member for all Damages and Claims Expenses, Regulatory Defense & Penalties: $2,000,000 Aggregate Limit for each Member, Payment Card Liabilities & Costs: $2,000,000 Aggregate Limit for each Member for all Damages and Claims Expenses, Media Liability: $2,000,000 Aggregate Limit for each Member for all Damages and Claims Expenses; eCRIME: Fraudulent Instruction: $75,000 Aggregate Limit for each Member, Funds Transfer Fraud: $75,000 Aggregate Limit for each Member, Telephone Fraud: $75,000 Aggregate Limit for each Member; CRIMINAL REWARD: $25,000 Aggregate Limit for each Member; Consequential Reputational Loss: $50,000 Aggregate Limit for each Member, Computer Hardware Replacement Costs: $75,000 Aggregate Limit for each Member, Invoice Manipulation: $100,000 Aggregate Limit for each Member.

Retentions:

A. $50,000 Per Occurrence for each Member with TIV up to $500,000,000 at the time of the loss; 8-hour waiting period for Dependent/ Business Interruption Loss
B. $100,000 Per Occurrence for each Member with TIV greater than $500,000,000 at the time of loss; 8-hour waiting period for Dependent/ Business Interruption Loss.

7) Total Crime limits will remain at $2,250,000. Excess Crime coverage is insured by Berkley (A.M. Best: A+ XV). Coverage is provided for Employee Theft – Per Loss Coverage; Employee Theft – Per Employee; Forgery or Alteration (Credit, Debit, or Charge Cards); Inside the Premises – Theft of Money and Securities; Inside the Premises – Robbery or Safe Burglary of Other Property; Outside the Premises; Computer and Funds Transfer Fraud and Money Orders and Counterfeit Currency. The premium is similar to last years at $261,967.

8) Terrorism coverage is provided by the Property program. Each member's limit is $600,000,000 subject to a NMPSIA annual aggregate limit of $1,400,000,000. This stand-alone coverage offered to NMPSIA Members is extremely important to maintain.

9) Premiums for Property, Auto Physical Damage, Limited Pollution, and Cyber insurance for (expiring program) will be $48,645,078, plus a crime premium of $261, 967. This is a 12.678% increase from expiring. Property values are

increasing by $2,942,769,716 or a 9% increase to a total insured value of $35,640,211,004. The property rate will increase slightly from $.132 per $100 of Property Values to $.136 (+3.35%). With the increase in values, there is an effective increase of 3.678%

10) There are four new members added this year: Northern NM College, NM Tech, REC's #5 and #9. Their total insured values of $764,163,292 are included in the premium stated above.

11) There is a "Buy-Down" option that decreases the annual aggregate from $25,000,000 to $10,000,000 for an additional premium of $2,500,000. This $15,000,000 limit aggregate policy is designed to decrease the annual exposure.

12) **Staff would like the Board to provide authority to the Executive Director to continue to negotiate with Poms during the month of June. There might be other options from insurers/reinsurers that are attractive to bind. Staff would like the authority to be granted to the Executive Director to bind coverage with the existing reinsurers and/or other insurers or reinsurers that would be beneficial to protect the interest of the Authority.**

**Liability**:

1) The specific SIR of 1,000,000 will remain for General Liability, School Board Errors & Omissions and Automobile Liability as expiring. However, Sexual Abuse/Molestation SIR will remain at $4,000,000.

2) A combined lines Aggregate Attachment Point will increase from $39,500,000 to $45,000,000, with an aggregate limit of $3,000,000. The aggregate includes losses for all Liability, Property and Workers' Compensation coverages.

3) Regarding the Liability Policy, we are recommending renewing with the following reinsurers: Great American Insurance Company (2023 Best Rating: A+ XIII), Old Republic Insurance Company (2023 Best Rating: A XII), Pennsylvania Manufacturers Association Insurance Company (2023 Best Rating: A+ XV), Munich Reinsurance America, Inc.(2023 Best Rating XV) and many Lloyd's of London and Bermuda reinsures which will all participate in the line-slip. The limit will increase from **$35,000,000 to $45,00,000 in liability limits Per Member and in the Aggregate.** In addition, there is a Clash Cover which provides for one SIR that applies to multiple coverage parts in certain circumstances.

4) Coverage for Sexual Abuse was written on a "Claims-Made" trigger form with a retroactive Date of July 1, 2006. However, Poms was able to negotiate buying a one-time tail cover to purchase the "claims-made" years from 2006 to current 6 years ago, so Sexual

Abuse coverage and all liability coverage triggers have been on an Occurrence basis which corresponds to NMPSIA's MOC. Unfortunately, there is one layer, $10,000,000 xs $20,000,000 that is a Claims-Made trigger for Sexual Abuse/Molestation. The Retroactive Date for that layer is July 1, 2020. The other layers will remain on an Occurrence Trigger. All reinsurers will exclude Communicable Disease or Virus.

5) A new liability exclusion is added to the program called PFAS, which means any perfluoroalkyl or polyfluoroalkyl substance in any form, is excluded. The EPA has determined these long-lasting chemicals are harmful to humans and animals. These chemicals and compounds are used in products, including waterproof clothing, non-stick cookware, adhesives and electrical wire insulation, they also persist in the environment contaminate drinking water and bioaccumulate in fish and wildlife.

6) Exposures (ADA, # of buses, other vehicles, and payroll) increased 6.25%, 6.55%, 15.19% and 18.30% respectfully, for an overall exposure increase of 11.57%. The four new members: Northern NM College, NM Tech and the REC's #5 and #9 are included in the exposure and premiums. NMPSIA will provide five years of tail coverage for these new entities, as agreed with State Risk Management Division.

7) All the Liability carriers will reinsure NMPSIA's Liability Memorandum of Coverage (MOC).

8) Premiums for Liability coverage will be $29,191,877. This includes costs for specific, aggregate, and clash coverages. Premium increases were attributable to both multiple sexual abuse claims and exposures. This is an increase of 18.33%. Due to the increase in exposures, the effective net increase is 6.76%..

9) Renew the self-insured Ltd. Criminal Defense coverage. Losses do not apply toward the liability aggregate. The Ltd. Criminal Defense coverage will be renewed as a stand-alone program. We are recommending the following limits as outlined below:

**A) Sexual Abuse or Molestation:** A limit of $30,000 (remains the same) for each and all criminal proceedings brought against the covered person;

**B) Corporal Punishment:** A limit of $5,000 when all charges are misdemeanors or $15,000 when one or more felony charges are brought against the covered person;

**C) Assault or Battery:** A limit of $5,000 when all charges are misdemeanors or $15,000 when one or more felony charges are brought against the covered person. Based on favorable loss experience, we are requesting this coverage be renewed for another year.

10) Renew the self-insured Ltd. IDEA coverage. Losses do not apply toward the liability aggregate.

**11) Staff would like the Board to provide authority to the Executive Director to continue to**

**negotiate with Poms during the month of June. The premiums will be the maximum amounts charged. In addition, there might be other options from insurers/reinsurers. Any negotiations with Poms and any acceptance by the Executive Director would only yield better terms or lower premiums than stated above. Staff would like the authority to be granted to the Executive Director to bind coverage with the existing reinsurers and/or another, as long as the terms are more favorable to the Authority.**

**Workers' Compensation**:

1) Specific SIR of $2,500,000 will remain as expiring. There is no aggregate coverage.

2) Limits are Statutory with a $2,000,000 Limit for Employers Liability.

3) The exposure base (Payroll) increased by 18.30%.

4) The premium increased from $572,733 to $624,092 (+18.259%), the rate remains the same at .0273 per $100 in payroll. Charter schools are billed an additional premium when they join NMPSIA. Premium is auditable based on payroll audits.

5) Safety National remains the carrier as expiring.

**Equipment Breakdown (Voluntary program)**

1) District deductibles remain at $2,500.

2) Limit of $200,000,000 each accident will remain as expiring.

3) The premium is based on property values, which increased by 9%. The rate increased from .001365 to .001371 (+.04395%) and premiums will increase from $446,449 to $488,800 (+9.4862%). Due to the increase in exposures the effective net increase is .4862%. This is the maximum premium and would include all Members if they join the voluntary program.

4) Liberty Mutual Insurance Company remains the carrier as expiring.

Deadly Weapons Protection

1) This is the third year of purchasing this coverage.
2) Not only does the policy provide coverage for Liability, Property Damage, and Business Interruption, it also covers Medical Expenses, Accidental Death &

Dismemberment, Crises Management, Counseling Services, and Funeral Expenses.

3) The limit is $3,000,000 each and every loss occurrence.
4) The carrier is Beazley Deadly Weapon Consortium (made up of 100% of Lloyd's Syndicates)
5) The deductible is $10,000 each occurrence.
6) Expiring premium was $260,000, This year's premium is $273,420. There are options to increase the limit to $5,000,000 with a premium of $387,345.
7) The carrier is Beazley Deadly Weapons Consortium (made up of 100% Lloyd's of London syndicates).


# NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

*Renewal Proposal for Excess Insurance*
*"Risk-Related Coverages"*

June 5, 2024

**Respectfully Submitted by**
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## GENERAL CONDITIONS

THE CONTENTS OF THIS PROPOSAL REFLECTS A GENERAL OUTLINE OF COVERAGES. ALL COVERAGES, HOWEVER, ARE SUBJECT TO THE TERMS AND PROVISIONS STIPULATED BY NMPSIA'S MEMORANDUMS OF COVERAGE AND THE INSURANCE AND REINSURANCE POLICIES THEMSELVES. THIS PROPOSAL IS ISSUED AS A MATTER OF INFORMATION ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE COVERAGES AFFORDED BY THE ACTUAL MEMORANDUMS OR INSURANCE OR REINSURANCE POLICIES.

# EXCESS PROPERTY PROGRAM

## COVERAGE 1– PROPERTY AND AUTOMOBILE PHYSICAL DAMAGE

| SUMMARY OF 2023/24 *PROPERTY* LIMITS | |
|---|---|
| **Insurance Carriers** | Property Insurance Program (PIP) reinsures NMPSIA's Property and Automobile Physical Damage Memorandum of Coverage (MOC). An extensive list of insurance carriers and reinsurers provides quota share reinsurance that completes the limits provided by this program. Arch Specialty Insurance Company, Aspen Specialty Insurance Company, Ategrity Specialty Insurance Company, Berkshire Hathaway Specialty Insurance Company, Chubb Bermuda Insurance Company, Endurance Worldwide Insurance Limited, Evanston Insurance Co., Evanston Insurance Company, Everest Indemnity Insurance Company, Fidelis Underwriting Limited, Hallmark Specialty Insurance Co., Homeland Insurance Company of New York, International General Insurance Company, Ironshore Specialty Insurance Company, Lancashire Insurance Company (UK) Ltd., Landmark American Insurance Co., Lexington Insurance Company, Liberty Mutual Fire Insurance Company, Lloyd's of London, PartnerRe Ireland Insurance Ltd., Princeton Excess & Surplus Lines Insurance Company, RSUI Indemnity Company, QBE Specialty Insurance Company, Westport Insurance Corporation, XL Insurance America Inc. Pollution Liability is provided 100% by Illinois Union Insurance Company. Cyber Liability is provided 100% by Lloyds Syndicate - Beazley 2623-623. |
| **Policy Period** | July 1, 2023 to July 1, 2024 |
| **Coverage** | 1) Property and Automobile Physical Damage<br>2) Cyber Liability<br>3) Crime<br>4) Pollution Liability |
| **Limit** | **Coverages 1 and 2:** $749,000,000 Per Occurrence excess of $1,000,000 SIR for all perils, except a $10,000,000 Deductible applies to CAT Losses, including Wind and Hail, subject to a $25,000,000 Annual Aggregate. Once the Aggregate is exhausted, there is a $2,500,000 maintenance deductible per claim.<br>Total Limits: $750,000,000 Per Occurrence: All Perils, Coverages (subject to policy exclusions), and NMPSIA Members combined, subject to the following Per Occurrence and/or Aggregate sub-limits as noted. |
| **Major Sub Limits** | |

| SUMMARY OF 2023/24 *PROPERTY* LIMITS | |
|---|---|
| **$100,000,000** | Annual Aggregate limit applies separately to Earthquake & Flood. Also includes Earthquake Shock coverage. A sub-limit of **$50,000,000 Annual Aggregate applies to Flood Zone A, V inclusive of all 100-year exposures.** This Sublimit does not increase the specific flood limit of liability. |
| $ 50,000,000 | Per occurrence applies to Extra Expense |
| $100,000,000 | Combined Business Interruption, Rental Income and Tax Interruption, and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Member's schedule of values held on file with the carrier, this sub-limit amount is limited to $500,000 per Member subject to a maximum of $2,500,000 Per Occurrence for Business Interruption, Rental Income, and Tuition Income combined. Coverage for power-generating plants is excluded unless otherwise specified. |
| $ 25,000,000 | Miscellaneous Unnamed Locations for existing Members with total insurable values greater than or equal to $500,000,000 at the time of binding or $10,000,000 Miscellaneous Unnamed Locations for existing Members with total insurable values less than $500,000,000 at the time of binding. This is extended to the perils of Earthquake and Flood coverage (as long as no locations are situated in Flood Zones A and V). Vacant and Unoccupied Buildings are further sub-limited to $10,000,000. |
| $ 25,000,000 | Automatic Acquisition up to $100,000,000 for 90 days per policy Automatic Acquisition Clause. This is extended to the perils of Earthquake and Flood coverage (as long as no location is situated in Flood Zones A and V). |
| $ 1,000,000 | Unscheduled Landscaping, tees, sand traps, greens, and athletic fields and further subject to $25,000 /25-gallon maximum per item. |
| $ 5,000,000 | or 110% of the Scheduled Values, whichever is greater, for Scheduled Landscaping, tees, sand traps, greens, and athletic fields and further subject to $25,000/25-gallon maximum per item. Higher limits are available for members with scheduled values greater than $5,000,000 for an additional premium with underwriting approval. |
| $ 50,000,000 | Errors and Omissions-This extension does not increase any more specific limit stated elsewhere in the policy. |
| $ 25,000,000 | Course of Construction and remodeling projects (including new) with project values not exceeding the sub-limit shown. Projects valued between $25,000,001 and $50,000,000 can be added for an additional premium with underwriting approval. All course of construction and remodeling projects in excess of $10,000,000 will be billed at the time |

| SUMMARY OF 2023/24 *PROPERTY* LIMITS | |
|---|---|
| | the project incepts. |
| $ 2,500,000 | Unscheduled Fine Arts |
| $ 500,000 | Per occurrence on Stipulated Value of Leased Equipment |
| $100,000,000 | Per Occurrence on Ingress and Egress |
| $ 250,000,000 | The Terrorism Coverage Limit for Each Member is subject to an additional aggregate limit of $550,000,000 for all PEPIP members. |
| $ 50,000,000 | Increased Cost of Construction due to the enforcement of building codes/ordinances or law (increased All Risk), except $2,500,000 for vacant properties |
| $25,000,000 | Transit – Physical Damage Only.<br>Per Occurrence while in storage and in Transit coverage is subject to $10,000 Deductible for Unmanned Aircraft, no coverage while in Flight. |
| $ 2,500,000 | Unscheduled Animals; not to exceed $50,000 per Animal, Per Occurrence |
| $ 2,500,000 | Watercraft up to 27 feet |
| $ 2,500,000 | Per acquisition for Newly Acquired Vehicles for current members with auto coverage |
| $ 25,000,000 | Off Premises Services Interruption including Extra Expenses resulting from a covered peril at non-owned/operated location(s) |
| $ 3,000,000 | Contingent Business Interruption, Contingent Rental Values, Contingent Extra Expense, and Contingent Tuition Income Separately |
| $3,000,000 | Tax Revenue Interruption |
| $ 50,000,000 | Expediting Expenses |
| $ 1,000,000 | Claims Preparation Expenses |
| $ 1,000,000 | Personal Property outside of the USA |

| | |
|---|---|
| $ 100,000,000 | Per Member/entity Per Occurrence subject to $200,000,000 Annual Aggregate as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for **Terrorism** (Primary Layer) |
| $ 600,000,000 | Per Member/Entity for **Terrorism** (Excess Layer) |
| $ 1,100,000,000 | Per Occurrence, All Members Combined for **Terrorism** (Excess Layer) |
| $1,400,000,000 | Annual Aggregate shared by All Members/Entities combined for **Terrorism** (Excess Layer) |

**VALUATION:**

- **Repair or Replacement Cost**
- **Actual Loss Sustained for Time Element Coverages**
- **Contractor's Equipment/Vehicles, either Replacement Cost or Actual Cost Value as declared by each Member. If not declared, valuation will default to Actual Cost value.**

## MAJOR PROPERTY PROGRAM ADVANTAGES:

1) Real property (buildings) is required to be scheduled and filed with the insurer. However, there is coverage for Automatic Acquisitions up to 90 days. There are no requirements to report vehicle changes during the term of the policy.

2) Buildings that suffer a total loss, can be rebuilt at another site within two (2) years and will be valued at the full cost to replace in a new condition of comparable material and quality and used for the same purpose.

3) PEPIP provides limited approval to CCMSI to adjust property claims ground-up. This arrangement helps to avoid potential conflicts by a disinterested adjusting company.

4) Provides Terrorism coverage.

5) Builder's Risk (Building under the Course of Construction) is provided.

6) Broad definition of properties insured:

   - Buildings or structures
   - Fixtures, materials, supplies, machinery, and equipment that will become part of the completed structures.
   - Temporary structures, scaffolding, construction forms
   - Fences
   - Signs
   - Office and Utility trailers
   - Personal property of others for which you may be liable.
   - Real and personal property to which alterations or additions are being made.
   - Unscheduled Landscaping items

- Unscheduled Fine Arts
- Personal Property in Transit
- Unscheduled Animals

# CURRENT PROGRAM

## What *is* Included

1. All Buildings
2. All Contents
3. Automobile and Mobile Equipment Physical Damage
4. Builder's Risk - New Construction or Remodeling
5. Extra Expense
6. Loss of Rental income or other income
7. Engineer's and Architect's Fees
8. Property in Transit
9. Accounts Receivable
10. Valuable Papers
11. Glass
12. Fine Arts
13. Debris Removal
14. Electronic Data Processing:
    A. Equipment
    B. Media
    C. Extra Expense
15. Joint or Disputed Loss Agreement (Between Property and Equipment Breakdown carrier)
16. Contingent Liability from Operation of Building laws, Demolition Cost and Increased Cost of Construction
17. Tuition Fees
18. Ingress and Egress – Pays for actual loss sustained as a direct result of physical loss occurring at

the property located within a 10-mile radius of the property, subject to a 24-hour waiting period.

# CURRENT PROGRAM

## What ***is not*** Included

(*Major exclusions only**)*

## PROPERTY

1. Aircraft
2. Watercraft more than 27 feet
3. Property Losses caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, contamination, rust, corrosion, wet or dry rot.
4. War, hostile or warlike action in time of peace or war
5. Risk and Nuclear Damage
4. Pollution, Seepage & Contamination, Cost of Clean-up for Pollution
5. Breakdown or derangement of machinery and/or boiler explosion unless physical loss or damage not excluded ensues and then only for such ensuing loss. (Separate Equipment Breakdown Policy) and below amendment request**
6. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance
7. Asbestos materials clean-up or removal unless asbestos is itself damaged by a peril covered by this policy, then asbestos cleanup or removal within the damaged area, and applicable time element coverages will be covered by the policy.
8. Damage to data processing systems caused by faulty construction or error in design, including “millennium” failure
9. Land (except athletic fields and landscaping) and bodies of water, growing crops
10. Blowouts, punctures, or other road damage to tires
11. Physical loss or damage by normal settling, shrinkage, or expansion in building or foundation

12. Cosmetic Roof Damage-Coverage is excluded for cosmetic loss or damage to any rooftop material caused by the perils of wind and/or hail. Replacement cost coverage does not apply to rooftop material if the rooftop material is older than the specified age listed below. Instead, they will determine the value of rooftop material surfacing at actual cash value as of the time of loss or damage. Actual cash value is calculated by depreciating materials and labor costs.

Actual Cash Value for roofs applies per the following rooftop material types and ages:

-Metal Roof: ACV if older than 40 years

-Dimensional Shingles: ACV if older than 20 years

-Built up: ACV if older than 20 years

-Modified Bitumen: ACV if older than 15 years

-Rubber: ACV if older than 35 years

-TPO and PVC: ACV if older than 15 years

-All other Roof Types: ACV if older than 20 years

* **NOTE**: *Refer to MOC for a complete list of exclusions*

**One feature we addressed a couple of years ago was amending an exclusion to fill a coverage gap between the property and equipment breakdown carriers. The changes we made to the MOC exclusion now read as follows:

H) dampness or dryness of atmosphere, extremes, or changes of temperature, shrinkage, evaporation, decay or other spoilage, loss of weight, rust, contamination, and change of flavor, color, texture or finish unless resulting from direct physical loss or damage to facilities owned by a public utility or other company contracted to supply natural gas, telecommunications, water, electricity, or refrigeration to the **"Covered Location;" h**owever, "We" will pay no more than the maximum of $150,000 per **"Occurrence"** for damages from a "**Breakdown"** of equipment owned, operated, or controlled by **"You"** for extremes or changes in temperatures, including heat, cold waves and freezing due to cold weather if direct physical damage results from a **"Covered Peril."**

## COVERAGE 2– CYBER COVERAGE (CLAIMS MADE)

### CYBER COVERAGE-CLAIMS MADE (Retroactive Date: July 1, 2010)

PIP provides First Party Computer Security and Third-Party Liability coverage provided by Lloyd's of London (Beazley Syndicate: Syndicates 2623-623 100%)

**COVERAGES AND LIMITS**

- $55,000,000 **Annual Policy and Program Aggregate Limit of Liability** for all NMPSIA Members combined (subject to policy exclusions) for all Members combined (Aggregate for all coverage combined, including Claims Expenses), subject to the following sub-limits as noted.

- $3,000,000 **Annual Aggregate Limit of Liability for** each NMPSIA Member for Information Security & Privacy Liability. Each Member of NMPSIA will have a $3,000,000 Limit/$7,500,000 Policy Aggregate. (Aggregate for all coverages combined, including Claim Expenses) subject to the following limits and sub-limits as noted:

**BREACH RESPONSE**

| | | |
|---|---|---|
| **Breach Response Costs:** | $500,000 | **Annual Policy Aggregate Limit of Liability** for each Member Privacy Notification Costs coverage |

**FIRST PARTY LOSS**

| | | |
|---|---|---|
| **Business Interruptions Loss:** | $750,000 | **Member Aggregate Limit of Liability** for each Member resulting from Security Breach |
| **Dependent Business Loss:** | $500,000 | **Member Aggregate Limit of Liability** for each Member resulting from System Failure |

| | | |
|---|---|---|
| **Cyber Extortion Loss:** | $750,000 | **Member Aggregate Limit of Liability** for each Member resulting from Cyber Extortion Loss |
| **Data Recovery Costs:** | $750,000 | **Member Aggregate Limit of Liability** for each Member resulting from Data Protection Loss |

**LIABILITY**

| | | |
|---|---|---|
| **Data & Network Liability:** | $2,000,000 | **Annual Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses for Network Liability |
| **Regulatory Defense & Penalties:** | $2,000,000 | **Annual Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses for Regulatory Defense & Penalties |
| **Payment Card Liabilities & Costs:** | $2,000,000 | **Annual Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses |
| **Media Liability:** | $2,000,000 | **Annual Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses for Website Media Content Liability |

**ECRIME**

| | | |
|---|---|---|
| **Fraudulent Instruction:** | $75,000 | **Member Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses for Fraudulent Instruction |
| **Funds Transfer Fraud:** | $75,000 | **Member Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses for Funds Transfer Fraud |
| **Telephone Fraud:** | $75,000 | **Member Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses for Telecommunications Fraud |

**CRIMINAL REWARD**

| | | |
|---|---|---|
| **Criminal Reward:** | $25,000 | **Member Policy Aggregate Limit of Liability** for each Member for all Damages and Claims Expenses for Criminal Reward |
| Reputation Loss: | $200,000 | Aggregate Limit of Liability for each Member |
| Claims Preparation Costs for Reputation Loss Claims Only: | $50,000 | Aggregate Limit of Liability for each Member |

**Computer Hardware:**

| | | |
|---|---|---|
| Replacement Costs: | $200,000 | Aggregate Limit of Liability for each Member |
| Invoice Manipulation: | $100,000 | Aggregate Limit of Liability for each Member |
| Cryptojacking: | $50,000 | Aggregate Limit of Liability for each Member |

**RETENTION:**

| | |
|---|---|
| $ 50,000 | Per Occurrence for each NMPSIA Member with TIV up to $250,000,000 at the Time of loss - 8-hour waiting period for first-party claims. |
| $ 100,000 | Per Occurrence for each NMPSIA Member with TIV greater than $250,000 and up to $750,000,000 at the time of Loss - an 8-hour waiting period for first-party claims. |
| $250,000 | Per Occurrence for each NMPSIA Member with TIV greater than $750,000,000 at the time of Loss - an 8-hour waiting period for first-party claims. |

**NOTICE:** **Policy coverage of this policy provides coverage on a claims-made and reported basis; except as otherwise provided, coverage under the noted coverage schedule applies only to claims first made against the Member and reported to Underwriters during the policy period.** Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

**SPECIFIC COVERAGE PROVISIONS:**

**A. Breach Response** indemnifies the Member Organization for Breach Response Costs incurred by the Member Organization because of an actual or reasonably suspected Data Breach or Security Breach that the member first discovers during the Policy Period.

**B. First Party Loss** indemnifies the Member Organization for:

*Business Interruption Loss* indemnifies the Member Organization for a Business Interruption Loss sustained as a result of a Security Breach or System Failure that the Insured first discovers during the Policy Period.

*Dependent Business Interruption Loss* indemnifies the Member Organization for a Dependent Business Interruption Loss sustained as a result of a Security Breach or a System Failure that the Member Organization first discovered during the Policy Period.

*Cyber Extortion Loss* indemnifies the Member Organization for a Cyber Extortion Loss incurred as a result of an Extortion Threat first made against the Member Organization during the Policy Period.

*Data Recovery Costs* indemnifies the Member Organization for Data Recovery Costs incurred as a result of a Security Breach or System Failure that the Member Organization first discovers during the Policy Period.

**C. Liability**

*Data & Network Liability* pays Damages and Claims Expenses, which the Member is legally obligated to pay because of any Claim first made against any Member during the Policy Period for a Data Breach, a Security Breach, the Member's failure to disclose a Data Breach or Security Breach, or failure of the Member to comply with the part of a Privacy Policy that specifically is related to disclosure, access or procedures related to Personally Identifiable Information.

*Regulatory Defense & Penalties* pays Penalties and Claims Expenses, which the Member is legally obligated to pay because of a Regulatory Proceeding first made against any Member during the Policy Period for a Data Breach or a Security Breach.

*Payment Card Liabilities & Costs* indemnifies the Member Organization for PCI Fines, Expenses and Costs which it is legally obligated to pay because of a Claim first made against a Member during the Policy Period.

*Media Liability* pays Damages and Claims Expenses, which the Member is legally obligated to pay because of any Claim first made against any Member during the Policy Period for electronic Media Liability**.**

D. **eCrime** indemnifies the Member Organization for any direct financial loss sustained resulting from:

- Fraudulent Instruction
- Funds Transfer Fraud
- Telephone Fraud

That the Member first discovers during the Policy Period.

**E. Criminal Reward** indemnifies the Member for Criminal Reward Funds

Reputational Loss indemnifies the Member Organization for Reputational Loss that the Member Organization sustains solely as a result of an Adverse Media Event that occurs during the Policy Period, concerning: a Data Breach, Security Breach, or Extortion Threat that the Member first discovers during the Policy Period.

Computer Hardware Replacement Costs is part of the Extra Expense coverage, which includes reasonable and necessary expenses incurred by the Member Organization to replace computers or any associated devices or equipment operate by, and either owned by or leased to, the Member Organization that are unable to function as intended due to corruption or destruction of software or firmware directly resulting from a Security Breach.

Invoice Manipulation – indemnifies the Member Organization for Direct New Loss resulting directly from the Member Organization's inability to collect Payment for any goods, products or services after such goods, products or services have been transferred to a third party, as a result of Invoice Manipulation that the Member first discovers during the Policy Period. Invoice Manipulation means the release or distribution of any fraudulent invoice or fraudulent payment instruction to a third party as a direct result of a Security Breach or a Data Breach.

Crptojacking – indemnifies the Member Organization for any direct financial loss sustained resulting from Cryptojacking that the Member first discovers during the Policy Period. Cryptojacking means the Unauthorized Access or Use of Computer Systems to mine for Digital Currency that directly results in additional costs incurred by the Member Organization for electricity, natural gas, oil, or the internet.

