

**SUBURBAN ESSEX JOINT INSURANCE FUND
OCTOBER 16, 2018
NUTLEY PARKS & RECREATION BUILDING
9:30 AM**

The meeting was called to order by Secretary Steve Rovell. Open Public Meeting Notice read into record.

Salute to American Flag

ROLL CALL OF 2018

Mauro Tucci, Chair
Steve Rovell, Sec
Thomas Duch
John Serapiglia, Jr.
Danielle Ireland
Joseph Catenaro
Carrie Nawrocki
Allan Susen
Karen Yeamans
Richard Budris
Keri Eglentowicz
Charles Cuccia

FUND COMMISSIONERS:

Township of Nutley	Absent
Belleville Township	Present
City of Garfield	Present
Passaic Manchester Regional HS	Absent
Borough of Prospect Park	Absent
Fairfield Township	Present
Hudson Reg'l Health Commission	Present
Borough of Haledon	Absent
Nutley Board of Education	Absent
Essex Reg'l Health Commission	Present
Town of Secaucus	Present
Little Falls Township	Present

2018 FUND COMMISSIONER ALTERNATES:

Charles Voorhees	Town of Secaucus	Absent
Vincent Cozzarelli	Belleville Township	Absent
Andrew J. Pavlica	City of Garfield	Absent
Brian Zinn	Manchester Regional HS	Absent
John Marmora	Nutley Bd. Of Ed.	Present
Regina Goham	Hudson Reg'l Health Commission	Absent
Leena Abaza	Borough of Haledon	Absent
Marisol Leguizamon	Essex Reg'l Health Commission	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	Perma Risk Management Services Cathleen Kiernan
Attorney	Piro, Zinna, Cifelli, Paris & Genitempo James Piro
Claim Services	Qual-Lynx Claudia Acosta
Treasurer	William Homa
Safety	J.A. Montgomery Risk Control Ken Schulz
Underwriter	Conner Strong & Buckelew Edward Cooney
Managed Care	FMCO Mary Bresadola

OTHERS PRESENT:

Lawrence Calabro, Claimant
Lucille Anderson, Claimant
Mary Fenui, Nutley
Jack Zisa, RMC
Joe Rude, RMC
Robert Searle, RMC
Caty Lambe, Qual-Lynx
Frank DeMaio, Nutley
Dawn Makowski, RMC
Frank Covelli, RMC
Tracy Lopez, Perma

APPROVAL OF MINUTES: September 18, 2018 – Open Minutes
September 18, 2018 – Closed Minutes

**MOTION TO APPROVE OPEN AND CLOSED MINUTES AS NOTED ABOVE
WITH CORRECTION TO CLOSED SESSION**

MOTION:	Commissioner Cuccia
SECOND:	Commissioner Marmora
VOTE:	Unanimous

Correspondence

None

2019 Budget/ RFQ

Executive Director said the Finance Committee met on Friday to review the 2019 Budget. Executive Director reviewed the proposed 2019 budget noting the reference to “core membership” which is inclusive of renewed or committed members; Secaucus is not included within this budget and will be quoted as if they are a new member; there are oddities within the proposed budget that are reflection of Secaucus being taken out of the proposed budget process.

At the recommendation of the Fund Actuary, lines 1-6 of the budget outline the projected loss funds. The overall adjustment is a net of -4.40%. Executive Director said the loss funds aren't fully funded to actuarial loss projections, in accordance with the Fund's retrospective premium program. Executive Director reminded members of the Retrospective Rating program noting that if a member exceeds the set loss fund an additional assessment is generated based on their project min/max premium schedule.

Lines 7-16 represent the excess premiums for coverage retained from the outside market inclusive of excess liability, public official & employment practices liability, volunteer directors & officer's liability. The board of education excess premiums are purchased by the SPELL Fund. Executive Director said increases in the MEL assessment are offset by a decrease in the EJIF assessment and an increase in the EJIF dividend. Within the MEL, workers' compensation claims and premium are decreasing and the liability claims fund is increasing; property rate is flat.

The POL/EPL line item 11 has increased by 0.66%; overall QBE's increase is 3.5% for all MEL members, then each JIF is rated separately by the recommended range of 1-7%, this Fund will renew at an increase of 1%, flat Cyber and VDO renewals offset that increase.

