

**10SUBURBAN MUNICIPAL JOINT INSURANCE FUND  
OPEN MINUTES  
OCTOBER 10, 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
Lorene K. Wright	Township of Harding	Present
James Gildea	Borough of Westfield	Present
Judy Sullivan	Township of Bedminster	Present
Joseph Carty	Borough of Far Hills	Absent

**EXECUTIVE COMMITTEE ALTERNATES:**

Anthony Suriano	Borough of Bernardsville	Present
Tom Atkins	Borough of Watchung	Present
James Damato	Borough of Mountainside	Absent

**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 <b>Cathleen Kiernan, Nancy Ghani</b>
Attorney	DiFrancesco, Bateman Coley, Yospin, Kunzman, Davis & Leher <b>Stephen Davis, Esq.</b>
Treasurer	<b>Ralph Maresca</b>
Claims Service	Qual-Lynx <b>Claudia Acosta</b>
Safety Director/Law Enforcement Risk Control	J.A. Montgomery <b>Brian Maitland, Scott Thompson</b>
Managed Care Provider	FMCO <b>Suzanne Rajester, Alyson Cronk</b>

**ALSO PRESENT:**

Shakirah Stanford, Brown & Brown  
Amy Pieroni, Acrisure  
Rich Duthie, Pinnacle Risk Solutions  
Hallee Cramer, Meeker, Sharkey & Hurley  
Craig Sutherland, Meeker, Sharkey & Hurley

**INTRODUCTION NEW COMMISSIONER:** Chairman McCarthy welcomed Commissioner Atkins, Mountainside Administrator as the new Fund Commissioner representing Mountainside.

**MINUTES:** Open and Closed Minutes of October 10, 2019.

**MOTION TO APPROVE OPEN AND CLOSED MINUTES FOR OCTOBER 10, 2019 AS PRESENTED:**

Moved:	Commissioner Gildea
Second:	Commissioner Mirabella
Vote:	Unanimous

**CORRESPONDENCE:**

**RESERVATION OF RIGHTS MEMBERSHIP RENEWAL:** Included in the agenda were copies of letters from Westfield and Scotch Plains indicating they will be seeking alternate membership options in addition to this Fund.

**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 August 31, 2019 and said the Financial Fast Track reflected a statutory surplus is \$2.9 million. Executive Director reviewed the Loss Ratio report and said 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 1.40; the overall MEL/JIF rate is 1.32.

**UNDERWRITING MANAGER/MARKETING CONSULTANT:** Executive Director said a Consultant Competitive Contract Request for Proposal (CCRFP) was issued for Underwriting Manager and/or Marketing and provided the option to submit for either services or both. One response was received from Conner Strong and Buckelew for Underwriting Manager services.

Executive Director said the Contracts Review Committee met on September 11<sup>th</sup> to review and rate the response and recommends awarding the contract to Conner Strong and Buckelew for Underwriting Manager services effective 10/1/19. Included in the agenda was Resolution 19-19 authorizing an award to Conner Strong and Buckelew; Executive Director said the resolution will be amended to reflect the fee for services in the amount of \$20,000.

**MOTION TO ADOPT RESOLUTION 19-19 AS AMENDED TO AUTHORIZE AWARD OF CONTRACT TO CONNER STRONG AND BUCKELEW FOR UNDERWRITING MANAGER SERVICES EFFECTIVE OCTOBER 1, 2019:**

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

**2020 BUDGET:** Executive Director said the Contracts Committee met on Monday October 7<sup>th</sup> to review the preliminary budget and dividend options. Copies of the proposed 2020 budget were distributed for review.

Executive Director said the 2020 budget is \$3,318,191 representing a 2.67% increase over last year and only reflects 8 out of 10 current JIF members as Scotch Plains and Westfield have submitted notification reserving their right to review options at 1/1/2020.

Executive Director provided a summary review of the Claims, Premiums and Expenses sections of the budget. Executive Director said in 2011 the Fund adopted the Retrospective Premium program, which puts greater emphasis on individual member loss experience in allocating the cost of claims. In addition, it allows the Fund flexibility to decide the level at which to budget actuarially projected claims. Executive

Director in the past the Fund has budgeted 95% to 100% of those funds; the budget being presented today reflects a 95% funding level of the loss funds.

