

**CENTRAL JERSEY JOINT INSURANCE FUND
MEETING MINUTES**

October 19, 2022

YMCA at the Piscataway Community Center

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

ROLL CALL OF 2022 EXECUTIVE COMMITTEE:

William Northgrave	Township of Edison	Absent
Vacant	Borough of Sayreville	Absent
Nancy Costa	Township of Hillsborough	Present
Timothy Dacey	Township of Piscataway	Present
Robert Vornlocker	Township of Franklin	Absent
Michael Gross	City of South Amboy	Present
Joseph Criscuolo	Township of East Brunswick	Present

EXECUTIVE COMMITTEE ALTERNATES:

Casey Wagner	Township of Woodbridge	Absent
William Robins	Borough of Dunellen	Present
Melissa Perilstein	Borough of Metuchen	Absent
Bryan Bidlack	Township of South Brunswick	Present
Edward Kirschenbaum	Borough of Belmar	Absent
Christina Fischer	Borough of South Bound Brook	Present
Joe Costa	Borough of Middlesex	Absent

ALTERNATE FUND COMMISSIONERS:

Sonia Alves-Viverios	Township of Edison	Absent
Charles Vanderlinde	Borough of Belmar	Present
Rick Tactay	Borough of Belmar	Absent
Raven Williams	Borough of Franklin	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator PERMA Risk Management Services
Joseph Hrubash, Bradford Stokes, Brandon Tracy

Attorney Bob, Smith & Associates
Tim Arch, Esq.

Claims Service Qual-Lynx
Kathy Kissane

Managed Care Qual-Care
Donna Setzer

Safety Director/Law Enforcement J.A. Montgomery Risk Control
Paul Shives, Don Ruprecht, Mike Brosnan

Treasurer **Rich Lorentzen**

ALSO PRESENT:

Amy Pieroni, North American Insurance Management
Lindsay Travali, North American Insurance Management
Crystal Robinson, Brown & Brown

MINUTES: September 21, 2022 Open Minutes

MOTION TO APPROVE MINUTES FOR SEPTEMBER 21, 2022

Moved:	Commissioner Gross
Second:	Commissioner Criscuolo
Vote:	Unanimous

CORRESPONDENCE: NONE

EXECUTIVE DIRECTOR'S REPORT

2023 BUDGET: The Rules and Contracts Committee met Tuesday, October 11th to review the proposed budget and recommended the budget included in the agenda at \$19,587,747 or \$2,108,019 a 12.06% increase. Executive Director discussed the key items affecting the Fund's budget:

MEL BUDGET: Executive Director said the MEL is anticipating a 16% increase for 2023, which has a trickle-down effect to the local JIFs. The budget reflects the continued hard market and several commercial and legislative factors that arose in 2020 and continue through 2022. These factors included Health Insurance, Workers Compensation, Property, and liability. Executive Director said by far, the biggest increase is in health insurance with Workers Compensation as the next largest item in governmental insurance budgets.

Executive Director added coverage premiums for fire, flood and windstorm are increasing due to the frequency of natural disasters over the past few years and the Fund's loss experience. Building costs are increasing at a rate of 11% due to supply chain issues and the shortage of labor. Property insurance costs are also impacted by the frequency of natural disasters that have increased significantly in New Jersey over the past decade with Irene in 2011, Sandy in 2012 and Ida in 2021. The premiums for Cyber Liability are doubling, and deductibles are also increasing. Organizations without strong cyber risk controls are finding it difficult to purchase any coverage.

CENTRAL LINE ITEMS:

LOSS FUNDS (LINES 1-5): These numbers are derived from the actuary who reviews prior year claims and adjusts their anticipated loss dollars to today's dollars. Based on the actuaries review we see a 12.58% increase for these items.

MEL COVERAGES (LINES 10-14): These line items are coverages placed through the MEL. Executive Director said the largest increase was the Cyber JIF, which will be placing the coverage and offer other services such as cyber training/hygiene and loss control. The EJIF continues to excel and issued a \$3 million dividend. Central receives \$300K of the EJIF dividend.

EXPENSES, FEES & CONTINGENCIES (LINES 21-38): Executive Director said these lines are anticipated to increase by 2% except for the Cyber Gap Assessment line item.

Executive Director also reviewed the proposed assessments, which were distributed as a separate handout during the meeting. Commissioner Dacey added with the anticipated dividend, if a member were to choose to receive the dividend as a credit, it would equate to an 8% budget increase rather than the anticipated 12% increase.

