

**CENTRAL JERSEY JOINT INSURANCE FUND
MEETING MINUTES
June 15, 2016
PISCATAWAY MUNIC
IPAL COMPLEX**

**MEETING OF THE EXECUTIVE COMMITTEE CALLED TO ORDER AT 2:00 P.M.
OPEN PUBLIC MEETING STATEMENT READ INTO RECORD
PLEDGE OF ALLEGIANCE**

ROLL CALL OF THE 2016 EXECUTIVE COMMITTEE

Robert Landolfi, Township of Woodbridge	Present
Joseph Criscuolo, Piscataway	Present
Robert Vornlocker, Township of Franklin	Absent
Nancy Costa, Township of Hillsborough	Present
Daniel Frankel, Borough of Sayreville	Present
William Northgrave, Township of Edison	Present
Colleen Connolly, Borough of Belmar	Absent
Michael Gross, City of South Amboy	Present

ALSO PRESENT:

Jeremy Solomon, Bob Smith & Associates
Richard Lorentzen, Treasurer
Bob Morrison, Hodulik & Morrison
Donna Setzer, Qual Lynx
Kathy Kissane, Qual Lynx
Tony Jones, Qual Lynx
George Crosby, BGIA
Amy Pieroni, North American Insurance Management
Don Ruprecht, JA Montgomery Risk Control
Joseph Hrubash, PERMA
David Grubb, PERMA
Brad Stokes, PERMA
Rachel Chwastek, PERMA

MINUTES: May 18, 2016 Minutes

MOTION TO APPROVE MINUTES FOR MAY 18, 2016

Moved:	Commissioner Frankel
Second:	Commissioner Criscuolo
Vote:	6 Ayes, 0 Nays

CORRESPONDENCE: None

EXECUTIVE DIRECTOR'S REPORT – The Executive Director advised he had four action items for this meeting and would begin by introducing Bob Morrison, from Hodulik & Morrision, the fund auditor, to review the Audit.

Audit Report as of December 31, 2015 – The Auditor's Report as of December 31, 2015 had been sent to the Executive Committee under separate cover. Bob Morrison, a representative from Hodulik & Morrison was at the JIF meeting and reviewed the Audit Report. Following the presentation and approval of the report, both Resolution 17-16 and Group Affidavit were executed.

MOTION TO APPROVE YEAR-END FINANCIALS AS OF DECEMBER 31, 2015, AS PRESENTED, ADOPT RESOLUTION 17-16 AND EXECUTE THE GROUP AFFIDAVIT INDICATING THAT MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT

Moved: Commissioner Criscuolo
Second: Commissioner Gross
Vote: 6 Ayes, 0 Nays

Executive Director reviewed the pro forma reports for the Central JIF. The Central JIF has a surplus of \$3.7 million, a cash balance of \$13.5 million. The expected loss ratio report, which shows how the fund is compared to the actuary's targets, and all years are running better actuary's expectations. The Fund's loss time accident frequency sits fourth in the state at 1.07, which is outstanding.

Rules & Contracts Committee – The Rules & Contracts Committee met last month and are recommending the adoption of a policy regarding defense panel representation. Included in the agenda was Resolution 18-16 amending the Plan of Risk Management that institutes a policy on defense panel attorneys representing employees or officers of member entities. A report was presented at the meeting.

MOTION TO APPROVE RESOLUTION 18-16 AMENDING THE PLAN OF RISK MANAGEMENT

Moved: Commissioner Costa
Second: Commissioner Gross
Vote: 6 Ayes, 0 Nays

Named Storm Deductibles – The MEL Coverage Committee has recommended several changes to the Named Storm Deductible Risk Sharing Program that was adopted by the MEL several years ago for those JIF's that have member entities that are subject to this deductible. The primary changes to the program are to update the change in the Named Storm retention and to reflect the change in the actual policy form with Zurich.

MOTION TO APPROVE RESOLUTION 19-16 ENTERING INTO AN AGREEMENT WITH RESPECT TO THE NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM

Moved: Commissioner Criscuolo

Second: Commissioner Frankel
Vote: 6 Ayes, 0 Nays

Residual Claims Fund – The RCF met on June 2, 2016 at the Forsgate Country Club in Jamesburg, NJ. Commissioner Landolfi’s report on the meeting was enclosed in the agenda. The RCF board adopted a Resolution accepting the transfer of member JIF’s Fund Year 2012. Enclosed in the agenda was Resolution 20-16 authorizing the transfer of the Central JIF’s 2012 claim liabilities to the RCF.