**EXCLUSIONS - Including but not limited to:**

**Coverage does not apply to any claim or loss from:**

- Bodily Injury or Property Damage
- Trade Practices and Antitrust
- Gathering or Distribution of Information
- Prior Known Acts & Prior Noticed Claims
- Racketeering, Benefit Plans, Employment Liability & Discrimination
- Sale or Ownership of Securities & Violation of Securities Laws
- Criminal, Intentional of Fraudulent Acts

- Patent, Software Copyright, Misappropriation of Information
- Governmental Actions
- Other Insureds & Related Enterprises
- Trading Losses, Loss of Money & Discounts
- Media-Related Exposures – Contractual liability or obligation
- Nuclear Incident
- Radioactive Contamination
- Sanctions Limitation
- War and Civil War
- Asbestos, Pollution and Contamination
- First Party Loss – with respects: 1. seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority; 2. Costs or expenses incurred by the Insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or Computer Systems to a level beyond that which existed prior to a Security Breach, System Failure, Dependent Security Breach, Dependent System Failure or Extortion Threat; 3. Failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the Insured Organization's direct operational control; or 4. Fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God, or other physical event.
- Website Tracking Exclusion specific to hospitals as defined by: A health facility with overall administrative and professional responsibility and an organized medical staff that provides 24-hour inpatient care, including the following services: medical, nursing, surgical, anesthesia, laboratory, pharmacy, and dietary services.

| **COVERAGE 3 – CRIME** | | |
|---|---|---|
| **TOTAL NMPSIA LIMITS** | | *per occurrence limit applies to:* |
| A) | $250,000* | Employee Dishonesty (Faithful Performance) |
| B) | $250,000* | Theft of Money & Securities - Inside (Premises)<br>Theft of Money & Securities - Outside (Transit) |

| | | |
|---|---|---|
| C) | $250,000* | Depositors Forgery |
| D) | $250,000* | Forgery or Alteration |
| E) | $250,000* | Computer Fraud |
| F) | $250,000* | Funds Transfer Fraud |
| G) | $250,000* | Money Orders and Counterfeit Paper Currency |
| **LIMITS EXCESS OF NMPSIA'S $250,000 SIR:** | | |
| A) | $2,000,000 | Employee Theft (Employee Dishonesty) – Per Loss |
| B) | $2,000,000 | Forgery and Alteration – Credit Card, Debit, or Charge Cards |
| C) | $2,000,000 | Inside the Premises - Theft of Money & Securities |
| D) | $2,000,000 | Inside Premises – Robbery or Safe Burglary of Other Property |
| E) | $2,000,000 | Outside the Premises |
| F) | $2,000,000 | Computer and Funds Transfer Fraud |
| G) | $2,000,000 | Money Orders & Counterfeit Currency |
| I) | $1,000,000 | Faithful Performance of Duty Coverage for Government Employees |

## CRIME COVERAGES

1. Employee Dishonesty - Including Faithful Performance of Duty Coverage for Government Employees
2. Depositors Forgery
3. Money & Securities
   a) Inside and Outside Premises Coverage
   b) Transit Coverage
4. Credit, Debit, or Charge Card Forgery sub-limit of $1,000,000
5. Additional Named Insured (All Members)

6. Designated Persons or Classes of Persons as Employees (Independent Contractors providing specified services while under contract)
7. Expenses incurred to establish the amount of covered loss before Theft or Dishonesty sub-limit of $25,000

Note*:*
*Excess Crime coverage is provided by Hanover Insurance Company (Best's Rating AV). Limits are not aggregated, and limits apply to each Member. Coverage is provided on a master policy with all members named individually. New Members enrolled during the policy period will be charged at an annual audit.*

## COVERAGE 4 – POLLUTION LIABILITY (CLAIMS MADE)

### Retroactive Date: July 1, 2011 for Members who were part of NMPSIA; all other Members who joined after will be the date of their addition

PIP provides coverage that includes coverage for premises, covered operations, transportation, bodily injury/property damage from pollution conditions, pollution clean-up, and both above ground storage tanks (AST's) and underground storage tanks (UST's). Coverage includes fixed site pollution for owned locations, as well as off-site covered operations common to public entities. Carrier: Ironshore Specialty Insurance Company

KEY COVERAGES:

- Unlimited number of AST's and UST's
- Coverage for claims arising from non-owned disposal sites
- Coverage for claims arising from fungi, lead-based paint and asbestos

Limits: $25,000,000 Policy Program Aggregate (All Members combined)
$2,000,000 Per Pollution Incident
$2,000,000 Per Member Aggregate
$2,000,000 Per NMPSIA Pool Aggregate

Sub-Limits: $500,000 Per Member that is a K-12 School District Per Pollution Incident Microbial Matter Sublimit
$500,000 Per Member Aggregate that is a K-12 District for Microbial Matter

$100,000 Per Member Per Pollution Incident Dedicated Legal Defense Sublimit
$500,000 Per Member Insured Crises Management Response Costs
$50,000 Per Member Crises Management Loss Sublimit

Note: The above sub-limits payable under this coverage do not increase and are not in addition to the applicable limit of liability, with the exception of the Crises Management sub-limits and aggregates, which are in addition to the limits of liability.

Retention:

$250,000 Per Pollution Incident retention except for specific retentions below or Sewage Backup
$500,000 Per Member Aggregate retention applicable to all Pollution Incidents except for specific retentions below
$50,000 Per Member maintenance retention applicable to all Pollution Incidents except for specific retentions below
$250,000 Per Member Aggregate retention applicable to Microbial matter for K-12 school districts only – does not *erode the Aggregate retention.*

$750,000 Underground Storage Tanks Specific, 10 Days Waiting Period for Business Income and Extra Expense – does not *erode the Aggregate retention.*

Note: PIP policy terms, exclusions, and conditions apply separately.

| PROPERTY PROGRAM | |
|---|---|
| **CURRENT** | |
| **Policy Period** | July 1, 2023 - July 1, 2024 |
| **Carriers** | PIP |
| **Ingoing Values** | $32,697,441,288 |
| **Ingoing Costs** | $43,171,572 (Includes Property, Automobile Physical Damage, Crime, Cyber and Pollution) |
| **Rate** | .132 (Policy is auditable based on property values per $100) |
| **SIR** | $1,000,000 per occurrence (Specific coverage is purchased only - no aggregate coverage is provided); $10,000,000 SIR for Wind, Hail and CAT Losses/$25,000,000 Annual Aggregate |
| **RENEWAL** | |
| **Policy Period** | July 1, 2024 - July 1, 2025 |
| **Carriers** | PIP |
| **Ingoing Values** | $32,697,441,288 ➔ $35,640,211,004<br>(+9.00 increase/ $2,942,769,716) |
| **Ingoing Costs** | $48,645,078 (Includes Property, Automobile Physical Damage, Crime, Cyber and Pollution) (Increase of 12.678%) |
| **Rate** | .136 (Policy is auditable based on property values, per $100) (Increase of 3.35%) |
| **SIR** | $1,000,000 per occurrence (Specific coverage is purchased only - no aggregate coverage is provided), subject to a $10,000,000 SIR for Hail, Wind and CAT Losses |

# SUMMARY

1. Total property values increased by 9% over last year's reported values. Total Insured values (TIV) increased by $2,942,769,716. This includes four new members: Northern NM College, NM Tech, REC # 5, and REC #9. The TIV for these entities is $764,163,292.

2. We recommend renewing the excess coverage with PIP (Property Insurance Program). The major insurance limit will remain the same at $750,000,000 Per Occurrence, subject to various sub-limits and annual aggregate limits. The excess Crime coverage carrier is Hanover Insurance Company.

3. The property rate increased from $.132 to $.136, a 3.35% increase. Total Insured Values include Buildings, Contents, Electronic Data Processing, Vehicles, and Business Interruption Values. Premiums increased by 12.678%; however, the values increased by 9%, an effective increase of 3.678%.

4. The Flood and Earthquake limits will remain the same as expiring at $100,000,000 annual aggregate. A sub-limit of $50,000,000 will apply to Flood Zones A, V, and 100-year exposures. A $1,000,000 Per Occurrence Deductible is applicable for the perils of Earthquake Shock and Flood. Hail, Wind, and CAT Deductible is $10,000,000 Per Occurrence from $2,500,000.

5. Coverage limits apply "blanket" (tied to a schedule on file with the carriers).

6. The Builders Risk (Course of Construction) limit is $25,000,000 per occurrence. There are no limitations on Frame construction or other restrictions present in the past. Projects over $10,000,000 need to be reported before construction, and an additional premium will be billed to NMPSIA.

7. The terrorism coverage limit is $600,00,000 Per Occurrence Per Member with an Annual Aggregate for all PEPIP Members of $1,400,000,000 Per Occurrence Annual Aggregate shared by all Members in the Program Tower combined as respects to Property Damage, Business Interruption, Rental Income, and Extra Expense Combined for Terrorism (Primary Layer).

8. NMPSIA maintains a self-insured Employee Dishonesty and Depositors Forgery limit of $250,000 with an excess policy limit of $2,000,000, provided by Hanover. The cost is included in the Property Premium.

9. Cyber Liability Coverage is provided with a $55,000,000 Annual Policy Aggregate subject to sub-limits with a SIR of $50,000 Per Occurrence for each NMPSIA Member, subject to an eight-hour waiting period for first-party claims. Cost is included in Property Premium.

10. The higher educational institutions requested higher cyber liability limits. Instead of the $3,000,000 limit for all other members, they will now have a $5,000,000 limit for all other members.

11. An optional aggregate buy-down quote for $2,500,000 in premium was obtained that would decrease the annual $25,000,000 to $10,000,000. This $15,000,000 limit aggregate policy is designed to decrease the annual exposure. Two hail losses of over $25 million occurred in 2002 and 2003. We were notified of another potential catastrophic hail loss a few days ago that affected Melrose, Portales, Tatum, Grady, and Portales (Eastern University).

12 A Cosmetic Roof Damage exclusion endorsement was added to last year's policy. Coverage is excluded for cosmetic loss or damage to any rooftop material caused by the perils of wind and/or hail. Cosmetic loss or damage means damage caused by wind and/or hail that alters the physical appearance of the rooftop material, but such damage does not prevent the roof from continuing to function as a barrier to the entrance of the elements to the same extent as it did before the cosmetic damage occurred.

13. We received an indication for Parametric Insurance coverage, which will pay a specified limit for hail sizes more than 1 ½" in diameter. Terms were not favorable but this product is evolving, and perhaps next year it will become a product to consider.

# EXCESS LIABILITY PROGRAM

| SUMMARY OF LIABILITY LIMITS | |
|---|---|
| **Carriers** | Great American Insurance Company, Old Republic Insurance Company, Pennsylvania Manufacturers Association Insurance Company, Underwriters at Lloyd's, London, Munich Reinsurance America, Inc. (Reinsuring NMPSIA's Liability MOC) |
| **Coverage** | General and Automobile Liability; Errors & Omissions (School Board Legal Liability) and Workers' Compensation |
| **Aggregate Annual Attachment Point** | $39,500,000 (Includes all lines: GL, AL, E&O, WC and Property |
| **Excess Loss Fund Protection** | $ 3,000,000 |

When NMPSIA's liability losses reach $39,500,000 (losses below $1,000,000), a $3,000,000 limit excess of the $39,500,000 stop loss cover will be triggered. The cover will pick up all losses excess of $39,500,000 until the cover pays $3,000,000 in incurred losses, or the coverage ends, at which point NMPSIA will be responsible for losses up to $1,000,000 each occurrence.

| Specific Attachment Points | | |
|---|---|---|
| | ***NMPSIA Limits*** | |
| A) | **General Liability** | $1,000,000 each occurrence |
| B) | **Sexual Abuse** | $4,000,000 each occurrence |
| C) | **School Board Legal Liability** | $1,000,000 each occurrence |
| D) | **Automobile Liability** | $1,000,000 each occurrence |
| **Per Occurrence Excess Limits Per Member** | | |
| | ***Great American Insurance Company Limits*** | |
| A) | **General Liability** | $4,000,000 each occurrence and Annual Aggregate |
| B) | **Sexual Abuse** | $1,000,000 each occurrence and Annual Aggregate |
| B) | **School Board Legal Liability** | $4,000,000 each occurrence and Annual Aggregate |
| C) | **Automobile Liability and UM/UIM** | $4,00,000 each occurrence |

| Annual Aggregate Excess Limits | | |
|---|---|---|
| | ***Great American Insurance Company Limits*** | |
| A) | **General Liability** | $12,000,000 Per Member |
| B) | **School Board Legal Liability** | $ 8,000,000 Per Member |
| C) | **Sexual Abuse** | $ 4,000,000 and in the aggregate for the Pool |

| SUMMARY OF LIABILITY LIMITS CONTINUED | | |
|---|---|---|
| **Excess Above Primary (Great American) includes Old Republic Insurance Company, Pennsylvania Manufacturers Assoc. Insurance Company, Underwriter's at Lloyds, London and Munich Re.** | | |
| A) | **General Liability** | $30,000,000 Per Member Specific Annual Aggregate Limit<br>xs of $5,000,000 Underlying Limit |
| B) | **School Board Legal Liability** | $30,000,000 Per Member Specific Annual Aggregate Limit<br>xs of $5,000,000 Underlying Limit |
| C) | **Automobile Liability** | $30,000,000 Per Member Per Occurrence Specific Limit<br>xs of $5,000,000 Underlying Retention |
| D) | **Sexual Abuse** | $30,000,000 Per Pool Specific Limit<br>xs $5,000,000 Underlying Limit |

- Allocated Loss Adjustment Expenses (ALAE) are within the Pool's Retention and within the Reinsurer's Limit of Liability.

- Clash Cover: If either a) an occurrence involving more than one district or b) an occurrence involving one district and more than one reinsured line of business, NMPSIA will bear one retention. The highest applicable retention will apply. This clash coverage applies only to General Liability, Automobile Liability, and School Board Legal Liability lines of business. They will not include a Reinsurer's Maximum Pool Occurrence Limit.

- Special Events: Great American will follow NMPSIA on casualty losses emanating from "special events coverage" issued under SB 226. The original policy coverage for special events will be limited to $1,000,000, and the pool will retain its standard $1,000,000 for each occurrence, as detailed above. No reporting or referrals to Great American are required.

# CURRENT PROGRAM

## What *is* Included

### GENERAL LIABILITY - "OCCURRENCE COVERAGE"

1. Property Damage

2. Personal Injury, defined as:
   - A. Bodily Injury
   - B. Mental Injury
   - C. Mental Anguish
   - D. Shock
   - E. Sickness
   - F. Disease
   - G. Disability
   - H. Death
   - I. False Arrest
   - J. False Imprisonment
   - K. Wrongful Entry or Eviction
   - L. Wrongful Detention
   - M. Malicious Prosecution
   - N. Discrimination and Violation of Civil Rights
   - O. Humiliation
   - P. Harassment
   - Q. Violation of Right of Privacy
   - R. Libel, Slander or Defamation or Derogatory Material
   - S. Piracy
   - T. Infringement or Copyright or of Intellectual Property
   - U. Erroneous Service of Civil Papers
   - V. Abuse of Process
   - W. Disparagement of Property
   - X. Use of Reasonable Force to Protect Persons or Property
   - Y. Corporal Punishment
   - Z. Assault and Battery

3. Errors and Omissions including Public Officials (School Board Legal) Liability (Covers Wrongful Acts)

4. Sexual Misconduct

5. Employee Benefit Liability

6. Completed Operations and Product Liability

7. Host Liquor Law Liability

8. Incidental Medical Malpractice
(i.e., medical practitioner, school nurse, etc.)

9. Volunteer Workers named as insureds

10. Students participating in nurses training or similar allied health courses or driver training education courses are named as insureds.

11. Front and Back Pay, subject to sub-limits

12. Whistle Blower Protection Act

## AUTOMOBILE LIABILITY - "OCCURRENCE"

1. Personal Injury, Property Damage

2. Owned, Non-owned, Hired, or Borrowed - All Vehicles (No vehicle schedule requirement)

3. Uninsured, Underinsured & Unknown Motorist

4. Garage Keepers Legal Liability

5. Independent Bus Contractors are named as insureds for Automobile Liability coverage only

# CURRENT PROGRAM

## What *is not* Included

*(major exclusions only)*

## GENERAL AND AUTOMOBILE LIABILITY

1. Claims seeking relief in any forum other than for monetary damages.

2. Property Damage to Property owned or in the Care, Custody, or Control. (Covered in Property section)

3. Pollution and Nuclear Materials concerning testing, monitoring, clean up, removal, treating, etc.

4. Asbestos or asbestos-related products and Silica.

5. To any refund of taxes, fees, assessments, or failure to collect and/or assess taxes, fees, or assessments.

6. To any liability arising from obtaining remuneration or financial gain to which you are not legally entitled.

7. Claims incurred in hiring, firing, directing the work, or dismissing any employee of your workforce include any claim arising from the administrative employee termination procedures outlined in the School Personnel Act.

8. Bodily Injury claims settled without NMPSIA's consent.

9. Any person's use of a vehicle without having a reasonable belief that the person is entitled to do so.

10. Loss or damage arising from the principles of Eminent domain, Condemnation proceedings or inverse condemnation.

11. Any school bus contractor or employee of a school bus contractor injured in the course of employment who is eligible for workers' compensation benefits as a result of the injury.

12. Trampolines, except small Trampas used for Special Education Students.

13. ERISA

14. Punitive Damages

15. Liability arising out of underground storage tanks.

16. War

17. Claims under the Fraud Against Taxpayers Act

18. Cyber Liability

***Note:*** *Please refer to the policy for a complete list of exclusions*

| LIABILITY PROGRAM | |
|---|---|
| **CURRENT** | |
| **Policy Period** | July 1, 2023 - July 1, 2024 |
| **Reinsurers** | Great American Insurance Company, Old Republic Insurance Company, Pennsylvania Manufacturers Association Insurance Company, Lloyds of London and Munich Reinsurance America, Inc. |
| **Program Cost** | |
| **Specific Coverage** | $ 24,670,499 |
| **Aggregate Coverage** | $ Included |
| **TOTAL** | $ 24,670,499 |
| **Self-Insured Retention** | $ 1,000,000, except Sexual Abuse $4,000,000 |
| **Aggregate Protection** | $39,500,000 on losses paid below the SIR of $1,000,000/$4,000,000; $3,000,000 limit excess of $39,500,000 applies. 100% of indemnity and allocated loss expense is charged against the retention to determine aggregate exhaustion. Ltd. IDEA and Ltd., Criminal Defense losses, are omitted. |

| LIABILITY PROGRAM | |
|---|---|
| **RENEWAL** | |
| **Policy Period** | July 1, 2024- July 1, 2025 |
| **Reinsurers** | Great American Insurance Company, Old Republic Insurance Company, Pennsylvania Manufacturers Association Insurance Company, Lloyds of London and Munich Reinsurance America, Inc. |
| **Program Cost** | |
| **Specific Coverage** | $29,191,877 |
| **Aggregate Coverage** | $ Included |
| **TOTAL** | $29,191,877 (Increase of 18.33%) |
| **Self-Insured Retention** | $ 1,000,000 per occurrence, except Sexual Abuse, will be $4,000,000 per occurrence |
| **Aggregate Protection** | $45,000,000 / $3,000,000 limit |

# SUMMARY

1. Great American Insurance Company will remain as the primary liability carrier. Due to poor loss experience involving large claims, there will be a split in the line for the excess layers shared by Old Republic Insurance Company, Pennsylvania Manufacturers Association Insurance, and Munich Reinsurance America, Inc.

2. Four new members are included. With the new members, student exposures increased by 6.25%, payroll increased by 18.30%, buses increased by 6.55%, and other vehicles increased by 15.19%. NMPSIA will provide five years of tail coverage for these new entities, as agreed to with the State Risk Management Division.

3. The specific and excess liability premium increased due to poor loss experience and exposure increases. Sexual abuse SIR will remain the same at $4,000,000 per occurrence. Premiums will increase by 18.3%. The average exposure increase is 11.57%, which nets an effective increase of 6.76%.

4. The Aggregate Annual Attachment Point of $45,000,000 includes all losses for Property, General and Automobile Liability, School Board Legal Liability, and Workers' Compensation. There is an Excess Loss Fund Protection Limit of $3,000,000 above the Aggregate Annual Attachment Point.

5. Liability limits will increase from $35,000,000 to $45,000,000.

6. Clash Cover: In the event of a) an occurrence involving more than one District or b) an occurrence involving one NMPSIA Member and more than one reinsured line of business, NMPSIA will bear one retention. The highest applicable retention will apply. This clash coverage applies only to Workers' Compensation, General Liability, Auto Liability, and School Board Legal Liability lines of business.

7. Sexual Misconduct coverage is written on a Per Perpetrator or Perpetrators acting in concert basis.

8. The Ltd. Criminal Defense coverage will be renewed as a stand-alone program. We are recommending some changes in the limits as outlined below:

   **A) Sexual Abuse or Molestation:** A limit of $30,000 for each and all criminal proceedings brought against the covered person.

   **B) Corporal Punishment:** A limit of $5,000 when all charges are misdemeanors or $15,000 when one or more felony charges are brought against the covered person.

   **C) Assault or Battery:** A limit of $5,000 when all charges are misdemeanors or $15,000 when one or more felony charges are brought against the covered person. Based on favorable loss experience, we are requesting this coverage be renewed for another year.

9. We request renewal of the Limited IDEA and §504 of the Rehabilitation Act of 1973 Defense Coverage. The total limit will remain at a not-to-exceed limit of $100,000 for each IDEA proceeding. However, the Board must approve disbursements prior to June 30th based on available funds in the Risk Program.

10. The Liability reinsurers are mandating that NMPSIA/CCMSI report "any loss" and not just a "claim or suit" that falls under a list of Serious Injuries. This requirement is included in the Claims Procedures between NMPSIA and CCMSI.

11. A new exclusion will be added to the liability policy called PFAS (**Perfluoroalkyl or polyfluoroalkyl substances).**

# EXCESS WORKERS' COMPENSATION PROGRAM

| EXCESS WORKERS' COMPENSATION PROGRAM | |
|---|---|
| **CURRENT** | |
| **Policy Period** | July 1, 2023 - July 1, 2024 |
| **Carrier** | Safety National Casualty Corporation |
| **Coverage** | **A)** Statutory - Workers' Compensation<br>**B)** $2,000,000 - Employers Liability |
| **Self-Insured Retention** | $2,500,000 per accident |
| **Aggregate Protection** | None |
| **Rate** | .0273 (auditable based on payroll) |
| **Cost** | $527,733 |

| RENEWAL | |
|---|---|
| **Policy Period** | July 1, 2024 - July 1, 2025 |
| **Carrier** | Safety National Casualty Corporation |
| **Coverage** | **A)** Statutory - Workers' Compensation<br>**B)** $2,000,000 - Employers Liability |
| **Self-Insured Retention** | $2,500,000 per accident |
| **Aggregate Protection** | None |
| **Rate** | .0273 (auditable based on payroll) (an increase of 19.62%) |
| **Cost** | $624,092 |

# SUMMARY

1. Reported payroll increased by 18.30% (+ $353,742,404). The rate remained the same as expiring at .0273. The premium increased from $572,733 to $624,092, an 18.259% increase.

2. Safety National is recommended to continue providing the coverage with Statutory limits for the following year.

3. The Self-Insured Retention remains at $2,500,00.

4. The coverage includes Workers' Compensation Losses caused by acts of foreign terrorism as defined in the policy. Coverage for such Loss will still be subject to all terms, definitions, exclusions, and conditions in the policy and any applicable federal and/or state laws, rules, or regulations. The portion of the EMPLOYER'S annual premium attributable to coverage for Losses caused by an act of foreign terrorism is 0.5%.

5. Aircraft coverage is excluded unless endorsed explicitly by Safety National.

6. Detailed and summary loss runs concurrently with the policy term and must be sent quarterly to Safety National.

7. Coverage for new members, i.e., charter schools, will only be provided when an application is processed by Safety National. Coverage will not automatically be provided as it has in the past. Only members listed on endorsements to the policy will be covered. An endorsement will be issued monthly or quarterly, depending on the number of member changes. Coverage is effective the date the member joins NMPSIA. Excess Workers' Compensation premiums will be charged and collected when endorsements are issued.

# EQUIPMENT BREAKDOWN PROGRAM

| EQUIPMENT BREAKDOWN PROGRAM | |
|---|---|
| **CURRENT** | |
| **Policy Period** | July 1, 2023 - July 1, 2024 |
| **Carrier** | Liberty Mutual Insurance Company |
| **Deductible** | $2,500 for Direct Coverage for all objects. 12-Hour Deductible for Business Income. |
| **Total Limit** | $200,000,000 Per Breakdown |
| **Sub-Limits** | $2,000,000 Hazardous Substance and Ammonia Contamination<br>$2,000,000 Consequential Damage<br>$1,000,000 Spoilage Damage<br>$10,000,000 Ordinance or Law<br>$2,000,000 Expediting Expense |
| **Coverage** | 1) Accidents with covered objects<br>***(Major list of objects)***<br>A) Boilers<br>B) Fired and/or unfired vessels<br>C) Refrigerating and air conditioning vessels<br>D) Mechanical or electrical machine or apparatus used for the generation, transmission of electric power<br>E) Computer-controlled machines and computer media<br>F) Elevators, escalators, hoists, belts, cables, conveyors, cranes, cutting blades, dies, gas tubes, grinding discs, ovens, stoves or furnaces, swing hammers, vacuum tubes, wires, etc.<br>2) Demolition<br>3) Perishable Goods<br>4) Contingent Business Income – not covered (but refer to notes below)<br>5) Expediting Expense<br>6) Hazardous Substances<br>7) Newly Acquired Locations<br>8) Water Damage<br>9) Off-Premises Property Damage – not covered |
| **Costs** | $446,449 rate of .001365 per $100 of property values |

| RENEWAL | |
|---|---|
| **Policy Period** | July 1, 2024 - July 1, 2025 |
| **Carrier** | Liberty Mutual Insurance Company |
| **Deductible** | $2,500 for Direct Coverage for all objects. 12-Hour Deductible for Business Income. |
| **Limit** | $200,000,000 Any One Accident***** |
| **Sub-Limits** | Sub-limits are the same as expiring. |
| **Coverage** | Same as expiring |
| **Costs** | $488,800 rate of .001371 per $100 of property values (if all members join the program) (an increase of 9.4862%) |

## SUMMARY

1. The Equipment Breakdown policy exposure rating base is property values. As stated earlier, property values increased by 9%. The rate increased from expiring .001365 to .001371 (+ .4395%). The premium increased from $446,449 to $488,800, an increase of 9.4862%. The effective premium increase is .4862%. The premium is stated for Members who purchased the coverage last year. However, a new member may join since this is voluntary coverage. A premium adjustment will be made subject to who buys it.

2. The carrier provides insurance coverage for all covered objects and inspects all boiler and machinery vessels and objects required by city and state regulations.

3. The form has improved recently, but it's good to mention again that there is one deductible of $2,500, which includes the exposure to the wind turbine at Mesa Lands and the solar panels at Santa Fe CC.

   - Definition of “Accident” includes Bursting, Cracking or Splitting.
   - Computer equipment no longer sub-limited *****
   - CFC Refrigerants no longer sub-limited *****
   - Contingent Business Income coverage added for loss arising from an Accident at the location of a third-party supplier for the Insured.
   - TRIA is covered. This coverage requires a premium of $1% of the total premium.

*(now covered up to the applicable policy limits.

## DEADLY WEAPONS PROTECTION INSURANCE

**Interest:** **To cover each Member with respect of Liability, Property Damage, and Business Interruption**

**Carrier:** **Beazley Deadly Weapon Consortium (made up of 100% Lloyd's Syndicates)**

**Limits:** **$3,000,000 each and every loss occurrence of a deadly weapon event**

**Sub-Limits:** **$25,000 for Medical Expenses**

**$50,000 for Accidental Death & Dismemberment**

**$250,000 for Crises Management Services**

**$250,000 for Counseling Services**

**$250,000 for Funeral Expenses**

**Deductible:** **$10,000 each occurrence**

**Premium:** **$260,000 expiring**

**Renewal:** **$273,420**

**Option 1:** **$5,000,000**

**Premium:** **$387,3450**

**Option 2:** **$10,000,000**

**Premium:** **$697,221**

**2023 was one of the most violent years on record. We saw a record-breaking number of mass shootings, deaths, and injuries caused by firearms and other weapons. This is a trend we expect to continue into 2024. NMPSIA should consider increasing the limit due to the increased rise in exposure.**

## CARRIER RATING: 2024 BEST'S RATING GUIDE

A. M. Best Company reports on more than 3,246 property/casualty insurers. Best's is the oldest and most widely recognized rating agency dedicated to the insurance and reinsurance industry. Best's Ratings indicate the financial strength of insurance and reinsurance companies.

The highest rating is A++ (Superior), and the highest financial size category is Class XV (surplus of $2,000,000,000 or greater).

The companies (insurance and reinsurance) that assume the excess risks for NMPSIA are rated as follows:

| | | |
|---|---|---|
| **1.** | **Great American Insurance Company (American Financial Group)** | **A+ XIII** |
| **2.** | **General Reinsurance Corporation (Berkshire Hathaway Inc.)** | **A++ XV** |
| | **Old Republic Insurance Company (Old Republic International Corporation)** | **A XII** |
| | **Markel Global Reinsurance Company (Markel Bermuda Limited-Markel Corporation)** | **A XIV** |
| **3.** | **Safety National Group (Tokio Marine Holdings)** | **A+ XIII** |
| **4.** | **Lexington Insurance Company (AIG Group)** | **A XV** |
| **5.** | **Hanover Insurance Company (The Hanover Insurance Group, Inc.)** | **A XV** |
| **6.** | **Liberty Mutual Insurance Company** | **A XV** |

*(2022 Property/Casualty Rating Distribution: A++/81 companies/3.7%; A+/372 companies/16.9%; A/874 companies/39.7%)*

**NEW MEXICO PUBLIC SCHOOL INSURANCE AUTHORITY**

# PROPERTY, AUTOMOBILE PHYSICAL DAMAGE, CRIME & CYBER COVERAGES

## MEMORANDUM OF COVERAGE – MOCP027

**July 1, 2024 to July 1, 2025**

**ISSUED BY:** New Mexico Public School Insurance Authority
410 Old Taos Highway
Santa Fe, New Mexico 87501

**DECLARATION:**

Pursuant to NMSA 1978, §22-29-1 et seq. and New Mexico Administrative Code, Title 6, Chapter 50, Parts 1-18, this Memorandum of Coverage (**"Memorandum"**) is an agreement by the New Mexico Public School Insurance Authority (the **"Authority"**) and its **"Members,"** as listed in Schedule A attached hereto, to provide or obtain insurance protection for all covered losses subject to the limits and other terms and conditions of this **"Memorandum"** and any endorsements attached. This **"Memorandum"** is intended to describe the terms and conditions of coverage which the **"Authority"** provides as well as the terms and conditions of coverage provided by APIP for claims in amounts excess of what the **"Authority"** provides. In consideration of the contributions paid by the **"Members"** this **"Memorandum"** provides the coverages as set forth in this below.

Throughout this **"Memorandum,"** words and phrases that appear in bold type and quotation marks have special meaning. They are defined in the DEFINITION section and the definitions are controlling as to the meaning of those words and phrases unless modified by definitions in specific coverages.

