

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND

OPEN MINUTES

NOVEMBER 19, 2020

Via Teleconference

9:30 AM

**MEETING OF THE FUND CALLED TO ORDER AT 9:30 A.M. BY CHAIRMAN ANGILELLA
OPEN PUBLIC MEETING ACT READ INTO RECORD**

PLEDGE OF ALLEGIANCE

ROLL CALL BOARD OF 2020 FUND COMMISSIONERS

Ross Angilella, Chair	Camden County	Present
Timothy Sheehan, Commissioner	Gloucester County	Present
Jannette Kessler, Commissioner	Atlantic County	Present
Dina Rocco, Commissioner	Burlington County	Present
Kimberly Wood, Commissioner	Cumberland County	Present
John Kelly, Commissioner	Ocean County	Present
Edmund Shea, Commissioner	Hudson County	Present
Lillian Nazzaro, Commissioner	Mercer County	Present
Laura Scutari, Commissioner	Union County	Absent
Teri O'Connor, Commissioner	Monmouth County	Present

ALTERNATE FUND COMMISSIONERS

Anna Marie Wright	Camden County	Present
Carl Block	Ocean County	Absent
Raissa Walker	Mercer County	Absent
Christopher Marion	Monmouth County	Absent
Eugene Esquivel	Union County	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator PERMA Risk Management Services
Joe Hrubash, Nancy A. Ghani
Brandon Tracy

Safety Director JA Montgomery Risk Control
Paul Shives, Glenn Prince

Attorney **Laura Paffenroth**

Treasurer **David McPeak**

Underwriting Manager Conner Strong & Buckelew
Ed Cooney

Claims Administrator AmeriHealth Casualty Services
Tracy Ware

ALSO PRESENT – via teleconference:

Brad Stokes, PERMA
Cathy Dodd, PERMA
Karen Read, PERMA
Rachel Chwastek, PERMA
Robyn Walcoff, PERMA
Jennifer Conicella, PERMA
Robin Racioppi, North American Insurance Management
Chris Roselli, Qual Lynx

Diana Pursell, Borden Perlman
Christina Violetti, Hardenbergh Insurance Group
Carol Mack, Conner Strong & Buckelew
Christine Baroudi, Conner Strong & Buckelew
Gail White, Scirocco Group
Cecelia Murphy, Camden County College

MINUTES: Open Minutes as of October 22, 2020 were included in agenda for review.

MOTION TO APPROVE OPEN MINUTES FROM OCTOBER 22, 2020 AS PRESENTED:

Moved:	Commissioner Kessler
Second:	Commissioner Shea
Roll Call Vote:	9 Ayes – 0 Nays

CORRESPONDENCE:

NONE

BURLINGTON COUNTY FUND COMMISSIONER: Executive Director introduced Commissioner Dina Rocco, Esq. as the new Burlington County representative to serve on the NJCE Board of Fund Commissioners.

NJCE CLAIMS REVIEW COMMITTEE – COMMISSIONER SHEEHAN: Committee Chairman Sheehan reported the Claims Review Committee met prior to the Fund’s meeting to review claims in detail. The Board of Fund Commissioners accepted the recommendations of the Claims Review Committee to approve payment or settlement authority requests. Closed Session was not required for this action.

EXECUTIVE DIRECTOR’S REPORT:

FINANCIAL FAST TRACK: The FFT monitors underwriting income, claim expense, other expense, underwriting profit and statutory surplus. The report includes changes for the month, year to date, the prior year-end and the current fund balance for each item.

Executive Director stated that the fund’s overall financial position as of September 30, 2020 shows a surplus of \$18,316,439 with \$3.6 million to its membership since inception. Executive Director noted the Fund is in a very strong financial position. Included on *pages 4 - 5* of the agenda was the Financial Fast Track as of September 30, 2020.