Line 19-36 outline the professional fees and miscellaneous contingency. 2018 will be the last year of the three year term for professionals. Executive Director noted the difference in the miscellaneous and contingency line item, due to Secaucus, adjustments would be made for some professionals as their workload would change based on membership. The MEL Safety Institute indicates a slight increase due to changes in head count at the MEL level.

In 2017, QBE modified its coverage for land use. There is no coverage when demand is solely injunctive relief, but there is a limit of \$150,000 where there is a demand for monetary damage. Underwriting Manager recently issued a bulletin with the QBE offer for a member to select \$850,000 optional limit above the \$150,000, subject to an application and individual member underwriting. The MEL's Underwriting Manager continues to work with QBE and local JIF Executive Directors to see if more favorable terms can be negotiated.

Executive Director said first four lines of the budget are the loss fund projections provided by the Fund's Actuary to pay the claims within the Fund's self-insured retention; loss funds increases/decreases vary by line of coverage but are essentially flat in total. In 2016, the MEL began using 10 year experience to adjust claims fund assessments as well as establish a retrospective premium program. As part of the retrospective premium program, the MEL only bills 85% of the JIF's claims fund assessment as "deposit". If JIF stays within that amount, there is no additional billings. Based on the 10 year experience, JIFs that exceed the 85% will be billed until an established cap of 100%, 115% or 125%. The Suburban Essex JIF's 10 year experience data has improved, resulting in an improved cap. As result, the aggregate loss contingency fund (established to create fund to process additional billings, if necessary) has decreased for 2019. The next set of lines within the budget are the excess premiums which include the MEL, QBE for EPL/POL, XL and Beazley for Cyber Coverage and the SPELL Fund for our member Boards of Education. For 2019, QBE Insurance is asking for a 2% increase from the overall program with MEL affiliated JIFs. The distribution to local JIFs is based on a five-year loss ratio with a range of a 4% decrease to a 7% increase. Based on its experience, the Suburban Essex JIF increase is 3%. Executive Director also reviewed the additional line item – Land Use Liability noting the rise in lawsuits against planning and zoning board members, a new line item was added under POL/EPL coverage to the MEL's 2019 budget--Land Use Liability for its participation in this increased coverage, the JIF's budget includes an additional 5% premium payable to QBE for their share of this additional coverage. In 2018, the POLEPL policy was amended to provide a \$1 million sub-limit with the MEL sharing in claims over \$150,000. The former policy provided coverage inside an exclusion, however, when challenged, the policy language could not be successfully defended, and was not intended to cover claims considered 'not in my backyard' type of claims. Coverage which started in 2018 was not included in budgets due to timing of the approval and the MEL has since reimbursed JIFs for the expenses of 2018. The total premium line items increased overall by 1.28%.

Executive Director said the Professional fees represent a 2% cost of living increase; with respects to the RFQ responses, all respondents will continue based upon the increase of 2%.

Executive Director said due to the recent school bus tragedy coming out of Paramus, the MEL Coverage Committee questioned the limits retained by members of the MEL should a member be involved in multiple suits based on one occurrence, exceeding the current aggregate limits provided to members of the MEL. Members currently receive automatic limits of \$5M with an option to increase those limits up to \$15M for a total of \$20M. Risk Management Consultants and members of the MEL have inquired with the MEL on offering limits shared limits in excess of the

current \$20M. The Underwriting Manager is currently marketing this as a catastrophic coverage for limits that each member of the MEL can purchase or if it can be a shared limit; part of that marketing will determine if all members must meet the Fund limit of \$20M to participate in the catastrophic limit or if the members can purchase individually. Not all members of each Fund purchase the full optional excess limits available. Premium for this coverage is not included within this budget and will be addressed when the Underwriting Manager has obtained an insurer for coverage.

In response to Commissioner Catenaro, Executive Director said the unusual increase in property values is the result of members now scheduling “outdoor property”. Following Superstorm Sandy, coverage for outdoor property requires scheduling (unless part of an otherwise scheduled location) Commissioner Rovell added comment thanking Commissioner Cuccia as well as members of the Finance Committee noting that the Commissioner position is an unpaid position and each of one of us volunteer our time and energy to the success of the Fund. Commissioner Rovell thanked the Committee for a job well done on the 2019 budget under the leadership of Commissioner Cuccia and the Fund Professionals. Excellent job.

