

**MERCER COUNTY INSURANCE FUND COMMISSION
OPEN MINUTES
MEETING – July 12, 2021
Meeting Held Telephonically
11:00 AM**

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

ROLL CALL OF COMMISSIONERS:

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

FUND PROFESSIONALS PRESENT:

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| Executive Director | PERMA Risk Management Services Joseph Hrubash |
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| Claims Service | Inservco Insurance Services, Inc. Nancy Fowlkes Amy Zeiders Suretha Hobbs Yvonne Frey |
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Qual Lynx
Chris Roselli - Absent

PERMA
Jennifer Conicella

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| Managed Care Services | First MCO Alyssa Hrubash |
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| NJCE Underwriting Manager | Conner Strong & Buckelew Ed Cooney - Absent |
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| Risk Management Consultant | Borden Perlman Salisbury & Kelly Diane Pursell |
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| Attorney | Paul Adezio, Esq. |
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| Treasurer | David Miller - Absent |
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| Safety Director | J.A. Montgomery Consulting Glenn Prince - Absent |
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ALSO PRESENT:

Jacqueline Tolbert, Mercer County Improvement Authority
Susan Schaefer, Susan Schaefer, LLC
John Pszwaro, Esq., Capehart Scatchard
John Czarnecki, J.A. Montgomery Consulting
Jason Thorpe, PERMA Risk Management Services
Cathy Dodd, PERMA Risk Management Services

APPROVAL OF MINUTES: OPEN AND CLOSED MINUTES OF APRIL 26, 2021

MOTION TO APPROVE THE OPEN AND CLOSED MINUTES OF APRIL 26, 2021

Moved: Commissioner Walker
Second: Commissioner Hughes
Vote: Unanimous

CORRESPONDENCE: None

SAFETY COMMITTEE: Mr. Czarnecki reported the Safety and Accident Review Committee has not met recently due to COVID. With no questions, Mr. Czarnecki concluded his report.

CLAIMS COMMITTEE: Ms. Conicella reported the Claims Committee did not meet, however the PARS would be presented during closed session through a Zoom breakout room. With no questions, Ms. Conicella concluded her report.

EXECUTIVE DIRECTOR REPORT: Executive Director advised his report was included in the agenda and the first action item was the Proposed Amendment to the Commission’s Rules & Regulations.

PROPOSED AMENDMENT TO THE COMMISSION’S RULES & REGULATIONS: Executive Director advised that during the April 26th meeting the Committee discussed an amendment to the Insurance Commission’s Rules & Regulations (By-Laws) pursuant to Governor Murphy signing S855 into law on August 21, 2020. Executive Director explained that the legislation required the title of “chosen freeholder” to be changed to “County Commissioner” and all “Board of Chosen Freeholders” to be known as “Boards of County Commissioners” effective January 1, 2021. Executive Director noted that the Commission was provided a copy of the Ordinance adopted by County Commissioners and referred to a copy of the Ordinance approved by the County Commissioners. Executive Director advised that he consulted with the Commission Attorney and it is being recommended that the Commissioners consider amending the Rules and Regulations as well. Executive Director advised that the Commission Attorney has drafted a red-lined version of the amended Rules & Regulations and asked the Commission Attorney to comment on the recommendation. Commission Attorney advised that the primary thrust for the amendment recommendation is to bring the Rules & Regulations current to 2021. Commission Attorney noted that in addition updating the language pursuant to Governor Murphy signing S855 into law, there are also a few minor items being changed to reflect more directly how this Commission operates. Commission Attorney advised that once the Executive Director completes his review of the proposed changes, it will be sent to the Commissioners for review. Commission

Attorney added that if the Commissioners are in agreement with the recommendation, it would be appropriate to conduct a public hearing for the amendment to the Rules & Regulations.

MOTION TO PROPOSE AN AMENDMENT TO THE RULES AND REGULATIONS AND ADVERTISE A PUBLIC HEARING FOR THE NEXT COMMISSION MEETING

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| Moved: | Chair Nazzarro |
| 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 months of April and May were included in the agenda. Executive Director advised there were (3) three certificates of insurance issued during the month of April and (18) eighteen during the month of May.

MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT

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| Moved: | Chair Nazzarro |
| Second: | Commissioner Walker |
| Vote: | Unanimous |

NJ COUNTIES EXCESS JOINT INSURANCE FUND: Executive Director reported the NJCE met on April 22, 2021 and referred to a written summary report of the meeting enclosed within the agenda packet. Executive Director advised that the NJCE also held a special meeting on May 27 to introduce an amended 2021 budget and referred to a written summary of that meeting enclosed within the agenda packet. Executive Director reported that the NJCE Board agreed the JIF would charge additional assessments to cover the premium due which totaled approximately \$609,000. Executive Director reported that the NJCE also met on June 24, 2021, adopted the amended 2021 budget and approved the 2020 audit. Executive Director added that during the June 24th meeting the NJCE also authorized the issuance of an RFP for the position of Technical Writer. Executive Director advised that the Technical Writer will be responsible for drafting coverage policy forms for the Commission retention layer and the NJCE retention layer. Lastly, Executive Director reported that during the June 24th meeting the NJCE had a lengthy discussion on its financials and proceeded to review the NJCE Financial Fast Track as of April 30th enclosed within the agenda packet. Executive Director noted that there is a reduction in the surplus in the 2016, 2020 and 2021 fund years. Executive Director explained that the most significant change is a result of the projected \$10 million that COVID related workers' compensation claims will eventually cost the NJCE. Executive Director advised that the NJCE is strengthening its claim and IBNR reserves because of the uncertainty over the recovery from the excess insurer Safety National and noted that NJCE's strategy is to book \$4 million for COVID claims and IBNR at the NJCE level to relieve the members of this liability. Executive Director said the NJCE is hoping that it will be successful in making a full recovery from Safety National so that it can reverse this accrual. Executive Director added that the Actuary is further strengthening the case reserves and IBNR due to large claims activity in the 2016 fund year.

