

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND  
OPEN MINUTES  
OCTOBER 11, 2018  
SCOTCH PLAINS, NJ  
8:00 AM**

Meeting of Fund Commissioners called to order by Acting Chairman James Gildea. Open Public Meetings notice read into record.

**PLEDGE OF ALLEGIANCE** – Acting Chairman Gildea led Commissioners in the Pledge of Allegiance.

**ROLL CALL OF 2018 FUND COMMISSIONERS:**

Judy Sullivan, Chairwoman	Township of Bedminster	Absent
Megan Champney, Secretary	City of Summit	Absent
Alexander Mirabella	Township of Scotch Plains	Present
Tom Atkins	Borough of Watchung	Present
Sean McCarthy	Township of Bernards	Present
Lorene K. Wright	Township of Harding	Present
James Gildea	Town of Westfield	Present

**EXECUTIVE COMMITTEE ALTERNATES:**

Joseph Carty	Borough of Far Hills	Absent
James Debbie	Borough of Mountainside	Absent
Michael Sullivan	Borough of Bernardsville	Present

**ALTERNATE FUND COMMISSIONERS:**

Sheila Tweedie	Borough of Far Hills	Present
Pat Monaco	Township of Bernards	Absent
Sandra Jones	Borough of Bernardsville	Absent

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Admin	PERMA Risk Management Services <b>Cathleen Kiernan, Nancy A. Ghani</b>
Attorney	DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer <b>Stephen Davis, Esq.</b>
Treasurer	<b>Ralph Maresca</b>
Claims Service	Qual-Lynx <b>Claudia Acosta</b>
Safety Director	J.A. Montgomery <b>Brian Maitland, Matt Gemma</b>
JIF Underwriting Manager	Gallagher Bollinger, Inc. <b>Terri Giglio</b>
Managed Care Provider	FMCO <b>Alyson Cronk</b>

**ALSO PRESENT:**

Craig Sutherland, Meeker Sharkey & Hurley Agency  
Hallee Cramer, Meeker Sharkey & Hurley Agency  
Juanita Perez, Brown & Brown  
Rich Duthie, Pinnacle Risk Solutions  
Lindsey Travali Acrisure

**MINUTES:** Open and Closed Minutes of September 13, 2018

**MOTION TO APPROVE OPEN & CLOSED MINUTES FOR SEPTEMBER 13, 2018:**

Moved:	Commissioner Mirabella
Second:	Commissioner Atkins
Vote:	Unanimous

**CORRESPONDENCE:**

**2019 MEL EXCESS AND REINSURANCE POLICY FILING:** Included in the agenda for information was a copy of the excess and reinsurance policy filing submitted by the MEL Underwriting Manager.

**EXECUTIVE DIRECTOR:**

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

Executive Director reviewed the tracking reports as of August 31, 2018; the Financial Fast Track as of August 31, 2018 reflected a statutory surplus of \$3.3 million, the Expected Loss Ratio report showed all fund years except 2018 at or below actuarial loss funding projections and the Fund's Lost Time Accident Frequency (LTAF) was 1<sup>st</sup> out of 15 MEL- affiliated JIFs that track LTAF. The Fund's LTAF rate is 1.28 while the overall MEL/JIF rate is 1.91.

**CONTRACTS REVIEW COMMITTEE:** Executive Director said the committee met on October 2, 2018 to review the preliminary 2019 budget and dividend options. Enclosed in the agenda was the proposed budget presentation for review and discussion.

Commissioner Atkins said the committee meeting was productive and there were no issues raised that were any cause for concern; Acting Chairman Gildea noted his agreement.

Executive Director said the proposed budget reflected all 10 members; Harding was the only entity up for renewal and has committed to a 3-year membership. Executive Director reviewed the 2019 budget and highlighted the following:

- **Actuarial Loss Fund Projections** – Fund Actuary provides loss funds based on the fund's experience and changes. Executive Director said overall the Loss Funds are decreasing by 0.21%. Executive Director said the \$11,789 change or 15.67% increase to Auto Liability appears large; however, it is the smallest of the loss fund.
- **Premiums** – Executive Director said the overall premiums are increasing by 6.11%, which are attributable to line item #12 *POL/EPL Premium* and line item # 14 *Land Use Liability*.

Executive Director said QBE, the Fund's POL/EPL carrier, is asking for an overall program increase of 2% and recommends that the increase be distributed to JIFs – based on experience – ranging from 1% to 7%. For Suburban Municipal JIF, the increase is 7%.

