

**MERCER COUNTY INSURANCE FUND COMMISSION
OPEN MINUTES
MEETING – DECEMBER 20, 2021
Meeting Held Telephonically
10:30 AM**

Meeting was called to order by Chair Nazzaro. Mr. Thorpe read the Open Public Meetings notice into record.

ROLL CALL OF COMMISSIONERS:

Lillian Nazzaro, Esq.	Present
Raissa Walker	Present
K. Megan Clark Hughes	Present

FUND PROFESSIONALS PRESENT:

Executive Director	PERMA Risk Management Services Joseph Hrubash
Claims Service	Inservco Insurance Services, Inc. Nancy Fowlkes Amy Zeiders Yvonne Frey Suretha Hobbs Qual Lynx Chris Roselli PERMA Jennifer Conicella
Managed Care Services	First MCO Alyssa Hrubash
NJCE Underwriting Manager	Conner Strong & Buckelew Ed Cooney
Risk Management Consultant	CBIZ Borden Perlman Doug Borden Diana Pursell Aricka Simms Megan Chwiero
Attorney	Paul Adezio, Esq.
Treasurer	David Miller - Absent
Safety Director	J.A. Montgomery Consulting Glenn Prince

ALSO PRESENT:

Jackie Tolbert, Mercer County Improvement Authority
Susan Schaefer, Susan Schaefer, LLC
Ana-Eliza Bauersachs, Esq., Capehart Scatchard
Cathy Dodd, PERMA Risk Management Services
Jason Thorpe, PERMA Risk Management Services
Crystal Chuck, Conner Strong & Buckelew

APPROVAL OF MINUTES: OPEN AND CLOSED MINUTES OF OCTOBER 25, 2021

MOTION TO APPROVE THE OPEN AND CLOSED MINUTES OF OCTOBER 25, 2021

Moved: Commissioner Walker
Second: Commissioner Hughes
Vote: Unanimous

CORRESPONDENCE: None

SAFETY COMMITTEE: Mr. Prince reported that the Safety and Accident Review Committee met on December 16th and discussed a variety of topics, including training, safety, and loss control visits. Mr. Prince reported that a total of 34 claims were discussed during the meeting, with 18 coming from the Corrections Department. Mr. Prince said he has reached out to the Warden in an attempt to schedule a visit to discuss various initiatives and offer beneficial recommendations. Mr. Prince referred to the 2022 Safety and Accident Review Committee meeting schedule enclosed within the agenda and advised that the next meeting is scheduled for January 26, 2022 at 11am. With no questions, Mr. Prince concluded his report.

CLAIMS COMMITTEE: Ms. Conicella reported the Claims Committee did not meet, however the PARs and SARs would be presented during closed session via a Zoom breakout room. Ms. Conicella referred to the 2022 Claims Committee meeting schedule enclosed within the agenda. With no questions, Ms. Conicella concluded her report.

EXECUTIVE DIRECTOR REPORT: Executive Director advised his report was included in the agenda and there were a number of action items.

2022 PROPERTY & CASUALTY BUDGET INTRODUCTION: Executive Director referred to a copy the proposed 2022 Property & Casualty Budget in the amount of \$6,849,777. Executive Director reported the introductory budget represented an overall decrease of \$336,142 or 5.16%. Executive Director noted the proposed budget was previously sent to the Chair and Commission Treasurer for their review. Executive Director proceeded to review the various sections of the budget and noted the following:

Loss Funds: (lines 1-5): The budget reflects an increase in the loss funds of 2.89% which come directly from the Actuary. The Actuary analysis reflects the overall performance of the Insurance Commission.

CEL JIF Premiums: (line 10): MCIFC’s CEL premium increase is primarily due to the CEL’s overall budget increase of 12.3% due to the loss fund delta from 2021 renewal, the

current hard market conditions, adverse loss experience for property and exposures increases. The MCIFC's share of the CEL premium increased by 8.95%.

Professional Fees: (lines 17-30): The increase of 1.21% reflects the respective contract terms and conditions with the Commission vendors.

Ancillary Coverage Premiums: (lines 34-43): The increase of 19.55% is primarily due to the increase in cyber liability by 75%. Executive Director explained that public entities are one of the top-3 targets for cyber criminals and the counties have had significant cyber liability losses recently. Executive Director further explained that the cyber coverage marketplace is in shambles and a number of carriers are getting out of the market. Executive Director noted that carriers remaining in the market are increasing deductibles, as well as co-pays, and requiring policyholders to have certain cyber compliance requirements in place.

Executive Director referred to a copy of the proposed assessments for the two member entities, which were included in the agenda. Executive Director advised the assessment payments were due on 3/15/22, 5/15/22 and 10/15/22. Lastly, Executive Director said the budget includes a dividend from the NJCE in the amount of \$37,740. Executive Director asked if anyone had any questions on the budget. Hearing none, Executive Director requested a motion to introduce the budget.