**Term of Memorandum of Coverage:**

This **"Memorandum"** is effective from July 1, 2024, 12:01 A.M. to July 1, 2025, 12:01 A.M. local Standard Time at the address shown above. However, with respect to **Coverage C only**, this **"Memorandum"** is effective after 12:01 A.M. local Standard Time, July 1, 1986.

**Territory:**

Coverage under this **"Memorandum"** applies to **"Covered Property:"** 1) Real Property located within the United States of America, Personal Property and Personal Property of the "**Member"** or Property held by the **"Member"** in trust or on commission or on consignment for which the **"Member"** may be held legally liable while in due course of transit is extended to Worldwide Coverage; 2) to such other locations as are specified in this **"Memorandum."**

*New Mexico Public Schools Insurance Authority*

*By:* _____ _____

*Board of Directors, President* *Date*

## Table of Contents

This **"Memorandum"** consists of the following coverage parts:

| | |
|---|---|
| **COVERAGE A:** | **PROPERTY COVERAGE** |
| **COVERAGE B:** | **AUTOMOBILE PHYSICAL DAMAGE** |
| **COVERAGE C:** | **CRIME COVERAGE** |
| **COVERAGE D:** | **CYBER COVERAGE** |

## COVERAGE A: PROPERTY COVERAGE

Subject to the terms, conditions and exclusions hereinafter contained, this **"Memorandum"** insures all property of every description both Real and Personal Property (including improvements, betterments and remodeling), of the **"Member'**, or property of others in the care, custody or control of the **"Member"**, for which the **"Member"** is liable, or under the obligation to insure.

### A. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusion of the **"Memorandum"** except insofar as they are explicitly providing additional coverage.

1. **PERSONAL EFFECTS**

This **"Memorandum"** is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the **"Member'** for which the **"Member's"** governing body maintains a written policy effective prior to the **"Date of Loss"** stating that **"You"** are willing to cover loss or damage to such personal effects while located in accordance with the coverage hereof. The loss, if any, on such property shall be adjusted with and payable to the **"Member"** subject to a $750 per occurrence deductible. The absence of a written policy by **"Your"** governing body prior to the **"Date of Loss"** will result in no personal effects coverage provided by this **"Memorandum".**

2. **PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS**

It is understood and agreed that as respects course of construction projects and additions, this **"Memorandum"** will provide automatic coverage subject to the following conditions:

a. Project involves only real property on new or existing locations (excluding dams, roads, and bridges).

b. Value of the project at the location does not exceed the Limits of Liability stated in Section II , Item F. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report

projects shall not void coverage of said Project.

Additional Expenses – Soft Costs: This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structures(s) is initially occupied or put to its intended use whichever occurs first.

This **"Memorandum"** will cover the additional expenses (soft costs) of the **"Member"** as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this **"Memorandum." "We"** will pay covered expenses when they are incurred.

a. Additional Interest Coverage – **"We"** will pay the additional interest on money the **"Member"** borrows to finance construction or repair.
b. Rent or Rental Value Coverage – **"We"** will pay the actual loss of net rental income that results from delay beyond the projected completion date. But **"We"** will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue.
c. Additional Real Estate Taxes or Other Assessments – **"We"** will pay the additional real estate taxes or other assessments the **"Member"** incurs for the period of time that construction is extended beyond the completion date.
d. Additional Advertising and Promotional Expenses – **"We"** will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
e. Additional Commissions Expense – **"We"** will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
f. Additional Architectural and Engineering Fees – **"We"** will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
g. Additional License and Permit Fees – **"We"** will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
h. Legal and Accounting Fees – **"We"** will pay the additional legal and accounting fees the **"Member'** incurs as a result of a delay in the completion of the project.

3. **FIRE FIGHTING EXPENSES**

It is understood and agreed that **"We"** shall be liable for the actual charges of firefighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in/on and/or protecting property included in this **"Memorandum."**

4. **OFF PREMISES SERVICES INTERRUPTION**

It is understood and agreed that coverage under this **"Memorandum"** is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by **"You"** as a result of physical damage to or destruction of property, by **"Covered Perils"** insured against occurring during the **"Memorandum Period"** of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to **"Your"** premises.

## 5. ARCHITECTS AND ENGINEERS FEES AND LOS ADJUSTMENT EXPENSES

This **"Memorandum"** also insures as a direct result of physical loss or damage insured hereunder, any of the following;

a) Architects and engineer's fees
b) Loss adjustment expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specially excluded.

## 6. EXPEDITING EXPENSES

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this **"Memorandum"** includes the reasonable extra cost of temporary repair and of expediting the repair of "**Your"** damaged property, including overtime and the extra costs of express or other rapid means of transportation.

## 7. DEBRIS REMOVAL:

**"We"** will cover expenses incurred in the removal of debris of the **"Covered Property"** hereunder from **"Your"** premises that may be destroyed or damaged by **"Covered Peril(s)."** The debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

## 8. BUILDING LAWS

a. This **"Memorandum"** is extended to include physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by **"You"** as a result of physical damage to or destruction of property, by **"Covered Perils"** against occurring during the **"Memorandum Period"** and occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the **"Covered Peril(s)."**

**b.** This **"Memorandum"** shall also by liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) damaged by a **"Covered Peril."**

**c.** This extension of coverage shall not increase the **"Limits of Liability"** as set forth elsewhere in this **"Memorandum."**

9. **DEMOLITION COST**

In the event of physical damage to **"Covered Property"** insured by a **"Covered Peril,"** this **"Memorandum"** is extended to cover the cost of demolishing any undamaged portion of the **"Covered Property"** including the cost of clearing the site thereof, caused by loss from any **"Covered Peril"** under this **"Memorandum"** and resulting from enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

10. **INCREASED COST OF CONSTRUCTION**

In the event of physical damage to **"Covered Property"** insured by a **"Covered Peril,"** this **"Memorandum"** is extended to cover the increased cost of repair or replacement occasioned by the enforcement of any local or state ordinance or law in any state regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within six (6) months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the **"Covered Peril"** or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.

11. **ERRORS AND OMISSIONS**

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice **"Your"** right of recovery but will be reported to **"Us"** as soon as practicable when discovered. The coverage provided by this clause is within the sub-limit provided. This extension does not increase any more specific limit stated elsewhere in this **"Memorandum."**

12. **ANIMALS**

This **"Memorandum"** is extended to cover retraining expenses associated with the loss of specially trained animals. Retraining expenses are included within the sub-limit provided, unless otherwise scheduled. This **"Memorandum"** is also extended to cover physical loss or damage to animals used for research subject to applicable exclusions under Section II (General Conditions), Item E. Exclusions**.**

13. **VALUABLE PAPERS & RECORDS**

This **"Memorandum"** is extended to cover Valuable Papers or the cost to reconstruct valuable paper (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this **"Memorandum."**

**Valuable Papers and Records** means all inscribed, printed, or written documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the **"Member's"** data processing operations including the materials on which data is recorded.

14. **TRANSIT**

This **"Memorandum"** is extended to cover "**Your" "Personal Property"** or property held by **"You"** in trust or on commission or on consignment for which **"You"** may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or Damage not excluded by this **"Memorandum"** to the property insured occurring during the period of this **"Memorandum."**

15. **ASBESTOS CLEAN UP AND REMOVAL**

This **"Memorandum"** specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this **"Memorandum,"** then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this **"Memorandum."**

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of **"Your"** property must be removed or modified, or;

any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;

any loss or expense normally provided by demolition, increased cost or building ordinance.

**"You"** must report to **"Us"** the existence of the damage as soon as practicable after the loss. However, this **"Memorandum"** does not insure any such damage first reported to **"Us"** more than thirty-six (36) months after the expiration, or termination, of this **"Memorandum."**

16. **PROTECTION AND PRESERVATION OF PROPERTY**

In the event of loss likely to be covered by this **"Memorandum," "You"** shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to **"Us."**

In case of actual or imminent physical loss or damage of the type insured against by this **"Memorandum,"** the expenses incurred by **"You"** in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under this **"Memorandum"** and be subject to the applicable deductible and without increase in the limit provisions contained in this **"Memorandum."**

Due to the unique nature of Health Care Facilities where it is deemed necessary to evacuate patients from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a

peril not excluded herein, all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.

17. **LEASEHOLD INTEREST**

In the event of physical loss or damage of the type insured against by this **"Memorandum"** to real property of the type insured by this **"Memorandum,"** which is leased by **"You,"** this **"Memorandum"** is extended to cover:

(1) If as a result of such loss or damage the property becomes wholly un-tenable or unusable and the lease agreement requires continuation of the rent, **"We"** shall indemnify **"You"** for the actual rent payable for the unexpired term of the lease; or

(2) If as a result of such loss or damage the property becomes partially un-tenable or unusable and the lease agreement requires continuation of the rent, **"We"** shall indemnify **"You"** proportion of the rent applicable thereto: or

(3) If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, **"We"** shall indemnify **"You"** for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease:

(4) provided, however, that **"We"** shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the **"You"** exercising an option to cancel the lease; or from any act or omission by **"You"** which constitutes a default under the lease, and provided further that **"You"** shall use any suitable property or service owned or controlled by **"You"** or controlled by "You" or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

(a) Lease Interest means the excess rent for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of **"Your"** lease.

(b) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

## 18. **AUTOMATIC ACQUISITION AND REPORTING CONDITIONS**

This **"Memorandum"** is automatically extended to insure additional property and/or its interests as described in this **"Memorandum"** which may be acquired or otherwise become at the risk of "You", during the **"Memorandum Period"**, within the United States of America, subject to the values of such additional property and/or interests not exceeding $25,000,000 or the **"Memorandum"** Limit of Liability if less than $25,000,000 any one acquisition excluding **"Covered Automobiles,"** for which a limit of $10,000,000 applies or the **"Memorandum"** Limit of Liability if less than $10,000,000.

As respects Flood coverage, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by **"Us"** prior to attachment hereunder.

In the event of coverage being required for additional property and/or interest where the value exceeds $25,000,000 or the Policy Limit of Liability if less than $25,000,0000 any one acquisition details of said property and/or interest are to be provided to **"Us"** for its agreement not later than one hundred and twenty (120) days from the date of said additional property and/or interest have become at the risk of **"You,"** this **"Memorandum"** providing coverage automatically for such period of time up to a maximum limit of $100,000,000 or the **"Memorandum"** Limit of Liability if less than $100,000,000.

**"We"** retain the right to determine the acceptability of all such property(ies). Additional premium will be calculated from the date of acquisition.

In the event that **"You"** fail to comply with above reporting provision, then coverage hereunder is sub-limited to $25,000,000 or **"Our" "Memorandum"** Limit of Liability if less than $25,000,000 any one occurrence.

Additional, or return premium due for endorsements issued during the "**Memorandum Term"**, such as those for additions or deletions of values within or greater than as that which is provided in any "Automatic Acquisition sub-limit" will be processed on an annual basis.

## 20. MISCELLANEOUS UNNAMED LOCATIONS

Coverage is extended to include property at locations (including buildings or structures, owned, occupied or which **"You"** are obligated to maintain insurance) located within the territorial limitations set by this **"Memorandum."** Coverage provided by this clause is limited to any sub-limit noted in the Limit of Liability, and by terms and conditions of this **"Memorandum."** As respects Flood coverage, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

## 21. ACCIDENTAL CONTAMINATION

This **"Memorandum"** is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to **"Covered Property,"** including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the **"Covered Property"** to the same conditions as existed prior to loss. The coverage provided is sub-limited in the Limits of Liability section.

If such contaminated or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles or automobiles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this **"Memorandum."**

For the purposes of this Accidental Contamination clause only, the term **"Covered Property"** as covered by this **"Memorandum,"** is held to include Land (and Land Values) on which **"Covered Property"** is located whether or not the same are excluded by this **"Memorandum."**

It is further understood and agreed that this coverage shall not override anything contained in Asbestos Clean Up and Removal in this **"Memorandum."**

## B. PROPERTY NOT COVERED

Except as for that which may be provided as an Extension of Coverage, this **"Memorandum"** does not cover:

Aircraft, Watercraft over 27 feet in length (other than watercraft held for sale by **"You"**), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.

1. Standing timber, bodies of water, growing crops.
2. Land (including land on which covered property is located), and land values (except athletic fields, landscaping, artificial turf, sand traps, trees and greens).
3. Property in due course of ocean marine transit.
4. Shipment by mail after delivery into the custody of the United States Post Office.
5. Power transmission lines and feeder lines more than 1,000 feet from the **"Your"** premises unless scheduled and specifically approved by **"Us."**
6. Underground pipes more than 1,000 feet from the **"Your"** premises unless scheduled and specifically approved by **"Us."**

7. Unscheduled tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, streetlights, and traffic signals, excess of the sub-limit terms provided in this **"Memorandum."**
8. Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by "You."

## C. LOSS PAYMENT BASIS/VALUATION

In case of loss to **"Your"** property covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1) On all real and personal property, including property of others in the care or control by **"You"** at the replacement cost (as defined below) at the time of the loss without deduction for depreciation. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.

2) On improvements and betterments at the replacement cost at time of loss without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for **"Your"** use, there shall be no liability hereunder. **"We"** agree to accept and consider the **"Member"** as sole and unconditional owner of all improvements and betterments, any contract or lease **"You"** may have made to the contrary notwithstanding.

3) On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full replacement cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate **"Memorandum"** provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replace or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.

4) On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction. In the event of a partial loss, replacement cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using material of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation.

**5)** On property of others for which **"You"** are liable under contract or lease agreement **"Our"** liability in the event of loss is limited to **"Your"** obligation as defined in said contract or lease agreement but not to exceed the replacement cost.

6) On library contents, at replacement cost, or as follows, whichever is greater:

| Category | Value (per item) | |
|---|---|---|
| Juvenile Materials | USD | 49.62 |
| Pamphlets | USD | 6.38 |
| Magazines | USD | 12.87 |
| Fiction | USD | 24.00 |
| Non-Fiction | USD | 86.40 |
| Dictionary | USD | 125.75 |
| Encyclopedia | USD | 300.96 |
| Thesaurus | USD | 46.42 |
| Reference (other) | USD | 120.77 |
| Abstracts | USD | 295.74 |
| Textbook | USD | 109.54 |
| Artbooks | USD | 65.16 |
| Film | USD | 290.15 |
| Book/Diskette | USD | 109.54 |
| Vinyl Records | USD | 87.05 |
| DVD/VHS | USD | 58.03 |
| Audio Cassette | USD | 31.91 |
| Compact Discs | USD | 25.47 |
| CD ROM | USD | 41.21 |
| Books/Audio | USD | 78.05 |
| Medical Atlas | USD | 186.47 |
| Technical Law | USD | 158.24 |
| Nanotechnology | USD | 182.73 |
| Biotechnology | USD | 172.90 |

The above valuation is predicated on the values provided by the Library of Congress Dewey Decimal system and adjusted for inflation.

The figures above do not include the "shelving cost" of each book. Therefore, the formula for adjusting a library contents loss is:

"Number of items in a category that are replaced multiplied by the valuation figure plus associated shelving costs".

The actual cost per item in the final adjustment is to be computed as of the time and place of loss or damage.

7) On Vehicles, on or off premises, where Replacement Cost (New) values ae specified, loss or damage shall be based on the 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing he damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by **"You",** provides a valuation based on Replacement Cost (New), then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be Actual Cash Value.

8) Animals: The stated value as per schedule on file with **"Us".**

**Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:**

The stated value as per on file with **"Us"** except Research Animals shall be valued at the cost to replace with like kind and quality; including the increased value as a result of prior research or experiments performed on the animal(s), accumulated cost of care and maintenance, and the value of labor expended by research assistants and/or laboratory technicians.

9) Landscaping, artificial turf, sand traps, tees, putting greens and athletic fields, the actual replacement cost of sod, shrubs, sand, plants and trees; however, **"Our"** liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed $25,000 per item.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term "Actual Cash Value" is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean replacement cost less depreciation.

"Replacement Cost" shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new material of like kind and quality and for like occupancy without deduction for depreciation, subject to the following:

(i) Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
(ii) Replacement shall be affected by **"You"** with due diligence and dispatch;
(iii) Replacement need not be on same site, or of same or similar construction or occupancy provided that **"We"** shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.
(iv) For historical buildings as more specifically defined in this Section.
(v) In no event shall **"Our"** liability exceed the amount actually and necessarily expended in repairing or replacing (whichever) is less) **"Covered Property"** or any part thereof

It is understood and agreed that as respects replacement cost, **"You"** shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing **"Our"** liability. **"We"** shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by **"You".**

In the event **"You" s**hould fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

## SECTION I

## BUSINESS INTERRUPTION, EXTRA EXPENSE, RENTAL INCOME TAX INTERUPTION AND TUITION INCOME

Subject to the terms, conditions an exclusion stated elsewhere herein, this **"Memorandum"** provides coverage for:

### A-1. COVERAGE

### 1. BUSINESS INTERRUPTION

Against loss resulting directly from interruption of business, services or rental income caused by direct physical loss or damage, as covered by this **"Memorandum"** to real and/or personal property insured by this **"Memorandum,"** occurring during the term of this **"Memorandum."**

In the event of such loss or damage **"We"** shall be liable for the actual loss sustained by **"You"** for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expense which do not necessarily continue during the period of restoration.

Due consideration shall be given to the continuation of normal charges and expense including payroll expenses to the extent necessary to resume operations by **"You"** with the same quality of services which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sub-limited as stated in the Limits of Liability section.

**Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institution of learning the following shall apply:**

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

**(i)** Tuition income and related fees which are prevented from being earned or received.
**(ii)** Other income derived from:
- a. routine and special services;
- b. Other operating and non-operating revenues, including but not limited to:
  - i. research grants
  - ii. income under research contracts all dependent on continued operations.

**(iii)** Donations and funded raising proceeds:
- a. If a regularly scheduled fundraising drive for the sole benefit of **"You"** occurs during the

period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:

(1) If the drive fails to produce an amount at least equal to the same drive in the most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of **"Your"** operations, shall be considered as loss of income;
(2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;
(3) If the drive produces an amount larger than the drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
(4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.

b. The following shall be disregarded in determining the amount of loss:

(1) Donations and contributions which are a direct result of the interruption of **"Your"** Operations and are received by **"You"** during the period of interruption.
(2) Proceeds for fund raising drives or solicitations which are for the sole benefit of **"You"** and occur as a result of interruption of **"Your"** operations.

**2. EXTRA EXPENSE**

This **"Memorandum"** is extended to cover the necessary and reasonable extra expenses occurring during the term of the **"Memorandum"** at any location as hereunder defined, incurred by **"You"** in order to continue as nearly as practicable the normal operation of **"Your"** business following damage to or destruction of **"Covered Property"** by a **"Covered Peril"** which is on premises owned, leased or occupied by **"You."** In the event of such damage or destruction, **"We"** shall be liable for such necessary extra expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed commencing with the date of damage or destruction and not limited by the date of expiration of this **"Memorandum"** (hereinafter referred to as period of restoration).

## B-1. EXTENSIONS OF COVERAGE

### 1. INGRESS / EGRESS

This **"Memorandum"** is extended to insure the actual loss sustained during the period of time not exceeding thirty (30) days when, as a result of physical loss or damage caused by a **"Covered Peril(s)"** specified by this **"Memorandum"** and occurring at property located within a ten (10) mile radius of

**"Covered Property,"** ingress to or egress from the **"Covered Property"** covered by this **"Memorandum"** is prevented. Coverage under this extension is subject to a 24-hour waiting period.

## 2. INTERRUPTION BY CIVIL AUTHORITY

This "Memorandum" is extended to insure the actual loss sustained by **"You"** as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by **"Covered Peril(s)"** occurring at property located within a 10 mile radius of **"Covered Property"**, access to the **"Covered Property"** is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

## 3. DEMOLITION AND INCREASED TIME TO REBUILD

**"We"** shall, in the case of loss covered by this **"Memorandum",** be liable also for loss to the interest covered by this **"Memorandum",** occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the **"Covered Peril(s)"**. **"We"** shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in the **"Memorandum"** damaged by a **"Covered Peril."**

THE **"AUTHORITY"** SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

a. More than the limit of liability as shown elsewhere in this **"Memorandum"**.

b. Any greater proportion of any loss to the interest covered by this **"Memorandum"** than the amount covered under this **"Memorandum"** on said interest bears to the total insurance and coverage on said interest, whether all such insurance contains this clause or not.

## 1. CONTINGENT TIME ELEMENT COVERAGE

Business interruption, rental income, tuition income and extra expense coverage provided by this **"Memorandum"** is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this **"Memorandum"** at direct supplier or direct customer locations that prevents a supplier of goods and/or services to the **"Member"** from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the **"Member"** from accepting such goods and/or services.

## 2. TAX REVENUE INTERRUPTION

Except as hereinafter or heretofore excluded, this **"Memorandum"** insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the **"Member"** caused by damage or destruction to property which is not operated by the **"Member"** and which

wholly or partially prevents the generation of revenue for the account of the **"Member"**.

The **"Authority"** shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this **"Memorandum"**.

Loss recovery after deductible shall be limited to whichever is the least of:

1. The actual loss sustained;
2. $1,000,000 per occurrence

### 3. EXTENDED PERIOD OF INDEMNITY

Business interruption including rental income, tax interruption, tuition income and extra expense coverage provided by this **"Memorandum"** is extended for the additional length of time required to restore the business of the **"Member"** to the condition that would have existed had no loss occurred commencing on either;

a. the date on which the **"Authority's"** liability would otherwise terminate or;
b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

**"Our"** liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item:

### 4. EXPENSES TO REDUCE LOSS

This **"Memorandum"** also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.

## C-1. EXCLUSIONS

1. **"We"** shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this **"Memorandum"** and, then the **"We"** shall only be liable for such loss as affects the **"Your"** earnings during and limited to, the period of indemnity covered under this **"Memorandum"**.

2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which **"We"** shall be liable hereunder shall not exceed:

    i. Thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,

    ii. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

## D-1. CONDITIONS APPLICABLE TO THIS SECTION

If the **"Member"** could reduce the loss resulting from the interruption of business:

a. by complete or partial resumption of operation of the property whether or not the property be lost or damaged, or;

b. by making use of merchandise or other property at the **"Member's"** location or elsewhere;

such reduction shall be taken into account in arriving at the amount of the loss hereunder.

## E-1. DEFINITIONS

### c. GROSS EARNINGS

"Gross Earnings" is defined as the sum of:

a. total net sales and;

b. other earnings derived from the operation of the business;

*less the cost of;*

c. merchandise sold including packaging materials and;

d. materials and supplies consumed directly in supplying the service(s) sold by the **"Member"**, and,;

e. service(s) purchased from outside (not employees of the **"Member"**) for resale that does not continue under contract.

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience, thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this **"Memorandum"**, the actual recovery under this **"Memorandum"** shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

**d. MERCHANDISE**

Shall be understood to mean, goods kept for sale by the **"Member"**, which are not the products of manufacturing operations conducted by the **"Member"**.

**e. EXTRA EXPENSE**

The term "extra expense", whenever used in this **"Memorandum"**, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the **"Member's"** business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

**f. RENTAL VALUE**

The term "rental value" is defined as the sum of:

a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the **"Member"**, and;

b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the **"Member"**, and;

c. the fair rental value of any portion of said property which is occupied by the **"Member"**, and;

d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.

**g. PERIOD OF RESTORATION**

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this **"Memorandum"**.

## SECTION II

## GENERAL CONDITIONS

### D. COVERED PERILS

Subject to the terms, conditions and exclusions stated elsewhere herein, this **"Memorandum"** provides insurance against all risk of direct physical loss or damage occurring during the period of this **"Memorandum"**.

### E. EXCLUSIONS

This **"Memorandum"** does not insure against any of the following:

1. Cosmetic loss or damage to any rooftop material caused by the perils of wind and/or hail

2. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.

3. Physical loss or damage by normal settling, shrinkage or expansion in building or foundation.

4. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).

5. **"Breakdown"** to equipment owned, operated or controlled by **"You"** unless loss or damage results from a "**Covered Peril**" and then **"We"** will pay only for the ensuing loss or damage;

   Notwithstanding the foregoing exclusion, **"We"** will pay for damage to **"Covered Property"** as follows:

1. Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;

2. Damage to any structure or foundation supporting the equipment owned, operated or controlled by **"You;"**

3. Damage to any vacuum tube, gas tube or brush;

4. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection

5. An explosion unless the direct loss or damage is caused by an explosion of a steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or gas turbine or any other moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown;

6. Explosion within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere;

7. Fire or combustion explosion, including those that result in a **"Breakdown"** of equipment owned, operated or controlled by **"You"**; occur at the same time as a **"Breakdown"** of equipment owned, operated or controlled by **"You,"** or ensue from a **"Breakdown"** of equipment owned, operated or controlled by **"You;"**

so long is such damage is not caused by or as a result of wear or tear, gradual deterioration, depletion, erosion, corrosion, inherent vice, latent defect, insects, moths or vermin, unless direct physical damage or loss not otherwise excluded in this **"Memorandum"** results, and then only for the resulting damage; delay, loss of market or loss of use, interruption of business or any other consequential or indirect loss except as otherwise specifically covered under this **"Memorandum;"**

8. dampness or dryness of atmosphere, extremes or changes of temperature, shrinkage, evaporation, decay or other spoilage, loss of weight, rust, contamination, and change of flavor, color, texture or finish unless resulting from direct physical loss or damage to facilities owned by a public utility or other company contracted to supply natural gas, telecommunications, water electricity, or refrigeration to the **"Covered Location;" However "We"** will pay no more than the maximum of $150,000 per **"Occurrence"** for **"Damages"** from a **"Breakdown"** of equipment owned, operated or controlled by **"You"** for extremes or changes of temperatures including heat, cold waves and freezing due to cold weather if direct physical damage is the result of a **"Covered Peril"**.

6. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the **"Member"**, it's employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) orother party of interest.

7. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to dataprocessing equipment or media.

8. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock.

9. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).

10. Loss caused directly or indirectly, by:

    a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
        1. by any government or sovereign power (de jure or de facto), or by any Authority maintaining or using military, naval or air forces; or
        ii. by military, naval or air forces; or
        iii. by an agent of any such government, power, authority or forces;

    b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;

    c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental Authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

11. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:

    a. If fire not otherwise excluded results, the **"Authority"** shall be liable for the direct physical loss or damage by such resulting fire, but not including any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and

    b. This **"Memorandum"** does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor

any new or used nuclear fuel on the **"Member"** premises.

12. As respects course of construction, the following exclusions shall apply:

    a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.

    b. The cost of non-compliance of, or delay in completion of contract.

    c. The cost of non-compliance with contract conditions.

    d. Contractors' equipment or tools not a part of or destined to become a part of the installation.

13. Loss or damage caused by Earthquake Shock unless a limit is shown in this **"Memorandum"**.

14. Loss or damage caused by Flood unless a limit is shown in this **"Memorandum"**.

15. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

    a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the **"Member"** or not; or

    b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the **"Member"** or not.

    Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

    If direct physical loss or damage not otherwise excluded by this **"Memorandum"** results, then subject to all its terms and conditions, this **"Memorandum"** shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) orb) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration,

correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

16. Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;

    n. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;

    b. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s); unless directly resulting from other direct physical loss or damage to **"Covered Property"** not excluded during the term of this **"Memorandum"**

    c. spores mean any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms,

    regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

    This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which the **"Member"** establishes is a direct result of a "**Covered Loss"** not otherwise excluded by the **"Memorandum"**, provided that such fungus, mold(s), mildew or yeast loss or damage is reported to the **"Authority"** within twelve months from the expiration date of the **"Memorandum"**. Notwithstanding Section II, Item I., Other Insurance, coverage provided under this paragraph shall apply as primary. Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the **"Memorandum"** other than as above stated.

17. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

18. The following additional exclusions apply to animals covered under this **"Memorandum"**:

    a. Death of any animal(s) from natural causes.

    b. Death of any animal(s) that dies from an unknown cause unless:

        i. upon the death of such animal a post-mortem examination conducted on the animal by a licensed veterinarian, and if
        ii. the veterinarian's post-mortem report shows the cause of death to clearly fall within the

coverages of this **"Memorandum"**.

c. Death of any animal(s) as a result of surgical operation, including inoculation, unless the necessity for same arises from a loss otherwise covered by this **"Memorandum"**.

d. The death or destruction of any animal(s) caused by, resulting from, or made necessary by physical injury caused by or resulting from the activities of the injured animal or other animals unless such death or destruction is the result of a loss otherwise covered by this **"Memorandum"**.

e. The death of any animal(s) caused directly or indirectly by the neglect or abuse of the **"Member"**, his agent, employees or bailees (carriers for hire excepted) unless such death is a result of a loss otherwise covered by this **"Memorandum"**.

f. The loss by death of any animal(s) as a result of parturition or abortion.

g. Loss resulting from depreciation in value caused by any animal(s) covered hereunder becoming unfit for or incapable of filling the function or duties for which it is kept, employed or intended unless such depreciation is a result of a loss otherwise covered by this **"Memorandum"**.

h. Loss by destruction of any animal(s) on the order of the federal or any state government, or otherwise as a result of having contracted or been exposed to any contagious or communicable disease.

i. The removal or disposal of the remains of any animal(s) or the expense thereof unless such removal or disposal is the result of a loss otherwise covered by this **"Memorandum"**.

j. The loss of any animal(s) that has been unnerved (the term "unnerved" to be considered as meaning the operation of neurotomy for lameness).

k. Any claim consequent upon delay, deterioration, or loss of use or loss of market arising from an event covered by this **"Memorandum".**

19. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. Except as provided in Coverage A: Property Coverage, A. Extension of Coverage, 21. Accidental Contamination.

Nevertheless, if fire is not excluded from this Policy and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the **"Memorandum"**) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the **"Authority"** has paid or agreed to pay, then this **"Memorandum"** (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The **"Member"** shall give notice to the **"Authority"** of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of cleanup in the **"Memorandum"** in the event of direct physical loss or damage to the property covered hereunder, this **"Memorandum"** (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

(a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from the premises of the **"Member"**; and/or;

(b) cost of clean up at the premises of the **"Member"** made necessary as a result of such direct physical loss or damage;

PROVIDED that this **"Memorandum"** does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

20. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the **"Member"** or imposed on the **"Member"** at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

21. The following exclusion applies to Terrorism:

Any act of terrorism. An act of terrorism means an act, including but not limited to the use of the force or violence and/or the threat thereof, of any person or group{s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This **"Memorandum"** also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the paragraph above.