Dividend

Executive Director said the Finance Committee also reviewed the possibility of the release of a dividend. The financial model determines a minimum surplus calculation after encumbering up to a 100% actuarial confidence factor on loss projections and IBNR. In addition, the Commissioner reviewed the available surplus calculation following the state’s formula. Based on that formula, total available dividend available at 12/31/17 would be \$2,859,763. After some discussion it was agreed that a release of dividend in the amount of \$250,000 would be provided to members of the Fund. This amount was arrived at by reviewing amount available, the financial model, offset by the posted deficits in the financial fast track. In addition, Finance Committee agreed earlier in the year that closed-years surplus should not go below \$4,000,000. A resolution adopting the release of the \$250,000 dividend will be provided during the November meeting.

RFQs

Executive Director said the RFQs for the 2019-2021 fund years were reviewed by the Finance Committee for which the RFQs included an evaluation process used to compare multiple responses. Executive Director said SG Risk said they mistakenly provided fee quotes intended for another proposal – not the Suburban Essex JIF and respectfully requested to withdraw their submission for which Executive Director would agree. Based on their pricing of \$4,000 they would not have the ability to service the fund at that pricing.

The main differences in scoring was the ability to gear up to respond. It was the consensus among the Committee that the incumbents for professional services would be recommended noting the ability to mobilize for the contract offsetting any fee differences.

Executive Director also noted a \$15,000 increase over the 2% increase for law enforcement services under the Safety Director contract. This service was available in 2018 however the Fund was in the third year of the three year contract with the Safety Director. Board of Fund Commissioners agreed with Executive Director.

MOTION TO INTRODUCE THE 2019 BUDGET FOR THE SUBURBAN ESSEX JOINT INSURANCE FUND IN THE AMOUNT OF \$7,093,289 AND SCHEDULE A PUBLIC

HEARING FOR NOVEMBER 20, 2018 AT THE NUTLEY PARKS AND RECREATION BUILDING AT 9:30 AM.

MOTION:	Commissioner Cuccia
SECOND:	Commissioner Rovell
VOTE:	Unanimous

2018/2019 Employment Practices Program

Executive Director said correspondence was mailed to Fund Commissioners and Risk Management Consultants concerning updates to member Employment Practices Programs. Updated Model Personnel Manuals have been posted to the MEL's webpage www.njmel.org. Deadline to complete program compliance was October 1, 2018. Police Chief training sessions are completed but an additional session may be scheduled in a central region; all but one member police chief has completed the required training.

Attached is a list of the compliance checklists received in the Fund office to date. We are in the process of following up with members that have not submitted their check lists.

Risk Management Information/Operating System (RMIS)

Executive Director said Members and Risk Managers received an email on August 13th with a link to renewal worksheets - to begin the 2019 underwriting renewal. Members had until September 15th to complete the worksheets.

Membership Renewals

Executive Director said there are six members scheduled to renew their three-year membership term at year end. Renewal documents have been mailed to each renewing member. A status report of receipt of the renewal documents was reviewed as distributed. Our office will follow up with any outstanding member as the member would have had to notify the Fund by October 1st if they were to consider other options.

Residual Claims Fund (RCF)

Executive Director said the public hearing on the RCF budget will be held on October 17, 2018, 10:30 a.m. in the Forsgate Country Club. A copy of the RCF's 2019 Proposed Operating Budget, as introduced in September was reviewed as distributed.

Environmental JIF

Executive Director said the EJIF budget was introduced in September and a public hearing is scheduled for October 17, 2018. A copy of the EJIF's 2019 Proposed Budget, as introduced in September was reviewed as distributed.

MEL

Executive Director said the MEL's 2019 budget introduction is scheduled for October 17, 2018 at the Forsgate Country Club in Jamesburg NJ.

Next Meeting

Executive Director noted a reminder, the November meeting and public hearing for the 2019 budget is scheduled for November 20, 2018 at 9:30 AM for the Suburban Essex JIF.

Due Diligence Reports

Executive Director reviewed August reports which included monthly Financial Fast-track, Interest Rate Summary Comparison, Loss Ratio Analysis by fund year and line of coverage, Claim Activity Report, Lost Time Accident Frequency, Lost Days Report and MSI Usage report. In addition, the Regulatory Checklist, EPL/POL status report and the current list of Risk Management Consultant agreements were reviewed.

