

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND
OPEN MINUTES
OCTOBER 26, 2016
TOMS RIVER MUA
10:30 AM**

Meeting of Executive Committee called to order by Michael Gianforte, Chairman. Open Public Meetings notice read into record.

PLEDGE OF ALLEGIANCE – Chairman Gianforte led Commissioners in the Pledge of Allegiance

ROLL CALL OF 2016 EXECUTIVE COMMITTEE:

Michael Gianforte, Chairman	Two Rivers Water Reclamation Authority	Present
Robert Fischer, Secretary	Bayshore Regional SA	Present
Brian Bigler	Secaucus MUA	Present
Robert Burner	Cape May County MUA	Present
Frank Pestana	North Bergen MUA	Present
Bernie Rutkowski	Toms River MUA	Present
Justin Flancbaum	Lakewood MUA	Present

EXECUTIVE COMMITTEE ALTERNATES:

Thomas Horn, Alt #1	Lambertville MUA	Present
Richard Brand, Alt #2	East Windsor MUA	Present
Jill Plesnarski, Alt #3	Readington-Lebanon SA	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/Adm	Perma Risk Management Cathleen Kiernan
Attorney	Berry, Sahradnik, Kotzas & Benson, P.C. Robert Budesa
Claims Service	Qual-Lynx Kathleen Tyler-Schohl
Safety Director	JA Montgomery Risk Control Brian Maitland
Managed Care	QualCare Steve McNamara
Underwriting Manager	Capacity Coverage
Treasurer	Stuart Neuhof

FUND COMMISSIONERS AND ALTERNATES PRESENT:

Ivy Robinson, Plainfield MUA

ALSO PRESENT:

Art Caughlan, Nelson-Patterson Agency
Brian Monaghan, Insurance Agency Management
Ilene Laursen, Conner Strong & Buckelew
Charles Cassagrande, Danskin Insurance Agency
Mary Ann Costabile, Rue Insurance
Danielle Matheson, Brown & Brown Metro
Jeff Kurtz, Governmental Risk Management Asso.
Mike McLaughlin, Marsh & McLennan
Kthy Young, Alamo Insurance
Edward Buecker, Fairview Associates
Amy Pieroni, Raliance Insurance Group
George Crosby, BGIA
Bradford Stokes, PERMA Risk Management
Karen A. Read, PERMA Risk Management

APPROVAL OF MINUTES: September 21, 2016 Open Minutes.

MOTION TO APPROVE SEPTEMBER 21, 2016 OPEN MINUTES AS AMENDED

Moved:	Commissioner Flancbaum
Second:	Commissioner Fischer
Vote:	Unanimous

CORRESPONDENCE: NONE

REPORTS:

EXECUTIVE DIRECTOR'S REPORT: Monthly report submitted to Executive Committee including monthly Fast-track Accident Frequency, Fast-track financial report, Claim Activity Report, Claims Management Exception Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage and Monthly and Annual Regulatory Checklist. Executive Director said the Financial Fast Track through August 31st shows a statutory surplus of \$5 million which is down slightly over year end. Executive Director said the Expected Loss Ration report indicates the Fund's paid and reserves are less than where the actuarial targets with the exception of 2016. Executive Director said the Lost Time Accident Frequency report thru August 31st shows the Fund's frequency is at 2.34 compared to this time last year - which was 2.12. Executive Director also highlighted the EPL Compliance report identifying each members EPL Compliance, deductible and co-pay. Executive Director said in order to be in compliance

and maintain deductible and co-insurance levels, members are required to submit their checklists confirming EPL program compliance.

2017 BUDGET: The main business of this month's meeting is the introduction of the 2017 budget. The Finance Committee met on October 17th at the Two Rivers Water Reclamation Authority to review the draft budget which is enclosed in Appendix II along with the minutes of the meeting.

Executive Director reviewed the 2017 Budget and said the budget reflects a .47% increase. Line items one through four of the budget are what the actuary told us to set aside based on our loss experience and trends. Executive Director said the aggregate excess loss fund is an account that was started last year. Beginning last year the MEL changed it's ratings in two ways. First was it began to experience rate the claims of each JIF and it looked at a "rolling" ten years. In this JIF's ten year rolling period there was an improvement – so the Fund's experience rated premium in the MEL improved. That same ten year experience is used in the second change the MEL made - which was a Retrospective Rated Premium program. Based on the each JIF's ten year experience – each JIF will be billed at 85% of what that claims fund is as a deposit. If the Funds' claims stay within the 85%, there will be no additional billing. If the NJUA losses exceed that amount the MEL will bill "dollar for dollar" up to the cap of 100%, 115% or 125% determined by the JIF's 10 year loss experience. This JIF's cap is 100%. In line six, the Fund is building an account for a loss fund contingency and any year the JIF exceeds its initially billing, funds will be in the aggregate excess contingency account for any balance billing. Executive Director said, based on prior experience, the NJUA pierced that layer 3 out of 10 years.