If the **"Authority"** allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the **"Member"**.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. All other terms and conditions remain unaltered.

## C-1. STATUTES

If any of the articles of this **"Memorandum"** conflict with the laws or statutes of any jurisdictions in which this **"Memorandum"** applies this **"Memorandum"** is amended to conform to such laws or statutes.

## D-1. TERRITORIAL LIMITS

This **"Memorandum"** insures Real and Personal Property within the United States of America. Personal Property is extended to Worldwide coverage. The coverage provided by this clause for Personal Property is sub-limited to $100,000 USDS.

## E-1. REINSTATEMENT

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

## F-1. FREE ON BOARD (F.O.B.) SHIPMENTS

The **"Authority"** shall be liable for the interest of the **"Member"** at sole option of the **"Member"**, the interest of the consignee in merchandise, which has been sold by the **"Authority"** under terms of F.O.B. point of origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

## G-1. BREACH OF CONDITIONS

If any breach of a clause, condition or warranty of this **"Memorandum"** shall occur prior to a loss affected thereby under this **"Memorandum"**, such breach shall not void the **"Memorandum"** nor avail the **"Authority"** to avoid liability unless such breach shall exist at the time of such loss under this contract or **"Memorandum"** and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the **"Member"** establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the **"Member"** from recovering under this **"Memorandum"**.

## H-1. PERMITS AND PRIVILEGES

Anything in the printed conditions of this **"Memorandum"** to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;
2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish, construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;
3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;
4. to be or become vacant or unoccupied. If a building becomes vacant or unoccupied, notice is to be given to the **"Authority"** prior to the one-hundred twentieth ( I 20th) consecutive day of vacancy or lack of occupancy. The giving, or failure to give such notice will not constitute a condition precedent to the **"Authority's"** liability, but the **"Member"** shall make a reasonable effort to comply with such requirement.

This **"Memorandum"** shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the **"Member"**;
2. any act or neglect of the owner of the building, if the **"Member"** hereunder is not the owner, or of any occupant of the within described premises other than the **"Member"**, when such

act or neglect is not within the control of the **"Member"**, named herein; or

3. by failure of the **"Member"** to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the **"Member"** has no control.

**I-1. PROTECTIVE SAFEGUARDS**

The **"Member"** shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services.

**J-1. ARBITRATION OF VALUE**

In case the **"Member"** and the **"Authority"** shall fail to agree as to the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraisers selected. The appraiser shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the **"Member"** or the **"Authority"** such umpire shall be selected by judge of a court of record in the state in which the property covered is located.

The appraisers shall as soon as practicable, appraise the loss stating separately the loss of each item and failing to agree, shall submit their differences only to the umpire. An award in writing so itemized, of any two appraisers when filed with the **"Authority"** shall determine the amount of loss. The party selecting him shall pay each appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

**K-1. PROOF OF LOSS**

**"You"** shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of **"You"** and of all others in the property, the value thereof and the amount of loss or damage thereto.

**L-1. SUROGATION**

In the event of any loss payment under this **"Memorandum"**, **"We"** , shall be subrogated to all **"Your"** rights of recovery thereof against any person or organization and **"You"** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, **"You"** and the **"Authority"** shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

Notwithstanding the above wording, the **"Member"** has the right to enter into an agreement that releases or waives the **"Members"** right to recovery against third parties responsible for the loss if made before the loss occurred.

**O-1. ABANDONMENT**

There shall be no abandonment to the **"Authority"** of any property.**-1. ASSIGNMENT**

Assignment or transfer of this **"Memorandum"** shall not be valid except with the written consent of the **"Authority"**.

**Q-1. SALVAGE**

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the **"Authority".**

**F. LIMITS OF LIABILITY:**

**"We"** will not pay more than the following **"Limits of Liability"** for loss or damage arising from any one **"Occurrence."**

**A)** $750,000,000 per **"Occurrence"** regardless of the number of **"Covered Locations"** or types of coverage involved, subject to the following sub-limits which shall not operate to increase this per **"Occurrence"** limit of liability. When a sublimit is designated as an **"Annual Aggregate**," that is the maximum **"Limit of Liability" "We"** will pay during the **"Term"** of the **"Memorandum"** regardless of the number of **"Occurrences," "Covered Locations"** and/or types of coverage involved.

1. $100,000,000 per **"Occurrence" and in the "Annual Aggregate"** limit for **"Flood"** loss occurring outside of Flood Zone A and V. Flood Zones are mapped by the Federal Emergency Management Agency (FEMA). All **"Flood"** loss that occurs within any 168 hour period will constitute a single **Flood" "Occurrence."** The expiration of the **"Term**" of this **"Memorandum"** will neither reduce or increase the 168 hour period.

2. $50,000,000 per **"Occurrence" and in the "Annual Aggregate"** limit for **"Flood"** loss occurring within Flood Zone A and V locations. Flood Zones are mapped by the Federal Emergency Management Agency (FEMA). Flood Zone A and V correspond to areas within a 100-year flood zone. All **"Flood"** loss that occurs within any 168 hour period will constitute a single **"Flood" "Occurrence."** The expiration of the **"Term**" of this **"Memorandum"** will neither reduce or increase the 168 hour period.

3. $100,000,000 per **"Occurrence" and in the "Annual Aggregate"** limit per **"Occurrence"** for **"Earthquake."** All **"Earthquake"** shocks which occur within any 168-hour period will constitute a single **"Occurrence."** The expiration of the **"Term"** of this **"Memorandum"** will neither reduce or increase the 168-hour period.

4. $100,000,000 Limit Per **"Occurrence"** Combined Business Interruption, Rental Income and Tuition Income (and related fees).

5. $50,000,000 limit per **"Occurrence"** for Extra Expense.

6. $**50**,000,000 limit per **"Occurrence"** for Increased Cost of Construction due to the enforcement of building codes/ordinance or law.

7. $25,000,000 limit per **"Occurrence"** for **"Valuable Papers and Records."**

8. $25,000,000 limit per **"Occurrence"** for property-in-transit within the **"Covered Territory"** specified in this **"Memorandum."**

9. $500,000 Limit per **"Occurrence"** for Tanks, Flues, Drains and Pipes. **"We"** only pay for such loss when directly caused by fire or explosion.

10. $500,000 Limit per **"Occurrence"** for Air Supported Structures and the contents thereof.

11. $1,000,000 Limit per **"Occurrence"** for landscaping, trees, shrubs, plants, greens and athletic fields and further subject to $25,000/25 gallon maximum per item.

12. $**100,000**,000 Limit per **"Occurrence"** for **Interruption By Civil Authority** and Ingress and Egress coverage for 30 days from the date of a loss caused by a covered peril occurring at property located within a 10 mile radius of covered property.

13. $3,000,000 Limit per **"Occurrence"** for Contingent Business Interruption.

14. $500,000 Limit per **"Occurrence"** for "**Leased Equipment."**

15. $**50**,000,000 Limit per **"Occurrence"** for new locations of existing **"Members" for 120 days** from date of acquisition. Additionally, there is automatic coverage for new locations of **new "Members"** up to $25,000,000 for 90 days from date of acquisition. .

16. $**100**,000 Limit per **"Occurrence"** for resultant loss or damage from mold or other fungi, bacteria, wet rot, dry rot, bacteria or mildew which has directly resulted from direct physical damage caused by one or more **"Covered Perils."** The annual aggregate limit provided by this coverage extension is $1,000,000 regardless of the number or type of **"Covered Perils"** involved, the number of **"Covered Locations"** to which this coverage extension applies, or the number or types of mold or other fungi, wet or dry rot, bacteria or mildew.

17. $250,000,000 **"Annual Aggregate"** for direct physical loss or damage for **"Terrorism."** This **"Limit of Liability"** combines coverages for Property Damage, Contingent Business Interruption, Loss of Rental and other Income and Extra Expense. There is an additional $550,000,000 **"Limit of Liability"** applicable to all insureds of **"APIP."**

18. $25,000,000 Limit per **"Occurrence"** for off premises Services Interruption

19. $50,000,000 Limit for Increased Cost of Construction due to the enforcement of building codes / ordinance or law, except $2,500,000 for vacant properties.

## G. DEDUCTIBLES AND EXCESS INSURANCE:

All losses, damages or expenses arising out of anyone **"Occurrence"** shall be adjusted as one loss, and of the total amount of such adjusted loss **"We"** will pay the following maximum amount:

$1,000,000 for loss from all perils, except wind and hail. A $10,000,000 per **"Occurrence"** /$25,000,000 Aggregate with a $2,500,000 Maintenance per "Occurrence" deductible applies for the peril of hail and wind. Property losses in excess of these limits are covered by excess insurance.

Property losses are also subject to **"Member"** deductibles which is outlined below and in the **"Authority's Summary of Coverage"** for each **"Term"** of the **"Memorandum."** Where a **"Member"** assumes liability for property coverage under a construction or renovation contract, the contractor shall be responsible for payment of the first $1,000 of each **"Occurrence."** The **"Member"** shall pay the remainder of the deductible, up to the maximum amount stated in the **"Authority's Summary of Coverage."**

**"Member"** Deductible Schedule

Each **"Member"** is assigned a building deductible based on the **"Member's"** total appraised building values. The annual Budget Notice provides the **"Member"** with the recent appraised value. All losses, damages or expenses arising out of anyone "Occurrence" shall be considered as one loss, and the following deductibles shall be applied to the total of the loss regardless of the number of buildings that incur damage.

### [DISTRICT, CHARTER SCHOOLS & ALL OTHER ENTITIES] (excluding Higher Education)

| Building Values | Deductible | Maximum Out of Pocket Deductible | Contents Deductible |
|---|---|---|---|
| $10 Million and Under | $1,000 | $4,000 | $750 |
| $10 to $20 Million | $2,500 | $10,000 | $750 |
| $20 to $50 Million | $5,000 | $20,000 | $750 |
| $50 to $100 Million | $10,000 | $40,000 | $750 |
| $100 to $200 Million | $15,000 | $60,000 | $750 |
| $200 Million and Above | $25,000 | $100,000 | $750 |
| If there is a combination of building damage and contents damage, only the higher deductible shall be charged. Once the Out of Pocket deductible has been reached, the building deductible will default to $750 per occurrence for the remainder of the "**Term**" of the "**Memorandum**". | | | |

## [HIGHER EDUCATION]

| Building Values | Deductible | Maximum Out of Pocket Deductible | Contents Deductible |
|---|---|---|---|
| $10 Million and Under | $1,000 | $4,000 | $750 |
| $10 to $20 Million | $2,500 | $10,000 | $750 |
| $20 to $50 Million | $2,500 | $20,000 | $750 |
| $50 to $100 Million | $2,500 | $40,000 | $750 |
| $100 to $200 Million | $2,500 | $60,000 | $750 |
| $200 Million and Above | $2,500 | $100,000 | $750 |
| If there is a combination of building damage and contents damage, only the higher deductible shall be charged. Once the Out of Pocket deductible has been reached, the building deductible will default to $750 per occurrence for the remainder of the "**Term**" of the "**Memorandum**". | | | |

### H. OTHER COVERAGE:

#### R-1. OTHER INSURANCE:

Permission is hereby granted to the **"Member"** to carry more specific insurance on any property covered under this **Memorandum**. This **Memorandum** shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other policy form until the liability of such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This **Memorandum**, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this **Memorandum** is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this **"Memorandum".**
This **"Memorandum"** provides the terms of coverage for the **"Authority's"** self-insured layer and its provisions prevail, **within the self-insured layer**, over all provisions of excess coverages or individual policies purchased by the **"Authority"** for losses that may also be covered by this **"Memorandum."**

#### S-1. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS

The **"Member"** as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by **"Us"** relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by **"Us"** or **"Our"** representatives and shall permit extracts and copies thereof to be made.

## T-1. CONCEALMENT AND FRAUD

This entire **"Memorandum"** shall be void, if whether before or after a loss, the **"Member"** has willfully concealed or misrepresented any material facts or circumstance concerning this **"Memorandum"** of the subject thereof, or the interest of the **"Member"** therein, or in case of any fraud or false swearing by the **"Member"** relating thereto.

## U.1 SUIT AGAINST THE "AUTHORITY"

No suit, action or proceeding for the recovery of any claim under this **"Memorandum"** shall be sustainable in any court of law or equity unless the **"Member"** shall have complied with all the requirements of this **"Memorandum"**, nor unless the suit is commenced within twelve (12) months after the date that the **"Authority"** has made its final offer of settlement or denial of the loss. However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

## V-1. JOINT LOSS ADJUSTMENT – EQUIPMENT BREAKDOWN

In the event of damage to or destruction of property, at a location designated in this **Memorandum"** and also designated in an Equipment Breakdown policy, and there is a disagreement between the **"Us"** and the **"Member"** with respect to:

(I) Whether such damage or destruction was caused by a peril covered against by this **"Memorandum"** or by an accident covered against by such Equipment Breakdown insurance policy(ies) or;

(2) The extent of participation of this **"Memorandum"** and of such Equipment Breakdown insurance policy in a loss that is covered against, partially or wholly, by one or all of said policy(ies)/ **"Memorandum"**.

**"We"** shall, upon written request of the **"Member"**, pay to the **"Member"** one-half of the amount of the loss which is in disagreement, but in no event more than **"We"** would have paid if there had been no Equipment Breakdown insurance policy(ies) in effect, subject to the following conditions:

(I) The amount of loss which is in disagreement after making provisions for any undisputed claims payable under the said policy/**"Memorandum"** and after the amount of the loss is agreed by the **"Member"** and the Equipment Breakdown Insurer and **"Us"** is limited to the minimum amount remaining payable under either the Equipment Breakdown insurance policy and the **"Memorandum"**.

(2) The Equipment Breakdown insurer(s) shall simultaneously pay to the **"Member"**, one-half of the said amount, which is in disagreement.

(3) The payments by **"Us"** and acceptance of the same by the **"Member"** signify the agreement of the "**Authority"** to submit to and proceed with arbitration within ninety (90) days of such payments:

The arbitrators shall be three (3) in number, one of whom shall be appointed by the Equipment Breakdown insurer(s) and one of whom shall be appointed by "**Us"** hereon and the third appointed by consent of the other two, and the decision by the arbitrators shall be binding on **"Us"** and the **"Member"** and that judgment upon such award may be entered in any court of competent jurisdiction.

(4) The **"Member"** agrees to cooperate in connection with such arbitration but not to intervene therein.

(5) This agreement shall be null and void unless the Policy of the Equipment Breakdown Insurer is similarly endorsed.

In no event shall "We" or the Insurer be obligated to pay more than their total single limit.

## W-1. LENDERS LOSS PAYABLE

The following provisions (or equivalent) apply as required by "mortgages" and "lenders" to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this **"Memorandum"**, shall be paid to the Payee named on this **"Memorandum**", its successors and assigns, hereinafter referred to as "the Lender", in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.

2. The insurance under this **"Memorandum"**, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
   (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto;
   (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this **"Memorandum"** by virtue of any mortgage or trust deed;
   (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this **"Memorandum"**, including any and all riders now or hereafter attached thereto, by the **"Member"**, the borrower, mortgagor, truster, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this **"Memorandum"** or of any rider or endorsement attached thereto would invalidate

or suspend the insurance as to the **"Member"**, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.

3. In the event of failure of the **"Member"** to pay any premium or additional premium which shall be or become due under the terms of this **"Memorandum"** or on account of any change in occupancy or increase in hazard not permitted by this **"Memorandum"**, the **"Authority"** agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by the **"Authority"** of the failure of the **"Member"** to pay such premium shall pay or cause to be paid the premium due within ten {I 0) days following receipt of the **"Authority's"** demand in writing therefore. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (I0) days after receipt of said written notice by the Lender.

4. Whenever the **"Authority"** shall pay to the Lender any sum for loss or damage under this **"Memorandum"** and shall claim that as to the **"Member"** no liability therefore exists, the **"Authority"**, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the **"Member"**, whether secured or unsecured, (with refund of all interest not accrued), and the **"Authority"**, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.

5. If there be any other insurance upon the within described property, the **"Authority"** shall be liable under this **"Memorandum"** as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the **"Member"** has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the **"Authority"** (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The **"Authority"** reserves the right to cancel this **"Memorandum**" at any time, as provided by its terms, but in such case this **"Memorandum"** shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lenderand shall then cease.

7. This **"Memorandum"** shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss there under payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.

8 Should legal title to and beneficial ownership of any of the property covered under this **"Memorandum"** become vested in the Lender or its agents, insurance under this **"Memorandum"** shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the **"Member"** under the terms and conditions of this **"Memorandum"** and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.

9 All notices herein provided to be given by the **"Authority"** to the Lender in connection with this **"Memorandum"** and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the **"Memorandum"**.

## X-1. SEVERAL LIABILITY NOTICE

**"Our"** obligations under this **"Memorandum"** are several, not joint and are limited solely to the extent of **"Our"** individual limits of coverage. **"We"** are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

## Y-1. LOSS PAYABLE PROVISIONS

### A. LOSS PAYABLE

For covered property in which both the **"Member"** and a Loss Payee have an insurable interest, **"We"** will:

1. Adjust losses with the **"Member",** and;

2. Pay any claim for loss or their damage jointly to the **Member"** and the Loss Payee, as interests may appear.

### B. LENDER'S LOSS PAYABLE

1. The Loss Payee is a creditor, including a mortgage holder or trustee, whose interest in Covered Property is established by such written instruments as:

   a. Warehouse receipts;

b. A contract for deed;
c. Bills of lading;
d. Financing statements or;
e. Mortgages, deeds of trust or security agreements.

2. For Covered Property in which both the **"Member"** and a Loss Payee have an insurable interest:

f. **"We"** will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
g. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
h. If **"We"** deny the **"Member's"** claim because of the **"Member's"** act or because the **"Member"** has failed to comply with the terms of the **"Memorandum"** Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
   (I) Pays any premium due under this Coverage Part at our request if the **"Member"** has failed to do so;
   (II) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from us of the **"Member's"** failure to do so, and;
   (III) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

i. If "We" pay the Loss Payee for any loss or damage and deny payment to the **"Member"** because of the **"Member's"** acts or because the **"Member"** has failed to comply with the terms of this **Memorandum Coverage Part**:
   (I) The Loss Payee's rights will be transferred to us to the extent of the amount the **"Authority"** pays and;
   (II) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, **"We"** may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the **"Member"** will pay the **Member's"** remaining debt to **Us**.

3. If **"We"** cancel this **"Memorandum"**, **"We"** will give written notice to the Loss Payee at least:

a. Ten (10) days before the effective date of cancellation if **"We"** cancel for the **"Member's"** non-payment of premium or;

b. Thirty (30) days before the effective date of cancellation if **"We"** cancel for

any other reason.

4. If **"We"** elect not to renew this **"Memorandum"**, **We** will give written notice to the Loss Payee at least ten (10) days before the expiration date of this **Memorandum"**.

## C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the **"Member"** has entered a contract with for the sale of **"Covered Property".**

2. For **"Covered Property"** in which both the **"Member"** and the Loss Payee have an insurable interest, **"We"** will:

   a. Adjust losses with the **"Member** Insured and;

   **b.** Pay any claim for loss or damage jointly to the **"Member"** and the Loss Payee, as interests may appear.

3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word **"Member"** includes the Loss Payee.

## D. ELECTRONIC DATA

### 1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the **"Memorandum"** or any endorsement thereto, it is understood and agreed as follows:

a. This **"Memorandum"** does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes program, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced

unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to "Trojan Horses", "worms" and "time or logic bombs".

b. However, in the event that a **"Peril"** listed below results from any of the matters described in paragraph a) above, this **"Memorandum"** , subject to all its terms, conditions and exclusions will cover physical damage occurring during the **Memorandum"** period to property insured by this **"Memorandum"** directly caused by such listed peril.

**Listed Perils: Fire, Explosion**

**2. Electronic Data Processing Media Valuation**

Notwithstanding any provision to the contrary within this **"Memorandum"** or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this **"Memorandum"** suffer physical loss or damage insured by this **"Memorandum"**, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts incurred by the **"Member"** in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored, the basis of valuation shall be the cost of the blank media. However, this **"Memorandum"** does not insure any amount pertaining to the value of such ELECTRONIC DATA to the **"Member"** or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

## I. GENERAL DEFINITIONS

1. **"Authority"** means the New Mexico Public School Insurance Authority and its employees and authorized representatives.

2. **Actual Cash Value"** means replacement cost new less depreciation.

3. **Annual Aggregate"** means a "Limit of Liability" up to which **"We"** will pay during each " Term" of this **"Memorandum"** regardless of the number of claims submitted.

4. **Automobile," "Automobiles"** means a land motor vehicle of a private passenger type or of a commercial type used for the transportation of passengers, the delivery of goods or for any other business purpose directly related to the operation of the **"Member,"** including equipment permanently attached thereto. An **"Automobile"** does not include

any motor vehicle owned by or registered in the name of any employee, volunteer, officer, or board member, of a **"Member,"** or any motor vehicle insured elsewhere for physical damage coverage.

5. **"Breakdown"** means the following direct physical loss that causes physical damage to any of the following owned, operated or controlled by **"You":**

a. Equipment designed and built to operate under internal pressure or vacuum other than weight of contents except the furnace and the gas passages from any boiler or fired vessel to the atmosphere,

b. Communication equipment and Computer equipment but does not include electronic data or media,

c. Fiber optic cable, or

Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy, caused by electrical failure including arcing; failure of pressure of vacuum equipment; or mechanical failure including rupture or bursting caused by centrifugal force.

6. **"Computer Operations"** means computer hardware of any kind, computer networks and networking equipment, **"Computer Programs,"** electronic data processing media, **"Electronic Data,"** operating systems, media microchips, microprocessors, integrated circuits or similar devices, firmware, software, servers, websites, and all input, output processing, storage and off-line media libraries.

7. **"Computer Programs"** means recorded instructions, whether digital or otherwise, for the processing, collecting, transmitting, recording, retrieval or storage of **"Electronic Data."**

8. **"Computer Virus"** means any corrupting, harmful or otherwise unauthorized instructions or code, including, but not limited to, any maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network. **"Computer Virus"** includes, but is not limited to, "Trojan Horses," "worms" and time or logic bombs.

**"Contaminant," "Contamination," "Contaminated:"** See definition of **"Pollutants," "Pollution," "Polluted."**

10. **"Cosmetic Loss or Damage"** means damage caused by wind and/or hail that alters the physical appearance of the rooftop material, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

11. **"Coverage Territory"** means the **"Member's"** premises, and for property in transit anywhere in the United States of America, Puerto Rico and Canada. Certain specified coverages may apply as well to other locations as specified in this **"Memorandum."**

12. **"Covered Location"** means a **"Member's"** premises as listed in the **"Authority's"** most recent building appraisal and any new properties acquired since the **"Authority's"** most recent building appraisal.

13. **"Covered Peril"** means any cause of direct physical loss or damage except those excluded under the terms of this **"Memorandum."**

14. **"Covered Property"** means all **"Real Property"** and **"Personal Property"** except that which is excluded under the terms of this **"Memorandum."**

15. **"Date of Loss"** means the time at which an event or casualty causing loss or damage occurs.

16. **"Earthquake"** means any and all losses from this cause within a one hundred sixty-eight (168) hour period shall be deemed to be one loss. The **"Member"** may elect the moment from which each of the aforesaid periods of one hundred sixty-eight (168) hours shall be deemed to have commenced but no two such one hundred sixty eight (168) hour periods shall overlap.

    **"We"** shall not be liable for any loss caused by an earthquake shock occurring before the effective date and time of this **"Memorandum"**. **"We"** will be liable for any losses occurring for a period of up to one hundred sixty eight (168) hours after the expiration of this **Memorandum"** provided that the first earthquake shock loss or damage within that one hundred sixty eight (168) hours occurs prior to the date and time of the expiration of this **"Memorandum"**.

    In the event of there being a difference of opinion between the **"Member"** and **"The Authority"** as to whether or not all earthquake shock losses sustained by the **"Member"** during an elected period of one hundred sixty eight (168) hours arose out of, or were caused by a single earthquake shock, the stated opinion of the National Earthquake Shock Information Service of the United States Department of the Interior or comparable Authority in any other country or locality shall govern as to whether or not a single earthquake shock continued throughout the period at the locations involved.

The term earthquake shock is defined as any natural or man-made earth movement (except mudslide or mud flow caused by accumulation of water on or under the ground) caused by earthquake, volcanic action, landslide, subsidence or tsunami including also volcanic eruption, meaning eruption, explosion, or effusion of a volcano.

**17.** **"Electronic Data"** means data, information and knowledge recorded or transmitted in a form usable by **"Computer Programs,"** microchips, integrated circuits or similar devices in non-computer equipment which can be stored on electronic data processing media, including but not limited to, hard or floppy disks, CD-ROMs, tapes, drives, cells and other data processing devices.

**18.** **"Employee" or "Employees" means:**

1) Any natural person:

   a. while in "**Your"** service;

   b. whom **"You"** compensate directly by salary or Wages; and

   c. whom **"You"** have the right to manage the work, direct the work and control the work while performing services for **You."**

2) Any natural person:

   a. who is a non-compensated officer or elected or appointed official in service to **"You**;**"** or
   b. who is a director or trustee in service to **"You"** while performing acts coming within the scope of their usual duties for **"You**."
   **c. Any natural person who is:**

      **a.** a "regular volunteer" pursuant to 6.50.18 NMAC in service to "You."

**19. "Expiration"** means the termination of this **"Memorandum"** at the end of the **"Term."**

**20.** "**Flood"** means the general and temporary condition of partial or complete inundation of normally dry land areas from the overflow of inland or tidal waters; the unusual and rapid accumulation of run-off of surface waters from any source; mud-slide or mud-flow proximately caused by flooding; the accumulation of water underground or water which backs up through sewers, drains or sumps.

Each loss by flood shall constitute a single loss hereunder;

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;

2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this **"Memorandum"**.

Should any time period referred to above extend beyond the expiration date of this **"Memorandum"** and commence prior to expiration, **"We"** shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this **"Memorandum"**.

**"We"** shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this **"Memorandum"** or commencing after the expiration date and time of this **"Memorandum"**.

**The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.**

i. Flood zones A and V as referenced in this **"Memorandum"** are defined by FEMA as being inclusive of all 100-year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

**21. "Limit of Liability,"** means the maximum amount **"We"** will pay for claims as specified in detail in Section 6 of this **"Memorandum."**

**22.** "**Member:"** means all participating School Districts, Charter Schools, Regional Education Cooperatives and Post-Secondary Institutions, as listed in Schedule (A) attached hereto and made part of this **"Memorandum."**

**23. "Memorandum of Coverage"** means the New Mexico Public School Insurance Authorities written description of insurance for certain property related risks of its "**members**".

**24. "Occurrence"** means all covered loss, damage or sequence of losses or damages, casualties or disasters arising from a single event or accident. With respect to the perils of **"Earthquake"** and **"Flood,"** one event shall be construed to include all losses arising during a continuous period of 168 hours. Except where the **"Limit of Liability"** is indicated as being an **"Annual Aggregate,"** loss under this **"Memorandum"** shall not reduce the stated **"Occurrence"** limits.

**25. "Personal Property"** means Property other than **"Real Property"** including: furniture, fixtures, machinery, equipment, stock, computers and office machinery, **"Your"** interest in as a tenant in improvements and betterments to leased premises and leased personal property which **"You"** have a contractual responsibility to provide property coverage for.

**26. "Personal Property of Others"** means any property (other than Real Property) belonging to others for which a **"Member"** has assumed liability. This includes but is not limited to:

Articles of Clothing
Jewelry
Sound Equipment
Fine Arts (up to the sub-limit of unscheduled fine arts)
EDP Media & Hardware
Valuable Papers
Portable Electronic Equipment
Employee Tools

**27. "Pollutants," "Pollution," "Polluted"** means any solid, liquid, gaseous or thermal irritant or **"Contaminant"** including, but not limited to asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. **"Pollutants"** or **"Contaminants"** include, but are not limited to: 1) those materials that can cause or threaten damage to human health or human welfare, or cause or threaten damage, deterioration, loss of value, marketability or loss of use to property; and/or 2) bacteria, fungi, mold, mildew, virus or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency or any other governing authority.

**28. "Proof of Loss"** means a sworn statement by the **"Member**" regarding the facts of a claim for loss or damage to property.

**29.** "**Real Property"** means existing buildings and structures, buildings and structures undergoing construction, repair or renovation and includes all permanent fixtures attached or adjacent to the buildings and structures such as signs, fences, glass, radio and television antennas, satellite dishes, landscaping, trees, shrubs, athletic fields, walkways, parking lots, exterior light fixtures and poles, foundations or other building supports.

**30. "Securities"** means all negotiable and non-negotiable instruments or contracts representing either **"Money"** or **"Other Property"** owned by **"You"** or held by **"You."**

**31. "Student," "Students"** means a natural person enrolled on a full or part time basis in classes at a **"Member"** institution.

**32. "Term"** means the dates of coverage as stated on the first page of this **"Memorandum."**

**33. "Terrorism"** means any violent act dangerous or damaging to human life, property, or infrastructure within the United States or to a U.S. air carrier, vessel, or United States mission abroad, committed by an individual or individuals against U.S. civilians or the government.

**34. "Time Element"** means an indirect loss stemming from direct loss or damage by a **"Covered Peril"** to income producing property.

**35. "We," "Us" or "Our"** means the New Mexico Public School Insurance Authority.

**36. "You"** or **"Your"** means any participating school districts, other educational entities, charter schools from whom or on behalf of whom **"We"** have received the applicable premium as listed in Schedule A.