MOTION TO INTRODUCE THE 2023 BUDGET IN THE AMOUNT OF \$19,587,747 AND SCHEDULE A PUBLIC HEARING AT 2:00 PM ON MONDAY, NOVEMBER 14, 2022

Moved: Acting Chair Costa
Second: Commissioner Fischer
Roll Call: 9 Ayes – 0 Nays

2022 DIVIDEND: Executive Director said the Committee also reviewed the available dividend calculation, which consisted of three options and is recommending a dividend of \$750,000 from Closed Years accounts. Some members did not receive dividends because they were not a part of the fund the specific years the surplus was distributing from. Executive Director added the fund is in a strong financial position to offer this amount. Included in the agenda was Resolution 33-22 authorizing the release of the dividend on and the distribution by member.

MOTION TO ADOPT RESOLUTION 33-22 AUTHORIZING THE RELEASE OF A DIVIDEND IN THE AMOUNT OF \$750,000 FROM CLOSED YEAR ACCOUNTS, SUBJECT TO STATE APPROVAL

Moved: Commissioner Criscuolo
Second: Commissioner Dacey
Roll Call: 9 Ayes – 0 Nays

CYBERSECURITY AWARENESS PROGRAM: The Central JIF Cyber Security Task Force met in September to discuss the fund's lack of compliance with the new standards set by the MEL JIF. Following a presentation from D2, the Committee reviewed and approved D2's proposal to be presented to the Rules & Contracts Committee. The Rules & Contracts Committee agreed to the recommendation.

Executive Director said given the nature and uniqueness of this type of service, the Fund's solicitor has recommended utilizing the non-fair & open process. The Commissioners were advised to award this contract with this method of procurement.

MOTION TO AWARD A CONTRACT UTILIZING THE NON-FAIR AND OPEN PROCESS FOR A GAP ASSESSMENT FOR 15 MEMBERS FROM D2 FOR FUND YEAR 2023

Moved: Commissioner Fischer
Second: Commissioner Criscuolo
Roll Call: 9 Ayes – 0 Nays

CYBER LIABILITY UPDATE:

CYBER TRAINING D2: Included in the agenda was the monthly status report from d2, recapping members' participation and training to date.

CYBER JIF RESOLUTION, AGREEMENT AND REPRESENTATIVE: Cyber Security claims have outpaced premiums almost from the outset. Our premiums have doubled the last two years. As a result, the MEL Board of Fund Commissioners worked on forming a separate Joint Insurance Fund. In order to manage this risk, we need more members to implement minimum risk control standards. A copy of the budget was introduced for Cyber JIF based on all MEL members JIFs joining.

Executive Director said a copy of the budget will be distributed to members following the meeting. Executive Director noted that in addition to funding for retained claims, excess premiums and administration – a portion of the budget is dedicated to loss control services. The MEL is asking members to execute a Resolution and Agreement to join and to appoint

a representative so the interim board can hold a zoom public hearing on the budget on November 1, 2022. Executive Director reported members will initially have a \$50,000 deductible but has the opportunity to reduce the deductible to \$0 by complying with the three tiers. Included in the agenda was Resolution 34-22 joining the Cyber Joint Insurance Fund.

MOTION TO ADOPT RESOLUTION #34-22 TO JOIN THE CYBER JOINT INSURANCE FUND AND AUTHORIZE THE FUND CHAIRMAN TO EXECUTE THE INDEMNITY & TRUST AGREEMENT AND TO ELECT CASEY WAGNER AS THE CENTRAL JERSEY JIF'S REPRESENTATIVE TO THE NJ CYBER RISK MANAGEMENT FUND.

Moved:	Commissioner Criscuolo
Second:	Commissioner Gross
Roll Call:	9 Ayes – 0 Nays

CYBERSECURITY AWARENESS MONTH (OCTOBER): The MEL encourages members to get proactive with cybersecurity items for their own organizations and visit the website. Executive Director said the MEL will be sending releases each week about the week's theme and what everyone can do to participate.

RCF: The public hearing on the RCF budget was held earlier today. Included in Appendix II of the agenda was a copy of the RCF's 2023 Operating Budget. Executive Director explained the budget process for the RCF, noting RCF initially adopts the expense side of the budget and later in the year the Fund transfers the prior year's liability to fill in the remainder of the budget.

EJIF: The public hearing on the EJIF budget was held earlier today. Included in the agenda was a copy of the EJIF's 2023 Budget. Executive Director reported the Fund issued a sizeable dividend.