Executive Director said the committee also discussed recent changes to legislation regarding sexual abuse and molestation claims and the firefighters' cancer bill and their potential impact. Executive Director said while other JIFs are budgeting for this unknown exposure, the Contracts Committee decided not to do that given the Fund's financial strength, the ability to bill additional assessments or rely on the funds within Closed Years.

Executive Director reviewed the various premiums noting the EJIF issued a \$2 million dividend to its member JIFs, which is reflected as a credit. Executive Director said QBE, the Fund's POL/EPL carrier, is asking for an overall program increase of the MEL program and recommends that the increase be distributed to JIFs based on experience. Executive Director said for Suburban Municipal JIF, the increase is 8% based on claims activity. Executive Director said the WC claims fund and premium is offsetting the increase being driven by the MEL property premium.

Lastly, Executive Director said with the potential withdrawal of two members, the JIF needs to consider "stranded costs", which are the costs equated to handle claims to their conclusion and other related charges. Copies of an amended Risk Management Plan were distributed and Executive Director referred to the highlighted changes for review. Executive Director said the changes as recommended by the Contract Committee would establish a process where in the event a member leaves the Fund that member may be assessed for those stranded costs, as well as, the ability for the Fund to retain in escrow any dividend payable to that member to also pay for those costs. Executive Director said the stranded costs representing the withdrawal of Westfield and Scotch Plains is \$37,807.

Commissioner Wright inquired how *line 39 Risk Managers* is developed and in response Executive Director said this is 6% of the overall total disbursement. Executive Director noted the figure currently in the budget was incorrect and would be addressed for budget adoption at the November meeting.

Commissioner Wright inquired about the cyber premium and in response Executive Director said that premium is included in *line 13 POL/EPL Premium and Cyber*. Executive Director said after the 2019 budgets were certified there were several cyber related claims that occurred and the carrier requested additional premium for that activity, which is factored into the 2020 increase.

Chairman McCarthy said the current 2.67% budget increase is dependent upon the amendment to the Risk Management Plan. Executive Director said if the RMP is not amended then all other confirmed members would bear those stranded costs.

**MOTION TO AMEND THE 2019 RISK MANAGEMENT AS PRESENTED:**

Moved:	Commissioner Atkins
Second:	Commissioner Gildea
Vote:	Unanimous

**MOTION TO INTRODUCE THE 2020 BUDGET AND SCHEDULE A PUBLIC HEARING ON NOVEMBER 14, 2019 AT 8:00AM IN THE SCOTCH PLAINS MUNICIPAL BUILDING.**

Moved:	Commissioner Sullivan
Second:	Commissioner Champney
Vote:	8 Ayes – 1 Abstain (Commissioner Mirabella)

Executive Director said the committee also reviewed the dividend calculation worksheet; a copy of the worksheet was distributed for review. Executive Director said the Contracts Committee considered past dividend amounts and agreed to increase it to \$75,000, which is still conservative allowing all members

to receive a dividend and maintain surplus stability. Enclosed in the agenda was Resolution 20-19 to authorize the release of a dividend.

**MOTION TO ADOPT RESOLUTION 20-19 AUTHORIZING THE RELEASE OF A DIVIDEND IN THE AMOUNT OF \$75,000 FROM THE CLOSED YEARS ACCOUNT, SUBJECT TO STATE APPROVAL.**

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

**2020 MEMBERSHIP RENEWALS:** Executive Director said Far Hills, Mountainside, Watchung, Bedminster, Scotch Plains, Summit and Westfield are scheduled to renew fund membership by January 1, 2020. Membership documents were mailed out following the July meeting. Executive Director said to date responses have been received from Far Hills and Bedminster confirming membership; Scotch Plains and Westfield have submitted notification (enclosed as correspondence) reserving their rights to consider options. Ms. Cramer said Watchung submitted their renewal to the Fund office.

**RISK MANAGEMENT INFORMATION/OPERATING SYSTEM (RMIS):** Members and Risk Managers received an email with a link to renewal worksheets - to begin the 2020 underwriting renewal during the month of July with a September 15<sup>th</sup> completion date. Executive Director said the Fund office will follow up with members that have yet to complete their worksheets.

**COVERAGE COMMITTEE:** A meeting of this committee will be scheduled in the coming weeks via teleconference to review the JIF Crime Policy re-write, which was approved by the MEL Coverage Committee and requires approval by each local JIF.