Executive Director said Line #10 Property Premium represents the largest increase. In the last two years there has been an unusual spike in underground piping claims. The Fund does not pay premium to C.N.A. on pipe values because there is a per claim deductible of \$100,000 deductible to the member and there is a \$5 million sub-limit. Over the years we may have had two claims out of a 20 year period but in the last two years there were four. It was not something CNA was expecting to see and they were not really collection premium on that loss. Given that experience – as well as other excess property claims, the Fund's loss ratio is not in the range they would like to see it. CNA has started off with a 20% rate increase and then they offered the opportunity to increase the deductible on the underground piping from \$100,000 to \$250,000. With an increase in deductible the rate increase would be reduced to 10%. Executive Director said this budget reflects increasing the deductible from \$100,000 to \$250,000. The Finance Committee is recommending it at this rate with the increase in the deductible. If the Fund decided to maintain the \$100,000 deductible it would have been another \$200,000 into the budget.

All Fund Professionals are showing a 2% increase with one exception to this is PERMA requested an adjustment two year ago, based on what our costs were and added staff. Last year was the second of a three year increase, this will be the third year. Executive Director said Fund Professional appointments and fees are not confirmed until the Fund's Reorganization.

Executive Director also assessments will be available in November. The JIF has an assessment methodology distributing assessments based on exposures and experience modification factors – but also caps assessments at 4 points over the budget increase. Then a surcharge is added for members with loss ratios in excess of 108% in three, four or five of the prior five years. The surcharge generated is then distributed to the rest of the members.

MOTION TO INTRODUCE THE 2017 BUDGET TOTALING \$10,393,346 AS PRESENTED AND TO SCHEDULE A PUBLIC HEARING ON NOVEMBER 15, 2016 AT 2:30 PM IN CAESARS, ATLANTIC CITY

Moved: Commissioner Fischer
Second: Commissioner Flancbaum
Vote: Unanimous

DIVIDEND: The Finance Committee reviewed the Fund's available dividend at its meeting. Enclosed with the budget is a copy of the available dividend calculations. Committee recommends a dividend in the amount of \$1,200,000. Resolution 25-16 is included in Appendix II. Chairman Gianforte said although the dividend is less than last year, it is still the second largest in recent history in dividends for this JIF. Executive Director said there is a correction to the resolution so it will be \$250,000 Fund Year 2012 Workers Comp \$150,000 from Fund Year 2012 Administrative and \$800,000 from the Closed Years Account and that totals the \$1.2 million.

MOTION TO ADOPT RESOLUTION 25-16 AUTHORIZING THE RELEASE OF A DIVIDEND IN THE AMOUNT OF \$1,200,000

Moved: Commissioner Fischer
Second: Commissioner Flancbaum
Vote: 7 Ayes, 0 Nays

E-JIF REPORT: The EJIF met on October 19, 2016 at 10:50 am at the Forsgate Country Club and held its public hearing on its 2017 Budget. Enclosed is a copy of Commissioner Rutkowski's report on the meeting.

MEL REPORT: The MEL met on October 19, 2016 at 11:15 am at the Forsgate Country Club to introduce the 2017 Budget. Enclosed is a copy of Commissioner Rutkowski's report.

The MEL adopted a Resolution to support S2663 (Sweeney) and A4234 (Burzichelli) that would allow certain joint insurance funds to invest in bonds of state and federal agencies and form a joint cash management plan and investment program. The MEL is asking affiliated local JIFs to adopt Resolutions in support of this legislation as well as contact their legislators. Enclosed is Resolution 26-16 to support the attached legislation.

MOTION TO ADOPT RESOLUTION 26-16 SUPPORTING SENATE BILL 2663 AND ASSEMBLY BILL 4234

Moved: Commissioner Rutkowski
Second: Commissioner Pestana
Vote: 6 Ayes, 0 Nays, 1 Abstain (Micheal Gianforte)

RCF REPORT: The RCF met on October 19, 2016 at 10:30 AM at the Forsgate Country Club and held its public hearing to adopt the amended 2016 Budget and the 2017 Budget. Enclosed is a copy of Commissioner Bigler's report on the meeting. Commissioner Bigler said the RCF did adopt the amended 2016 Budget at \$24.6 million and they also adopted the 2017 Budget.

2017 MEMBERSHIP RENEWALS: Attached is a list of members scheduled to renew Fund membership by January 1, 2017.

ELECTED OFFICIALS TRAINING: This year's elected officials training program will focus on Public Officials & Employment Practices Liability. A session will be held on Tuesday, November 15, 2016 in Caesars. Another session is scheduled at the League of Municipalities Conference for 3:45 pm in Atlantic City Convention Center on Wednesday, November 16, 2016.

