

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND
OPEN MINUTES
MAY 12, 2016
SCOTCH PLAINS, NJ
8:00 AM**

Meeting of Fund Commissioners called to order by Chairman Bruce McArthur. Open Public Meetings notice read into record.

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

ROLL CALL OF 2016 FUND COMMISSIONERS:

Bruce McArthur, Chair	Township of Bernards	Present
James Gildea, Secretary	Town of Westfield	Present
Judy Sullivan	Township of Bedminster	Present
Megan Champney	City of Summit	Present
Alexander Mirabella	Township of Scotch Plains	Present
Janet Waite	Borough of Bernardsville	Present
Tom Atkins	Borough of Watchung	Present

EXECUTIVE COMMITTEE ALTERNATES:

Gail McKane	Township of Harding	Present
James Debbie	Borough of Mountainside	Absent
Joseph Carty	Borough of Far Hills	Absent

ALTERNATE FUND COMMISSIONERS:

Sheila Tweedie	Borough of Far Hills	Absent
Shelini Parikh	Borough of Watchung	Absent
Sean McCarthy	Township of Bernards	Absent
Sandra Jones	Borough of Bernardsville	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director/Admin	PERMA Risk Management Services Cathleen Kiernan, Joseph Hrubash, Nancy A. Ghani
Attorney	DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer Stephen Davis, Esq.
Claims Service	Qual-Lynx Robert Fox
Safety Director	J.A. Montgomery David McHale
JIF Underwriting Manager	Gallagher Bollinger, Inc. Jack Dibble, Terri Giglio
MEL Underwriting Manager	Conner Strong & Buckelew Edward Cooney
Managed Care Provider	FMCO Thomas Mooney
Treasurer	Ralph Maresca

ALSO PRESENT:

Hallee Weichler, Meeker Sharkey & Hurley Agency
Craig Sutherland, Meeker Sharkey & Hurley Agency
Ray Vaughn, Amalgamated General Agency

MINUTES: Open and Closed Minutes of April 14, 2016.

MOTION TO APPROVE OPEN & CLOSED MINUTES OF APRIL 14, 2016:

Moved:	Commissioner Atkins
Second:	Commissioner Sullivan
Vote:	Unanimous

CORRESPONDENCE:

NONE

EXECUTIVE DIRECTOR:

REPORT: Monthly report submitted to Fund Commissioners including monthly Fast-track Accident Frequency, Claim Activity Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage, MEL Loss Ratio Report and the Monthly and Annual Regulatory Checklist.

Executive Director reviewed the Financial Fast Track as of March 31, 2016 and said the fund's surplus stands at \$2.4 million. Executive Director said with the exception of Fund Year 2015 all fund years are in a positive position, but noted it is still too early to determine whether Fund Year 2015 will continue in a deficit or not.

Executive Director reviewed the Lost Time Accident Frequency report and said the fund's LTAF stands at 0.94 compared to a 2.43 at the same time last year and the average overall LTAF for all JIFs is 1.42.

Commissioner Atkins said despite the low overall average the highest LTAF for a local JIF is 2.20. Executive Director said in 1991 - when the LTAF was first being monitored for its JIF - was 5.71, which tracked to the national and state average for local public employees. Executive Director said the current LTAF represents a greater than a 60% decrease from 5.71, but noted the cost of claims and medical costs continue to rise and efforts to reduce the LTAF and control cost is still a focus of the MEL and local JIFs.

ASSET MANAGER CONTRACT: The Suburban JIF elected to participate in the Banking Services & Asset Management program that was bid by the MEL/RCF & EJIF. Executive Director said this matter was tabled at the April meeting to allow Steve Davis, JIF Fund Attorney, to review his concerns with Fred Semrau, MEL Fund Attorney. Enclosed in the agenda was another copy of the MEL Fund Attorney's memorandum on the result of his negotiations with Wilmington Trust on the contract language as well as a copy of the complete contract. (Contract was included Appendix II with the revised clauses underlined). Executive Director said all responders to the Banking and Asset Manager RFQ indicated they would ask for negotiations with respect to standard contracts.

Executive Director said the JIF Fund Attorney had concerns with the order of the negotiated contracts; Wilmington Trust requested that Exhibit A - the Fund's Standard Provisions - be changed to Exhibit B and re-ordered so that Wilmington Investment Management Account Agreement becomes Exhibit A. Executive Director said this re-ordering changed the way the contract read, as well as, which exhibit superseded another.