FINANCE COMMITTEE: At the October meeting, the Board of Fund Commissioners agreed with the recommendation of the Finance Committee to delay the budget introduction to the November meeting to allow more time to improve on the projected increases for the 2021 budget. Following the October meeting, the Underwriting Manager conducted widespread marketing of all excess and ancillary insurance to improve on not-to-exceed premium projections, and continues to hold active discussions with all insurers. In addition, Executive Director held discussions with the NJCE Actuary on reevaluation of projected loss funds for 2021.

Executive Director reported the Finance Committee comprised of Commissioners Sheehan, Shea, Wood, and Kelly, met on Monday 11/16 to review the proposed 2021 budget and the 2020 dividend options. A copy of the proposed 2021 budget of \$27,088,279 representing an increase of \$2,097,291 or 8.4% increase was submitted for review and was included on **page 6** of the agenda.

Executive Director reported the 8.4% increase is being fully driven by the commercial market, and provided a summary review of the budget loss funds, premiums and expenses and highlighted some key items:

- Line 6 (Claims/Loss Funds) - The projected loss funds shown on line 6 are \$4,445,531 which represents a decrease of \$467,103 or -9.5%.
- Line 9 (Property) – The Underwriting Manager continues holding negotiations with the excess markets and combined with the flexibility of a retention increase the projected increase was reduced from 27% to 17%.
- Line 10 (Excess Flood) – There are no changes expected to limits or coverage; however, market indications project an increase of 19%.
- Line 11 (Excess Liability-BRIT) - The Underwriting Manager continues holding negotiations with the excess markets and combined with the flexibility of a retention increase – a 0% is projected.
- Line 12 (WC Buffer) – This layer was purchased during the Fund’s inception when its financials and surplus were not mature enough to self-insure up to the Insurers excess workers compensation attachment point. The recommendation is for the NJCE to self-insure this layer of coverage, which we project to be a savings of -7.8%.
- Line 13 (WC Statutory) – Despite the effects of the pandemic on the excess marketplace, we project an increase of 5.7%.
- Lines 20 – 40 (Expenses) – These reflect a 2% increase, as well, contracted fees for certain professionals for the 2021 Fund Year.
- Lines 42 – 51 (Ancillary Coverages) – Two major items to note are:
 - Line 42 – The projected increase of 177.9% for the upper excess liability layer (\$5 or \$10 million excess \$10 million) is mainly due to the sudden change in market conditions in December 2019 that resulted in this line item going over budget by \$1 million after the 2020 budget adoption. The Board agreed not to amend the 2020 budget and chose to absorb the difference of \$1 million for 2020.
 - Line 43 (Excess Property – \$150 million excess \$110 million) There are currently have 2 buildings valued in this layer of coverage: (1) Camden County Courthouse at \$174 million and (2) Camden County Jail/Courts at \$150 million. Coverage is primarily for fire and wind and will be reevaluated and will determine the feasibility of reducing the size of the layer to cover the highest valued location. With this strategy we project a premium decrease of -9.8%.

Underwriting Manager reported the current market is a hard market not seen since the mid-1980s and reported continued efforts of widespread marketing of all coverages is being done. Underwriting Manager reported the property program will be reviewed to see if increased deductibles, retentions or a quota-share program may improve pricing. Underwriting Manager reported excess liability has been volatile for the past few years; however, it is being marketed to reputable carriers and options are being reviewed for increases in retention or a corridor deductible. Lastly, the workers’ compensation program is being marketed to ensure appropriate coverages are in place.

Executive Director reported the Finance Committee also reviewed dividend options and is recommending the Fund release a \$2 million dividend, as well as, consider a portion of the dividend be applied as a credit to the 2021 budget. For the balance of the dividend distribution, members will have an option of taking their dividend as a check or as an offset to their 2021 assessment. A final decision on a dividend would be subject to committee’s review of budget based on the outcome of the renewal marketing prior to budget adoption. Finance Committee will meet in early December to review and provide a recommendation for a final budget. The requested action was to authorize a \$2 million dividend to make timely filing with the State.