2017 FUND PROFESSIONALS: Requests for Qualifications were released following the September meeting and were due back in the Fund office by October 25, 2016. Executive Director distributed a summary of the responses and said multiple responses were received for Claims Administration and Managed Care. As a result, the Fund will provide the responders with loss information and ask each to then submit a quote. Executive Director also said multiple responses were received for Fund Attorney but added it could be a misunderstanding – thinking they were submitting for defense panel. Executive Director will follow up.

Executive Director said the Finance Committee discussed issuing a longer RFQ form and issuing for a three-year contract beginning with Fund year 2018. Fund Attorney will review regulations and determine which professionals can be appointed for multiple year. Executive Director said we used a simple form on the RFQ where we only ask for qualifications we do not ask for a fee. So when we get competing it would be my recommendation we go back and ask for their fee which is what we did last year and then come back to the board for their review. Executive Director said we also distributed a list of defense attorney responses. As in the past, responses were not received from all the firms on the panel. Attorney Budeasa suggested the Fund advertise again for defense panel.

MOTION TO ADVERTISE RFQ A SECOND TIME FOR DEFENSE PANEL FOR THE NEW JERSEY UTILITIES AUTHORITIES JIF

Moved:	Commissioner Rutkowski
Second:	Commissioner Pestana
Vote:	Unanimous

NOMINATING COMMITTEE: A meeting of the Nominating Committee is being scheduled for right after the JIF meeting to discuss the vacancy on the Board.

LEAGUE MAGAZINE: Enclosed is the latest in the series of "Power of Collaborations" to appear in the League magazine. Each of the MEL advertisements highlights activities of the MEL and JIFs as well as people who have rendered significant service. The advertisement highlights ethics in decision makers.

MEL 30TH ANNIVERSARY: 2017 marks the 30th anniversary of the Municipal Excess Liability Joint Insurance Fund; copies of a brochure announcing this and other achievements is being distributed to members.

Since its inception on January 1, 1987, the MEL has grown to include almost 65% of the municipalities and local authorities in the state. The program has saved taxpayers over \$1.1 billion and has helped members improve their safety records by over 60%. The NJUA JIF was

established in 1991 and has achieved \$62.7 million in savings through it's own programs and affiliations with the MEL as of 1/1/16.

TREASURER:

VOUCHER PAYMENTS (BILL LIST)

2016 \$ 94,524.93

CONFIRMATION OF CLAIMS PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF SEPTEMBER 2016:

Closed:	\$.00
2012:	\$ 6,496.48
2013:	\$ 2,299.16
2014:	\$ 21,762.69
2015:	\$ 116,237.96
2016	\$ 223,260.59
Total:	\$ 370,056.88

MOTION TO APPROVE OCTOBER BILLS LIST, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF SEPTEMBER 2016 CLAIMS AND ACCEPT TREASURER'S REPORT:

Moved:	Commissioner Flancbaum
Second:	Commissioner Pestana
Roll Call Vote:	7 Ayes, 0 Nays

Treasurer's Report Attached & Made Part of Minutes.

ATTORNEY: No formal report.

MANAGED CARE:

MONTHLY REPORT: Report submitted and reviewed by Mr. McNamara of Qual-Lynx. In response to Chairman Gianforte, Mr. McNamara said an in net work provider will bill according to our contract and not the amount that they would bill in the open market.

Report Made Part of the Minutes.

SAFETY DIRECTOR:

MONTHLY REPORT: The Safety Director Brian Maitland reviewed report included in the agenda packet. Safety Director said Ethics Training was conducted by Cate Kiernan at Merchantville Pennsauken on October 20th with 24 delegates in attendance and a presentation by CNA on Boiler and Machinery Regulations and lightening protection in November 10th at the Crown Plaza. On December 15th we will have an EJIF Update at Evesham MUA.

Report Made Part of Minutes.

CLAIMS: Claims Manager said the PARs will be discussed in closed session.

OLD BUSINESS:

NONE

NEW BUSINESS:

NONE

PUBLIC COMMENT:

NONE

**RESOLUTION - EXECUTIVE SESSION FOR CERTAIN SPECIFIED PURPOSES:
PERSONNEL - SAFETY & PROPERTY OF PUBLIC LITIGATION AND NEW
MEMBERSHIP**

MOTION TO CLOSE MEETING:

Moved:	Commissioner Bigler
Second:	Commissioner Flancbaum
Vote:	Unanimous

MOTION TO RE-OPEN MEETING:

Moved:	Commissioner Bigler
Second:	Commissioner Rutkowski
Vote:	Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS AS
PRESENTED**

Moved:	Commissioner Bigler
Second:	Commissioner Pestana

Roll Call Vote: 7 Ayes, 0 Nays,

MOTION TO ADJOURN:

Moved: Commissioner Pestana
Second: Commissioner Bigler
Vote: Unanimous

MEETING ADJOURNED: 11:23 am
NEXT REGULAR MEETING: November 15, 2016
Karen A. Read, Assisting Secretary

For
Robert Fischer, SECRETARY
Date Prepared: - November 2, 2016