Cyber Security Training – Renewal

Executive Director noted that DT, the Cyber Security Company has offered a renewal quote of \$23,500.80; a 15% savings from their last contract term to continue services in the 2019-2020 year. Would the Board of Commissioners be interested in the renewing the services al of Cyber Security services provided by D2/Kean University? Commissioner Rovell commented that this is a high risk area which training should continue, in addition training is encouraged a part of the Cyber Risk Program implemented by the MEL. Executive Director agreed that in order to obtain the Tier 1 and Tier 2 lower deductibles under the MEL program, training is a requirement.

MOTION TO ACCEPT THE QUOTE FROM D2 & KEAN UNIVERSITY TO CONTINUE CYBER SECURITY TRAINING FOR THE SUBURBAN ESSEX JIF FOR THE 2019-2020 FUND YEAR.

MOTION: Commissioner Rovell
SECOND: Commissioner Catenaro
VOTE: Unanimous

TREASURER REPORT

Fund Treasurer referred to the report as distributed for the month of September 2018.

RESOLUTION 20-18 PAYMENT OF OCTOBER VOUCHERS:

FUND YEAR	AMOUNT
2017	\$ 2,360.00
2018	\$ 86,999.44
Total	\$ 89,629.44

CONFIRMATION OF CLAIMS PAYMENTS/CERTIFICATION OF TRANSFERS FOR THE MONTH OF SEPTEMBER 2018:

2014:	\$ 19,938.82
2015:	\$ 52,233.96
2016:	\$ 10,323.04
2017:	\$ 36,030.85
2018:	\$ 167,511.22

Fund Treasurer reviewed the September investment portfolio noting the total of \$5,111,369.38 investments yielding 1.700% in interest.

MOTION TO ADOPT RESOLUTION 19-18 APPROVING THE OCTOBER BILL LIST AND APPROVE CONFIRMATION & CERTIFICATION OF THE SEPTEMBER CLAIM PAYMENTS AND RECOVERIES AS SUBMITTED.

MOTION:	Commissioner Catenaro
SECOND:	Commissioner Marmora
VOTE:	Unanimous

Treasurer's Report & Investment Report made part of the minutes.

ATTORNEY

Fund Attorney referred the agenda report as distributed.

Attorney Report made part of the minutes.

UNDERWRITING MANAGER

Executive Director referred to the listing of certificates of insurance as previously issued. Executive Director further noted MEL Bulletin 18-29 previously distributed to members and coverage previously provided by Arthur J. Gallagher, the TULIP program which stands for Tenant Users Liability Insurance Policy, which is a way for facilities to ensure vendors of special events and activities hosted at such facilities have the appropriate General Liability coverage.

Upon AJG's closure of the program, the MEL has sought different options to replace the program. The program is planned to start effective January 1, 2019. In order to create the program, the following information should be submitted to the MEL Underwriting Manager by October 30, 2018:

- Completed location schedule
- Completed Acord 125 form for the location to be insured
- Sample rental contract utilized by the location to be insured

MANAGED CARE

Managed Care provider reviewed the agenda report as distributed for the month of September 2018 which indicates \$230,366 in provider bills, repriced at \$111,088 resulting in a savings of \$119,278 or 52%.

Managed Care Report made part of the minutes.

SAFETY DIRECTOR

Safety Director referred to the safety report as distributed outlining September activities, upcoming training sessions by the MEL Safety Institute, additions to the MEL video library and the latest safety bulletins that were distributed to members.

Closed Session

RESOLUTION - EXECUTIVE SESSION FOR CERTAIN SPECIFIED PURPOSES: LITIGATION AND/OR CLAIMS, CONTRACT NEGOTIATIONS, PERSONNEL OR OTHER.

MOVED: Commissioner Duch
SECOND: Commissioner Cuccia
VOTE: Unanimous

MOTION TO RETURN TO OPEN SESSION:

MOVED: Commissioner Catenaro
SECOND: Commissioner Cuccia
VOTE: Unanimous

MOTION TO APPROVE PAYMENT AUTHORITY REQUESTS FOR FILE NUMBERS AS SUBMITTED BY THE CLAIMS ADMINISTRATOR

MOVED: Commissioner Catenaro
SECOND: Commissioner Cuccia
VOTE: Unanimous

OLD BUSINESS:

None

NEW BUSINESS:

None

PUBLIC COMMENT:

None

Closed Session

MOTION TO ENTER INTO CLOSED SESSION TO HEAR THE APPEAL OF THE CALABRO VS. NUTLEY CASE AND EXCUSE ALL MEMBERS OF THE PUBLIC THAT ARE NOT BOARD OF FUND COMMISIONERS INCLUDING PROFESSIONALS. IN ADDITION, COMMISSIONER CATENARO WILL TAKE OVER AS CHAIRMAN, AS COMMISSIONER ROVELL HAS RECUSED FROM THIS CLOSED SESSION DUE TO CONFLICT.