MOTION TO APPROVE RESOLUTION 20-16 TRANSFERRING FUND YEAR 2012 TO THE RCF

Moved: Commissioner Frankel
Second: Commissioner Gross
Vote: 6 Ayes, 0 Nays

EJIF- The EJIF met on June 2, 2016 at the Forsgate in Jamesburg, NJ. Commissioner Landolfi’s report on the meeting was enclosed in the agenda.

MEL JIF – The MEL met on June 2, 2016 at the Forsgate in Jamesburg, NJ. Commissioner Landolfi’s report on the meeting was enclosed in the agenda.

Employment Practices Program: Changes to the 2017 POL/EPL Program are posted on the MEL’s webpage - www.njmel.org - which details changes to the MEL’s Model Personnel Manual and information on training program requirements. Members have until October 1st to submit the checklist to qualify and/or maintain deductible and co-pay incentives. Compliance includes updating Personnel Manuals, Training Managers & Supervisors, Police Command Staff and offering training to non-supervisory personnel.

Police Supervisor Training - Lodi Police Chief Vincent Quatrone will be conducting the training; a session is scheduled for June 20th at the Piscataway Police Department. Additional sessions will be held.

Managers & Supervisors Training - Employment Practices Risk Management Program also includes mandatory training of management. We are working with the offices of Lori Dvorak to develop a schedule for these classes and will notify member towns once the dates are set.

Membership Renewals – The Fund has two members up for renewal on June 30, 2016. Membership documents were sent to those members on May 5th. We have received renewal documents from one member and expect the other within the next few weeks pending their Council meeting.

2016 Member Manuals – The Fund Office will be distributing the 2016 coverage documents to Fund Commissioners and Risk Managers by the end of June.

Risk Management Consultant Agreements – RMCs are reminded to please submit the risk management consultant agreements to the fund office. When all agreements have been received, we will prepare a filing with the Departments of Insurance and Community Affairs.

Cyber Ad Hoc Committee – The Cyber Ad-Hoc Committee met on April 20 at the Piscataway Municipal Building. Commissioner Criscuolo provided a verbal update. The Executive Director advised there are a few JIFs utilizing the services of Pivot Point to assess individual towns’ risk and making suggestions and recommendations. Some discussion topics included mandating basic training for all employees of member towns and perhaps offering more advanced training going forward. The ad hoc committee will meet and advise the fund on the best course of action.

State Filing Notice – The MEL Underwriting Manager has filed the 2016 Excess Insurance and Reinsurance Policies. Mr. Cooney’s Memorandum was included in the agenda.

Safety Expo - The MEL is working with the New Jersey Utility Authorities Joint Insurance Fund (NJUA) to conduct its Annual Safety Expo which includes MEL member town’s water & sewer employees. The Safety Expo will be held on June 24th at the Middlesex Fire Academy in Sayreville. Registration information was emailed out and also appears in the agenda.

The Executive Director then asked if there were any questions and concluded his report.

Reports Made Part of Minutes.

TREASURER: The Treasurer, Mr. Richard Lorentzen, presented the Bill’s List.

RESOLUTION 21-16 JUNE 2016 VOUCHER PAYMENTS

2016 \$ 250,911.36

MOTION TO ADOPT RESOLUTIONS 21-16 APPROVING THE JUNE VOUCHER PAYMENT LISTS, AS SUBMITTED:

Moved: Commissioner Gross
Second: Commissioner Costa
Roll Call Vote: 6 Ayes, 0 Nays

Voucher Lists, Treasurer Report & Investment Portfolio Reports Made Part of Minutes.

CLAIMS/ MANAGED CARE:

CLAIMS – Claims Manager Kathy Kissane reported the Claims Committee reviewed the PAR’s for June today. Claims Manager respectfully requested a motion to ratify the PAR’s that were submitted to the Claims Committee today for June.

PAYMENT AUTHORIZATION REQUESTS: Executive Committee reviewed payment authorization requests presented by Claims Service in June. Claims Review Committee reviewed and recommended as submitted.

MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS FOR JUNE CLAIMS PRESENTED IN EXECUTIVE SESSION BY QUAL-LYNX

Moved: Commissioner Northgrave
Second: Commissioner Costa
Roll Call Vote: 6 Ayes, 0 Nays

MANAGED CARE:

CLAIMS – Donna Setzer reported savings was at 69% with a network penetration of 98%. Ms. Setzer also reported on the savings below UCR was 71%. Ms. Setzer advised that she would be bringing in a kinematics consultants (FCE Expert) hopefully to coincide on the a day with a Safety Meeting, most likely September or October, to advise the fund.

UNDERWRITING MANAGER

LIST OF CERTIFICATES ISSUED – The Executive Director reported the list of Certificates issued was submitted showing 14 certificates issued 4/21/2016 through 5/22/2016.

List of Certificates made part of the minutes.

MARKETING MANAGER: – The marketing manager advised their office has received two inquiries from outside risk manager consultants. They will update the fund commissioners as more information is gathered.

SAFETY DIRECTOR: – Don Ruprecht advised the Safety Director’s report was included in the agenda. The report included a list of loss control activities for the month of May, local MSI classes, and a Safety Director Bulletin on Training Summer/Seasonal Employees. He asked if there were any questions and then concluded his report.

RISK MANAGERS: NONE

OLD BUSINESS: NONE

NEW BUSINESS: NONE

PUBLIC COMMENT: NONE

MOTION TO ADJOURN

Moved: Commissioner Gross
Second: Commissioner Criscuolo

Vote: Unanimous

Meeting adjournment at 2:20 p.m.
Prepared by Rachel Chwastek, Assisting Secretary for

Daniel Frankel, Secretary

RESOLUTION NO. 17-16

**CENTRAL JERSEY JOINT INSURANCE FUND
Resolution of Certification
Annual Audit Report for Period Ending December 31, 2015**

WHEREAS, N.J.S.A. 40A:5-4 requires the governing body of every local unit to have made an annual audit of its books, accounts and financial transactions, and

WHEREAS, the Annual Report of Audit for the year 2015 has been filed by the appointed Fund Auditor with the Secretary of the Fund as per the requirements of N.J.S.A. 40A:5-6 and N.J.S.A. 40A:10-36, and a copy has been received by each member of the EXECUTIVE COMMITTEE, and

WHEREAS, the Local Finance Board of the State of New Jersey is authorized to prescribe reports pertaining to the local fiscal affairs, as per R.S. 52:27BB-34, and

WHEREAS, the Local Finance Board has promulgated a regulation requiring that the EXECUTIVE COMMITTEE of the Fund shall, by resolution, certify to the Local Finance Board of the State of New Jersey that all members of the EXECUTIVE COMMITTEE have reviewed, as a minimum, the sections of the annual audit entitled:

General Comments
and
Recommendations

and

WHEREAS, the members of the EXECUTIVE COMMITTEE have personally reviewed, as a minimum, the Annual Report of Audit, and specifically the sections of the Annual Audit entitled:

General Comments
and
Recommendations

as evidenced by the group affidavit form of the EXECUTIVE COMMITTEE.

WHEREAS, such resolution of certification shall be adopted by the EXECUTIVE COMMITTEE no later than forty-five days after the receipt of the annual audit, as per the regulations of the Local Finance Board, and

WHEREAS, all members of the EXECUTIVE COMMITTEE have received and have familiarized themselves with, at least, the minimum requirements of the Local Finance Board of the State of New Jersey, as stated aforesaid and have subscribed to the affidavit, as provided by the Local Finance Board, and

WHEREAS, failure to comply with the promulgations of the Local Finance Board of the State of New Jersey may subject the members of the EXECUTIVE COMMITTEE to the penalty provisions of R.S. 52:27BB-52 - to wit:

R.S. 52:27BB-52 - "A local officer or member of a local governing body who, after a date fixed for compliance, fails or refuses to obey an order of the director (Director of Local Government Services), under the provisions of this Article, shall be guilty of a misdemeanor and, upon conviction, may be fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than one year, or both, in addition shall forfeit his office."

NOW, THEREFORE, BE IT RESOLVED, that the EXECUTIVE COMMITTEE of the Central Jersey Joint Insurance Fund, hereby states that it has complied with the promulgation of the Local Finance Board of the State of New Jersey, dated July 30, 1968, and does hereby submit a certified copy of this resolution and the required affidavit to said Board to show evidence of said compliance.

WE HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON JUNE 15, 2016.