Executive Director concluded his review of the budget by stating the NJCE JIF is in a strong financial position to handle the marketing results without affecting our budget for 2021. The main reason JIFs retain surplus is to navigate challenging times such as potential claims resulting from

sexual molestation, firefighter cancer and COVID essential worker legislation combined with the pandemic and property CAT losses nationwide.

For your information, in Appendix II, was a copy of the November Finance Committee Agenda package. Regardless of where the Fund ends up on the 2021 renewal the NJCE JIF is in a strong financial position to handle the marketing results without affecting our budget for 2021. The main reason JIFs retain surplus is when we have challenging times like now with potential claims resulting from sexual molestation, firefighter cancer and COVID essential worker legislation combined with the pandemic and climate change resulting in property CAT losses nationwide. This has resulted in the market conditions unseen since the mid 1980's.

The Finance Committee will meet again prior to the December meeting to review the final budget, as well as, finalizing their dividend recommendation. It would be appropriate to adopt Resolution 41-20, which was enclosed in the agenda authorizing the release of a \$2 million dividend in order to meet the deadline to make the necessary filing with the state.

MOTION TO INTRODUCE ON FIRST READING OF THE 2021 BUDGET AND TO SCHEDULE A PUBLIC HEARING ON FRIDAY, DECEMBER 18, 2020 AT 9:30AM VIA ZOOM.

Motion: Chairman Angilella
Second: Commissioner Sheehan
Roll Call Vote: 9 Ayes – 0 Nays

MOTION TO ADOPT RESOLUTION 41-20 AUTHORIZING THE RELEASE OF A DIVIDEND IN THE AMOUNT OF \$2,000,000 MILLION FROM VARIOUS FUND YEARS; SUBJECT TO STATE APPROVAL.

Motion: Chairman Angilella
Second: Commissioner Wood
Roll Call Vote: 9 Ayes – 0 Nays

TRAINING WEBINARS: J.A. Montgomery reported that the MEL Safety Institute in-classroom training was made available to our member counties this past year. In March, instructor-led training was suspended due to the pandemic and J.A. Montgomery successfully transitioned a majority of these training sessions to interactive webinars. This resulted in a significant increase in attendance by our NJCE County membership.

County membership accounted for 169 webinar attendees during the months of June and July. In September, the Fund authorized the per trainee and administrative costs for these webinars.

Included in *Page 8* of the agenda was a report from J.A. Montgomery reflecting 294 attendees for August, September and October; estimated attendance for November and December are also included.

In September, the Fund authorized the per trainee and administrative costs for these webinars for 169 attendees during June and July. J.A. Montgomery submitted a report reflecting 294 attendees for August, September and October; estimated attendance for November and December were also reflected. Safety Director reported the number of training attendees are 7.5% higher as compared to last year due to the convenience of webinars combined with an increase of members' training needs.

As these costs resulted from an unforeseen situation and has provided a tremendous benefit to our membership, Executive Director recommended that the Fund authorize payment for webinars based on actual attendance and amend their contract accordingly.

MOTION TO AUTHORIZE PAYMENT OF TRAINING COSTS OF NJCE ATTENDEES BASED ON ACTUAL ATTENDANCE FOR AUGUST, SEPTEMBER AND OCTOBER; NOVEMBER AND DECEMBER ESTIMATE ATTENDANCE WILL BE RECONCILED BASED ON ACTUAL ATTENDANCE. FEE TO BE APPLIED AGAINST THE SAFETY INSTITUTE FUNDING LINE IN THE 2020 BUDGET.

Motion: Chairman Angilella
Second: Commissioner Sheehan
Vote: Unanimous

MOTION TO AMEND THE J.A. MONTGOMERY SAFETY SERVICES CONTRACT FOR THE BALANCE OF THE CONTRACT TERM TO REFLECT THIS ADDED SERVICE AND THE ASSOCIATED COST.