MOTION TO INTRODUCE THE 2022 PROPERTY AND CASUALTY BUDGET IN THE AMOUNT OF \$6,849,777 AND SCHEDULE A PUBLIC HEARING ON JANUARY 24, 2022 AT 10:30 AM VIA ZOOM.

Moved:	Commissioner Walker
Second:	Commissioner Hughes
Roll Call Vote:	Unanimous

MCIFC PROPERTY & CASUALTY FINANCIAL FAST TRACK: Executive Director referred to the Financial Fast Track for the month of September enclosed within the agenda packet. Executive Director reported that as of September 30, 2021 the Commission has a surplus of \$10,206,712. Executive Director advised that line 10 of the report "Investment in Joint Venture" is Mercer County Insurance Fund Commission's share of equity in the NJCE. Executive Director noted that MCIFC's equity in the NJCE as of September 30, 2021 is \$1,275,152 and advised that the total cash balance is \$2,998,277.

MCIFC DIVIDEND: Executive Director advised there were dividend options available to the Insurance Commission from Fund Years 2014, 2015 and 2016. Executive Director advised the three options available were \$500,000, \$1,000,000 and \$1,500,000 based on the statutory JIF formula. Executive Director noted last year the Commissioners agreed on a \$1.5 million dividend which was applied to the outstanding receivable as the Treasurer is not fully funding the assessment. Executive Director advised that the dividend for 2021 would also be applied to the outstanding receivable, which is fine. Chair Nazzaro advised that she would discuss the dividend options with the Treasurer, Mr. Miller, and will advise at the next meeting.

EMPLOYEE DISHONESTY COVERAGE RENEWAL – Executive Director advised that the Employee Dishonesty Coverage policy with Selective Insurance Company renews on January 1,

2022. Executive Director explained that the policy covers the positions of Executive Director, Third Party Administrator, and the Treasurer. Executive Director noted that the annual premium is \$1,872 which was the expiring premium. Executive Director further noted that the limit per loss is \$1,000,000 with a \$10,000 deductible and the cost for this coverage will be paid out of the miscellaneous and contingency budget line. Executive Director asked if anyone had any questions. Hearing none, Executive Director requested a motion to approve the expenditure.

MOTION TO APPROVE EXPENDITURE FOR EMPLOYEE DISHONESTY COVERAGE IN THE AMOUNT OF \$1,872

Moved:	Commissioner Walker
Second:	Commissioner Hughes
Roll Call Vote:	Unanimous

CERTIFICATE OF INSURANCE REPORTS: Executive Director reported the certificate of issuance report from the NJCE listing the certificates issued for the month of October is included in the agenda. Executive Director advised there were (4) four certificates of insurance issued during the month of October and no certificates of insurance issued during the month of November.

MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT

Moved:	Chair Nazzaro
Second:	Commissioner Walker
Vote:	Unanimous

NJ COUNTIES EXCESS JOINT INSURANCE FUND: Executive Director reported the NJCE met on October 28, 2021 and referred to the written summary report of the meeting enclosed within the agenda. Executive Director also reported the NJCE met on November 18, 2021 and introduced the 2022 budget in the amount of \$31,498,143 which represents an increase of \$1,559,335 or 5.2% over the 2021 Annualized Budget and \$3,447,381 or 12.3% over the 2021 Assessed Budget. Lastly, Executive Director reported the NJCE held a Public Hearing on Thursday, December 16, 2021 and adopted the 2022 Budget.

NJCE PROPERTY & CASUALTY FINANCIAL FAST TRACK – Executive Director referred to the NJCE Financial Fast Track for the month of September. Executive Director reported that as of September 30, 2021 the Fund has a surplus of \$13,816,096. Executive Director advised that Line 7 of the report, “Dividend” represents the dividend figure released by the NJCE of \$5,107,551 and noted that the NJCE cash balance is \$29,308,966.

CLAIMS TRACKING REPORTS - Executive Director advised the Claims Tracking Reports as of September 2021 were included in the agenda. Executive Director referred to the Expected Loss Ratio report and advised this report compared how the Commission was performing versus the actuary’s projections. Executive Director reviewed the reports with the Commission and advised that 2021 is running a deficit. Executive Director noted that there is still time to correct that trend. Executive Director advised that the Commission is performing better than the actuary projections in the other years which has led to a sufficient amount of surplus.

2022 RENEWAL CONTRACTS & APPOINTMENTS – Executive Director reported that the Commission Attorney has informed him that the Mercer County Commissioners approved a number of resolutions with regard to the Insurance Commission (IC). Executive Director added

that the Commission Attorney confirmed that the IC Professionals were re-appointed, as were the IC Commissioners and Excess Representatives.

ALTERNATE IC COMMISSIONER – Executive Director advised that the Committee may want to consider appointing an Alternate IC Commissioner. Executive Director noted that the purpose of an Alternate IC Commissioner would be to assist in achieving a quorum in the event that one or two IC Commissioners are unable to attend a meeting. Chair Nazzaro said she would discuss the suggestion with the other IC Commissioners.