RESOLUTION NO. 18-16

CENTRAL JERSEY JOINT INSURANCE FUND
(Hereinafter referred to as the “FUND”)

AMENDING THE PLAN OF RISK MANAGEMENT

WHEREAS, the Central Jersey Joint Insurance Fund is responsible for providing a defense to certain claims brought against its members and their employees in accordance with the Fund’s coverage documents; and

WHEREAS, the Fund appoints law firms to its defense panel and assigns them to represent the interests of the members and members’ employees; and

WHEREAS, it is necessary from time to time for the Fund to impose rules and guidelines on the work conducted by the law firms on the defense panel;

NOW, THEREFORE BE IT RESOLVED, by the Fund Commissioners of the FUND that Section 6 shall be amended as follows:

1.) **Procedures governing loss adjustment and legal expenses.**

- a.) The Fund engages a claims service company to handle all claims, except for the JIF’s POL/EPL, insurance which is handled by Summit Risk Services representing XL Insurance and QBE North America. The performance of the claims adjusters is monitored and periodically audited by the Executive Director's office, the Fund attorney, the MEL's attorney's office, as well as the claims department of the MEL's three major liability insurers/re-insurers [i.e. General Re and Munich Re for excess liability, and Safety National for workers' compensation]. Every three years, the MEL's internal auditors also conduct an audit.
- b.) Each member local unit is provided with a claims reporting procedure and appropriate forms.
- c.) In order to control workers' compensation medical costs, the Fund has engaged a managed care organization (MCO) whose procedures are integrated into the Fund's claims process.
- c.) To provide for quality defense and control costs, the Fund has established an approved defense attorney panel with firms which specialize in Title 59 matters. The performance of the defense attorneys is overseen by the Fund attorney, as well as the various firms which audit the claims adjusters. *The Fund is responsible for providing a defense to certain claims brought against its members and their employees in accordance with the Fund’s coverage documents.*

The law firms appointed the defense panel are assigned to represent the interests of the members and members' employees. It is necessary from time to time for the Fund to impose rules and guidelines on the work conducted by the law firms on the defense panel. Therefore, a condition of inclusion on the defense panel is that all lawyers or law firms who accept defense assignments on behalf of any members of the Fund are prohibited from representing employees or officers of the member towns in any matters involving a member municipality of the Fund as a party or arising out of or related to that employee's or officer's employment with a member of the Fund , except as appointed by the Fund.

ADOPTED: *this day by the Fund Commissioners,*

RESOLUTION NO. 19-16

**A RESOLUTION OF THE CENTRAL JERSEY JOINT INSURANCE FUND ENTERING INTO
AN AGREEMENT WITH RESPECT TO NAMED STORM
DEDUCTIBLE RISK SHARING PROGRAM**

WHEREAS, The Municipal Excess Liability Joint Insurance Fund (hereinafter the “MEL”) provides excess property coverage underwritten by the Zurich Insurance Company to various member Joint Insurance Funds

WHEREAS, as respects loss or damage caused by or resulting from “Named Storm”, any covered property in Atlantic, Ocean, Monmouth, and Burlington Counties located east of the Garden State Parkway, and any covered property in Cape May County is subject to a Property Damage deductible of 1% of the value per the Schedule of Values for the “Location” where the direct physical loss or damage occurred, per “occurrence”.

WHEREAS, as respects loss or damage caused by or resulting from “Named Storm”, any covered property in Atlantic, Ocean, Monmouth, and Burlington Counties located east of the Garden State Parkway, and any covered property in Cape May County is subject to a Time Element deductible of 1% of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the “Occurrence” by use of the facilities at the “Location” where the direct physical loss or damage occurred and all other “Locations” where Time Element loss ensues, per “occurrence”.

The above deductibles (hereinafter the “NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM”) are subject to a minimum deductible of \$500,000 for Property Damage and Time Element, combined, per Location, and a maximum deductible of \$1,000,000 per occurrence.

WHEREAS, for purposes of this resolution, “Named Storm” means: Any storm or weather disturbance that is named by the U.S. National Oceanic and Atmospheric Administration (NOAA) or the U.S. National Weather Service or the National Hurricane Center or any comparable worldwide equivalent. Named Storm also includes “Storm Surge”.

WHEREAS, for purposes of this resolution, covered property shall not include Vehicles.

WHEREAS, the Atlantic, Burlington, Central, FIRST, Mid Jersey, Monmouth, NJPHA, and Ocean JIFs have members subject to this deductible.