MOVED: Commissioner Duch
SECOND: Commissioner Cuccia
VOTE: Unanimous

MOTION TO RETURN TO OPEN SESSION:

MOVED: Commissioner Catenaro
SECOND: Commissioner Marmora
VOTE: Unanimous

Fund Attorney said Board of Commissioners provided direction to the Fund Attorney to be in communication with Mr. & Mrs. Calabro with a possible resolution. Mr. Calabro thanked the Board of Commissioners.

MOTION TO ADJOURN:

MOVED:	Commissioner Duch
SECOND:	Commissioner Cuccia
VOTE:	Unanimous

MEETING ADJOURNED: 10:50 AM

SUBURBAN ESSEX JOINT INSURANCE FUND BILLS LIST

Resolution No. 20-18

OCTOBER 2018

WHEREAS, the Treasurer has certified that funding is available to pay the following bills:

BE IT RESOLVED that the Suburban Essex Joint Insurance Fund's Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

FURTHER, that this authorization shall be made a permanent part of the records of the Fund.

FUND YEAR 2017

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001486			
001486	THE ACTUARIAL ADVANTAGE	ACTUARIAL SERVICES 12/17	2,360.00
			2,360.00
001486			
001486	THE ACTUARIAL ADVANTAGE	ACTUARIAL SERVICES 12/17	-2,360.00
			-2,360.00
001501			
001501	THE ACTUARIAL ADVANTAGE	ACTUARIAL SERVICES 12/17	2,630.00
			2,630.00
		Total Payments FY 2017	2,630.00

FUND YEAR 2018

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001487			
001487	FIRST MANAGED CARE OPTION	MANAGED CARE SERVICES 10/18	11,567.14
			11,567.14
001488			
001488	QUAL-LYNX	CLAIM ADJUSTING SERVICES 10/18	26,790.54
			26,790.54
001489			
001489	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES 10/18	4,702.37
001489	J.A. MONTGOMERY RISK CONTROL	SUBURBAN ESSEX FOCUS CLAIMS 8/18	480.00
			5,182.37
001490			
001490	DYNAMIC TESTING SERVICES LLC	DRUG TESTING 10/18	649.20
001490	DYNAMIC TESTING SERVICES LLC	ALCOHOL TESTING 10/18	218.50
			867.70
001491			
001491	PERMA RISK MANAGEMENT SERVICES	POSTAGE 9/18	37.36
001491	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR 10/18	22,150.33
			22,187.69

001492				
001492	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES 10/18	2,677.00	
			2,677.00	
001493				
001493	PIRO, ZINNA, CIFELLI, PARIS &	RETAINER & TELEFAX CHARGES 10/18	6,964.00	
			6,964.00	
001494				
001494	WILLIAM M. HOMA, CPA	TREASURER 10/18	1,285.75	
			1,285.75	
001495				
001495	NEWTECH SERVICES, INC.	MNTHLY WEBSITE MAINTENANCE/HOSTING 10/18	75.00	
			75.00	
001496				
001496	CONNER STRONG & BUCKELEW	UNDERWRITING FEE 10/18	718.00	
			718.00	
001497				
001497	ALLSTATE INFORMATION MANAGEMNT	ACCT: 415 - ARCH & STOR - 8.31.18	52.38	
			52.38	
001498				
001498	FAIRVIEW INSURANCE AGENCY	RMC FEE 10/18 - SECAUCUS TOWN	3,000.00	
			3,000.00	
001499				
001499	AL ALEXANDER AGENCY INC.	RMC FEE - PROSPECT PARK - 2ND HALF	5,590.02	
			5,590.02	
001500				
001500	NJ ADVANCE MEDIA	ACCT: XSUBU0555066 - RFP - 7.10.18	41.85	
			41.85	
		Total Payments FY 2018		86,999.44

TOTAL PAYMENTS ALL FUND YEARS \$89,629.44