**37. "Windstorm"** Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of seventy-two (72) hours during the term of this **"Memorandum"**, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The **"Member"** may elect the moment from which each of the aforesaid periods of seventy-two (72) hours shall be deemed to have commenced but no two such seventy-two (72) hour periods shall overlap. **"We"** shall not be liable for any loss occurring before the effective date and time of the **"Memorandum"**. **"We"** will be liable for any losses occurring for a period of up to seventy-two (72) hours after the expiration of this **"Memorandum"** provided that the first windstorm loss or damage within that seventy-two (72) hours occurs prior to the date and time of expiration of this **"Memorandum"**. In the event of there being a difference of opinion between the **Member"** and **"The Authority"** as to whether or not all windstorm losses sustained by the **"Member"** during an elected period of seventy-two (72) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

## 5. TIER 1 WINDSTORM COUNTIES

| State | Tier I Counties, Parishes or lnde12endent Cities |
|---|---|
| Alabama | Baldwin, Mobile |
| Florida | Entire State, All Counties |
| Georgia | Bryan, Camden, Chatham, Glynn, Liberty, McIntosh, |
| Hawaii | Entire State, All Counties |
| Louisiana | Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion |
| Mississippi | Hancock, Harrison, Jackson |
| North Carolina | Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington |
| South Carolina | Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper |
| Texas | Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris (entire County), Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy |
| Virginia | Accomack, Charles City, Chesapeake City, Gloucester, Hampton City, Isle of Wight, James City, Lancaster, Mathews, Middlesex, New Kent, Newport News, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth City, Prince George, Suffolk City, Sussex, Surry, Virginia Beach City, Westmoreland, Williamsburg City, York |

## ADDITIONAL INSURED'S / LOSS PAYABLES

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with the **"Authority".**

## SECTION III

## FINE ARTS

### A-1. COVERAGE

This **"Memorandum"** insures against all risks of physical loss of or damage except as hereafter excluded occurring during the **"Memorandum"** period to fine arts, which are the property of the **"Member"** or the property of others in the custody or control of the **"Member"** while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the **"Memorandum"** of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

1. PROPERTY COVERED

   Objects of art of every kind and description, and property incidental thereto, which are the property of the **"Member"**, or the property of others in the custody and control of the **"Member",** or in transit at the **"Member's"** risk, and property in which the **"Member"** shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the **"Member"**. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the **"Member"**, or in the care, custody or control of the **"Member"**, and their frames, glazing and shadow boxes.

2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

   This Section covers the **"Member's"** property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this **"Memorandum"**, whichever may occur first, except that expiration of this **"Memorandum"** shall not prejudice coverage of any risk then in transit.

## B-1. EXCLUSIONS

3. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;

4. Loss or damage caused by orresulting from:

   a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;

      i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
      ii. by military, naval or air forces; or
      iii. by an agent of any such government, power, authority or forces;

   b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;

   c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

5. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:

   a. If fire not otherwise excluded results, the **"Authority"** shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and

   b. This **"Memorandum"** does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the **"Member's"** premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the **"Member's"** premises.

6. Any dishonest, fraudulent or criminal act by the **"Member"**, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

## C-1. LOSS PAYMENT BASIS/VALUATION

The valuation of each article of property covered by this Section shall be determined as follows:

a. Property of the **"Member"** shall be covered for and valued at the current fair market value of each article indicated on the books and records of the **"Member"** prior to loss, according to the **"Member's"** valuation of each object covered.

b. Property of others loaned to the **"Member"** and for which the **"Member"** may be legally liable, or which the **"Member"** has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the **"Member"** and owner(s) as recorded on the books and records of the **"Member"** prior to loss.

c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the **"Authority"** shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the **"Member"** and the **"Authority"** or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

## D-1. SPECIAL CONDITIONS

7. Misrepresentation and Fraud: This entire Section shall be void if, whether before or after a loss, the **"Member"** has concealed or misrepresented any material fact or circumstance concerning this **"Memorandum"** or the subject thereof, or the interest of the **"Member"** therein, or in case of any fraud or false swearing by the **"Member"** relating thereto.

8. Notice of Loss: The **"Member"** shall as soon as practicable report in writing to the **"Authority"** or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the **"Authority"** or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.

9. Examination under Oath: The **"Member"**, as often as may be reasonably required, shall exhibit to any person designated by the **"Authority"** all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, **"Member"** and others to submit to examination under oath by any person named by the

**"Authority"** and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the **"Authority"** or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the **"Member"** or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the **"Member"** might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the **"Authority's"** liability.

10. Settlement of Loss: All adjusted claims shall be paid or made good to the **"Member"** within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the **"Authority"**. No loss shall be paid or made good if the **"Member"** has collected the same from others.

11. No Benefit to Bailee: This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.

12. Subrogation or Loan: If in the event of loss or damage the **"Member"** shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the **"Member"** will, if requested by the **"Authority"**, assign and transfer such claim or right of action to the **"Authority"** or, at the **"Authority's"** option, execute and deliver to the **"Authority"** the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the **"Authority"** to, or will hold in trust for the **"Authority"**, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the **"Member's"** name under the direction of and at the expense of the **"Authority"**.

13. Loss Clause: Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.

14. Protection and Preservation of Property: In case of actual or imminent physical loss or damage of the type insured against by this **"Memorandum"**, the expenses incurred by the **"Member"** in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the **"Memorandum"** and be subject to the applicable deductible and without increase in the limit provisions contained in this **"Memorandum"**.

9. Appraisal: If the **"Member"** and the **"Authority"** fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the **"Authority"**, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such

umpire, then on the request of the **"Member"** or the **"Authority"**, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. the **"Member"** and the **"Authority"** shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The **"Member"** shall not be held to have waived any of its rights by any act relating to appraisal.

10. Civil Authority: Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.

11. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the **"Member"** from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.

12. Additional Covered Party(ies): Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the **"Member"**, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Named lnsured(s) hereunder, but only as respects coverage afforded to said **"Member's"** property.

13. Packing: It is agreed by the **"Member"** that the property covered hereunder be packed and unpacked by competent packers.

14. Other Insurance: This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this **"Memorandum"**.

15. Pair And Set: In the event of the total loss of any article or articles which are a part of a set, the **"Authority"** agrees to pay the **"Member"** the full amount of the value of such set and the **"Member"** agrees to surrender the remaining article or articles of the set to the **"Authority"**.

## SECTION IV

## CONTRACTORS EQUIPMENT

### A-1. COVERAGE

This **"Memorandum"** insures contractors equipment, whether self-propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration. Coverage under this Section is provided only while a construction project is in the course of construction either controlled, managed, or owned by the **"Member"** by written agreement.

If any of the property covered by this Section is also covered under any other provisions of the **"Memorandum"** of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

### B-1. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the **"Memorandum"** period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.

2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.

3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the **"Memorandum"**).

4. Loss or damage due to explosion arising from within steam boilers.

5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or

devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.

6. Loss or damage due to dishonesty of **"Member's"** employees or persons to whom the **"Member's"** property is entrusted.

7. Loss or damage caused by or contributed to failure of the **"Member"** to keep and maintain the property in a thorough state of repair.

8. Loss or damage caused by or resulting from:

    a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;

        i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;

        ii. any military, naval or air forces or;
        iii. by an agent of any such government, power, authority or forces;

        iv. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;

    b. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

9. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this **"Memorandum"**, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this **"Memorandum"**.

## C-1. PROPERTY EXCLUDED

15. Automobiles, motorcycles, motor trucks, or parts thereof.
16. Buildings
17. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any

structure.

18. Property that is located underground.
19. Property while waterborne except while being transported on any regular ferry.
20. The storage risk of property not owned or required to be insured by the **"Member"** at premises controlled or leased by the **"Member"**, except where incidental to the regular or frequent use of the equipment or property.
21. Plans, blueprints, designs orspecifications.

## D-1. LOSS PAYMENT BASIS/ VALUATION

On Contractors Equipment (whether self-propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the **"Member"**, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

## E-1. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America.

It is a condition of this **"Memorandum"** that all articles covered hereunder are in sound condition at the time of attachment of this **"Memorandum"**.

# SECTION V

# UNMANNED AIRCRAFT

## A-1. COVERAGE

This **"Memorandum"** insures only **Unmanned Aircraft,** that are usual to your business that you own or are required to insure, to pay for any physical damage loss sustained while not **In Flight** or **In Motion** and which are not the result of fire or explosion following crash or collision while the **Unmanned Aircraft** was **In Flight** or **In Motion** that are:

(1) Listed on the schedule which is a part of this **"Memorandum'** or which is on file with us;

(2) Unscheduled but for an amount not to exceed the limit of $1,000,000.

If any of the property covered by this Section is also covered under any other provisions of the **"Memorandum"** of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

## B-1. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the **"Memorandum Period"** to **Unmanned Aircraft** from any external cause except as provided below.

1. Loss or damage due to the Unmanned Aircraft being **In Flight** or **In Motion** including during propulsion system startup or any time the propulsion system is operating.

2. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage, freezing or improper assemblage.

3. Loss or damage due to the weight of the load imposed on the **Unmanned Aircraft** exceeding the capacity for which such **Unmanned Aircraft** was designed.

4. Loss or damage to tires except where such loss or damage is caused by fire, theft, windstorm or vandalism or is the direct result of physical damage covered by this **"Memorandum"**.

5. Loss or damage to **Unmanned Aircraft** while being worked upon except for direct loss or damage caused by resulting fire or explosion.

6. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.

7. Loss or damage due to conversion, embezzlement or secretion by any person or organization with legal right to possession of such **Unmanned Aircraft** under bailment, lease, conditional sale, purchase agreement, mortgage or other legal agreement that governs the use, sale or lease of the **Unmanned Aircraft**, nor for any loss or damage during or resulting therefrom.

8. Loss or damage due to dishonesty of the **"Member's"** employees or persons to whom the **"Member's"** property is entrusted.

9. Loss or damage caused by or contributed to failure of the **"Member"** to keep and maintain the property in a thorough state of repair.

I0. Loss or damage caused by or resulting from:

a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack,

i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces; or

ii. any military, naval or air forces; or

iii. by an agent of any such government, power, authority or forces;

b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;

c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

## C-1. PROPERTY EXCLUDED

**1.** **Unmanned Aircraft** that are located in underground mines, caverns or underground storage facilities.

**2.** **Unmanned Aircraft** while waterborne except while being transported on any regular ferry.

**3.** The storage risk of **Unmanned Aircraft** not owned or required to be insured by the **"Member"** at premises controlled or leased by the **"Member"**, except where incidental to the regular or frequent use of the equipment or property.

## D-1. LOSS PAYMENT BASIS *I* VALUATION

On **Unmanned Aircraft,** on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the **Unmanned Aircraft.** However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

## E-1. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America.

It is a condition of this **"Memorandum"** that all articles covered hereunder are in sound condition at the time of attachment of this **"Memorandum"**.

## F-1. DEFINITIONS

### 1. UNMANNED AIRCRAFT

Means a powered aerial vehicle that does not carry a human operator, uses aerodynamic forces to provide vehicle lift, can fly autonomously or be piloted remotely, is recoverable and in some cases can carry a non-lethal payload including the propulsion system and equipment usually installed in the vehicle (1) while installed in the vehicle, (2) while temporarily removed from the vehicle and (3) while removed from the aircraft for replacement until such time as replacement by a similar item has commenced; also tools and equipment which are specially designed for the aircraft and which are ordinarily carried therein.

**2. IN FLIGHT**

Means, with respect to fixed wing **Unmanned Aircraft,** the time commencing with the actual take off run or launch and continuing thereafter until it has completed its landing run; or capture; and if the **Unmanned Aircraft** is a rotorcraft, from the time the rotors start to revolve under power for the purpose of flight until they subsequently cease to revolve after landing; and if the **Unmanned Aircraft** is a balloon, while it is inflated or being inflated or deflated.

**3. IN MOTION**

Means while the **Unmanned Aircraft** is moving under its own power or the momentum generated therefrom or while it is **In Flight** and, if the **Unmanned Aircraft** is a rotorcraft, any time the rotors are rotating or while it is **In Flight** and, if the **Unmanned Aircraft** is a glider or balloon, any time it is being transported, towed or while it is In **Flight.**

**G-1. GENERAL CONDITIONS:**

Applicable with respect to any claim under this **"Memorandum."**

**A)** **Examination of Records: "You"** shall, as often as may be reasonably required during the **"Term"** of this **"Memorandum"** and up to three years thereafter, produce for **"Our"** examination or examination by **"Our"** authorized representatives all the books and records, inventories and accounts relating to **"Your" "Covered Property."**

**B)** **No Assignment:** This **"Memorandum"** shall be void if assigned or transferred without **"Our"** written consent.

**C)** **Cancellation:** This **"Memorandum"** may be cancelled by the **"Authority"** according to the rules set forth in the New Mexico Administrative Code Title 6, Chapter 50, Part 4 if **"You"** fail to make premium payments.

**D)** **Inspections: "We"** and/or our authorized agents shall be permitted, but not obligated to, inspect **"Your" "Covered Property"** at all reasonable times. **"Our"** right to make inspections, the inspections themselves or any inspection reports do not imply that all other hazards or conditions are under control at the time of the inspection, or that such inspections constitute compliance with OSHA regulations or other similar laws.

**E)** **Salvage and Recovery:** When **"We"** obtain any salvage or recovery in connection with any loss, **"You"** shall first be made whole; then the **"Authority"** and the excess insurers or reinsurers shall share the remaining portion on a pro rata basis.

**F)** **Subrogation:** If **"We"** pay **"You"** or any person or organization for loss or damage caused by a third party, any of those subrogation rights to recover damages from the third party are to be transferred to the **"Authority"** to the extent of **"Our"** payment for that loss. **"You"** must do everything reasonably necessary to secure the **"Authority's** subrogation rights prior to any loss including, but not limited to, not agreeing to waivers of such subrogation rights contained in contracts wherever possible. **"You"** also must do nothing after loss to impair the **"Authority's**" subrogation rights.

**G)** **Duties in the Event of Loss or Damage: "You"** must see that the following are done in the event of loss or damage to **"Covered Property:"**

1. Notify the police if a law may have been broken.

2. Give **"Us"** prompt notice of the loss or damage; including a full description of the property involved.

3. As soon as possible, give **"Us"** a description of how, when, and where the loss or damage occurred.

4. If feasible, set aside the damaged property in the best possible order for examination.

5. Take all steps to protect the **"Covered Property"** from further damage and keep a record of your expenses necessary to protect the **"Covered Property"** so that these expenses may be paid, to the extent they are within the **"Limit of Liability." "We"** will not pay for any subsequent loss or damage resulting from failure to take reasonable measures to protect the damaged property from further loss or damage.

6. At **"Our"** request give **"Us"** complete inventories of the damaged and undamaged property, including quantities, costs, values, copies of original purchase documents and the amount of the loss claimed.

7. Permit **"Us,"** as often as may be reasonably required, to inspect the damaged property and examine **"Your"** books and records.

8. Permit **"Us"** to take samples of damaged and undamaged property for inspection, testing and analysis, and provide relevant copies from **"Your"** books and records.

9. Send **"Us"** a signed, sworn **"Proof of Loss"** containing the information **"We"** require within 90 days after **"Our"** request. **"We"** will provide **"You"** with the necessary forms.

10. Cooperate with **"Us"** in the investigation or settlement of the claim.

**"We"** may examine **"You"** under oath and at such times as may be reasonably required, about any matter including **"Your"** books and records relating to the filed claim.

**H) Administrative Appeal:** If a **"Member"** makes a claim for coverage and the **"Authority"** does not agree that the claim is covered under this **"Memorandum,"** then, upon written demand of either, the matter or matters upon which we do not agree shall be adjudicated pursuant to Title 6, Chapter 50, Part 16 of the New Mexico Administrative Code (Administrative Appeal of Authority Coverage Determinations). *Notwithstanding any other language in this* ***"Memorandum,"*** *either express or implied, this* ***"Memorandum"*** *does not and shall not be construed as creating a contract either express or implied between the* ***"Authority"*** *and any* ***"Member"*** *or any others whose interests may be covered by this* ***"Memorandum."***

**I) Right of Recovery:** If the **"We"** have expended funds to settle **"Your"** claims and it is later determined that there is no coverage under this **"Memorandum"** for one or more of those claims, **"We"** reserve the right to seek reimbursement for those settlement funds from the recipient of those funds.

**J) Misrepresentation, Concealment or Fraud:**

This "**Memorandum"** is void as to any **"Member"** if before or after a loss:

1. **"You"** have willfully concealed or misrepresented a material fact or circumstance that relates to this **"Memorandum"** concerning any claim or the interest of the **"Member"** or any other person or entity seeking coverage under this **"Memorandum;"**

2. **"You"** or any other person or entity seeking coverage under this **"Memorandum"** has engaged in fraud or false swearing.

**K) Changes:** Notice to or knowledge of any of the **"Authority's"** employees or authorized representatives shall not effect a waiver or a change in any part of this coverage or prevent the **"Authority"** from asserting any rights under the terms of this **"Memorandum,"** nor shall the terms of this **"Memorandum"** be waived or changed, except by endorsement issued to form a part of this **"Memorandum."**

## COVERAGE B: AUTOMOBILE PHYSICAL DAMAGE

The provisions stated in Coverage A: Property Coverage, Section 10- General Conditions also apply to Coverage B: Automobile Physical Damage. The following provisions apply to Coverage B only.

### A. INTEREST & AUTOMOBILES COVERED:

A **"Covered Automobile**" is:

**A)** An **"Automobile" "You"** own, including equipment permanently installed the **"Automobile";**

**B)** **"Your"** interest in or legal liability for direct physical loss or damage to an **"Automobile"** owned by others in **"Your"** custody to the extent **"You"** are required to keep the **"Automobile"** covered for direct physical loss or damage.

### B. COVERED PERILS:

This **"Memorandum"** covers against direct physical loss or damage to **"Covered Automobiles"** caused by an **"Occurrence"** except as excluded by this **"Memorandum."**

### C. EXTENSIONS OF COVERAGE:

**1)** **Glass Breakage:**

**"We"** will pay for the following:

1. glass breakage; and
2. loss caused by hitting a bird or animal; and
3. loss caused by falling objects or missiles.**)**

**2)** **Towing:**

**"We"** will pay for reasonable towing and labor costs incurred when a **"Covered Automobile"** is disabled.

**3)** **Rental reimbursement due to theft:**

**"We"** will pay up to $18 per day to a maximum of $500 for transportation expenses **"You"** incur because of the total theft of a **"Covered Automobile"** of the private passenger type which **"You"** own.

## D. INTERESTS & AUTOMOBILES NOT COVERED:

The provisions stated in Coverage A: Property Coverage, Item B. Property Not Covered apply to Coverage B: Automobile Physical Damage. The following provisions also apply to Coverage B: Automobile Physical Damage only.

This **"Memorandum"** does not cover:

**1)** tapes, wires, records, discs, or any other media for use with any device or instrument designed for the recording, reproduction, or recording and reproduction of sound;

**2)** any equipment designed for use for the detection or location of radar;

3**)** any telephonic, wireless, computer related, facsimile transmission, copying, navigation or other communication or computer related devices unless such device or instrument is installed by the manufacturer in the **"Covered Automobile."**

**4)** any device or instrument designed for the recording, reproduction, or recording and reproduction of sound, unless such device or instrument is installed by the manufacturer in the **"Covered Automobile";**

**5)** any **"Covered Automobile"** while used in any racing or demolition contest or stunting activity, or while practicing or being prepared for such contest or activity.

## E. PERILS NOT COVERED:

The provisions stated in Coverage A: Property Coverage, Section II, E. Exclusions also apply to Coverage B: Automobile Physical Damage. The following provisions also apply to Coverage B: Automobile Physical Damage only.

This **"Memorandum"** does not cover against loss, damage or expense caused by or resulting from any of the following:

A) wear and tear, freezing or mechanical or electrical breakdown or failure, unless such damage is the direct result of **"Covered Peril;"**

B) blowouts, punctures or other road damage to tires, unless such damage is the direct result of a **"Covered Peril."**

## F. LIMITS OF LIABILITY:

The provisions stated in Coverage A: Property Coverage, Section II, Item F. Limits of Liability, also apply to Coverage B: Automobile Physical Damage. The following provisions are additional items that apply to Coverage B: Automobile Physical Damage only.

The most **"We"** will pay for loss to any one **"Covered Automobile"** in any one **"Occurrence"** is the lesser of:

**A)** the **"Actual Cash Value"** of the damaged or stolen **"Covered Automobile"** as of the **"Date of Loss"**; or

**B)** the cost of repairing or replacing the damaged or stolen **"Covered Automobile"** with another of like kind and quality.

## G. DEDUCTIBLES:

**"You"** must pay a $750.00 deductible for each **"Covered Automobile,"** that is damaged, lost or stolen with the exception of vehicle glass claims, which are subject to a $50.00 deductible. In the event of a loss involving multiple "**Covered Automobiles**" in one "**occurrence"** (i.e. hail storm damage), the deductibles are capped in the following maximums:

1) Regardless of the number of "**Covered Automobiles**" damaged, the total deductible to any "**Member**" will not exceed $5,000;

2) Regardless of the number of "**Covered Automobiles**" vehicle glass panes damaged, the total deductible for any "**Member**" will not exceed $250.

## H. APPRAISAL:

If **"You"** disagree with **"Us"** as to the amount of a loss, either party may demand an appraisal of the loss. In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial third appraiser. The appraisers will state separately the **"Actual Cash Value"** and the amount of loss. If they fail to agree, they will submit their differences to the third appraiser. An award in writing of any two shall determine the amount of loss. Each party will:

A) pay its chosen appraiser; and

B) bear the other expenses of the appraisal and third appraiser equally.

**"We"** will not be held to have waived any of **"Our"** rights by any act arising out of this appraisal process.

## I. DUTIES IN THE EVENT OF LOSS:

**1)** In the event of loss, **"You"** must give the **"Authority"** prompt notice. Such notice shall include information enough to establish:

i. how, when and where the loss occurred; and

ii. to the extent possible, the names and addresses of any injured persons and witnesses.

**2)** Additionally, **"You"** must:

i. assume no obligation, make no payment, or incur no expense without **"Our"** consent, except at **"Your"** expense;

ii. cooperate with **"Us"** in the investigation of the loss or damage, settlement or defense of any suit;

iii. promptly notify the police if the **"Covered Automobile"** or any of its manufacturer installed equipment is stolen;

iv. take all reasonable steps to protect the covered **"Covered Automobile"** from further damage and keep a record of **"Your"** expenses related to the loss or damage to the **"Covered Automobile"** for consideration in the settlement of the claim;

v. permit **"Us"** to inspect the **"Covered Automobile"** before its repair or disposition;

vi. agree to an examination under oath at **"Our"** request and/or, if requested, give **"Us"** a signed statement regarding the claim.

## COVERAGE C: CRIME COVERAGES

The following provisions apply to **Coverage C: Crime Coverages** only.

### A. INTERESTS AND PROPERTY COVERED:

**Part A-Employee Theft – Per Loss Coverage:**

**"We"** will pay for direct loss of **"Money**," **"Securities"** or **"Other Property" "You"** sustain because of **"Theft" or "Forgery"** committed by an **"Employee**," whether identified or not, acting alone or in collusion with other persons or other **"Employees**," with the manifest intent to:

1) cause **"You"** to sustain loss; and also

2) to obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, or pensions

or other employee benefits earned in the normal course of employment) for:

a) that **"Employee"** or those **"Employees"**; or

b) any person or organization intended by the **"Employee"** to receive that benefit.

**Part B-Inside the Premises Coverages:**

1) **"We"** will pay for loss **"You"** sustain resulting directly from:

a) the loss of **"Money"** and **"Securities"** from inside **"Your" "Premises"** or any **"Banking Premises"** as a result of **"Theft," "Robbery"** or **"Safe Burglary"** by one or more **"Third Parties"**, or

b) the actual disappearance or destruction of **"Money"** and **"Securities"** which occurs inside **"Your" "Premises."**

2) **"We"** will pay for loss **"You"** sustain because of the loss of or damage to **"Other Property"** from:

a) inside the **"Premises"** resulting directly from an actual or attempted **"Robbery"** by one or more **"Third Parties**;**"** or

b) inside the "**Premises**" in a safe or vault, resulting directly from and actual or attempted "**Safe Burglary**" by one or more "**Third Parties**."

3) **"We"** will pay for loss **"You"** sustain:

a) for damage to the **"Premises"** or its exterior; and

b) for loss of, or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the **"Premises"**

resulting directly from an actual or attempted **"Theft," "Robbery"** or **"Safe , Burglary,"** by one or more **"Third Parties"** if **"You"** are the owner of the **"Premises"** or are liable for damage to it.

**Part C-Outside the Premises Coverages:**

1) **"We"** will pay for loss **"You"** sustain because of **"Theft"** of **"Money"** or **"Securities"** by one or more **"Third Parties"** while being conveyed by a **"Messenger"** or armored motor vehicle company outside the **"Premises**.**"**

2) **"We"** will pay for loss **"You"** sustain because of disappearance or destruction of **"Money"** or **"Securities"** while being conveyed by a **"Messenger"** or armored motor vehicle company outside the **"Premises**.**"**

3) **"We"** will pay for loss **"You"** sustain because of loss of or damage to **"Other Property"** resulting from actual or attempted **"Robbery"** by one or more **"Third Parties"** outside the **"Premises"** while being conveyed by a **"Messenger"** or armored motor vehicle company.

4) **"We"** will pay for loss **"You"** sustain because of loss caused by **"Theft"** of **"Money," "Securities"** or **"Other Property"** by a **"Third Party"** while temporarily at the home of a **"Messenger**."

**Part D-Forgery or Alteration Coverage**

1) **"We"** will pay for loss **"You"** sustain of **"Money**," **"Securities"** or **"Other Property"** resulting directly from **"Forgery"** or alteration of any financial instrument committed by one or more **"Third Parties**."

2) If **"You"** are sued to enforce payment of any financial instrument covered in **Part D-Forgery or Alteration** on the basis that it has been forged or altered, and **"You"** have our written consent to defend against the suit, **"We"** will pay for any reasonable legal expenses that **"You"** incur and pay in that defense. The amount **"We"** will pay is in addition to the Limit of Coverage applicable to **Part D-Forgery or Alteration Coverage**.

**Part E-Computer and Funds Transfer Fraud Coverage:**

**"We"** will pay for loss **"You"** sustain because of **"Theft"** of **"Money," "Securities"** or **"Other Property"** resulting directly from **"Computer Fraud"** by a **"Third Party."**

**Part F-Money Orders and Counterfeit Paper Currency Coverage:**

**"We"** will pay for loss **"You"** sustain resulting directly from **"Your"** having accepted in good faith, in exchange for merchandise, **"Money"** or services from a **"Third Party:"**

1) money orders issued by any post office, express company or bank in the United States that are not paid upon presentation; or

2) counterfeit United States currency; that is acquired during the regular course of business.

**Part G-Credit Card Fraud Coverage:**

**"We"** will pay for loss **"You"** sustain resulting directly from **"Credit Card Fraud"** committed by a **"Third Party."**

**Part H-Funds Transfer Fraud Coverage:**

**"We"** will pay for loss **"You"** sustain resulting directly from **"Funds Transfer Fraud"** committed by a **"Third Party."**

## B. EXCLUSIONS:

### A. Exclusions Applicable to All Coverages:

**"We"** will not pay for the following losses:

1) loss resulting from war, whether or not declared, warlike action, insurrection, civil war, rebellion or revolution or any related act or incident;

2) loss resulting from seizure or destruction of property by order of governmental authority, expropriation or nationalization or any related act or condition;

3) loss resulting from the cost of reproducing any information contained in any lost or damaged manuscripts, records, accounts, microfilms, tapes, electronic data storage or recording media or other records;

4) expenses incurred by **"You"** in establishing the existence or the amount of any loss covered under **Coverage C-Crime Coverages** except that **"We"** will reimburse **"You"** for those reasonable and customary charges of a Certified Public Accountant incurred by **"You"** in establishing a valid and collectible claim arising from an **"Occurrence"** under **Coverage C-Crime Coverage**, up to a maximum amount of $5,000;

5) loss of income that **"You"** do not realize as the result of any loss covered under **Coverage C-Crime Coverage**;

6) fees, costs or expenses **"You"** incur or pay in prosecuting or defending any legal proceeding or claim, (other than legal proceedings covered under **Part D-Forgery and Alteration Coverage** above), whether or not such proceeding results or would result in a loss recoverable under **Coverage C- Crime Coverage**;

7) due to nuclear reaction, nuclear radiation or radioactive contamination;

8) **"Indirect or Consequential Losses"** of any kind.

9) any loss or potential loss not reported to **"Us**" more than 60 days following **"Your" "Discovery"** of the loss or potential loss or more than 60 days following **"Cancellation"** or **"Termination"** of this **"Memorandum of Coverage"** or all or any Part of **Coverage C-Crime Coverages**.

10) any loss of property covered under Coverage A-Property Coverage or Coverage B-Automobile Physical Damage Coverage of the **"Memorandum of Coverage"** of which **Coverage C-Crime Coverages** is a part.

**B. Exclusions Only Applicable to Part A-Employee Dishonesty Coverage:**

**"We"** will not pay for losses under **Part A-Employee Dishonesty Coverage** as follows:

1) loss caused by an **"Employee"** if **"Your"** management personnel possess knowledge of any prior act or acts of **"Theft,"** fraud or dishonesty committed by that **"Employee**" either while that **"Employee"** is employed by **"You"** or prior to his or her employment by **"You**;**"**

2) loss caused by **"Your**" broker, contractor, independent contractor or any other agent or representatives of them;

3) loss or that part of any loss the proof of which involves in any manner:

   a. profit and loss computation; or

   b. a comparison of inventory records with an actual physical count; provided, however, that

where **"You"** can establish that a loss has occurred wholly apart from such comparison, then **"You"** can offer inventory records and the actual physical count of inventory in support of the amount of loss claimed.