Executive Director said the MEL Fund Attorney reviewed this with Wilmington Trust who has agreed to revert back to the original order of the contract form.

MOTION TO AUTHORIZE THE CHANGE TO THE FUND'S STANDARD CONTRACT FOR ASSET MANAGEMENT SERVICES:

Moved: Commissioner Gildea
Second: Commissioner Atkins
Roll Call Vote: 8 Ayes – 0 Nays

ELECTED OFFICIALS TRAINING SEMINARS: As a reminder, to supplement live presentations of this year's Elected Officials seminar, the MEL posted an online version on www.njmel.org. Enclosed in the agenda was another copy of instructions to access the program. Executive Director said although the initial deadline was May 1st members will have through the month of May to access and complete the program for credit.

EMPLOYMENT PRACTICES PROGRAM: As a reminder, 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 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.

Enclosed in the agenda was another copy of the notice and schedule for Police Command Staff training in your area; a list of sessions being held around the state can be found online. All members have either attended or registered for an upcoming session.

As previously reported, the Manager & Supervisor Trainings are being scheduled by the Fund Attorney's office. Commissioner Atkins said Watchung will be holding a session on May 17th at 9:30AM and outside participants are welcome to attend.

MEL MEMBERSHIP RENEWAL: Executive Director said the Fund is scheduled to renew their MEL membership effective July 1, 2016. Enclosed in the agenda was Resolution 11-16 renewing the Fund's membership in the Municipal Excess Liability Joint Insurance Fund for the period of July 1, 2016 through June 30, 2019.

Executive Director said since municipalities renew their JIF memberships in January, the MEL membership renewal date was changed from January to July to avoid setting a budget based on a local JIFs unconfirmed membership.

MOTION TO ADOPT RESOLUTION 11-16 RENEWING THE FUND'S MEMBERSHIP IN THE MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2019:

Moved: Commissioner Atkins
Second: Commissioner Gildea
Roll Call Vote: 8 Ayes – 0 Nays

AUDITOR & ACTUARY YEAR-END REPORTS: Executive Director said the financial audit for the period ending December 31, 2015 will be ready for review and approval at the June meeting and will be filed with the Departments of Insurance and Community Affairs by the June 30th deadline.

2017 RENEWAL ONLINE UNDERWRITING DATABASE: Executive Director said members and risk managers will receive an email when the database is set up to begin the 2017 underwriting renewal – which is expected to begin on or near June 1, 2016.

2016 FINANCIAL DISCLOSURE FORMS: Executive Director said the filing deadline was April 30th and all Fund Commissioners and Professionals have filed.

Executive Director’s Report Made Part of Minutes.

TREASURER:

VOUCHER LIST:

MAY 2016 VOUCHER PAYMENTS, RESOLUTION 12-16

Fund Year 2016: \$56,678.69
Total: \$56,678.69

CONFIRMATION OF CLAIMS PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS FOR MONTHS OF MARCH 2016:

Fund Year 2016	32,036.13
Fund Year 2015	65,430.08
Fund Year 2014	30,416.99
Fund Year 2013	9,197.26
Fund Year 2012	3,706.05
TOTAL	140,786.51

MOTION TO ADOPT RESOLUTION 12-16 APPROVING MAY BILLS LIST AND APPROVE CONFIRMATION & CERTIFICATION OF MARCH 2016 CLAIM TRANSFERS AS SUBMITTED:

Moved: Commissioner Gildea
Second: Commissioner Mirabella
Roll Call Vote: 8 Ayes-0 Nays

Voucher List and Treasurer’s Report Made Part of Minutes.

ATTORNEY:

REPORT: Included in the agenda was a report of appellate decisions impacting municipalities.

Commissioner Atkins said *Conner v. Twp of East Brunswick* involved terrible circumstances in the accidental death of an individual and did not think the ruling would have been in favor of the municipality.

