

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND
OPEN MINUTES
JUNE 13, 2019
SCOTCH PLAINS, NJ
8:00AM**

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

ROLL CALL OF 2019 FUND COMMISSIONERS:

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

EXECUTIVE COMMITTEE ALTERNATES:

Joseph Carty	Borough of Far Hills	Absent
James Debbie	Borough of Mountainside	Absent
Anthony Suriano	Borough of Bernardsville	Present

ALTERNATE FUND COMMISSIONERS:

Margaret Heisey	Township of Scotch Plains	Absent
Sheila Tweedie	Borough of Far Hills	Present
Pat Monaco	Township of Bernards	Absent
Trina Lindsey	Township of Bedminster	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services Cathleen Kiernan, Nancy Ghani
Attorney Leher	DiFrancesco, Bateman Coley, Yospin, Kunzman, Davis & Stephen Davis, Esq.
Treasurer	Ralph Maresca
Claims Service	Qual-Lynx Claudia Acosta
Safety Director/Law Enforcement Risk Control	J.A. Montgomery Brian Maitland, Matt Gemma
Managed Care Provider	FMCO Mary Bresdola
Auditor	Suplee Clooney & Company Robert Butvilla

ALSO PRESENT:

Amy Pieroni, Acrisure
Lindsay Travali, Acrisure
Juanita Perez, Brown & Brown
Craig Sutherland, Meeker, Sharkey & Hurley
Hallee Cramer, Meeker, Sharkey & Hurley

MINUTES: Open and Closed Minutes of May 9, 2019.

MOTION TO APPROVE OPEN AND CLOSED MINUTES FOR MAY 9, 2019 AS PRESENTED:

Moved:	Commissioner Atkins
Second:	Commissioner Gildea
Vote:	Unanimous

CORRESPONDENCE:

NONE

AUDITOR

AUDIT REPORT AND ACTUARY VALUATION REPORT AS OF DECEMBER 31, 2018

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Included with the agenda packet was the Audit Report and Actuary's Valuation Report as of December 31, 2018, as well as, the Group Affidavit to be signed indicating that each member of the Board has read the General Comments Section of the Audit Report.

Fund Auditor, Mr. Robert Butvilla from Suplee, Clooney and Company, provided an overview of the Audit Report as of December 31, 2018. Fund Auditor said the financial records are well maintained by PERMA and Fund Treasurer and concluded the review by stating the unmodified audit report did not contain any findings or comments. Executive Director said the Actuary's Valuation Reserve report as of December 31, 2018 reflects the Incurred But Not Reserved figures, which are provided to the Fund Auditor for the audit. Executive Director said both reports will be filed with the State, as well as the Actuary's certification that the reserves are accurately reflected in the audited financial statements.

MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION NO. 12-19 AND EXECUTE GROUP AFFIDAVIT INDICATING THAT THE FUND COMMISSIONERS HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT:

Moved:	Chairman McCarthy
Second:	Commissioner Gildea
Roll Call Vote:	9 Ayes – 0 Nays

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 referred to the tracking reports as of April 30, 2019 and said the Financial Fast Track reflected a statutory surplus is \$3.3 million. Executive Director reviewed the Loss Ratio report and said with the exception of Fund Year 2019 all Fund Years are at or below the actuarial targets. Executive Director reviewed the Lost Time Accident Frequency (LTAF) and said the JIF's rate is 1.23; the overall MEL/JIF rate is 1.37 and the total 3-year average is 1.83.

RCF REPORT: The RCF met on June 5, 2019 at the Forsgate Country Club; enclosed in the agenda was Commissioner Champney's report.

EJIF REPORT: The EJIF met on June 5, 2019 at the Forsgate Country Club; enclosed in the agenda was Commissioner Champney's report.