Executive Director said the Land Use Liability is enhanced coverage that was offered by the MEL earlier this year. The MEL agreed to reimburse local JIFs for the 1<sup>st</sup> year of coverage – since budgets were already cast at the time of the coverage offering, but coverage for 2019 would be budgeted.

- **Expenses** – Executive Director said the administrative expenses for professional services reflect a 2% increase over last year's fee noting 2019 is the 2<sup>nd</sup> year of a 3-year contract period.

Executive Director said the Contracts Committee also discussed budgeting for property appraisals to be completed over three years; the last time these were conducted were 2008 thru 2010. Lastly, Executive Director said line item #35 *Misc. Expense & Contingency* is reflecting a decrease since that line was used to offset any reduced services for members that were considering renewal last year.

**MOTION TO INTRODUCE THE 2019 BUDGET AND SCHEDULE A PUBLIC HEARING ON NOVEMBER 8, 2018 AT 8:00 AM IN THE SCOTCH PLAINS MUNICIPAL BUILDING:**

Moved:	Commissioner Atkins
Second:	Commissioner Mirabella
Roll Call Vote:	7 Ayes – 0 Nays

Executive Director said the committee also reviewed the dividend calculation worksheet and made a recommendation to release a dividend of \$70,000 from Closed Years. Enclosed in the agenda was Resolution 18-18 to authorize the release of a dividend. Executive Director said a chart showing the distribution of dividends could be included in the agenda.

**MOTION TO ADOPT RESOLUTION 18-18 AUTHORIZING THE RELEASE OF A DIVIDEND IN THE AMOUNT OF \$70,000 FROM THE CLOSED YEARS ACCOUNT, SUBJECT TO STATE APPROVAL:**

Moved:	Commissioner Atkins
Second:	Commissioner Mirabella
Roll Call Vote:	7 Ayes – 0 Nays

**2019/2020 EMPLOYMENT PRACTICES PROGRAM:** 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](http://www.njmel.org).

Police Chief training sessions are completed; however, an additional session will be scheduled in a central region. Executive Director noted all members of this Fund had Police Chiefs attend previously scheduled sessions.

Executive Director said the deadline to complete program compliance was October 1, 2018 and we are in the process of following up with members. Enclosed in the agenda was a list of the compliance checklists received in the Fund office to date.

**RISK MANAGEMENT INFORMATION/OPERATING SYSTEM (RMIS):** Members and Risk Managers received an email on August 13<sup>th</sup> with a link to renewal worksheets to begin the 2019 underwriting renewal. Members had until September 15<sup>th</sup> to complete the worksheets. Executive Director said the Fund office is following up with towns yet to complete their worksheets.

Executive Director said the new system will produce a report comparing renewal data for 2019 to values reported in 2018. Directions on how to produce this report will be distributed to members.

**2019 MEMBERSHIP RENEWAL:** Harding Township was the only entity up for membership renewal effective January 1, 2019 and has submitted their renewal documents.

**RESIDUAL CLAIMS FUND (RCF):** The public hearing on the RCF budget will be held on October 17, 2018, 10:30 a.m. in the Forsgate Country Club. Enclosed in the agenda was a copy of the 2019 Proposed Budget, as introduced.

**ENVIRONMENTAL JIF (EJIF):** The budget was introduced in September and a public hearing is scheduled for October 17, 2018. Enclosed in the agenda was a copy of the EJIF's 2019 Proposed Budget, as introduced.

**MEL JIF:** The MEL's 2019 Budget introduction is scheduled for October 17, 2018 at the Forsgate Country Club in Jamesburg NJ.

Executive Director's Report Made Part of Minutes.

**TREASURER:**

**VOUCHER LISTS:**

**OCTOBER 2018 APPROVAL OF PAYMENTS RESOLUTION 19-18**

Fund Year 2018: \$150,361.98  
**Total: \$150,361.98**

**CONFIRMATION OF CLAIMS PAYMENTS/CERTIFICATION OF CLAIMS'  
TRANSFERS FOR MONTHS OF AUGUST 2018:**

Fund Year 2018	43,241.16
Fund Year 2017	13,344.94
Fund Year 2016	10,305.86
Fund Year 2015	15,545.72
Fund Year 2014	10,059.95
Closed	0.00
<b>TOTAL</b>	<b>\$92,497.63</b>

**MOTION TO APPROVE AND ADOPT RESOLUTION 19-18 OF OCTOBER 2018  
BILLS AND APPROVE CONFIRMATION & CERTIFICATION OF AUGUST  
2018 CLAIM TRANSFERS AS SUBMITTED:**

Moved: Commissioner Mirabella  
Second: Commissioner Tweedie  
Roll Call Vote: 7 Ayes-0 Nays  
Voucher List and Treasurer's Report Made Part of Minutes.