2022 PROPOSED MEETING SCHEDULE – Executive Director advised the proposed meeting dates for 2022 were included in the agenda. Executive Director noted the start time of the meetings would be at 10:30 AM. Executive Director advised the 2022 MCIFC Reorganization meeting was scheduled for January 24, 2022. Executive Director stated if the dates were acceptable, a resolution would be prepared for approval with the Reorganization Resolutions in January. Executive Director advised additional meetings could be scheduled if needed. Executive Director reported if a Claims Committee Meeting was necessary, they would be held prior to the start of the Commission Meeting at 10:00 AM.

- January 24
- February 28
- April 25
- July 25
- September 26
- October 24
- December 19

With no questions, the Executive Director concluded his report.

Executive Director's Report Made Part of Minutes.

TREASURER REPORT: Chair Nazzaro advised the November and December Bills Lists, Resolutions 42-21 and 43-21 were included in the agenda.

MOTION TO APPROVE RESOLUTIONS 42-21 & 43-21, NOVEMBER AND DECEMBER BILLS LISTS

Moved:	Commissioner Walker
Second:	Commissioner Hughes
Roll Call Vote:	Unanimous

ATTORNEY: Mr. Adezio advised that he had nothing to report but thanked the IC Professionals for their dedication in protecting the county's interests.

CLAIMS SERVICE - Ms. Conicella reported certain policies issued to the Commission / Commission members apply on a claims made, or discovered and reported basis (e.g., Public Officials / Employment Practices, Employed Lawyers, Cyber, Medical Malpractice, Crime, Pollution.) Ms. Conicella advised with these types of policies, any claim made against you or loss

discovered during the policy period must be reported before the end of the policy year. Ms. Conicella advised it was imperative that any claim, potential claim, or facts and circumstances that may give rise to a claim be reported to your insurance company prior to policy expiration on 12/31/21.

CLAIMS ADMINISTRATOR – Chair Nazzaro advised Resolution 44-21, Disclosure of Liability Claims Check Registers were included in the agenda along with a copy of the check register for October 1, 2021 through October 31, 2021 and November 1, 2021 through November 30, 2021.

MOTION TO APPROVE RESOLUTION 44-21 AUTHORIZING DISCLOSURE OF LIABILITY CLAIMS CHECK REGISTER

Moved:	Commissioner Walker
Second:	Commissioner Hughes
Roll Call Vote:	Unanimous

MANAGED CARE: Ms. Hrubash advised she would review First MCO’s report, which was included in the agenda for the month of November. Ms. Hrubash provided the below information:

Month	Provider Bill Amount	Repriced Amount	Savings	Percentage Of Savings	Number of Bills	In Network Bills	Net Savings	PPO %
November	\$ 26,136	\$ 16,443	\$ 9,693	37%	51	42	\$ 7,754	82%

Ms. Hrubash reported that the low percentage of savings for the month of November can be improved if there is stronger direction into FMCO’s provider network.

With no questions, Ms. Hrubash concluded her report.

NJCE SAFETY DIRECTOR: Mr. Prince advised a copy of the Safety’s Director Report for October through December was included in the agenda. Mr. Prince reported the agenda included the online instructor led trainings scheduled through the end of February 2022. Mr. Prince advised that if any department would like to participate in any of the training programs they should visit the NJCE website and click on the Safety tab at the top of the page. With no questions, Mr. Prince concluded his report.

RISK MANAGER CONSULTANT: Ms. Pursell reported that the outstanding underwriting information has been submitted and thanked Commissioner Hughes for her assistance in gathering the necessary information for the renewal. Ms. Pursell also reported that she and Commissioner Hughes have been working with the NJCE Underwriter to provide COVID vaccination updates for the Medical Malpractice coverage renewal. With no questions, Ms. Pursell concluded her report.

OLD BUSINESS: None

NEW BUSINESS: None

PUBLIC COMMENT: None

CLOSED SESSION: Chair Nazzaro requested a motion to approve Resolution 45-21 authorizing a Closed Session to discuss PARs and SARs.

MOTION TO APPROVE RESOLUTION 45-21 FOR EXECUTIVE SESSION

Moved: Commission Walker
Second: Commission Hughes
Vote: Unanimous

MOTION TO RETURN TO OPEN SESSION

Moved: Commission Walker
Second: Commission Hughes
Vote: Unanimous

MOTION TO APPROVE THE PARS/SARS AS REVIEWED DURING CLOSED SESSION

Moved: Commissioner Walker
Second: Commissioner Hughes
Roll Call Vote: Unanimous

NEXT MEETING: Chair Nazzaro reported that the next meeting is scheduled for January 24, 2022 and will be conducted via Zoom.

MOTION TO ADJOURN:

Moved: Chair Nazzaro
Second: Commissioner Hughes
Vote: Unanimous

MEETING ADJOURNED: 11:31 AM

Minutes prepared by:
Jason Thorpe, Assisting Secretary