Motion: Chairman Angilella
Second: Commissioner Kelly
Vote: Unanimous

MOODY’S INVESTOR SERVICE REPORT: Moody’s recently asked to do an article on MEL and NJCE JIF’s with primary focus on their respective cyber risk control program. However, after several discussions the article was broadened to touch on other benefits derived from membership in the MEL and NJCE. Although the article is heavily weighted towards MEL successes we want to share it with our NJCE membership. A copy of the article was included in Appendix III of the agenda.

Information/Status Update

9TH ANNUAL BEST PRACTICES WORKSHOP: Deputy Executive Director said the 9th annual Joint Insurance Claims Committees Risk Management Workshop was held on October 29th as a virtual webinar. Topics covered were COVID-19 and its impact on County Workers’ Compensation and Liability Claims, as well as, NJCE highlights and future initiatives. The webinar was attended by 98 participants and has been posted the NJCE website www.njce.org for reference.

DUE DILIGENCE (Page 9):

- Regulatory Compliance Checklist – as of 11/16/2020. Enclosed is a checklist that tracks contracts, compliance and other Fund business.

DECEMBER MEETING: The Fund is scheduled to meet again on Friday, December 18, 2020 via Zoom to adopt the 2021 budget and finalize the 2020 dividend distribution.

TREASURER REPORT:

Included in the agenda was the bills lists and the Treasurer’s reports for November 2020.

VOUCHER PAYMENTS (BILL LIST) –

Resolution 42-20 Approval of November 2020 Payments

CONFIRMATION OF SEPTEMBER 2020 CLAIMS PAYMENTS/CERTIFICATION OF CLAIMS TRANSFERS:

2011	1,900.00
2012	70.99
2013	3,161.28
2014	528.05

2015	3,616.39
2016	337.45
2017	88.00
2018	884.00
2019	156,624.38
2020	0.00
TOTAL	\$167,210.54

MOTION TO APPROVE PAYMENTS OF NOVEMBER 2020 BILLS LIST AS RESOLUTION 42-20:

Moved: Chairman Angilella
 Second: Commissioner Shea
 Vote: Unanimous

UNDERWRITING MANAGER:

REPORT: The NJCE Cyber Task Force was established one year ago to determine County exposure as it relates to cyber security. The Task Force will be meeting in 2021 to review a draft Cyber Security Risk Management Program.

SAFETY DIRECTOR:

REPORT: Safety Director submitted a report reflecting the risk control activities from October to December 2020. Training webinars on a variety of risk-control topics were noted in the report and are also available on www.njce.org.

Safety Director submitted a supplemental memo on the BRIT Safety Committee, which met to review submissions made by members of applicable safety/loss control purchases seeking up to 50% reimbursement. Memo noted five Counties submitted applicable reimbursements, which will be processed by BRIT.

Paul Shives of J.A. Montgomery highlighted the impact of Webinar training noting the attendance for trainings has increased significantly. J.A. Montgomery will have converted 35 of their in classroom programs to the instructor led webinar format in addition to a few new courses such as “implicit bias in the workplace.”

ATTORNEY’S REPORT: Fund Attorney said there was nothing additional to report.

RESOLUTIONS:

NONE LISTED FOR THE MONTH

CLAIMS ADMINISTRATOR-WORKERS COMPENSATION:

REPORT: AmeriHealth submitted a report-showing provider billed amounts of \$13,386.28, paid amount of \$7,659, and net savings of 34.9% as of October 2020. There was a 55.6% network utilization rate as of October 2020.

CLAIMS ADMINISTRATOR-PROPERTY CLAIMS:

REPORT: The Property Claims Administrator said there was nothing to report for the month.

OLD BUSINESS:

NONE

NEW BUSINESS:

NONE

PUBLIC COMMENT:

NONE

NON- AGENDA ITEMS

NONE

MOTION TO ADJOURN:

Moved:	Commissioner Sheehan
Second:	Commissioner Shea
Vote:	Unanimous

MEETING ADJOURNED: 10:07 AM

**NEXT MEETING: December 18, 2020 – 9:30AM
Via Teleconference**

Brandon Tracy, Assisting Secretary