**ATTORNEY:**

**REPORT:** Included in the agenda were reports of appellate decisions impacting municipalities. Fund Attorney said legislation has been signed by the Governor which would significantly impact bona fide offers made as part of workers' compensation claims. Fund Attorney said the law removes the incentive for employers to make voluntary offers of permanent partial disability without having to pay a counsel fee on the amount offered. Fund Attorney said the law may prove difficult for a Managed Care Organization to make these offers, which result in savings – both to members and the JIF.

Ms. Cramer asked why the 2019 Proposed Budget reflected a decrease in the workers' compensation loss fund if rulings like this may affect it. In response, Executive Director said the MEL has kept this budget line item flat as there are two proposed legislations being reviewed in their respective committees, which if passed would greatly impact workers' compensation costs and municipal budgets.

Monthly Reports Made Part of Minutes.

**JIF UNDERWRITING MANAGER:**

**REPORT:** Included in the agenda was a report of certificates issued for September 2018.  
Monthly Reports Made Part of Minutes.

**MEL UNDERWRITING MANAGER:**

**REPORT:** Included as part of the report was a List of Certificates issued for the period of 8/22/18 to 9/24/18.

Also included in the report, was a copy of MEL Bulletin 18-29 (1<sup>st</sup> page only) on the new Tenant User Liability Insurance Policy (TULIP) Program, which is a way for facilities to ensure vendors of special events and activities have the appropriate general liability coverage. The full bulletin is posted on the MEL website under Coverage Bulletins.

Monthly Reports Made Part of Minutes.

**MANAGED CARE:**

**MONTHLY REPORT:** Included in the agenda were the September reports submitted by FMCO. Managed Care Provider said the total provider billed to date amount was \$982,523 and was re-priced to \$406,256 for a total savings of 59% and a PPO penetration of 87%.

Monthly Activity Report Made Part of Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** Included in the agenda was the September 2018 report noting the activities/trainings and MSI classes during that time. Safety Director noted the MEL Media Library has been enhanced with 130 new DVDs including 60 new titles.

Commissioner Atkins thanked Brian Maitland and Matt Gemma for their support and assistance they recently provided to Watchung.

Monthly 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 Mirabella
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 Mirabella
Roll Call Vote:	Unanimous

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

Moved:	Commissioner Mirabella
Second:	Commissioner McCarthy
Roll Call Vote:	7 Ayes - 0 Nays

**OLD BUSINESS:**

NONE

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

NONE

**MOTION TO ADJOURN:**

Moved:	Commissioner Mirabella
Second:	Commissioner Gildea
Vote:	Unanimous

**MEETING ADJOURNED: 8:30 am**

**NEXT MEETING: NOVEMBER 8, 2018**

**SCOTCH PLAINS - 8:00 AM**

Nancy A. Ghani, Account Manager  
for  
MEGAN CHAMPNEY, SECRETARY

**RESOLUTION NO. 18-18**  
**RESOLUTION OF THE EXECUTIVE COMMITTEE**  
**OF THE SUBURBAN MUNICIPAL JOINT INSURANCE FUND**  
**AUTHORIZING REFUND FROM**  
**CLOSED YEARS ACCOUNT**

**WHEREAS**, N.J.A.C. 11:15-2.21 provides that a FUND may seek approval from the Commissioner of Insurance for a refund of excess monies from any FUND year upon compliance with certain requirements; and

**WHEREAS**, the FUND has obtained a calculation from its Actuary and Executive Director as to the amount of money which is available for distribution consistent with the aforementioned regulations, and the financial integrity of the FUND; and

**WHEREAS**, the Fund Commissioners have determined that it would be in the best interest of the FUND and its member municipalities to make certain refunds;

**NOW, THEREFORE, BE IT RESOLVED** by the Fund Commissioners of the Suburban Municipal Joint Insurance Fund, as follows:

1. Section B of N.J.A.C. 11:15-2.21 provides that the FUND may seek approval for refunds from any claim fund which has been completed for not less than twenty-four months. Based upon this requirement, surplus monies in closed fund years are eligible for refunds at the discretion of the FUND, the Department of Insurance and the Department of Community Affairs.