Discussion ensued regarding responsibility of tree care and maintenance based on proximity to curb, right of way, etc. Fund Attorney said the issue of liability is a planted versus a naturally growing tree and said a planted tree by a municipality is expected to be maintained by that entity. Mr. Dibble said the ashbourne disease will affect trees and potentially kill them over the next five to six year and asked how municipalities can prepare for this type of impact. Fund Attorney said a municipality must review its allocation of resources – both staff and monetary – to manage any tree care program. Fund Attorney said if municipalities conduct inspections then they should create reports and document the process for any viable defense.

Monthly Activity Report Made Part of Minutes.

JIF UNDERWRITING MANAGER:

LIST OF CERTIFICATES ISSUED - List of Certificates issued for the period of March 2016 were included in the agenda for information.

Monthly Activity Report Made Part of Minutes.

MEL UNDERWRITING MANAGER:

LIST OF CERTIFICATES ISSUED: List of Certificates issued for the period 3/19/16 to 4/20/16 were included in the agenda for information.

JIF CASUALTY & CRIME ENDORSEMENT: Underwriting Manager said included in this month's agenda are two JIF endorsements to the policy: 1) Cyber Social Engineering endorsement and 2) Failure to obtain insurance; these were previously reviewed and approved by the MEL Coverage Committee and will require approval by this fund to include in the 2016 coverage documents.

Underwriting Manager said coverage under the Cyber Social Engineering endorsement will provide coverage when an employee intentionally transfers money, but does so because he or she has been duped into doing so by a fraudulent email; Underwriting Manager used an "email scam" as an example. Commissioner Atkins inquired how the term "Social Engineering" was used for this coverage and Ms. Weichler said the coverage is also referred to as "Social Deception Fraud" and is an emergent risk based on advancement of technology. Executive Director said this endorsement is to the JIF crime policy, which has a limit of \$50,000, and said the MEL expects to adopt their endorsement at their June meeting. Executive Director said these local JIF endorsements are being presented in advance of the MEL June meeting so the 2016 coverage manuals can be generated soon after.

Underwriting Manager said the failure to obtain insurance endorsement is an enhancement to the policy that will provide coverage to member towns using vendors to provide online services, such as registration for recreation events, at a \$25,000 sub-limit.

Safety Director said with respects to Cyber Liability a new online training through the MSI is available and instructs employees how to reduce this risk.

Underwriting Manager said last month's agenda included two coverage bulletins: 1) 16-29 which noted that bounce houses are considered amusement rides and the ownership, operation and maintenance are excluded from coverage and 2) 16-30 which noted there is no liability coverage for the ownership, maintenance, use or entrustment to others of unmanned aerial vehicles.

Monthly Activity Report Made Part of Minutes.

MANAGED CARE:

MONTHLY REPORT: Included in the agenda was the April 2016 report submitted by FMCO. Managed Care Provider said total provider billed amount as of April 2016 was \$465,789, was re-priced to \$239,402 for a total savings of 49% and a PPO penetration of 82%.

Monthly Activity Report Made Part of Minutes.

SAFETY DIRECTOR:

MONTHLY REPORT: Included in the agenda was the April 2016 report noting the activities/trainings, a bulletin on comprehensive playground inspection program and an announcement of the new Safe Patient Lifting for Emergency Responders.

Report Made Part of the Minutes.

CLAIMS:

REPORT: Claims Administrator said they have Payment Authority Requests to present during Closed Session.

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

Moved: Commissioner Atkins
Second: Commissioner Gildea
Roll Call Vote: Unanimous

PAYMENT AUTHORIZATION REQUESTS: Executive Committee reviewed payment authorization requests presented by Claims Service in Executive Session.

MOTION TO RETURN TO OPEN SESSION:

Moved: Commissioner Atkins
Second: Commissioner Gildea
Roll Call Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUEST
PRESENTED IN EXECUTIVE SESSION BY QUAL-LYNX:**

Moved: Commissioner Atkins
Second: Commissioner Gildea
Roll Call Vote: 8 Ayes - 0 Nays

OLD BUSINESS:

NONE

NEW BUSINESS:

Commissioner Champney wished to thank Dave McHale and Robert Fox for their efforts and assistance on the recent passing of an employee in Summit.