**C. Exclusions Only Applicable to Parts B-Inside the Premises Coverages, and Part C– Outside the Premises Coverages:**

**"We"** will not pay for any losses under **Part B-Inside the Premise Coverages** or **Part C-Outside the Premises Coverages**:

1) due to **"Theft"** or any other fraudulent, dishonest or criminal act by **"Your" "Employee"** whether acting alone or in collusion with others;

2) due to fire, except:

   a. loss of or damage to **"Money"** or **"Securities,"** or

   b. damage to any safe or vault caused by the use of fire for the purpose of **"Safe Burglary**;**"**

3) due to giving or surrendering **"Money"** or **"Securities"** in any exchange or purchase;

4) due to loss or damage to manuscripts, records, accounts, microfilm, tapes, or other electronic data storage or recording media;

5) due to **"Forgery**;**"**

6) due to loss or damage to **"Money," "Securities"** or **"Other Property"** while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company;

7) due to loss or damage to **"Money," "Securities"** or **"Other Property"** while in the custody of any bank, trust company, similar recognized place of safe deposit, or armored motor vehicle company or **"Messenger"** unless the loss is in excess of the amount **"You"** have recovered or received under:

   a. **"Your"** contract with the bank, trust company, or any similar recognized place of safe deposit, or armored motor vehicle company; or

   b. any **"Other Bonds or Insurance"** which would cover the loss in whole or in part, in which case **Coverage C-Crime Coverages** will cover only such excess up to the applicable Limit of Coverage.

8) due to loss of **"Money**,**" "Securities"** or **"Other Property"** as a result of kidnap, ransom or other extortion payment (as distinct from **"Robbery"**) surrendered to any person as a result of a threat to do bodily harm to any person or a threat to do damage to the **"Premises"** or other property.

**D. Exclusion Only Applicable to Part D-Forgery and Alteration Coverage; Part E-Computer Fraud Coverage; Part F- Money Orders and Counterfeit Currency Fraud Coverage; Part G-Credit Card Fraud Coverage and Part H-Funds Transfer Fraud Coverage:**

Coverage does not apply to loss through "**Forgery"** or alteration of, on, or in any financial instrument, if the **"Forgery"** or alteration is committed by any **"Employee"** or by any person in collusion with any **"Employee**."

**C. GENERAL CONDITIONS:**

The General Conditions stated in **Coverage A: Property Coverage, Section 11)** also apply to **Coverage C: Crime Coverages.** The General Conditions below apply to **Coverage C: Crime Coverages- Parts A, B, C, D, E, F, G and H** only:

A. **Statutory Provisions:**

Any terms of **Coverage C-Crime Coverages** which are in conflict with the statutes of the State of New Mexico are amended to conform to such statutes.

B. **Other Coverage:**

If any **"Other Bonds or Insurance"** apply to a loss covered by **Coverage C-Crime Coverages**, the coverage under **Coverage C-Crime Coverages** shall be excess over the amount collectible under **"Other Bonds or Insurance."**

C. **Excess Coverage, Insurance or Reinsurance:**

**"You"** may purchase excess coverage, insurance or reinsurance above the Limits of Coverage which apply to **Coverage C-Crime Coverages**. Such excess coverage, insurance or reinsurance is not **"Other Bonds or Insurance"** for the purposes of the Paragraph B. above. Excess coverage, insurance or reinsurance shall not be considered in the application of any pro rata clause or apportionment clause.

D. **Limit of Coverage and Deductible Amount:**

The most **"We"** will pay for any loss **"You"** sustain caused by any one **"Occurrence"** under **Coverage C-Crime Coverages** is limited to the amounts shown below applicable to each Part of **Coverage C-Crime Coverages.**

| Coverages | Limit of Insurance Per Occurrence | Member Deductible Per Occurrence |
|---|---|---|
| Part A. Employee Theft – Per Loss | $250,000 | $750 |
| Part B. Inside the Premises | $250,000 | $750 |
| Par C. Outside the Premises | $250,000 | $750 |
| Part D. Forgery or Alteration | $250,000 | $750 |
| Part E. Computer and Funds Transfer Fraud | $250,000 | $750 |
| Part F. Money Orders and Counterfeit Money | $250,000 | $750 |
| Part G. Credit, Debit or Charge Card Forgery | $250,000 | $750 |
| Faithful Performance of Duty for Government Employees | $250,000 | $750 |

**"We"** will not pay for a loss **"You"** sustain which does not exceed the deductible amount shown above. If the loss exceeds the deductible amount **"We"** will pay the amount of loss in excess of the deductible amount up to the applicable Limit of Coverage.

E. **Discovery of Loss:**

**"Discovery"** of loss occurs when **"You"** first become aware of facts which would cause a reasonable person to assume that a loss covered by **Coverage C-Crime Coverages** has been or will be incurred, even though the amount or details of loss may not then be known. **"Discovery"** also occurs when **"You"** receive notice of an actual or potential claim against **"You"** alleging facts that if true would constitute a covered loss under **Coverage C-Crime Coverages**.

F. **Duties After Discovery of a Loss:**

After **"You" "discover"** a loss or a situation that may result in covered loss under **Coverage C-Crime Coverages, "You"** must:

1) notify **"Us"** as soon as possible and in no case later than 60 days after you have made the **"Discovery**;**"**

2) **"You"** must provide **"Us"** with a detailed, sworn proof of loss within 120 days after **"Discovery**;**"**
3) **"You"** must submit to an examination under oath at our request;

4) **"You"** must comply with the provisions of General Conditions **Stated in Coverage A: Property Coverage, Section II (G) Duties in the Event of Loss or Damage** of the **Memorandum of Coverage"**; and

5) **"You"** must produce all relevant records and cooperate with us in the investigation and settlement of the claim.

6) **"You"** must secure all of your rights of recovery against any person or organization responsible for the loss and do nothing to impair those rights.

G. **Coverage for Prior Losses:**

**"We"** will pay for loss **"You"** sustain caused by an **"Occurrence"** which happened any time on or after July 1, 1986 which has not been reported to any previous insurer, reinsurer or under any previous **"Memorandum of Coverage," so** long as **"Discovery"** of the loss or situation that may result in loss takes place during the **"Term"** of this **"Memorandum of Coverage."**

H. **Audit Requirement:**

**"We"** maintain the right to deny coverage for any loss under **Coverage C- Crime Coverages** in which a substantial contributing cause or factor in the loss itself or extent of the loss is **"Your"** unreasonable failure to comply with the provisions of the Audit Act, NMSA 1978 §12-6-1 et seq.

## D. PROVISIONS AFFECTING LOSS SETTLEMENT

A. **Limit of Coverage per Occurrence:**

If **"We"** pay for any loss **"You"** sustain caused by an "**Occurrence"** under **Coverage C-Crime Coverages,** such payment shall not reduce **"Our"** duty to pay for other losses caused by other **"Occurrences."**

The most **"We"** will pay for all loss resulting directly from an "Occurrence" is the applicable Limit of Coverage indicated in "Item D – Limit of Coverage and Deductible Amount". If any loss is covered under more than one Insuring Agreement or Coverage, the most **We"** will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

B. **Non-Accumulation of Coverage Limits:**

Regardless of the number of years **Coverage C-Crime Coverages** remains in force or the number of premiums paid, no coverage limit accumulates from year to year or from **"Term"** to **"Term**." All losses from a single act or any number of acts by the same **"Employee"** or **"Third Party"** will be treated as a single loss and the applicable Limit of Coverage will apply.

C. **Valuation:**

Subject to the applicable Limit of Coverage provision**, "We"** will pay for:

1) Loss of **"Money",** but only up to and including its face value or the United States dollar value of a foreign currency based on the currency rate of exchange in effect on the day any loss involving foreign currency is **"Discovered**."

2) Loss of **"Securities"** but only up to their value at the close of business on the business day immediately preceding the day on which the loss is **"Discovered**."

   a. **"We"** may at **"Our"** option pay the value of such **"Securities"** or replace them in kind, in which event **"You"** must assign to **"Us"** all of **"Your"** rights, title and interest in those **Securities"**; or

   b. The cost of any Lost Securities Bond required in connection with issuing duplicates of the **"Securities."** However, **"We"** will pay only so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the value of the **"Securities"** at the close of business the day the loss was **"Discovered"** or the applicable Limit of Coverage.

3) Loss of or damage to **"Other Property"** for the replacement cost of the **"Other Property"** without deduction for depreciation. However, **"We"** will not pay more than the least of the following:

   a. the Limit of Coverage applicable to the "**Other Property"** which has been lost or damaged; or

   b. the cost to replace the **"Other Property"** that has been lost or damaged with property of comparable material and quality and used for the same purpose; or

   c. the amount **"You"** actually spend that is necessary to repair or replace the lost or damaged **"Other Property."** Any property that **"We"** pay for or replace becomes **"Our"** property.

4) Loss from damage to the **"Premises"** or its exterior. **"We"** will not pay on a replacement cost basis for any loss or damage:

   a. Until the damage is actually repaired and unless the repair or replacement is made as soon as reasonably possible after the loss.

   b. If the damage is not repaired, **"We"** will pay on an actual cash value basis.

D. **Recoveries:**

Any recoveries **"We"** obtain, less the cost of recovering them, made after settlement of loss covered by **Coverage C-Crime Coverages** will be distributed as follows:

1) to **"You**,**"** until **"You"** are reimbursed for any loss that **"You"** sustain that exceeds the applicable Limit of Coverage less the Deductible Amount;

2) then to **"Us,"** until **"We"** are reimbursed for the settlement made;

3) then to **"You"** until **"You"** are reimbursed for that part of the loss equal to the Deductible Amount.

This provision regarding Recoveries does not apply to any recovery from insurance, suretyship or reinsurance **"We"** have obtained to cover **"Our"** obligations under **Coverage C-Crime Coverages**. This provision regarding Recoveries also does not apply to original **"Securities"** after duplicates of them have been issued.

## E. CANCELLATION PROVISIONS

A. **"Cancellation" as to any Employee:**

**Coverage C-Crime Coverages** is **"Cancelled"** as to any **"Employee":**

1) effective immediately upon **"Discovery"** by **"You"** of any act of **"Theft"** or other fraudulent or dishonest act committed by that **"Employee,"** whether the act was committed before or after becoming employed by **"You." "You"** must report any such **"discovery"** to **"Us"** within 60 days of such **"Discovery."** However, **Coverage C-Crime Coverage** shall be **"Cancelled"** as to that **"Employee"** for any acts of **"Theft" or "Forgery"** committed after such **"Discovery,"** whether or not the **"Discovery"** is reported to **"Us.**

2) for any other reason other than **"Discovery"** of **"Theft"** or dishonest or fraudulent acts by the **"Employee**,**"** on the date specified in a notice mailed to **"You."** The date will be at least 30 days after the date of notice.

B**. "Cancellation" of Coverage C-Crime Coverages**

**"We"** may **"Cancel"** all or any part of **Coverage C-Crime Coverages** at any time in accordance with the Rules and Regulations of the **"Authority"** upon 60 days' notice to **"You."**

## F. DEFINITIONS

A. **"Authority"** means the New Mexico Public School Insurance Authority.

B. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

C. **"Cancellation"** means that **"We"** have put an end to all or some of our obligations under **Coverage C-Crime Coverages** as a result of a default by **"You"** or one of **"Your" "Employees".**

D. **"Computer Fraud"** means the unlawful taking of **"Money," "Securities"** or **"Other Property"** resulting from a **"Computer Violation."**

E. **"Computer System"** means a computer or network of computers, including its input, output, processing, storage and communication facilities, and shall include offline media libraries.

F. **"Computer Violation"** means an unauthorized:

1) entry into or deletion of data from a **"Computer System;"**

2) change to data elements or program logic of a **"Computer System,"** which is kept in machine readable format; or"

3) introduction of instructions, programmatic or otherwise, which propagate themselves through a "Computer System."

G. **"Counterfeit"** means an imitation of an actual valid original which is intended to deceive and to be taken as the original.

H. **"Credit Card Fraud"** means the **"Forgery"** or alteration of, on or in, any written instrument required in connection with any credit card issued to **"You"** or at **"Your"** request to any of **"Your" "Employees."**

I. **"Discovery" or "Discovered" or "Discover"** means the time at which **"You"** first become aware of facts which would cause a reasonable person to believe that a loss covered by **Coverage C-Crime Coverage** has occurred or will be incurred or the time when **"You"** receive notice of a claim or potential claim.

J. **"Employee" or "Employees"** means:

1) Any natural person:

a. while in "**Your"** service;

b. whom **"You"** compensate directly by salary or wages; and

c. whom **"You"** have the right to manage the work, direct the work and control the work while performing services for **"You."**

2) Any natural person:

a. who is a non-compensated officer or elected or appointed official in service to **"You**;**"** or

b. who is a director or trustee in service to **"You"** while performing acts coming within the

scope of their usual duties for **"You**."

3) Any natural person who is temporarily furnished to **"You:"**

a. as a substitute for a permanent **"Employee"** who is on leave, or

b. to meet seasonal or short-term workload conditions, who is assigned to perform **"Employee"** duties while that person is subject to **"Your"** management's direction and control and performing services for **"You**,**"** excluding, however, any such person while having care and custody of any of **"Your"** property outside the "**Premises**."

c. **"We"** will not cover any loss caused by any temporarily employed person if such loss is also covered by any fund, insurance or suretyship held by an agency furnishing such temporary personnel to **"You**."

4) Any natural person who is:

a. a student enrolled in a school under **"Your"** jurisdiction while the student is handling or has possession of **"Money"** or **"Other Property"** in connection with sanctioned student activities; or

b. a "regular volunteer" pursuant to 6.50.18 NMAC in service to **"You"** while handling or in possession of **"Money"** or **"Other Property"** in connection with sanctioned student activities.

5) **"Employee"** does not mean any agent, broker, person leased to **"You"** by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general nature.

K. **"Forgery"** means falsely making or altering any signature to, or any part of, any writing purporting to have any legal efficacy with intent to injure or defraud or knowingly issuing or transferring a forged writing with intent to injure or defraud.

L. **"Funds Transfer Fraud"** means fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions issued to a financial institution directing such institution to transfer, pay or deliver **"Money"** or **"Securities"** from any account maintained by **"You"** at such institution, without **"Your"** knowledge or consent.

M ."**Faithful Performance of Duty for Government Employees"** means loss or damage to "money", "securities" and "other property" resulting directly from the failure of any "employee" to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

N. **"Indirect or Consequential Loss"** is a loss that is the indirect result of any act or **"Occurrence"** covered by this **"Memorandum of Coverage,"** including, but not limited to loss resulting from:

**1) "Your"** inability to realize income that **"You"** would have realized had there been no loss of or loss from damage to **"Money," "Securities"** or **"Other Property,"** or

2) payment of damages of any type for which **"You"** are legally liable except as specifically covered under **Part D – Forgery or Alteration Coverage o**r **"Your"** liability for damage to premises you do not own under **Part B-Inside the Premises Coverage.**

O. **"Messenger"** means any of **"Your" "Employees"** who is authorized by **"You"** to have care and custody of **"Money," "Securities"** or **"Other Property"** outside the **"Premises."**

P**.** **"Money"** means currency, coin, bank notes and bullion owned or held by **"You"** on behalf of others.

Q. **"Occurrence":**

1) As respects **Coverage C- Crime Coverages - Section 1-Part A-Employee Dishonesty Coverage**, **"Occurrence"** means an individual act; the combined total of all separate acts whether or not related; or a series of acts whether or not related; committed by an "employee" acting alone or in collusion with other persons, during the **"Memorandum"** period, before such period, or both. In the event an **"Employee"** is an **"Employee"** of more than one **"Member"** at the time that **"Employee"** commits dishonest acts**,** the combined total of all separate acts whether or not related, committed by that **"Employee",** acting alone or in collusion with other persons, shall be considered as a single **"Occurrence"** and a single Limit of Insurance will apply to all **"Members".**

2) As respects **Coverage C- Crime Coverages - Section 1-Part B-Inside the Premises Coverages**, **Part C- Outside the Premises Coverages, Part D-Forgery and Alteration Coverage**, **Part E- Computer Fraud Coverage, Part F- Money Orders and Counterfeit Paper Coverage, Part G- Credit Card Fraud Coverage and Part H - Funds Transfer Fraud Coverage, "Occurrence"** means all loss or losses caused by any **"Third Party"** or in which that **"Third Party"** is involved, whether the loss involves one or more items, one or more **"Third Parties"** or a single act or series of related acts.

3) As to losses involving the disappearance or destruction of **"Money"** or **"Securities," "Occurrence"** means all disappearances or destruction which result from the same event or related series of events.

R. **"Other Bonds or Insurance"** means any primary [not excess] bonds or insurance coverage **"You"** or any other party in interest acquire as protection against risks covered by **Coverage C-Crime Coverages**.

S. **"Other Property"** means any tangible property other than **"Money"** or **"Securities"** owned by **"You"** or held by **"You"** on behalf of others that has intrinsic value which is not otherwise excluded.

T. **"Premises"** means the interior of that portion of any buildings **"You"** occupy in conducting school related activities.

U. **"Robbery"** means the unlawful taking of **"Money," Securities"** or **"Other Property"** from the care and custody of an **"Employee," "Messenger"** or other authorized person by a **"Third Party"** who has caused or threatened to cause the **"Employee," "Messenger"** or other authorized person with bodily harm.

V. **"Safe Burglary"** means the taking of:

1) **"Money," "Securities"** or **"Other Property"** from within a locked safe or vault by a **"Third Party"** unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

2) a safe or vault from inside the **"Premises**."

W. **"Securities"** means all negotiable and non-negotiable instruments or contracts representing either **"Money"** or **"Other Property"** owned by **"You"** or held by **"You"** and includes:

1) tokens, tickets and stamps (whether represented by actual stamps or unused value in a meter) in current use; and

2) evidence of debt issued in connection with credit or charge cards, but does not include **"Money**."

X. **"Term"** means the one-year period commencing July 1 of a given year and ending June 30 of the following year which is identified as "Term of Memorandum of Coverage" on the first page of the **"Memorandum of Coverage**."

Y. **"Termination"** means the expiration of a **"Memorandum of Coverage"** at the end of a **"Term**."

Z. **"Theft"** means the unlawful taking of **"Money," "Securities"** or **"Other Property**."

AA. **"Third Party"** means a person other than an **"Employee**.

**The "Authority" secures a separate Crime policy on behalf of its "Members" with the following limits and Deductibles:**

| Coverages | Limit of Insurance Per Occurrence | Deductible Per Occurrence |
|---|---|---|
| Part A. Employee Theft – Per Loss | $2,000,000 | $250,000 |
| Part B. Inside the Premises | $2,000,000 | $250,000 |
| Part C. Outside the Premises | $2,000,000 | $250,000 |
| Part D. Forgery or Alteration | $2,000,000 | $250,000 |
| Part E. Computer and Funds Transfer Fraud | $2,000,000 | $250,000 |
| Part F. Money Orders and Counterfeit Money | $2,000,000 | $250,000 |
| Part G. Credit, Debit or Charge Card Forgery | $2,000,000 | $250,000 |
| Part H. Faithful Performance of Duty for Government Employees | $1,500,000 | $250,000 |

The most the Insurer will pay for all loss resulting directly from an "Occurrence" is the applicable Limit of Insurance indicated in the schedule above– "Limit of Coverage and Deductible Amount". If any loss is covered under more than one Insuring Agreement or Coverage, the most the Insurer will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or coverages.

## COVERAGE D: CYBER COVERAGE

**The "Authority" secures a separate Cyber policy on behalf of its "Members" with the following limits and Retentions:**

### A. COVERAGES & LIMITS:

1. $45,000,000 Annual **"Policy"** and Program Aggregate Limit of Liability

(subject to **"Policy"** exclusions) for all **"Members"** combined (Aggregate for all coverage's combined, including Claims Expenses), subject to the following sub- limits as noted

2. $4,000,000 Annual Aggregate Limit of Liability for each Insured/Member for Information Security & Privacy Liability. Each Member will have a $4,000,000 Limit Each (Aggregate for all coverages combined, including Claim Expenses) but sublimited to:

## B. BREACH RESPONSE

| | | |
|---|---|---|
| **Breach Response Costs:** | $1,000,000 | **Annual Aggregate Limit of Liability** for each Insured/Member **Privacy Notification Costs** coverage. (Limit is increased to $2,000,000 if Beazley Vendor Services are used) |

### FIRST PARTY LOSS

| | | |
|---|---|---|
| **Business Interruption Loss:** | $4,000,000 | **Member Aggregate Limit of Liability** for each **"Member" resulting from Security Breach** |
| | $250,000 | **Member Aggregate Limit of Liability** for each Insured /Member **resulting from System Failure** |
| **Dependent Business Loss:** | $750,000 | **Member Aggregate Limit of Liability** for each Insured/Member **resulting from Dependent Security Breach** |
| **Cyber Extortion Loss:** | $4,000,000 | **Member Aggregate Limit of Liability** for each Insured/Member **Cyber Extortion Loss** |
| **Data Recovery Costs:** | $4,000,000 | **Member Aggregate Limit of Liability** for each Insured/Member **Data Protection Loss** |

### LIABILITY

| | | |
|---|---|---|
| **Data & Network Liability:** | $4,000 ,000 | **Annual Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Network Liability** |
| **Regulatory Defense & Penalties:** | $4,000,000 | **Annual Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Regulatory Defense & Penalties** |
| **Payment Card Liabilities & Costs:** | $4,000 ,000 | **Annual Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Payment Card Liabilities & Costs** |

| | |
|---|---|
| **Media Liability:** | $4,000,000 **Annual Aggregate Limit of Liability** or each Insured/Member for all Damages and Claims Expenses for **Website Media Content Liability** |
| ***ECRIME*** | |
| **Fraudulent Instruction:** | $150,000 **Member Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Fraudulent Instruction.** |
| **Funds Transfer Fraud:** | $150,000 **Member Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Funds Transfer Fraud** |
| **Telephone Fraud:** | $150,000 **Member Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Telecommunications Fraud** |
| ***CRIMINAL REWARD*** | |
| **Criminal Reward:** | $25,000 **Member AggregateLimit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Criminal Reward.** |
| ***COVERAGE ENDORSEMENT(S)*** | |
| **Consequential Reputational Loss:** | $50,000 **Member Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Consequential Reputational Loss** |
| **RETENTIONS:** | $50,000 Per Occurrence for each Insured/Member with TIV up to $500,000,000 at the time of loss<br>8 Hour waiting period for first party claims<br>$100,000 Per Occurrence for each Insured/Member with TIV greater than $500,000,000 at the time of loss<br>8 Hour waiting period for first party claims |

**"Member"** Retention Schedule

Each **"Member"** is assigned a cyber retention based on their total building values. The annual Budget Notice provides the **"Member's"** with the recent values. The following retention shall be applied to the total loss including damages or expenses arising out of anyone Per Occurrence loss.

| Building Values | Retention | Member Retention | Maximum Out of Pocket Retention | NMPSIA Retention |
|---|---|---|---|---|
| $0 - $250,000,000 | $50,000 | $5,000 | $20,000 | $45,000 |
| $250,000,001 - $750,000,000 | $100,000 | $20,000 | $60,000 | $80,000 |
| $750,000,001 and Above | $250,000 | $60,000 | $180,000 | $190,000 |
| Once the Out-of-Pocket retention has been reached, the Member retention will default to $1,000 Per Occurrence for the remainder of the **"Term"** of the **"Memorandum"**. | | | | |

**NOTICE:**

Coverage of this **"Policy"** provides coverage on a claim made and reported basis; except as otherwise provided, coverage under noted coverage schedule applies only to claims first made against the **"You"** and reported to "Us" during the **"Policy Period"**. Claims expenses shall reduce the applicable Limit of Liability.

**EXTENDED REPORTING PERIOD:**
For **"Members"** - To be determined at the time of election.

## C. SPECIFIC COVERAGE PROVISIONS:

**A.** Breach Response indemnifies the **"Member"** Organization for Breach Response Costs incurred by the Insured Organization because of an actual or reasonably suspected Data Breach or Security Breach that the Insured first discovers during the **"Policy Period"**.

**B.** First Party Loss indemnifies the **"Member"** for: Business Interruption Loss the **"Member"** sustains as a result of a Security Breach or System Failure that the **"Member"** first discovers during the **"Policy Period**". Dependent Business Interruption Loss indemnifies loss the **"Member"** sustains as a result of a Dependent

Security Breach or a Dependent System Failure that the **"Member"** first discovers during the **"Policy Period**". Cyber Extortion Loss indemnifies loss the **"Member"** incurs as a result of an Extortion Threat first made against the **"Member"** during the **"Policy Period".** Data Recovery Costs indemnifies the loss **"Member"** incurs as a direct result of a Security Breach that the **"Member"** first discovers during the **"Policy Period"**.

**C.** Liability: Data & Network Liability pays Damages and Claims Expenses, which the **"Member"** is legally obligated to pay because of any Claim first made against any **"Member"** during the **"Policy Period**". Regulatory Defense & Penalties pays Penalties and Claims Expenses, which the **"Member"** is legally obligated to pay because of a Regulatory Proceeding first made against any **"Member"** during the **"Policy Period"** for a Data Breach or a Security Breach.Payment Card Liabilities & Costs indemnifies the **"Member"** for PCI Fines, Expenses and Costs which it is legally obligated to pay because of a Claim first made against any **"Member"** during the **" Policy Period"** . Media Liability pays Damages and Claims Expenses, which the **"Member"** is legally obligated to pay because of any Claim first made against any **"Member"** during the **"Policy Period"** for Media Liability.

**D.** eCrime indemnifies the **Member"** for any direct financial loss sustained resulting from:

i. Fraudulent Instruction
ii. Funds Transfer Fraud
iii. Telephone Fraud

That the **"Member"** first discovers during the **"Policy".**

**E.** Criminal Reward indemnifies the **"Member"** for Criminal Reward Funds.

**D. EXCLUSIONS:**

(Including but not limited to)
Coverage does not apply to any claim or loss from:

- Bodily Injury or Property Damage
- Trade Practice and Antitrust
- Gathering or Distribution of Information
- Prior Known Acts & Prior Noticed Claims
- Racketeering, Benefit Plans, Employment Liability and Discrimination
- Sale or Ownership of Securities & Violation of Securities Laws
- Criminal, Intentional of Fraudulent Acts
- Patent, Software Copyright, Misappropriation of Information

- Government Actions
- Other Insureds & Related Enterprises
- Trading Losses, Loss of Money & Discounts
- Media-Related Exposures - Contractual Liability or obligation
- Nuclear Incident
- Radioactive Contamination
- Sanctions Limitation
- War and Civil War
- Asbestos, Pollution and Contamination

First Party Loss - included but not limited to: 1. seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority; 2. costs or expenses incurred by the Insured to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or Computer Systems to a level beyond that which existed prior to a Security Breach, System Failure, Dependent Security Breach, Dependent System Failure or Extortion Threat; 3. failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the Insured Organization's direct operational control; or 4. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event.

## E. DEFINITIONS

**Additional Insured** means any person or entity that the **"Member"** has agreed in writing to add as an Additional Insured under this **"Policy"** prior to the commission of any act for which such person or entity would be provided coverage under this **"Policy"**, but only to the extent the **"Member"** would have been liable and coverage would have been afforded under the terms and conditions of this **"Policy"** had such Claim been made against the **"Member"**.

**Breach Notice Law** means any statute or regulation that requires notice to persons whose personal information was accessed or reasonably may have been accessed by an unauthorized person.

**Breach Notice Law** also includes any statute or regulation requiring notice of a Data Breach to be provided to governmental or regulatory authorities.

Breach Response Costs means the following fees and costs incurred by the **"Member"** with the Underwriters' prior written consent in response to an actual or reasonably suspected Data Breach or Security Breach:

1. for an attorney to provide necessary legal advice to the **"Member"** to evaluate its obligations pursuant to Breach Notice Laws or a Merchant Services Agreement;

2. for a computer security expert to determine the existence, cause and scope of an actual or reasonably suspected Data Breach, and if such Data Breach is actively in progress on the **"Member's"** Computer Systems, to assist in containing it;

3. for a PCI Forensic Investigator to investigate the existence and extent of an actual or reasonably suspected Data Breach involving payment card data and for a Qualified Security Assessor to certify and assist in attesting to the **"Member's"** PCI compliance, as required by a Merchant Services Agreement;

4. to notify those individuals whose Personally Identifiable Information was potentially impacted by a Data Breach;

5. to provide a call center to respond to inquiries about a Data Breach;

6. to provide a credit monitoring, identity monitoring or other personal fraud or loss prevention solution, to be approved by the Underwriters, to individuals whose Personally Identifiable Information was potentially impacted by a Data Breach; and
7. public relations and crisis management costs directly related to mitigating harm to the **"Member"** which are approved in advance by the Underwriters in their discretion.

Breach Response Costs will not include any internal salary or overhead expenses of the **"Member"**.

Business Interruption Loss means:

1. Income Loss;

2. Forensic Expenses; and

3. Extra Expense;

actually, sustained during the Period of Restoration as a result of the actual interruption of the **"Member's"** business operations caused by a Security Breach or System Failure. Coverage for Business Interruption Loss will apply only after the Waiting Period has elapsed.

Business Interruption Loss will not include (i) loss arising out of any liability to any third party; (ii) legal costs or legal expenses; (iii) loss incurred as a result of unfavorable business conditions; (iv) loss of market or any other consequential loss; (v) Dependent Business Loss; or (vi) Data Recovery Costs.

Claim means:

1. a written demand received by any **"Member"** for money or services;

2. with respect to coverage provided under the Regulatory Defense & Penalties insuring agreement only, institution of a Regulatory Proceeding against any **"Member"**; and

3. with respect to coverage provided under part 1. of the Data & Network Liability insuring agreement only, a demand received by any **"Member"** to fulfill the **"Member's"**

contractual obligation to provide notice of a Data Breach pursuant to a Breach Notice Law;

Multiple Claims arising from the same or a series of related, repeated or continuing acts, errors, omissions or events will be considered a single Claim for the purposes of this **"Policy"**. All such Claims will be deemed to have been made at the time of the first such Claim.

Claims Expenses means:

1. all reasonable and necessary legal costs and expenses resulting from the investigation, defense and appeal of a Claim, if incurred by the Underwriters, or by the **"Member"** with the prior written consent of the Underwriters; and

2. the premium cost for appeal bonds for covered judgments or bonds to release property used to secure a legal obligation, if required in any Claim against a **"Member";** provided the Underwriters will have no obligation to appeal or to obtain bonds.