2. The Fund Commissioners have balanced the interests of the member municipalities in obtaining the benefit of such monies as are available for refund against the need for the FUND to protect and preserve its financial integrity. It is the conclusion of the Executive Committee that the following amount can be refunded at this time:

**\$70,000 Closed Years**

3. The Executive Director is, therefore, authorized and directed to submit such documents as the regulations require to the Department of Insurance and the Department of Community Affairs for the approval of the refunds in the amounts set forth above.

4. This authorization is based upon the approval of Actuarial Advantage (Fund Actuary) expressed in its Actuarial Report valued as of December 31, 2017 and Auditor's Report of the Historical Operating Results as of December 31, 2017. The aforementioned refund monies shall be allocated, as required and necessary, from the various loss and contingency funds for the respective years, all in accordance with the Actuary's analysis of available monies.

5. The FUND Treasurer is authorized to prepare and execute checks for the pro-rated amount of the aforementioned refunds due to each member municipalities for the year in question, provided, however, the FUND Treasurer shall deduct any outstanding balances without regard for Fund year, upon receipt of written documentation of approval or acquiescence of these refunds from the Department of Insurance and the Department of Community Affairs. Said refunds shall be made to the municipalities which were members of the FUND for the years in question in the same ratio as said municipalities were assessed for the years in question.

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND**

The foregoing is a true and exact copy of a Resolution adopted at the October 11, 2018 meeting of the Suburban Municipal Joint Insurance Fund.

# SUBURBAN MUNICIPAL JOINT INSURANCE FUND BILLS LIST

Resolution No. 19-18

October 2018

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 2018**

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
001432			
001432	FIRST MANAGED CARE OPTION	MANAGED CARE SERVICES 10/18	6,590.58
			<b>6,590.58</b>
001433			
001433	QUAL-LYNX	CLAIM ADJUSTING SERVICES 10/18	17,036.55
			<b>17,036.55</b>
001434			
001434	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES 10/18	5,317.00
			<b>5,317.00</b>
001435			
001435	PERMA RISK MANAGEMENT SERVICES	SEPTEMBER POSTAGE	34.66
001435	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR 10/18	14,720.44
			<b>14,755.10</b>
001436			
001436	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES 10/18	2,629.00
			<b>2,629.00</b>
001437			
001437	RALPH A MARESCA, JR	TREASURER FEE - OCTOBER	1,534.45
			<b>1,534.45</b>
001438			
001438	MEEKER SHARKEY ASSOC, LLC	RMC FEE 4TH QTR 2018 - HARDING TWP	2,099.23
001438	MEEKER SHARKEY ASSOC, LLC	RMC FEE 4TH QTR 2018 - FAR HILLS BORO	744.79
001438	MEEKER SHARKEY ASSOC, LLC	RMC FEE 4TH QTR 2018 - WATCHUNG BORO	4,486.45
001438	MEEKER SHARKEY ASSOC, LLC	RMC FEE 4TH QTR 2018 - BEDMINSTER TWP	4,672.65
001438	MEEKER SHARKEY ASSOC, LLC	RMC FEE 4TH QTR 2018 - BERNARDS TWP	10,041.45
001438	MEEKER SHARKEY ASSOC, LLC	RMC FEE 4TH QTR 2018 -BERNARDSVILLE BORO	5,380.43
			<b>27,425.00</b>
001439			
001439	ARTHUR J. GALLAGHER	UNDERWRITING MANAGER FEE 10/18	6,269.91
			<b>6,269.91</b>
001440			
001440	ALLSTATE INFORMATION MANAGEMNT	ACCT: 416 - ARCH & STOR - 8.31.18	29.30
			<b>29.30</b>
001441			
001441	DiFRANCESCO,BATEMAN,COLEY,YOSP	ATTORNEY FEE 10/18	5,984.33
			<b>5,984.33</b>
001442			
001442	ARTHUR J. GALLAGHER	RMC FEE 4TH QTR 2018 - MOUNTAINSIDE BORO	4,472.88
			<b>4,472.88</b>



001443			
001443	ACRISURE LLC	RMC FEE 4TH QTR 2018 - SUMMIT CITY	15,506.41
			<b>15,506.41</b>
001444			
001444	SCOTCH PLAINS TOWNSHIP	RMC FEE 4TH QTR 2018 - SCOTCH PLAINS TWP	8,850.30
			<b>8,850.30</b>
001445			
001445	WESTFIELD TOWNSHIP	RMC FEE 4TH QTR 2018 - WESTFIELD	33,961.17
			<b>33,961.17</b>
		<b>Total Payments FY 2018</b>	<b>150,361.98</b>

**TOTAL PAYMENTS ALL FUND YEARS \$150,361.98**