PUBLIC COMMENT:

NONE

MOTION TO ADJOURN:

Moved: Commissioner Atkins
Second: Commissioner Gildea
Vote: Unanimous

MEETING ADJOURNED: 8:36 am

NEXT MEETING: JUNE 9, 2016

SCOTCH PLAINS, 8:00 AM

Nancy A. Ghani, Account Manager
for
JAMES GILDEA, SECRETARY

May 12, 2016

Suburban Municipal OPEN Minutes

RESOLUTION NO. 11-16
SUBURBAN MUNICIPAL JOINT INSURANCE FUND
RESOLUTION TO RENEW
MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

WHEREAS, the **Suburban Municipal Joint Insurance Fund** has been organized to provide General Liability, Auto Liability, Property and Workers' Compensation coverage to its member municipalities.

WHEREAS, it has been determined that excess coverage is available from the Municipal Excess Liability Joint Insurance Fund, hereinafter referred to as MEL, as created under Chapter C.372 Laws of 1983 (40A:10-36 et seq.); and,

WHEREAS, said statutes and the regulations pertaining thereto contain elaborate restrictions and safeguards concerning the safe and efficient administration of the public interest entrusted to such a FUND; and

WHEREAS, the Board of Fund Commissioners of the **Suburban Municipal Joint Insurance Fund** has determined that membership in the MEL is in the best interests of the member municipalities:

NOW THEREFORE BE IT RESOLVED that the Board of Fund Commissioners of the **Suburban Municipal Joint Insurance Fund** does hereby resolve and agree to renew membership in the MEL for a period of three (3) years, the commencement of which shall be July 1, 2016 and

BE IT FURTHER RESOLVED that the application for membership is for the purpose of obtaining the following types of coverages:

- 1) Excess Workers' Compensation and Employers' Liability Insurance and,
- 2) Excess Liability Insurance excess of the Primary Liability provided by the above mentioned Joint Insurance Fund as indicated on the application previously submitted and,
- 3) Excess Property, including Crime.

BE IT FURTHER RESOLVED that the **Suburban Municipal Joint Insurance Fund** hereby adopts the Bylaws of the MEL and in accordance therewith, it is understood that coverage is not effective until membership is approved by the MEL Commissioners/Executive Committee, State Department of Banking & Insurance and State Department of Community Affairs and that coverage is subject to the terms, conditions and limitations as contained in the MEL's Coverage Manual and its Commercial Excess Insurance, if any; and,

BE IT FURTHER RESOLVED that the Board of Fund Commissioners, or other authorized representative, is authorized and directed to execute any and all written agreements necessary for membership in the MEL including, but not limited to, the Indemnity and Trust Agreement in order to implement membership by the **Suburban Municipal Joint Insurance Fund** in the MEL according to its Bylaws, Chapter C.372 Laws of 1983 (NJSA 40A:10-36 et seq.), NJAC 11:15-2 and any other statutes or regulations pertaining thereto.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND BILLS LIST

Resolution No. 12-16

MAY 2016

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

BE IT RESOLVED that the Suburban 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>
001000			
001000	FIRST MANAGED CARE OPTION	MANAGED CARE SERVICES - 05/2016	6,334.66
			6,334.66
001001			
001001	QUAL-LYNX	CLAIMS ADMIN - 05/2016	16,702.50
001001	QUAL-LYNX	PERFORMANCE BOND - 2016	113.00
			16,815.50
001002			
001002	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 05/2016	3,909.02
			3,909.02
001003			
001003	BOLLINGER INC.	UNDERWRITING MANAGER FEE 05/2016	6,026.44
			6,026.44
001004			
001004	PERMA	POSTAGE FEE 04/2016	39.92
001004	PERMA	EXECUTIVE DIRECTOR FEE 05/2016	13,738.37
			13,778.29
001005			
001005	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES - 05/2016	2,527.05
			2,527.05
001006			
001006	RALPH A MARESCA, JR	TREASURER FEE 05/2016	1,474.92
			1,474.92
001007			
001007	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 5/16	75.00
001007	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 3/16	75.00
			150.00
001008			
001008	ALLSTATE INFORMATION MANAGEMNT	ACCT: 416 - ACT & STOR - 3/31/2016	21.08
			21.08
001009			
001009	DiFRANCESCO,BATEMAN,COLEY,YOSP	ATTORNEY FEE 04/2016	5,641.73
			5,641.73
		Total Payments FY 2016	56,678.69

TOTAL PAYMENTS ALL FUND YEARS \$ 56,678.69