WHEREAS, the Board of Fund Commissioners of the Central Jersey Joint Insurance Fund recognizes that its members could bear a financial hardship in event of a Named Storm as a result of this deductible.

WHEREAS, the MEL has agreed to act as a lead agency to administer an agreement between member JIFs subject to this deductible

NOW, THEREFOR BE IT RESOLVED that the Board of Fund Commissioners of the Central Jersey Joint Insurance Fund that it resolves to enter into an agreement with other members JIFs subject to the NAMED STORM DEDUCTIBLE SHARING PROGRAM subject to the following provisions:

1. In the event of a covered loss subject to the Named Storm Deductible Risk Sharing Program, the JIFs that are parties to this agreement shall contribute to the total amount of the deductible pro rata based on each JIFs reported values for all properties subject to the Named Storm Deductible Risk Sharing Program deductible.
2. The first \$5,000 of loss from each member location shall not be subject to this sharing provision.
3. This sharing provision shall be subject to only insured property at insured locations.
4. To be eligible for reimbursement under this agreement, the member shall file a claim with FEMA and the reimbursement under this agreement shall be reduced by the amount of the FEMA reimbursement.
5. This agreement is contingent the JIFs joining the agreement also adopting a mutually acceptable indemnification agreement and upon the MEL adopting an appropriate resolution agreeing to be the lead agency to administer this agreement.

RESOLUTION NO. 20-16

**CENTRAL JERSEY JOINT INSURANCE FUND
TO TRANSFER TO
MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND**

WHEREAS, the Municipal Excess Liability Residual Claims Fund was organized pursuant to N.J.S.A. 40A:10-36, et seq., to provide residual risk coverage to its member joint insurance funds; and,

WHEREAS, the Board of Fund Commissioners of the **Central Jersey Joint Insurance Fund** determined that membership in the Residual Claims Fund is in the best interest of the member local units and joined the Residual Claims Fund.

NOW, THEREFORE, BE IT RESOLVED that the Board of Fund Commissioners of the **Central Jersey Joint Insurance Fund** does hereby resolve and agree to transfer the following residual risks.

<u>Fund Year</u>	<u>Lines of Coverage</u>	<u>Member Fund S.I.R.</u>
2012	WC/GL/AL & PROPERTY	Varies

BE IT FURTHER RESOLVED that the actual transfer of claim liabilities to the Municipal Excess Liability Residual Claims Fund shall be based upon the following formula:

Case Reserves and IBNR as of 6/30/16

RESOLUTION NO. 21-16

**CENTRAL JERSEY JOINT INSURANCE FUND
BILLS LIST – JUNE 2016**

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

BE IT RESOLVED that the Central Jersey 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 2016

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
001015			
001015	QUAL-LYNX	MANAGED CARE FEE 06/2016	14,143.44
			14,143.44
001016			
001016	APEX INSURANCE SRVS c/o XL INS	TECH ERRORS&OMISSIONS ADD'L 2016	287.00
			287.00
001017			
001017	ACRISURE, LLC	MARKERING MANAGER FEE 06/2016	10,159.17
			10,159.17
001018			
001018	INDIAN HARBOR INSURANCE CO.	OUTSTNDNG CO-INSUR PYMNTS EDISON TWP JUN	122,388.24
			122,388.24
001019			
001019	QUAL-LYNX	CLAIMS ADMIN - 06/2016	40,320.75
			40,320.75
001020			
001020	J. A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 06/2016	10,321.13
			10,321.13
001021			
001021	PERMA RISK MANAGEMENT SERVICES	POSTAGE FEE 05/2016	10.71
001021	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 06/2016	45,105.67
			45,116.38
001022			
001022	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 6/16	75.00
			75.00
001023			
001023	RICHARD LORENTZEN	TREASURER FEE 06/2016	1,399.17
			1,399.17
001024			
001024	BOB SMITH & ASSOCIATES	LITIGATION MANAGEMENT FEE 05/2016	1,161.50
001024	BOB SMITH & ASSOCIATES	ATTORNEY FEE 06/2016	3,536.75
			4,698.25
001025			
001025	RUSSO & ASSOCIATE LLC	INTERNAL AUDITOR FEE 5/28/2016	2,002.83
			2,002.83
	Total Payments FY 2016		250,911.36

TOTAL PAYMENTS ALL FUND YEARS \$ 250,911.36