MEL REPORT: The MEL met on June 5, 2019 at the Forsgate Country Club; enclosed in the agenda was Commissioner Champney's report. Executive Director highlighted a few items coming out of the meeting. Executive Director said both the MEL and RCF amended their Risk Management Plans to address potential claim exposure by the recent adoption of a law expanding the statute of limitations for sexual molestation claims. As previously discussed, the draft bill was amended eliminating public entities immunities under Title 59 and was signed by the Governor with a commitment from the bill's sponsors to introduce and swiftly pass a bill that will correct an error in the section of the bill relating to the liability of public entities. Executive Director said the MEL is working on a comprehensive plan to address the exposure, which will include a specialized attorney and claims administrator for these types of claims, as well as, the development of a risk control plan.

Executive Director said the MEL contracted with a Qualified Purchasing Agent (QPA) to review its procurement process who drafted a report. The report noted the MEL was following the appropriate procedures, but could benefit by procuring some services through a competitive contracting process, which would allow for 3-year contracts with options to renew for a 4th and 5th year.

Lastly, Executive Director said the MEL accepted a recommendation by the Coverage Committee to amend the Cyber Exclusion in the Casualty program to allow certain Bodily Injury and Property Damage losses to be covered. Executive Director said it would be appropriate for this JIF's Coverage Committee to review the coverage amendment; the fund office will coordinate a meeting of the committee.

Commissioner Wright referred to the MEL report and inquired about the additional limits to be available with respect to the shared liability aggregate limits. In response, Executive Director said prior to 2019 the membership had the option of purchasing up to \$20,000,000 of casualty limits. Executive Director said a school bus accident in a non-MEL member JIF highlighted the need for additional limits and as of January 1, 2019 the MEL began offering its member JIFs an additional \$10 million excess of \$20 million, which would be a shared aggregate layer by JIF members. Executive Director said the MEL Underwriting Manager expects to offer additional limits in 2020 for those JIFs that are participating in the shared aggregate program.

MEL MEMBERSHIP RENEWAL: Executive Director said the Fund is scheduled to renew their MEL membership effective July 1, 2019. Enclosed in the agenda was Resolution 13-19, as well as, the Indemnity and Trust Agreement, renewing the Fund's membership in the Municipal Excess Liability Joint Insurance Fund for the period of July 1, 2019 through July 1, 2022.

MOTION TO ADOPT RESOLUTION 13-19 AND EXECUTE THE AGREEMENT RENEWING THE FUND'S MEMBERSHIP IN THE MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND FOR THE PERIOD OF JULY 1, 2019 THROUGH JULY 1, 2022:

Moved:	Commissioner Gildea
Second:	Commissioner Atkins
Roll Call Vote:	9 Ayes – 0 Nays

SAFETY EXPO: Executive Director said 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 Expos will be held on June 28th at the Middlesex County Fire Academy and September 27th at the Camden County Emergency Services Training Center. Registration is through the MEL Safety Institute. A notice was emailed to all members and a copy was enclosed in the agenda.

MEL CYBER TASK FORCE: Executive Director said the MEL's Cyber Task Force met on April 1st and is reviewing member compliance with risk control, claims experience and next steps. Task Force is meeting again on June 5th and will be developing recommendations concerning what to look for in IT professionals. Executive Director said there are a few other JIFs that will be procuring a vendor to assist with cyber securing training and intrusion testing. Enclosed in the agenda was a bulletin issued by the Task Force identifying a number of resources available without a cost.

2019 COVERAGE DOCUMENTS: Executive Director said the fund office will begin distributing the 2019 coverage documents to all Fund Commissioners and Risk Managers via email in the coming weeks.

DESIGNATED EMPLOYER REPRESENTATIVE (DER) TRAINING: Executive Director said J.A. Montgomery will be conducting DER training on 6/20/19 in Scotch Plains for JIF members and is requesting funds not to exceed \$1,185.10 based on 35 enrollees to cover the cost of training books that will be provided. Safety Director said the DER training is part of the Commercial Driver regulations under the USDOT/FMCSA; municipal employers are required to appoint a DER who must be available to receive test results and communication concerning testing of employees.