MEL JIF: The MEL's 2023 budget introduction was held earlier today. Included in the agenda was a copy of the proposed budget. Executive Director reported that the JIF approved the introduction of their budget and entered closed session to discuss Middlesex. Upon entering open session, the board voted to non-renew Middlesex's membership because they have not made a significant attempt to meet the MEL's underwriting standards.

MEMBERSHIP RENEWALS: The Fund has three members, Edison, Dunellen, and East Brunswick, scheduled to renew fund membership. Executive Director reported the Fund Office has received all the membership renewal documents.

STATEMENT OF ACCOUNTS: As a reminder, final Bills were sent via email on September 28th to Fund Commissioners and Risk Managers with payment due by October 31st.

NOVEMBER MEETING DATE: Due to the league of municipalities, the Executive Director requested to relocate the November 14th meeting to a virtual meeting. The Board agreed to move the meeting location to Zoom.

PRO-FORMA MONITORING REPORTS: Monthly report submitted to Fund Commissioners including Monthly Fast-Track Accident Frequency, Fast-Track Financial report, Claim Activity Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage and the Monthly and Annual Regulatory Checklist. The Executive Director reported the Fund currently has a surplus of \$5.6 million as of August 31st. The Loss Ratio shows the Fund's three open years where losses were worse than predicted and 2022 is still too early to report on.

Executive Director asked if there were any questions, there were none, and concluded his report.

Reports Made Part of Minutes.

TREASURER: Treasurer presented the Bill's List and treasurer report.

RESOLUTION 35-22 OCTOBER PAYMENTS

Fund Year 2021	\$0.00
Fund Year 2022	\$337,012.16
Total	\$337,012.16

MOTION TO ADOPT RESOLUTION 35-22 OCTOBER BILLS LIST, AS SUBMITTED:

Moved: Commissioner Fischer
Second: Acting Chair Nancy Costa
Roll Call Vote: 9 Ayes - 0 Nays

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

CLAIMS/ MANAGED CARE:

CLAIMS: Claims Manager said included in the agenda was the September workers compensation ratio report showed there were 12% indemnity claims, 88% medical only. There were 33 claims in September. Ms. Kissane explained in preparation of the transfer of liabilities to the RCF, Qual-Lynx reviews every claim to ensure the reserves are correct.

The subrogation recovery report shows \$82,764.95 recovered for the month of September, and almost \$411,990.97 for the year. The Claims Committee met and reviewed 17 PARs, prior to the JIF meeting, for October.

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

MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS FOR OCTOBER CLAIMS PRESENTED IN CLAIMS REVIEW COMMITTEE MEETINGS BY QUAL-LYNX:

Moved: Acting Chair Nancy Costa
Second: Commissioner Criscuolo
Roll Call Vote: 9 Ayes – 0 Nays

MANAGED CARE:

MANAGED CARE: Ms. Setzer said the report reflected 472 bills for the month of September totaling \$370,518.67, \$147,081.77 was paid yielding a savings of \$223,436.90 or 60% with a network penetration of 98%.

UNDERWRITING MANAGER

LIST OF CERTIFICATES ISSUED: Executive Director said there were 23 certificates issued from 8/22/2022 to 9/22/2022.

CYBER COMPLIANCE REPORT – AS OF 9/30/2022: Included in the agenda was the cyber compliance report as of 9/30/22. Executive Director said one change the Cyber JIF made was the naming of the three tiers. The updates were included in the report.

List of Certificates made part of the minutes.

MARKETING MANAGER:

MARKETING MANAGER REPORT: Marketing Manager reported the Fund has an active membership application with a member in the Garden State JIF. Ms. Pieroni said we

have been working with the applicant's risk manager in conjunction with the Fund Office. Ms. Pieroni said we will be monitoring members that were in the Middlesex JIF and concluded her report.

SAFETY DIRECTOR:

SAFETY DIRECTOR REPORT: Safety Director said the report was included in the agenda. The report included a list of loss control visits, meetings, bulletins that went out and the MSI Now/DVD usage for the months of September. Also included in the report was a link directing members to the schedule of upcoming webinars and classes being offered.

OLD BUSINESS: NONE

NEW BUSINESS: NONE

PUBLIC COMMENT: NONE

MOTION TO ADJOURN

Moved:	Acting Chairwoman Nancy Costa
Second:	Commissioner Fischer
Vote:	Unanimous

Meeting adjournment at 2:33 p.m.

Prepared by Brandon Tracy, Account Manager for

Nancy Costa, Secretary