**RESIDUAL CLAIMS FUND (RCF):** The public hearing on the RCF 2020 budget will be held on October 16, 2019, 10:30AM at the Forsgate Country Club. Enclosed in the agenda was a copy of the RCF's 2020 Proposed Operating Budget, as introduced.

**ENVIRONMENTAL JIF:** The budget was introduced in September and a public hearing is scheduled for October 16, 2019 at 10:50AM at the Forsgate Country Club. Enclosed in the agenda was a copy of the EJIF's 2020 Proposed Budget, as introduced.

**MEL:** The MEL's 2020 budget introduction is scheduled for October 16, 2019 at 11:15AM at the Forsgate Country Club in Jamesburg NJ.

**MEL EPL HELPLINE:** Enclosed in the agenda was a copy of the bulletin issued earlier in the year concerning the Fund's EPL Hotline. Members are encouraged to contact any of the three firms when they need guidance. Executive Director said the MEL worked with QBE to restructure the helpline so that assistance is now provided by New Jersey law firms with municipal and JIF experience.

**2019 EJIF SEMINAR:** Enclosed in the agenda was a notice sent to Fund Commissioners and Risk Management Consultant on the latest E-JIF seminar series focusing on Spill Prevention, Control, and Countermeasures (SPCC). The seminars will be held during the month of October and are scheduled throughout the state.

*Commissioner Sullivan excused herself from the meeting at 8:34AM*

**TREASURER:**

**VOUCHER LIST:**

**OCTOBER 2019 VOUCHER PAYMENTS, RESOLUTION 21-19**

Fund Year 2019: \$ 469,457.46  
**Total: \$ 469,457.46**

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

Fund Year 2019: \$ 95,631.05  
Fund Year 2018: \$ 7,397.85  
Fund Year 2017: \$ 4,960.38  
Fund Year 2016: (\$ 26,379.39)  
Fund Year 2015: \$ 2,579.20  
Closed: \$0  
**Total: \$84,189.09**

**MOTION TO ADOPT RESOLUTION 21-19 APPROVING OCTOBER BILLS LIST AND  
APPROVE CONFIRMATION & CERTIFICATION OF AUGUST 2019 CLAIM  
TRANSFERS AS SUBMITTED:**

Moved: Commissioner Atkins  
Second: Commissioner Gildea  
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. Fund Attorney said he recently attended a meeting with of local JIF Fund Attorneys and QBE adjustors to discuss EPL/POL claims. Fund Attorney said as a result he would be requesting a brief report on any EPL/POL claims for JIF members in order to act as liaison if necessary between QBE and the member. Discussion ensued regarding the benefit of early intervention and knowledge of the potential claim by all parties; Commissioners agreed with the proposal.

Monthly Report Made Part of Minutes.

**MEL UNDERWRITING MANAGER:**

**CERTIFICATE REPORT:** Included as part of the report were the List of Certificates issued for the period of 8/22/19 to 9/22/19.

**CYBER RISK MANAGEMENT COMPLIANCE REPORT:** Included as part of the report was a list of JIF members that submitted a cyber compliance program; the report indicated that to date one member has submitted their compliance report.

Monthly Report Made Part of Minutes.

**MANAGED CARE:**

**MONTHLY REPORT:** Included in the agenda was the September report submitted by FMCO. Managed Care Provider said the total provider billed amount was \$1,642,669, was re-priced to \$397,725 for a total savings of 76% and a PPO penetration of 95%. Ms. Cronk introduced Ms. Rajester as the Account Manager for the Fund going forward.

Monthly Activity Report Made Part of Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** Included in the agenda was the September 2019 report noting the activities/trainings conducted, upcoming MSI classes in the region and safety bulletins that were distributed.

Monthly Report Made Part of the Minutes.

**CLAIMS:**

**REPORT:** Claims Administrator said there are Payment Authority Requests to present during Closed Session.

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

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

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

**MOTION TO RETURN TO OPEN SESSION:**

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

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

Moved: Commissioner Gildea  
Second: Commissioner Mirabella  
Roll Call Vote: 8 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:** 8:34 AM

**NEXT MEETING:** November 14, 2019 - 8:00 AM

Nancy A. Ghani, Account Manager

for

MEGAN CHAMPNEY, SECRETARY