MOTION TO AUTHORIZE FUNDS NOT TO EXCEED \$1,185.10 RELATED TO DER TRAINING MATERIAL TO BE HELD ON 6/20/19 IN SCOTCH PLAINS:

Moved:	Commissioner Gildea
Second:	Commissioner Atkins
Roll Call Vote:	9 Ayes – 0 Nays

TREASURER:

VOUCHER LIST:

JUNE 2019 VOUCHER PAYMENTS, RESOLUTION 14-19

Fund Year 2018:	\$12,750.00
Fund Year 2019:	\$64,084.21
Total:	\$76,834.21

CONFIRMATION OF CLAIMS PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS FOR MONTHS OF APRIL 2019:

Fund Year 2019:	\$53,023.82
Fund Year 2018:	\$39,930.20
Fund Year 2017:	\$21,593.49
Fund Year 2016:	\$75,320.82
Fund Year 2015:	\$34,664.59
Closed:	\$0.00
Total:	\$224,532.92

MOTION TO ADOPT RESOLUTION 14-19 APPROVING JUNE BILLS LIST AND APPROVE CONFIRMATION & CERTIFICATION OF APRIL 2019 CLAIM TRANSFERS AS SUBMITTED:

Moved:	Commissioner Gildea
Second:	Commissioner Mirabella
Roll Call Vote:	9 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.

Monthly Report Made Part of Minutes.

JIF UNDERWRITING MANAGER:

REPORT: Included in the agenda was a report of certificates issued from 4/26/19 to 5/31/19.

Monthly Report Made Part of Minutes.

MEL UNDERWRITING MANAGER:

REPORT: Included as part of the report were the List of Certificates issued for the period of 4/22/19 to 5/22/19.

CYBER RISK MANAGEMENT COMPLIANCE REPORT: Included as part of the report was a list of JIF members that submitted a cyber compliance program; report indicated that to date no members have submitted a program.

Monthly Report Made Part of Minutes.

MANAGED CARE:

MONTHLY REPORT: Included in the agenda was the May 2019 report submitted by FMCO. Managed Care Provider said the total provider billed amount was \$908,334, was re-priced to \$214,177 for a total savings of 76% and a PPO penetration of 95%.

Monthly Activity Report Made Part of Minutes.

SAFETY DIRECTOR:

MONTHLY REPORT: Included in the agenda was the May 2019 report noting the activities/trainings conducted, upcoming MSI classes in the region and safety bulletins that were distributed. Safety Director said as discussed earlier the DER training is scheduled for June 20, 2019 in Scotch Plains; registration was issued in March and interested participants could contact J.A. Montgomery to attend. Safety Director said there is an Executive Safety Committee meeting scheduled for 9AM after today's JIF meeting in the Scotch Plains conference room.

Monthly Report Made Part of the Minutes.

CLAIMS:

REPORT: Claims Administrator said there were no Payment Authority Requests to present.

HEARING ON JIF UNDERWRITING MANAGER CONTRACT: Chairman McCarthy said as discussed last month, Jim Gilmore of AJ Gallagher was provided the opportunity of a hearing to be held today regarding termination of JIF Underwriting Manager contract. Executive Director said Mr. Gilmore was notified of the opportunity last month and said a hearing was requested by him. Commissioner Atkins said that there was no representative from AJ Gallagher as of 8:23AM and said the Fund should proceed with termination of the contract. Executive Director said she received commitment from the MEL Underwriting Manager – who currently issues certificates excess of the JIF's layer - to fulfill certificate requests at the JIF layer until the position is filled. Executive Director said a meeting of the Contracts Review Committee would be scheduled to review and determine scope of services. Executive Director said a resolution would be prepared for the next meeting to issue a request for proposal for those services with an anticipated start date of September 2019. Fund Attorney confirmed the process was procedurally correct to date.

OLD BUSINESS:

NONE

NEW BUSINESS:

NONE

PUBLIC COMMENT:

NONE

MOTION TO ADJOURN:

Moved:	Commissioner Atkins
Second:	Commissioner Gildea
Vote:	Unanimous

MEETING ADJOURNED: 8:27AM

NEXT MEETING: July 11, 2019 - 8:00 AM

Nancy A. Ghani, Account Manager

for

MEGAN CHAMPNEY, SECRETARY