Claims Expenses will not include any salary, overhead, or other charges by the **Member"** for any time spent in cooperating in the defense and investigation of any Claim or circumstance that might lead to a Claim notified under this **"Policy"**, or costs to comply with any regulatory orders, settlements or judgments.
Computer Systems means computers, any software residing on such computers and any associated devices or equipment:

1. operated by and either owned by or leased to the **"Member"**; or

2. with respect to coverage under the Breach Response and Liability insuring agreements, operated by a third party pursuant to written contract with the **"Member"** and used for the purpose of providing hosted computer application services to the **"Member"** or for processing, maintaining, hosting or storing the **"Member's"** electronic data.

Retroactive Date means:

1. the inception or effective date the **"Member"** to first become a scheduled Named Insured to the **"Memorandum"** but no earlier than July 1, 2010**;** and

2. with respect to any Subsidiaries acquired after the Retroactive Date, whereas, the date the **"Member"** acquired such Subsidiary.

Control Group means any principal, partner, corporate officer, director, general counsel (or most senior legal counsel) or risk manager of the **"Member"** and any individual in a substantially similar position.

Criminal Reward Funds means any amount offered and paid by the **"Member"** with the Underwriters' prior written consent for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act related to any coverage under this **"Policy"**; but will not include any amount based upon information provided by the **"Member"**, the **"Member's"** auditors or

any individual hired or retained to investigate the illegal acts. All Criminal Reward Funds offered pursuant to this **"Policy"** must expire no later than 6 months following the end of the **"Policy Period".**

Cyber Extortion Loss means:

1. any Extortion Payment that has been made by or on behalf of the **"Member"** with the Underwriters' prior written consent to prevent or terminate an Extortion Threat; and

2. reasonable and necessary expenses incurred by the **"Member"** with the Underwriters' prior written consent to prevent or respond to an Extortion Threat.

Damages means a monetary judgment, award or settlement, including any award of prejudgment or post-judgment interest; but Damages will not include:

1. future profits, restitution, disgorgement of unjust enrichment or profits by a **"Member"**, or the costs of complying with orders granting injunctive or equitable relief;

2. return or offset of fees, charges or commissions charged by or owed to a **"Member"** for goods or services already provided or contracted to be provided;

3. taxes or loss of tax benefits;
4. fines, sanctions or penalties;

5. punitive or exemplary damages or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such punitive, exemplary or multiple damages;

6. discounts, coupons, prizes, awards or other incentives offered to the **"Member's"** customers or clients;

7. liquidated damages, but only to the extent that such damages exceed the amount for which the **"Member"** would have been liable in the absence of such liquidated damages agreement;

8. fines, costs or other amounts an Insured is responsible to pay under a Merchant Services Agreement; or

9. any amounts for which the **"Member"** is not liable, or for which there is no legal recourse against the **"Member"**.

Data means any software or electronic data that exists in Computer Systems and that is subject to regular back-up procedures.

Data Breach means the theft, loss, or Unauthorized Disclosure of Personally Identifiable Information or Third Party Information that is in the care, custody or control of the **"Member"** or a third party for whose theft, loss or Unauthorized Disclosure of Personally Identifiable Information or Third Party Information the **Member"** is liable.

Data Recovery Costs means the reasonable and necessary costs incurred by the **"Member"** to regain access to, replace, or restore Data, or if Data cannot reasonably be accessed, replaced, or restored, then the reasonable and necessary costs incurred by the **"Member"** to reach this determination.

Data Recovery Costs will not include: (i) the monetary value of profits, royalties, or lost market share related to Data, including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of Data; (ii) legal costs or legal expenses; (iii) loss arising out of any liability to any third party; or (iv) Cyber Extortion Loss.

Dependent Business means any entity that is not a part of the **"Member"** but which provides necessary products or services to the **"Member"** pursuant to a written contract.

Dependent Business Loss means:

1. Income Loss; and

2. Extra Expense;

actually, sustained during the Period of Restoration as a result of an actual interruption of the **"Member's"** business operations caused by a Dependent Security Breach or Dependent System Failure. Coverage for Dependent Business Loss will apply only after the Waiting Period has elapsed.

Dependent Business Loss will not include (i) loss arising out of any liability to any third party; (ii) legal costs or legal expenses; (iii) loss incurred as a result of unfavorable business conditions; (iv) loss of market or any other consequential loss; (v) Business Interruption Loss; or (vi) Data Recovery Costs.

Dependent Security Breach means a failure of computer security to prevent a breach of computer systems operated by a Dependent Business.

Dependent System Failure means an unintentional and unplanned interruption of computer systems operated by a Dependent Business.

Dependent System Failure will not include any interruption of computer systems resulting from (i) a Dependent Security Breach, or (ii) the interruption of computer systems that are not operated by a Dependent Business.

Digital Currency means a type of digital currency that:

1. requires cryptographic techniques to regulate the generation of units of currency and verify the transfer thereof;

2. is both stored and transferred electronically; and

3. operates independently of a central bank or other central authority.

Extortion Payment means Money, Digital Currency, marketable goods or services demanded to prevent or terminate an Extortion Threat.

Extortion Threat means a threat to:

1. alter, destroy, damage, delete or corrupt Data;

2. perpetrate the Unauthorized Access or Use of Computer Systems;

3. prevent access to Computer Systems or Data;

4. steal, misuse or publicly disclose Data, Personally Identifiable Information or Third-Party Information;
5. introduce malicious code into Computer Systems or to third party computer systems from Computer Systems; or

6. interrupt or suspend Computer Systems;
unless an Extortion Payment is received from or on behalf of the **"Member"**.

Extra Expense means reasonable and necessary expenses incurred by the **"Member"** during the Period of Restoration to minimize, reduce or avoid Income Loss, over and above those expenses the **"Member"** would have incurred had no Security Breach, System Failure, Dependent Security Breach or Dependent System Failure occurred.

Financial Institution means a bank, credit union, saving and loan association, trust company or other licensed financial service, securities broker-dealer mutual fund, or liquid assets fund or similar investment company where the **"Member"** maintains a bank account.

Forensic Expenses means reasonable and necessary expenses incurred by the **"Member"** to investigate the source or cause of a Business Interruption Loss.

Fraudulent Instruction means the transfer, payment or delivery of Money or Securities by a **"Member"** as a result of fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions provided by a third party, that is intended to mislead a **"Member"** through the misrepresentation of a material fact which is relied upon in good faith by such **"Member"**.

Fraudulent Instruction will not include loss arising out of:

1. any actual or alleged use of credit, debit, charge, access, convenience, customer identification or other cards;

2. any transfer involving a third party who is not a natural person Insured, but had authorized access to the **"Member's**" authentication mechanism;

3. the processing of, or the failure to process, credit, check, debit, personal identification number debit, electronic benefit transfers or mobile payments for merchant accounts;

4. accounting or arithmetical errors or omissions, or the failure, malfunction, inadequacy or illegitimacy of any product or service;

5. any liability to any third party, or any indirect or consequential loss of any kind;

6. any legal costs or legal expenses; or

7. proving or establishing the existence of Fraudulent Instruction.

Funds Transfer Fraud means the loss of Money or Securities contained in a Transfer Account at a Financial Institution resulting from fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions by a third party issued to a Financial Institution directing such institution to transfer, pay or deliver Money or Securities from any account maintained by the **"Member"** at such institution, without the **"Member**'s "knowledge or consent.

Funds Transfer Fraud will not include any loss arising out of:

1. the type or kind covered by the **"Member's"** financial institution bond or commercial crime policy;

2. any actual or alleged fraudulent, dishonest or criminal act or omission by, or involving, any natural **"Member"**;

3. any indirect or consequential loss of any kind;

4. punitive, exemplary or multiplied damages of any kind or any fines, penalties or loss of any tax benefit;

5. any liability to any third party, except for direct compensatory damages arising directly from Funds Transfer Fraud;

6. any legal costs or legal expenses; or proving or establishing the existence of Funds Transfer Fraud;

7. the theft, disappearance, destruction of, unauthorized access to, or unauthorized use of confidential information, including a PIN or security code;

8. any forged, altered or fraudulent negotiable instruments, securities, documents or instructions; or

9. any actual or alleged use of credit, debit, charge, access, convenience or other cards or the information contained on such cards.

Income Loss means an amount equal to:

1. net profit or loss before interest and tax that the **"Member"** would have earned or incurred; and

2. continuing normal operating expenses incurred by the **Member"** (including payroll), but only to the extent that such operating expenses must necessarily continue during the Period of Restoration.

Individual Contractor means any natural person who performs labor or service for the **"Member"** pursuant to a written contract or agreement with the **"Member"**. The status of an individual as an Individual Contractor will be determined as of the date of an alleged act, error or omission by any such Individual Contractor.

Insured means:

1. the **"Member"**;

2. any director or officer of the "**Member"**, but only with respect to the performance of his or her duties as such on behalf of the **"Member"**;

3. an employee (including a part time, temporary, leased or seasonal employee or volunteer) or Individual Contractor of the **"Member"**, but only for work done while acting within the scope of his or her employment and related to the conduct of the **"Member's"** business;

4. a principal if the Member**"** is a sole proprietorship, or a partner if the **"Member"** is a partnership, but only with respect to the performance of his or her duties as such on behalf of the **Member"**;

5. any person who previously qualified as a **"Member"** under parts 2. - 4., but only with respect to the performance of his or her duties as such on behalf of the **"Member"**;

6. an Additional Insured, but only as respects Claims against such person or entity for acts, errors or omissions of the **"Member"**;

7. the estate, heirs, executors, administrators, assigns and legal representatives of any **"Member"** in the event of such **"Member's"** death, incapacity, insolvency or bankruptcy, but only to the extent that such **"Member"** would otherwise be provided coverage under this **"Policy"**; and

8. the lawful spouse, including any natural person qualifying as a domestic partner of any **"Member"**, but solely by reason of any act, error or omission of an Insured other than such spouse or domestic partner.

Insured Organization means the **"Member"** and any Subsidiaries.

Loss means Breach Response Costs, Business Interruption Loss, Claims Expenses, Criminal Reward Funds, Cyber Extortion Loss, Damages, Data Recovery Costs, Dependent Business Loss, PCI Fines,

Expenses and Costs, Penalties, loss covered under the eCrime insuring agreement and any other amounts covered under this **"Policy"**.

Multiple Losses arising from the same or a series of related, repeated or continuing acts, errors, omissions or events will be considered a single Loss for the purposes of this **"Policy"**.

With respect to the Breach Response and **"Member"** Loss insuring agreements, all acts, errors, omissions or events (or series of related, repeated or continuing acts, errors, omissions or events) giving rise to a Loss or multiple Losses in connection with such insuring agreements will be deemed to have been discovered at the time the first such act, error, omission or event is discovered.

Media Liability means one or more of the following acts committed by, or on behalf of, the **"Member"** in the course of creating, displaying, broadcasting, disseminating or releasing Media Material to the public:

1. defamation, libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;

2. a violation of the rights of privacy of an individual, including false light, intrusion upon seclusion and public disclosure of private facts;

3. invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;
4. plagiarism, piracy, or misappropriation of ideas under implied contract;
5. infringement of copyright;

6. infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, or slogan, service mark or service name;

7. improper deep-linking or framing;

8. false arrest, detention or imprisonment;

9. invasion of or interference with any right to private occupancy, including trespass, wrongful entry or eviction; or

10. unfair competition, if alleged in conjunction with any of the acts listed in parts 5. or 6. above.

Media Material means any information, including words, sounds, numbers, images or graphics, but will not include computer software or the actual goods, products or services described, illustrated or displayed in such Media Material.

Merchant Services Agreement means any agreement between a **"Member"** and a financial institution, credit debit card company, credit debit card processor or independent service operator enabling a

**"Member"** to accept credit card, debit card, prepaid card or other payment cards for payments or donations.

Money means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.

**"Member"** means the **"Members"** listed in the **"Memorandum"**.

PCI Fines, Expenses and Costs means the monetary amount owed by the **"Member"** under the terms of a Merchant Services Agreement as a direct result of a suspected Data Breach. With the prior consent of the Underwriters, PCI Fines, Expenses and Costs includes reasonable and necessary legal costs and expenses incurred by the **"Member"** to appeal or negotiate an assessment of such monetary amount. PCI Fines, Expenses and Costs will not include any charge backs, interchange fees, discount fees or other fees unrelated to a Data Breach.
Penalties means:

1. any monetary civil fine or penalty payable to a governmental entity that was imposed in a Regulatory Proceeding; and

2. amounts which the **"Member"** is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a Regulatory Proceeding (including such amounts required to be paid into a "Consumer Redress Fund");

   but will not include: (a) costs to remediate or improve Computer Systems; (b) costs to establish, implement, maintain, improve or remediate security or privacy practices, procedures, programs or policies; (c) audit, assessment, compliance or reporting costs; or (d) costs to protect the confidentiality, integrity and/or security of Personally Identifiable Information or other information.

The insurability of Penalties will be in accordance with the law in the applicable venue that most favors coverage for such Penalties.

Period of Restoration means the 180-day period of time that begins upon the actual and necessary interruption of the "**Member's"** business operations.

Personally Identifiable Information means:

1. any information concerning an individual that is defined as personal information under and Breach Notice Law; and

2. an individual's driver's license or state identification number, social security number, unpublished telephone number, and credit, debit or other financial account numbers in combination with associated security codes, access codes, passwords or PINs; if such information allows an individual to be uniquely and reliably identified or contacted or allows access to the individual's financial account or medical record information

but will not include information that is lawfully made available to the general public.

**"Policy Period**" means the period of time between the inception date listed in the Declarations and the effective date of termination, expiration or cancellation of this **"Policy"** and specifically excludes any Optional Extension Period or any prior **"Policy"** or renewal period.

Privacy Policy means the **"Member's"** public declaration of its policy for collection, use, disclosure, sharing, dissemination and correction or supplementation of, and access to Personally Identifiable Information.

Regulatory Proceeding means a request for information, civil investigative demand, or civil proceeding brought by or on behalf of any federal, state, local or foreign governmental entity in such entity's regulatory or official capacity.
Securities means negotiable and non-negotiable instruments or contracts representing either Money or tangible property that has intrinsic value.

Security Breach means a failure of computer security to prevent:

1. Unauthorized Access or Use of Computer Systems, including Unauthorized Access or Use resulting from the theft of a password from a Computer System or from any **"Member"**;

2. a denial of service attack affecting Computer Systems;

3. with respect to coverage under the Liability insuring agreements, a denial of service attack affecting computer systems that are not owned, operated or controlled by a **"Member"**; or

4. infection of Computer Systems by malicious code or transmission of malicious code from Computer Systems.

Subsidiary means any not-for-profit entity:

1. which, on or prior to the inception date of this "Policy**"**, the governing body of the **"Member"** exerts effective control, directly and indirectly, and whose accounts are included with or consolidated into financial statements of the **"Member"**; and

2. which the governing body of the **"Member"** exerts effective control, directly and indirectly after the inception date of this **"Policy"**; provided that:

   (i) the value of the sum of all assets (including, but not limited to, real estate, securities assumed indebtedness and other consideration) expended, assumed or exchanged for any such acquisition, formation or merger does not exceed 5% of the total assets of the **"Member"** and its consolidated subsidiaries and affiliates;

(ii) the combined or consolidated operations and the acquired, formed or merged entity are not materially different from those of the **"Member"** prior to the acquisition, formation or merger;

(iii) coverage with respect to that newly formed, acquired or merged entity will begin on the date of acquisition, formation or merger, and there is no coverage for any entity acquired by or merged into the **"Member"** or for any person with respect to that entity for "**Occurrences"** happening prior to the date of acquisition or merger.

This **"Policy"** provides coverage only for acts, errors, omissions, incidents or events that occur while the **"Member"** exerts effective control, directly and indirectly over an entity.

System Failure means an unintentional and unplanned interruption of Computer Systems.

System Failure will not include any interruption of computer systems resulting from (i) a Security Breach, or (ii) the interruption of any third-party computer system.

Telephone Fraud means the act of a third-party gaining access to and using the **"Member's"** telephone system in an unauthorized manner.

Third Party Information means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not insured under this **"Policy"** which is not available to the general public.

Transfer Account means an account maintained by the **"Member"** at a Financial Institution from which the **"Member"** can initiate the transfer, payment or delivery of Money or Securities.

Unauthorized Access or Use means the gaining of access to or use of Computer Systems by an unauthorized person(s) or the use of Computer Systems in an unauthorized manner.

Unauthorized Disclosure means the disclosure of (including disclosure resulting from phishing) or access to information in a manner that is not authorized by the **"Member"** is without knowledge of, consent or acquiescence of any member of the Control Group.

Waiting Period means the period of time that begins upon the actual interruption of the **"Member's"** business operations caused by a Security Breach, System Failure, Dependent Security Breach or Dependent System Failure, and ends after the elapse of the number of hours listed as the Waiting Period in the Declarations.

## F. EXCLUSIONS

The coverage under this **"Policy"** will not apply to any Loss arising out of:

Bodily Injury or Property Damage

1. physical injury, sickness, disease or death of any person, including any mental anguish or emotional distress resulting from such physical injury, sickness, disease or death; or

2. physical injury to or destruction of any tangible property, including the loss of use thereof; but electronic data will not be considered tangible property;

Trade Practices and Antitrust

any actual or alleged false, deceptive or unfair trade practices, antitrust violation, restraint of trade, unfair competition (except as provided in the Media Liability insuring agreement), or false or deceptive or misleading advertising or violation of the Sherman Antitrust Act, the Clayton Act, or the Robinson-Patman Act; but this exclusion will not apply to:

1. the Breach Response insuring agreement; or

2. coverage for a Data Breach or Security Breach, provided no member of the Control Group participated or colluded in such Data Breach or Security Breach;

Gathering or Distribution of Information

1. the unlawful collection or retention of Personally Identifiable Information or other personal information by or on behalf of the **"Member"**; but this exclusion will not apply to Claims Expenses incurred in defending the **"Member"** against allegations of unlawful collection of Personally Identifiable Information; or

2. the distribution of unsolicited email, text messages, direct mail, facsimiles or other communications, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording or telemarketing is done by or on behalf of the **"Member"**; but this exclusion will not apply to Claims Expenses incurred in defending the **"Member"** against allegations of unlawful audio or video recording;

Prior Known Acts & Prior Noticed Claims

1. any act, error, omission, incident or event committed or occurring prior to the inception date of this **"Policy"** if any member of the Control Group on or before the Retroactive Date knew or could have reasonably foreseen that such act, error or omission, incident or event might be expected to be the basis of a Claim or Loss;

2. any Claim, Loss, incident or circumstance for which notice has been provided under any prior **"Policy"** of which this **"Policy"** is a renewal or replacement;

Racketeering, Benefit Plans, Employment Liability & Discrimination

1. any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act or RICO), as amended;

2. any actual or alleged acts, errors or omissions related to any of the **"Member's"** pension, healthcare, welfare, profit sharing, mutual or investment plans, funds or trusts;

3. any employer-employee relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or misconduct with respect to employees; or

4. any actual or alleged discrimination;

but this exclusion will not apply to coverage under the Breach Response insuring agreement or parts 1., 2. or 3. of the Data & Network Liability insuring agreement that results from a Data Breach; provided no member of the Control Group participated or colluded in such Data Breach;

Sale or Ownership of Securities & Violation of Securities Laws

1. the ownership, sale or purchase of, or the offer to sell or purchase stock or other securities; or

2. an actual or alleged violation of a securities law or regulation;
Criminal, Intentional or Fraudulent Acts

any criminal dishonest, fraudulent, or malicious act or omission, or intentional or knowing violation of the law, if committed by a **"Member"**, or by others if the **"Member"** colluded or participated in any such conduct or activity; but this exclusion will not apply to:

1. Claims Expenses incurred in defending any Claim alleging the foregoing until there is a final non-appealable adjudication establishing such conduct; or

2. with respect to a **Member"**, if such **"Member"** did not personally commit, participate in or know about any act, error, omission, incident or event giving rise to such Claim or Loss.

For purposes of this exclusion, only acts, errors, omissions or knowledge of a member of the Control Group will be imputed to the **"Member"**; Patent, Software Copyright, Misappropriation of Information

1. infringement, misuse or abuse of patent or patent rights;

2. infringement of copyright arising from or related to software code or software products other than infringement resulting from a theft or Unauthorized Access or Use of software code by a person who is not a past, present or future employee, director, officer, partner or independent contractor of the **"Member"**; or

3. use or misappropriation of any ideas, trade secrets or Third Party Information (i) by, or on behalf of, the **"Member"**, or (ii) by any other person or entity if such use or misappropriation is done with the knowledge, consent or acquiescence of a member of the Control Group;

Governmental Actions;

a Claim brought by or on behalf of any state, federal, local or foreign governmental entity, in such entity's regulatory or official capacity; but this exclusion will not apply to the Regulatory Defense & Penalties insuring agreement;
Other & Related Enterprises;

a Claim made by or on behalf of:

1. any **"Member";** but this exclusion will not apply to a Claim made by an individual that is not a member of the Control Group under the Data & Network Liability insuring agreement, or a Claim made by an Additional Insured; or

2. any business enterprise in which any **"Member"** has greater than 15% ownership interest or made by any parent company or other entity which owns more than 15% of the **"Member"**;

Trading Losses, Loss of Money & Discounts

1. any trading losses, trading liabilities or change in value of accounts;

2. any loss, transfer or theft of monies, securities or tangible property of the Insured or others in the care, custody or control of the **"Member"**;

3. the monetary value of any transactions or electronic fund transfers by or on behalf of the **"Member"** which is lost, diminished, or damaged during transfer from, into or between accounts; or

4. the value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount;

   but this exclusion will not apply to coverage under the eCrime insuring agreement; Media -Related Exposures with respect to the Media Liability insuring agreement:

   a. any contractual liability or obligation; but this exclusion will not apply to a Claim for misappropriation of ideas under implied contract;

   b. the actual or alleged obligation to make licensing fee or royalty payments;

   c. any costs or expenses incurred or to be incurred by the **"Member"** or others for the reprinting, reposting, recall, removal or disposal of any Media Material or any other

information, content or media, including any media or products containing such Media Material, information, content or media;

d. any Claim brought by or on behalf of any intellectual property licensing bodies or organizations;

5. the actual or alleged inaccurate, inadequate or incomplete description of the price of goods, products or services, cost guarantees, cost representations, contract price estimates, or the failure of any goods or services to conform with any represented quality or performance;

6. any actual or alleged gambling, contest, lottery, promotional game or other game of chance; or

7. any Claim made by or on behalf of any independent contractor, joint venturer or venture partner arising out of or resulting from disputes over ownership of rights in Media Material or services provided by such independent contractor, joint venturer or venture partner;

First Party Loss;

with respect to the First Party Loss insuring agreements:

1. seizure, nationalization, confiscation, or destruction of property or data by order of any governmental or public authority;

2. costs or expenses incurred by the **"Member"** to identify or remediate software program errors or vulnerabilities or update, replace, restore, assemble, reproduce, recollect or enhance data or Computer Systems to a level beyond that which existed prior to a Security Breach, System Failure, Dependent Security Breach, Dependent System Failure or Extortion Threat;

3. failure or malfunction of satellites or of power, utility, mechanical or telecommunications (including internet) infrastructure or services that are not under the **"Member's"** direct operational control; or

4. fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event.

## ENDORSEMENT NO. 1

## WEBSITE MEDIA CONTENT LIABILITY

This endorsement modifies insurance provided under the following:

1. The definition of Media Liability is deleted in its entirety and replaced with the following:

Media Liability means one or more of the following acts committed by, or on behalf of, the **"Member"** in the course of the **"Member's"** display of Media Material on its web site or on social media web pages created and maintained by or on behalf of the **"Member"**:

1. defamation, libel, slander, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;

2. a violation of the rights of privacy of an individual, including false light and public disclosure of private facts;

3. invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;

4. plagiarism, piracy, misappropriation of ideas under implied contract;

5. infringement of copyright;

6. infringement of domain name, trademark, trade name, trade dress, logo, title, metatag, or slogan, service mark, or service name; or

7. improper deep-linking or framing within electronic content.

2. The definition of Media Material is deleted in its entirety and replaced with the following:

Media Material means any information in electronic form, including words, sounds, numbers, images, or graphics and shall include advertising, video, streaming content, web-casting, online forum, bulletin board and chat room content, but does not mean computer software or the actual goods, products or services described, illustrated or displayed in such Media Material.

All other terms and conditions of this **"Memorandum"** remain unchanged.

**ENDORSEMENT NO. 2**

# CONSEQUENTIAL REPUTATIONAL LOSS

This endorsement modifies insurance provided under the following:

3. INSURING AGREEMENTS is amended by the addition of:

Consequential Reputational Loss:

To indemnify the **"Member"** for Consequential Reputational Loss, that the **Member"** incurs during the Notification Period as a result of (i) an actual or reasonably suspected Data Breach or Security Breach that the **"Member"** first discovers during the **"Policy Period"** and (ii) for which individuals have been notified pursuant to part 4. of the Breach Response Services definition.

4. For purposes of this endorsement, DEFINITIONS is amended to include:

Consequential Reputational Loss means the Income Loss during the Notification Period; provided that Consequential Reputational Loss shall not mean and no coverage shall be available under this endorsement for any of the following: loss arising out of any liability to any third party for whatever reason; legal costs or legal expenses of any type; loss incurred as a result of unfavorable business conditions, loss of market or any other consequential loss; or costs or expenses the **"Member"** incurs to identify, investigate, respond to or remediate an actual or reasonably suspected Data Breach or Security Breach.

Income Loss means the net profit resulting directly from the **"Member's"** business operations, before income taxes, that the **"Member"** is prevented from earning as a direct result of damage to the **"Member's"** reputation caused by an actual or reasonably suspected Data Breach or Security Breach. In determining Income Loss, due consideration shall be given to the prior experience of the **"Member's"** business operations before the beginning of the Notification Period and to the reasonable and probable business operations the **"Member"** could have performed had the actual or reasonably suspected Data Breach or Security Breach not occurred.

Income Loss does not include any internal salary, costs or overhead expenses of the **"Member"**.

Notification Period means the 30-day period that begins on the specific date on which Notified Individuals first receive notification of the incident for which Notification Services are provided.

5. Notice of Claim or Loss under GENERAL CONDITIONS is amended to include:

With respect to Consequential Reputational Loss the **"Member"** must notify the Underwriters through the contacts listed for Notice of Claim, Loss or Circumstance in the Declarations as soon as practicable after discovery of the circumstance, incident or event giving rise to such loss. The **"Member"** will provide the Underwriters a proof of Consequential Reputational Loss. All loss described in this paragraph must be reported, and all proofs of loss must be provided, to the Underwriters no later than six (6) months after the end of the **"Policy Period**". The costs and expenses of preparing and submitting a proof of loss and establishing or proving Consequential Reputational Loss shall be the **"Member's"** obligation and are not covered under this **"Policy"**.

**ENDORSEMENT NO. 3**

## GDPR CYBER ENDORSEMENT

This endorsement modifies insurance provided under the following:

It is hereby understood and agreed that the Data & Network Liability insuring agreement is amended to include:

5. non-compliance with the following obligations under the EU General Data Protection Regulation (or legislation in the relevant jurisdiction implementing this Regulation):

(a) Article 5.1(f), also known as the Security Principle;

(b) Article 32, Security of Processing; I.
(c) Article 33, Communication of a Personal Data Breach to the Supervisory Authority; or II.
(d) Article 34, Communication of a Personal Data Breach to the Data Subject

**ENDORSEMENT NO. 4**

## OTHER INSURANCE AMENDMENT ENDORSEMENT

GENERAL CONDITIONS

Other Insurance

The insurance under this **"Policy"** will apply in excess of any other valid and collectible insurance available to any **"Member"** unless such other insurance is written only as specific excess insurance over this **"Policy"**.

The insurance under this **"Policy"** shall not apply to any Claim for which a **"Member"** has coverage under any other policy.

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY**

***PROPERTY, AUTOMOBILE PHYSICAL DAMAGE, CRIME & CYBER COVERAGES***

The schedule of covered "Members" is as follows including any other Educational Entities or Charter Schools added during the Term of this Memorandum of Coverage not named in Schedule A:

## SCHEDULE A: MEMBERS

1. 21st Century Charter School dba 21st Century Public Academy
2. ABQ Charter Academy
3. ABQ Collegiate Charter School
4. Academy for Technology and the Classics
5. ACE Leadership High School
6. ACES Technical Charter School
7. Alamogordo Public Schools
8. Albuquerque Bilingual Academy
9. Albuquerque Institute of Math and Science (AIMS@UNM)
10. Albuquerque School of Excellence
11. Albuquerque Talent Development Academy
12. Aldo Leopold Charter School
13. Alice King Community School
14. Alma D' Arte Charter High School
15. Altura Preparatory Academy
16. Amy Biehl Charter School
17. Anansi Charter School
18. Animas Charter School
19. Artesia Public Schools
20. Aztec Municipal Schools
21. Belen Consolidated Schools
22. Bernalillo Public Schools
23. Bloomfield School District
24. Capitan Municipal Schools
25. Carlsbad Municipal Schools
26. Carrizozo Municipal Schools
27. Central Consolidated School District #22
28. Central Region Educational Cooperative # 5
29. Cesar Chavez Community School
30. Chama Valley Independent Schools
31. Christine Duncan Heritage Academy
32. Cien Aguas International School

33. Cimarron Municipal Schools
34. Clayton Municipal Schools
35. Cloudcroft Municipal School
36. Clovis Municipal Schools
37. Cobre Consolidated Schools
38. Cooperative Educational Services
39. Coral Community Charter School
40. Corona Public Schools
41. Corrales International Charter School
42. Cottonwood Valley Charter School
43. Cottonwood Classical Preparatory School
44. Cuba Independent Schools
45. DATA Charter School (Digital Arts & Technology Academy)
46. Deming Cesar Chavez High School
47. Deming Public Schools
48. Des Moines Municipal Schools
49. Dexter Consolidated Schools
50. Dora Consolidated Schools
51. Dream Dine´ Charter School
52. Dulce Independent Schools
53. DZIŁ DIT Ł'OOI School of Empowerment, Action & Perseverance (DEAP)
54. East Mountain Charter School
55. Eastern New Mexico University
56. Eastern New Mexico University - Roswell
57. El Camino Real Academy
58. Elida Municipal Schools
59. Espanola Municipal Schools
60. Estancia Municipal Schools
61. Estancia Valley Classical Academy
62. Eunice Public Schools
63. Explore Academy
64. Explore Academy – Las Cruces
65. Explore Academy – Rio Rancho
66. Farmington Municipal Schools
67. Floyd Municipal Schools
68. Fort Sumner Municipal Schools
69. Gadsden Independent Schools
70. Gallup-McKinley County Public Schools
71. Gilbert L. Sena Charter High School DBA: CEPI #2
72. Gordon Bernell Charter School
73. Grady Municipal Schools
74. Grants Cibola County Schools
75. Hagerman Municipal Schools
76. Hatch Valley Municipal Schools

77. Health Leadership High School
78. Hobbs Municipal Schools
79. Hondo Valley Public Schools
80. Horizon Academy West
81. Hozho Academy
82. House Municipal Schools
83. J. Paul Taylor Academy
84. Jal Public Schools
85. Jefferson Montessori Academy
86. Jemez Mountain Public Schools
87. Jemez Valley Public Schools
88. La Academia de Esperanza
89. La Academia de Idiomas Y Cultura
    dba La Academia Dolores Huerta Middle School
90. La Tierra Montessori School of the Arts & Science
91. Lake Arthur Municipal Schools
92. Las Cruces Public Schools
93. Las Montañas Charter High School
94. Las Vegas City Public Schools
95. Logan Municipal Schools
96. Lordsburg Municipal Schools
97. Los Alamos Public Schools
98. Los Lunas Public Schools
99. Los Puentes Charter School
100. Loving Municipal Schools
101. Lovington Municipal Schools
102. Luna Community College
103. Magdalena Municipal Schools
104. Mark Armijo Academy
105. Maxwell Municipal Schools
106. McCurdy Charter School
107. Media Arts Collaborative Charter School
108. Melrose Municipal Schools
109. Mesa Vista Consolidated Schools
110. Mesalands Community College
111. Middle College High School
112. Mission Achievement and Success Charter School
113. Monte Del Sol Charter School
114. Montessori of the Rio Grande
115. Mora Independent Schools
116. Moreno Valley Charter High School
117. Moriarty Municipal Schools
118. Mosaic Academy
119. Mosquero Municipal Schools
120. Mountain Mahogany Community School

121. Mountainair Public Schools
122. National Education Association New Mexico (NEA-NM)
123. Native American Community Academy
124. New Mexico Activities Association
125. New Mexico Association of School Business Officials
126. New Mexico Coalition for Educational Leaders
127. New Mexico Connections Academy
128. New Mexico Highlands University
129. New Mexico International School
130. New Mexico Institute of Mining & Technology
131. New Mexico Public Schools Insurance Authority
132. New Mexico School for the Arts
133. New Mexico School for the Arts – Art Institute
134. New Mexico School for the Blind and Visually Impaired
135. New Mexico School for the Deaf
136. North Valley Academy
137. Northern New Mexico College
138. Pecos Connections Academy
139. Pecos Independent Schools
140. Penasco Independent Schools
141. Pojoaque Valley Public Schools
142. Portales Municipal Schools
143. Public Academy for Performing Arts
144. Quemado Independent Schools
145. Questa Independent Schools
146. Raices del Saber Xinachtli Community School Charter
147. Raton Public Schools
148. Red River Valley Charter
149. Regional Education Cooperative # 2
150. Regional Education Cooperative #6
151. Regional Education Cooperative # 7
152. Regional Education Cooperative #8
153. Region IX Education Cooperative # 9
154. Reserve Independent Schools
155. Rio Gallinas Charter School
156. Rio Grande Academy of Fine Arts
157. Rio Rancho Public Schools
158. Robert F. Kennedy Charter School
159. Roots and Wings Community School
160. Roswell Independent Schools
161. Roy Municipal Schools
162. Ruidoso Municipal Schools
163. San Diego Riverside Charter School
164. San Jon Municipal Schools
165. Sandoval Academy of Bilingual Education

166. Santa Fe Community College
167. Santa Fe Public Schools
168. Santa Rosa Consolidated Schools
169. School of Dreams Academy (SODA)
170. Sidney Gutierrez Middle Schools
171. Siembra Leadership High School
172. Silver Consolidated Schools
173. Six Directions Indigenous School
174. Socorro Consolidated Schools
175. Solare Collegiate Charter School
176. South Valley Academy
177. South Valley Preparatory School
178. Southwest Aeronautics, Mathematics and Science Academy
179. Southwest Preparatory Learning Center
180. Southwest Secondary Learning Center
181. Springer Municipal Schools
182. Taos Academy
183. Taos Charter School
184. Taos Integrated School of the Arts
185. Taos International School
186. Taos Municipal Schools
187. Tatum Municipal Schools
188. Technology Leadership High School
189. Texico Municipal Schools
190. The Albuquerque Sign Language Academy
191. The ASK Academy
192. The Great Academy
193. The International School at Mesa Del Sol
194. The MASTERS Program
195. The Montessori Elementary Schools
196. The New America School, Las Cruces
197. The New America School, New Mexico (Albuquerque)
198. THRIVE Community School
199. Tierra Adentro Charter School
200. Tierra Encantada Charter High School
201. Truth or Consequences Municipal Schools
202. Tucumcari Public Schools
203. Tularosa Municipal Schools
204. Turquoise Trail Charter School
205. Vaughn Municipal Schools
206. Vista Grande High School
207. Voz Collegiate Preparatory Charter School
208. Wagon Mound Public School
209. Walatowa High Charter School
210. West Las Vegas Public Schools

211. Western New Mexico University
212. William W. & Josephine Dorn Charter School
213. Zuni Public Schools

**ENDORSEMENT NO. 5**

Attached to and forming part of the PROPERTY, AUTOMOBILE PHYSICAL DAMAGE & CRIME and CYBER COVERAGES - MEMORANDUM OF COVERAGE,
NMPSIA MOC No. P025

Only as respects losses within the **"Authority's"** retention, this endorsement extends the Territory for interests of the **"Member"** for **"Personal Property"** coverage for which the **"Member"** becomes legally liable, to **"Personal Property"** located or in transit anywhere in the world, but such extension shall be subject to a limit of $50,000 per occurrence.

Nothing herein contained shall alter, vary or extend any provisions or conditions of this **"Policy"** other than as above stated.

**ENDORSEMENT NO. 6**

# SPECIFIED MEMBERS - LIMITED PARTICIPATION COVERAGE ENDORSEMENT

Pursuant to NMSA 1978, §22-29-1 et seq. and New Mexico Administrative Code, Title 6, Chapter 50, Parts 1-18, this Memorandum of Coverage (**"Memorandum"**) is an agreement by the New Mexico Public School Insurance Authority (the **"Authority"**) and its **"Members,"** as listed in Schedule A attached hereto, to provide or obtain insurance protection for all covered losses subject to the limits and other terms and conditions of this **"Memorandum"** and any endorsements attached.

This endorsement modifies insurance of this **"Memorandum"** provided under:

**COVERAGE B: AUTOMOBILE PHYSICAL DAMAGE**
SCHEDULE A: MEMBERS (As listed)

**134. New Mexico School for the Blind and Visually Impaired**

Schedule

| Coverage Part | Coverage | Covered | Not Covered |
|---|---|---|---|
| **Coverage A** | **Property Coverage** | | **X** |
| **Coverage B** | **Automobile Physical Damage** | **X** | |
| **Coverage C** | **Crime Coverage** | | **X** |
| **Coverage D** | **Cyber Coverage** | | **X** |

It is hereby understood and agreed that the insurance under this **"Memorandum"** shall only apply to the **"Member"** as listed in Schedule A and coverage as designated and described in the Schedule of this endorsement.

1. For purposes of this endorsement, I. GENERAL DEFINITIONS, Item 4., is amended with the following:

   The word **"Automobile", "Automobiles"** means a land motor vehicle of a commercial type used solely for the bus transportation of passengers. An **"Automobile"** does not include any motor vehicle or private passenger type owned by or registered in the name of the **"Member"**, any employee, volunteer, officer, or

board member, of a **"Member,"** or any motor vehicle insured elsewhere for physical damage coverage.

2. INTEREST & AUTOMOBILES COVERED is amended with the following:

A **"Covered Automobile" is:**

**A)** An **"Automobile" "You"** own, hire or borrow including equipment permanently installed in the **"Automobile".**

**B)** **"Your"** interest in or legal liability for direct physical loss or damage to an **"Automobile"** owned by others in **"Your"** custody to the extent **"You"** are required to keep the **"Automobile"** covered for direct physical loss or damage

All other terms, conditions, provisions and exclusions of this **"Memorandum"** remain the same.

***New Mexico Public Schools Insurance Authority***

***By:*** _____

***Board of Director, President Date***

# Overview of Technical Assistance Program (TAP) Accomplishments

July 2023 – June 2024

New Mexico Public Schools Insurance Authority

## Providing Quality Training & Technical Assistance on Special Education Topics

Empowering Educators through Quality Professional Development & Consultation Services

## Funded by New Mexico Public School Insurance Authority (NMPSIA)

- 130 Presentations on Special Education Related Topics
- 4,200 (Plus) Total Attendee's
- 497 Presentation Hours
- 90 Recorded Complimentary Webinars in the "TAP Hot Topic On Demand Library"
- 4 Helpful Monthly Guidance / Support Articles Posted in CES Newsletters & Website.

**"Compliance Corner"**– Guidance on special education compliance / IDEA.
**"Reading Room"**- - Tips and tricks to improve student reading through components of structured literacy.
**"Teacher Toolbox"**– Advice in meeting the diverse needs of students with Autism Spectrum Disorders (ASD) and additional challenges.
**"The Resource Room"**– Resources about all things Special Education.

## LEAP, SITE & Leadership Development Program (Internal CES Programs)

7/19/23 thru 6/30/2024

- 18 Presentations on Special Education Related Topics

## Bill to Districts Requesting Presentations

7/18/23 thru 6/30/2024

- 26 Presentations on Special Education Topics
- 174 Total TAP Presentations in 2023-24!
- Over 7000 Attendee's participated in TAP services in 2023-24!

**New TAP Topic Presentations Offered Monthly!**
**5 New TAP Consultants!**
**"TAP Certificate of Completion" certificates provided to attendees!**
**All live TAP presentations recorded and posted in the "TAP Hot Topic Library".**

Loretta Garcia
TAP Coordinator
lgarcia@ces.org | (505) 985-8454

CCMSI

# *NMPSIA BOARD REPORT SUMMARY - LIABILITY AND PROPERTY*

**04-30-2024**

| ALL YEARS TOTAL OPEN CLAIMS FOR LIABILITY AS OF APRIL 30, 2024 | | | | | | | ALL YEARS TOTAL OPEN CLAIMS FOR PROPERTY AS OF APRIL 30, 2024 | | | | | | GRAND TOTALS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SCHOOL DISTRICT | NUMBER OF OPEN CLAIMS | NUMBER OF NEW CLAIMS | NUMBER OF CLOSED CLAIMS | RESERVE | PAYMENT | TOTAL | NUMBER OF OPEN CLAIMS | NUMBER OF NEW CLAIMS | NUMBER OF CLOSED CLAIMS | RESERVE | PAYMENT | TOTAL | TOTAL OPEN CLAIMS | GRAND TOTAL |
| SUBTOTAL - DISTRICTS | 418 | 46 | 56 | $44,449,684.95 | $13,633,838.74 | $58,083,523.69 | 95 | 6 | 12 | $55,973,345.65 | $22,627,522.06 | $78,600,867.71 | 513 | $136,684,391.40 |
| SUBTOTAL - CHARTER SCHOOLS | 29 | 1 | 3 | $1,078,600.36 | $121,890.85 | $1,200,491.21 | 9 | 3 | 0 | $31,977.90 | $106,676.06 | $138,653.96 | 38 | $1,339,145.17 |
| GRAND TOTAL | 447 | 47 | 59 | $45,528,285.31 | $13,755,729.59 | $59,284,014.90 | 104 | 9 | 12 | $56,005,323.55 | $22,734,198.12 | $78,739,521.67 | 551 | $138,023,536.57 |

| CHANGE FROM PRIOR MONTH | CURRENT CHANGES LIABILITY CLAIMS FROM PRIOR MONTH | | | | | | CURRENT CHANGES PROPERTY CLAIMS FROM PRIOR MONTH | | | | | | CURRENT CHANGES | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SCHOOL DISTRICT | OPEN CLAIMS | NEW CLAIMS | CLOSED CLAIMS | RESERVE | PAYMENT | TOTAL | OPEN CLAIMS | NEW CLAIMS | CLOSED CLAIMS | RESERVE | PAYMENT | TOTAL | OPEN CLAIMS | GRAND TOTAL |
| SUBTOTAL - DISTRICTS | (6) | 16 | 28 | $18,380,374.46 | ($387,832.57) | $17,992,541.89 | (6) | (7) | (16) | ($8,747,720.77) | $7,213,562.68 | ($1,534,158.09) | (12) | $16,458,383.80 |
| SUBTOTAL - CHARTER SCHOOLS | (2) | (1) | (2) | ($58,848.67) | ($224,587.30) | ($283,435.97) | 3 | 2 | (1) | $4,003.60 | $31,800.36 | $35,803.96 | 1 | ($247,632.01) |
| GRAND TOTAL | (8) | 15 | 26 | $18,321,525.79 | ($612,419.87) | $17,709,105.92 | (3) | (5) | (17) | ($8,743,717.17) | $7,245,363.04 | ($1,498,354.13) | (11) | $16,210,751.79 |

| HISTORY | MONTH TOTAL | | | | | | MONTH TOTAL CHANGES FROM PRIOR MONTH TOTAL | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Monthly Totals | Open Claims | New Claims | Closed Claims | RESERVE | PAYMENTS | TOTAL | Open Claims | New Claims | Closed Claims | RESERVE | PAYMENTS | TOTAL |
| April - 2024 | 551 | 56 | 71 | $101,533,608.86 | $36,489,927.71 | $138,023,536.57 | (11) | 10 | 9 | $9,577,808.62 | $6,632,943.17 | $16,210,751.79 |
| March - 2024 | 562 | 46 | 62 | $91,955,800.24 | $29,856,984.54 | $121,812,784.78 | (13) | (11) | (19) | ($485,476.25) | $249,074.98 | ($236,401.27) |
| February - 2024 | 575 | 57 | 81 | $92,441,276.49 | $29,607,909.56 | $122,049,186.05 | (19) | 7 | 22 | $64,920.75 | $1,645,072.33 | $1,709,993.08 |
| January - 2024 | 594 | 50 | 59 | $92,376,355.74 | $27,962,837.23 | $120,339,192.97 | (7) | (5) | 7 | $1,011,307.34 | ($596,633.73) | $414,673.61 |
| December - 2023 | 601 | 55 | 52 | $91,365,048.40 | $28,559,470.96 | $119,924,519.36 | 7 | (32) | 15 | ($2,102,495.40) | $251,548.52 | ($1,850,946.88) |
| November - 2023 | 594 | 87 | 37 | $93,467,543.80 | $28,307,922.44 | $121,775,466.24 | 54 | 8 | (19) | ($243,734.87) | ($4,043,113.87) | ($4,286,848.74) |
| October - 2023 | 540 | 79 | 56 | $93,711,278.67 | $32,351,036.31 | $126,062,314.98 | 29 | 27 | 18 | $1,996,129.56 | ($2,946,017.50) | ($949,887.94) |
| September - 2023 | 511 | 52 | 38 | $91,715,149.11 | $35,297,053.81 | $127,012,202.92 | 19 | (3) | (26) | ($1,266,805.79) | $2,767,421.22 | $1,500,615.43 |
| August - 2023 | 492 | 55 | 64 | $92,981,954.90 | $32,529,632.59 | $125,511,587.49 | (5) | (31) | (3) | $4,695,525.49 | ($7,037,658.70) | ($2,342,133.21) |
| July - 2023 | 497 | 86 | 67 | $88,286,429.41 | $39,567,291.29 | $127,853,720.70 | 24 | 38 | 20 | $3,192,782.91 | $1,079,304.89 | $4,272,087.80 |
| June - 2023 | 473 | 48 | 47 | $85,093,646.50 | $38,487,986.40 | $123,581,632.90 | 9 | (13) | (36) | $28,611,890.88 | ($3,279,230.43) | $25,332,660.45 |
| May - 2023 | 464 | 61 | 83 | $56,481,755.62 | $41,767,216.83 | $98,248,972.45 | (15) | 7 | 24 | ($2,940,892.57) | $2,132,509.33 | ($808,383.24) |
| April - 2023 | 479 | 54 | 59 | $59,422,648.19 | $39,634,707.50 | $99,057,355.69 | 1 | (15) | (4) | ($2,764,490.56) | $4,999,879.61 | $2,235,389.05 |
| March - 2023 | 478 | 69 | 63 | $62,187,138.75 | $34,634,827.89 | $96,821,966.64 | 11 | 18 | 24 | $1,287.92 | $1,139,897.50 | $1,141,185.42 |
| February - 2023 | 467 | 51 | 39 | $62,185,850.83 | $33,494,930.39 | $95,680,781.22 | 19 | (10) | (8) | $571,024.43 | $1,187,977.05 | $1,759,001.48 |
| January - 2023 | 448 | 61 | 47 | $61,614,826.40 | $32,306,953.34 | $93,921,779.74 | 18 | 29 | 0 | $361,499.20 | ($175,637.96) | $185,861.24 |
| December - 2022 | 430 | 32 | 47 | $61,253,327.20 | $32,482,591.30 | $93,735,918.50 | (13) | (30) | (12) | ($1,886,367.25) | ($3,797,977.87) | ($5,684,345.12) |
| November - 2022 | 443 | 62 | 59 | $63,139,694.45 | $36,280,569.17 | $99,420,263.62 | 13 | (20) | (17) | $2,289,852.48 | ($425,745.37) | $1,864,107.11 |
| October - 2022 | 430 | 82 | 76 | $60,849,841.97 | $36,706,314.54 | $97,556,156.51 | 8 | 39 | 31 | $437,166.04 | ($4,136,937.99) | ($3,699,771.95) |
| September - 2022 | 422 | 43 | 45 | $60,412,675.93 | $40,843,252.53 | $101,255,928.46 | 5 | (29) | (15) | $1,683,415.42 | $1,226,358.10 | $2,909,773.52 |
| August - 2022 | 417 | 72 | 60 | $58,729,260.51 | $39,616,894.43 | $98,346,154.94 | 15 | 54 | 31 | $970,635.92 | $2,352,124.71 | $3,322,760.63 |
| July - 2022 | 402 | 18 | 29 | $57,758,624.59 | $37,264,769.72 | $95,023,394.31 | (6) | (39) | (11) | $20,243,939.17 | $4,938,782.62 | $25,182,721.79 |
| June - 2022 | 408 | 57 | 40 | $37,514,685.42 | $32,325,987.10 | $69,840,672.52 | 27 | 2 | (33) | ($813,665.77) | $1,639,986.34 | $826,320.57 |
| May - 2022 | 381 | 55 | 73 | $38,328,351.19 | $30,686,000.76 | $69,014,351.95 | (16) | 11 | 40 | ($5,203,062.14) | $3,030,181.71 | ($2,172,880.43) |
| April - 2022 | 397 | 44 | 33 | $43,531,413.33 | $27,655,819.05 | $71,187,232.38 | 21 | (25) | (7) | $342,327.71 | $1,366,532.28 | $1,708,859.99 |
| March - 2022 | 376 | 69 | 40 | $43,189,085.62 | $26,289,286.77 | $69,478,372.39 | 34 | 22 | 6 | $1,481,802.34 | $1,290,433.83 | $2,772,236.17 |
| February - 2022 | 342 | 47 | 34 | $41,707,283.28 | $24,998,852.94 | $66,706,136.22 | 15 | 8 | 0 | $2,051,510.59 | ($272,536.59) | $1,778,974.00 |
| January - 2022 | 327 | 39 | 34 | $39,655,772.69 | $25,271,389.53 | $64,927,162.22 | 7 | 4 | (17) | ($2,780,159.39) | ($279,539.15) | ($3,059,698.54) |
| December - 2021 | 320 | 35 | 51 | $42,435,932.08 | $25,550,928.68 | $67,986,860.76 | (14) | (12) | 13 | $733,971.22 | ($846,129.80) | ($112,158.58) |
| November - 2021 | 334 | 47 | 38 | $41,701,960.86 | $26,397,058.48 | $68,099,019.34 | 16 | 13 | (12) | $428,298.90 | ($140,259.94) | $288,038.96 |
| October - 2021 | 318 | 34 | 50 | $41,273,661.96 | $26,537,318.42 | $67,810,980.38 | (11) | (17) | (1) | $387,615.58 | $1,047,331.60 | $1,434,947.18 |
| September - 2021 | 329 | 51 | 51 | $40,886,046.38 | $25,489,986.82 | $66,376,033.20 | 1 | (2) | 7 | ($1,015,326.68) | ($14,926,877.83) | ($15,942,204.51) |
| August - 2021 | 328 | 53 | 44 | $41,901,373.06 | $40,416,864.65 | $82,318,237.71 | 13 | 26 | 23 | ($6,602,301.51) | $8,714,729.10 | $2,112,427.59 |
| July - 2021 | 315 | 27 | 21 | $48,503,674.57 | $31,702,135.55 | $80,205,810.12 | 10 | (6) | (14) | ($9,463,560.36) | $917,883.95 | ($8,545,676.41) |

CCMSI

| ALL YEARS TOTAL<br>OPEN CLAIMS FOR WORKERS' COMPENSATION AS OF April 30, 2024 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SCHOOL DISTRICT | OPEN | | RE-OPENED | | NEW | | CLOSED | | RESERVE | | PAYMENT | | TOTAL | |
| HISTORY | Chg | Ct | Chg | Ct | Chg | Ct | Chg | Ct | Change | Current | Change | Current | Change | Current |
| APRIL-2024 | (15) | 1,047 | +27 | 58 | +75 | 233 | +86 | 306 | (308,539) | $15,076,556.59 | (426,219) | $50,067,701.36 | (734,759) | $ 65,144,257.95 |
| MARCH-2024 | (31) | 1,062 | (35) | 31 | (99) | 158 | (119) | 220 | +214,907 | $15,385,095.75 | +607,686 | $50,493,920.81 | +822,593 | $ 65,879,016.56 |

| | OPEN | | RE-OPENED | | NEW | | CLOSED | | RESERVE | | PAYMENT | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HISTORY | Chg | Ct | Chg | Ct | Chg | Ct | Chg | Ct | Change | Current | Change | Current | Change | Current |
| APRIL-2024 | (15) | 1047 | +27 | 27 | +75 | 233 | +86 | 306 | ($308,539) | $ 15,076,556.59 | ($426,219) | $ 50,067,701.36 | ($734,759) | $ 65,144,257.95 |
| MARCH-2024 | 31 | 1062 | (35) | 31 | (99) | 158 | (119) | 220 | +$214,907 | $ 15,385,095.75 | +$607,686 | $ 50,493,920.81 | +$822,593 | $ 65,879,016.56 |
| FEBRUARY-2024 | (16) | 1,093 | +15 | 66 | (17) | 257 | +24 | 339 | ($138,503) | $15,170,189.21 | +$50,320 | $49,886,234.81 | ($88,182) | $ 65,056,424.02 |
| JANUARY-2024 | +40 | 1,109 | +41 | 51 | (1) | 274 | +67 | 315 | +$1,034,520 | $15,308,691.71 | +$718,648 | $49,835,914.38 | +$1,753,168 | $ 65,144,606.09 |
| DECEMBER-2023 | (30) | 1,069 | (44) | 10 | (28) | 207 | +7 | 248 | +$107,813 | $14,274,171.37 | ($138,909) | $49,117,266.79 | ($31,095) | $ 63,391,438.16 |
| NOVEMBER-2023 | +48 | 1,099 | (14) | 27 | (49) | 235 | (10) | 241 | +$107,813 | $14,274,171.37 | ($138,909) | $49,117,266.79 | ($31,095) | $ 63,391,438.16 |
| OCTOBER-2023 | +74 | 1,051 | +6 | 41 | (7) | 284 | +28 | 251 | +$44,721 | $14,166,358.01 | +$559,806 | $49,256,175.64 | +$604,527 | $ 63,422,533.65 |
| SEPTEMBER-2023 | +103 | 977 | +16 | 35 | (17) | 291 | (65) | 223 | +$126,044 | $14,121,637.30 | +$294,077 | $48,696,369.34 | +$420,121 | $ 62,818,006.64 |
| AUGUST-2023 | +39 | 874 | +1 | 19 | +245 | 308 | +127 | 288 | +$132,605 | $13,995,593.65 | +$431,710 | $48,402,292.11 | +$564,315 | $ 62,397,885.76 |
| JULY-2023 | (80) | 835 | (21) | 18 | (26) | 63 | (15) | 161 | ($262,929) | $13,862,988.41 | ($143,520) | $47,970,582.09 | ($406,449) | $ 61,833,570.50 |
| JUNE-2023 | (48) | 915 | +18 | 39 | (171) | 89 | (100) | 176 | ($379,803) | $14,125,916.93 | ($219,030) | $48,114,102.48 | ($598,832) | $ 62,240,019.41 |
| MAY-2023 | +5 | 963 | (3) | 21 | +12 | 260 | +32 | 276 | +$68,789 | $14,505,719.52 | +$573,316 | $48,333,132.36 | +$642,104 | $ 62,838,851.88 |
| APRIL-2023 | +28 | 958 | (2) | 24 | +42 | 248 | (20) | 244 | +$208,786 | $14,436,930.86 | ($167,817) | $47,759,816.67 | +$40,969 | $ 62,196,747.53 |
| MARCH-2023 | (32) | 930 | +0 | 26 | (98) | 206 | (44) | 264 | +$324,401 | $14,228,144.59 | +$65,950 | $47,927,633.81 | +$390,351 | $ 62,155,778.40 |
| FEBRUARY-2023 | +22 | 962 | +4 | 26 | +92 | 304 | +53 | 308 | +$152,151 | $13,903,743.67 | ($6,557) | $47,861,683.74 | +$145,594 | $ 61,765,427.41 |
| JANUARY-2023 | (21) | 940 | (9) | 22 | +58 | 212 | +54 | 255 | ($160,549) | $13,751,592.21 | ($150,749) | $47,868,241.18 | ($311,299) | $ 61,619,833.39 |
| DECEMBER-2022 | (16) | 961 | +0 | 31 | (39) | 154 | (34) | 201 | ($67,403) | $13,912,141.54 | +$336,936 | $48,018,990.62 | +$269,533 | $ 61,931,132.16 |
| NOVEMBER-2022 | (11) | 977 | +6 | 31 | (73) | 193 | (14) | 235 | +$183,112 | $13,979,544.16 | +$140,739 | $47,682,054.64 | +$323,851 | $ 61,661,598.80 |
| OCTOBER-2022 | +42 | 988 | (4) | 25 | (14) | 266 | (12) | 249 | +$23,698 | $13,796,432.07 | +$495,740 | $47,541,316.10 | +$519,438 | $ 61,337,748.17 |
| SEPTEMBER-2022 | +48 | 946 | +8 | 29 | +31 | 280 | +5 | 261 | +$113,539 | $13,772,734.44 | ($36,008) | $47,045,575.78 | +$77,531 | $ 60,818,310.22 |
| AUGUST-2022 | +14 | 898 | +7 | 21 | +191 | 249 | +123 | 256 | +$245,756 | $13,659,195.34 | ($176,954) | $47,081,584.06 | +$68,802 | $ 60,740,779.40 |
| JULY-2022 | (61) | 884 | (18) | 14 | (35) | 58 | (7) | 133 | ($548,564) | $13,413,439.70 | ($1,038,108) | $47,258,537.68 | ($1,586,672) | $ 60,671,977.38 |
| JUNE-2022 | (15) | 945 | +10 | 32 | (114) | 93 | (59) | 140 | ($344,886) | $13,962,003.26 | +$54,290 | $48,296,645.97 | ($290,596) | $ 62,258,649.23 |
| MAY-2022 | +30 | 960 | (1) | 22 | +29 | 207 | +18 | 199 | ($24,133) | $14,306,889.60 | +$353,763 | $48,242,355.49 | +$329,630 | $ 62,549,245.09 |
| APRIL-2022 | +20 | 930 | +1 | 23 | (47) | 178 | (24) | 181 | ($354,710) | $14,331,022.70 | +$398,883 | $47,888,592.21 | +$44,173 | $ 62,219,614.91 |
| MARCH-2022 | +42 | 910 | +7 | 22 | +59 | 225 | +26 | 205 | +$27,833 | $14,685,732.34 | ($404,683) | $47,489,709.58 | ($376,850) | $ 62,175,441.92 |

NMPSIA Monthly Loss Prevention Abatement Report

| April 2024 | Total Rec | Total Capital | Total Non-Capital | Corrected Capital | Corrected Non-Capital | Total Corrected |
|---|---|---|---|---|---|---|
| April 2024 | 252 | 6 | 246 | 0 | 190 | 190 |

| | | |
|---|---|---|
| Total % Corrected | 75.40% | = Total Corrected/Total Recommendations |
| % Corrected Capital | 0.00% | = Corrected Capital/Total Capital |
| % Corrected Non-Capital | 77.24% | = Corrected Non-Capital/Total Non-Capital |

| May 2024 | Total Rec | Total Capital | Total Non-Capital | Corrected Capital | Corrected Non-Capital | Total Corrected |
|---|---|---|---|---|---|---|
| May 2024 | 729 | 5 | 724 | 1 | 659 | 660 |

| | | |
|---|---|---|
| Total % Corrected | 90.53% | = Total Corrected/Total Recommendations |
| % Corrected Capital | 20.00% | = Corrected Capital/Total Capital |
| % Corrected Non-Capital | 91.02% | = Corrected Non-Capital/Total Non-Capital |