NJCE FINANCE COMMITTEE: Executive Director reported that the NJCE Professionals (PERMA, JAM and CSB) made a presentation to the Finance Committee on the state of the commercial market and benefits of the insurance commission/joint insurance versus commercial market. Executive Director said the presentation was roughly an hour, generated good questions

and interaction with Commissioners, and was well received. Executive Director advised that the NJCE Board of Commissioners suggested that the Professionals conduct a live webinars on the subject matter for all commissioners of the NJCE membership and key members of their management team. Executive Director added that the NJCE Board of Commissioners authorized PERMA to schedule the webinar for July 23.

NJCE JIF CYBER TASK FORCE: Executive Director referred to the latest news alert from the NJCE JIF Cyber Task Force enclosed within the agenda packet.

CLAIMS TRACKING REPORTS: Executive Director advised the Claims Tracking Reports as of April 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 the Commission was performing above the actuary projections in every year which has led to a sufficient amount of surplus.

MCIFC PROPERTY & CASUALTY FINANCIAL FAST TRACK: Executive Director referred to the Financial Fast Track for the month of April enclosed within the agenda packet. Executive Director reported that as of April 30, 2021 the Commission has a surplus of \$9,112,362. 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 April 30, 2021 is \$1,232,351 and advised that the total cash balance is \$3,206,938.

HOPEWELL VALLEY GOLF & COUNTRY CLUB: Executive Director reported that the Risk Management Consultant informed the fund office that the County acquired the Hopewell Valley Golf & Country Club in January of 2021. Executive Director explained that in order to insure this facility properly, the fund office has requested underwriting information necessary to add the location and its operation for coverage to the Origami database. Ms. Pursell reported that her office has been working on gathering the requested underwriting information.

2022 RENEWAL – UNDERWRITING DATA COLLECTION: Executive Director reported the Fund office is beginning the data collection process for the 2022 renewal in order to provide relevant information to underwriters. Executive Director noted that members and/or risk managers will manage the renewal via Origami, the online platform where members' exposure data (property, vehicles, etc.) may be accessed and edited, as well as, applications to download and complete for ancillary coverages. Executive Director added that the Payroll Auditor is conducting payroll audits which will be uploaded by the Fund office into Origami. Executive Director said that the 2022 renewal process is mid-July through mid-September, which will allow members to confirm underwriting data.

2021 MEL, MRHIF & NJCE EDUCATIONAL SEMINAR: Executive Director reported that the 10th Annual Educational Seminar was held virtually on May 14 and May 21. Executive Director noted that there were over 200 attendees for each session. Executive Director added that the MEL, NJCE, and MRHIF may consider holding this seminar virtually going forward as it will allow for greater attendance.

2021 GOVERNMENT FINANCE OFFICERS ASSOCIATION OF NJ (GFOA OF NJ): Executive Director advised that J.A. Montgomery has been invited to present at the GFOA of NJ conference at the Golden Nugget in Atlantic City from September 21st to September 24th. Executive Director noted that GFOA of NJ is a professional association of government finance

officers working together to enhance and promote professionalism within the governmental community. Executive Director added that he and MEL Co-Executive Director Grubb will also be presenting at the conference.

2021 NEW JERSEY ASSOCIATION OF COUNTIES CONFERENCE: Executive Director reported that the 71st Annual Conference is scheduled to be held from October 11th – October 14th at Caesar’s in Atlantic City and noted that NJAC will also be celebrating its 100 year anniversary. Executive Director added that the NJCE and J.A. Montgomery will be presenting at the NJAC conference in October.

2021 NJLM ANNUAL CONFERENCE: Executive Director reported that the 106th Annual New Jersey State League of Municipalities Conference is scheduled for November 16th through November 18th at the Atlantic City Convention Center in Atlantic City.

MEDICAL MARIJUANA AND WORKERS COMPENSATION: Executive Director referred to a letter from Ana-Eliza T. Bauersachs of Capehart Scatchard enclosed within the agenda packet. Executive Director said the letter provides a quick overview of a seminal case addressing the use of medical marijuana in New Jersey Workers’ Compensation. Executive Director asked Mr. Pszwaro of Capehart Scatchard to review the letter. Mr. Pszwaro provided an overview of the letter enclosed within the agenda packet.

2021 MEETING SCHEDULE: Executive Director reported that the Commission is scheduled to meet again on July 26, September 27, October 25 and December 20. Executive Director suggested rescheduling the July 26 meeting for August 16. The Commissioners indicated that they were in agreement with the meeting being rescheduled.

MOTION TO RESCHEDULE THE JULY 26, 2021 MEETING TO AUGUST 16, 2021 AT 10:30 AM, AND CONDUCT THE MEETING VIRTUALLY.

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| Moved: | Commissioner Walker |
| Second: | Chair Nazzarro |
| Vote: | Unanimous |

With no questions, the Executive Director concluded his report.

Executive Director's Report Made Part of Minutes.

TREASURER REPORT: Chair Nazzarro advised the May Bills List, Resolution 25-21 and the June Bills List, Resolution 26-21 were included in the agenda.

MOTION TO APPROVE RESOLUTION 25-21, MAY BILLS LIST AND JUNE BILLS LIST, RESOLUTION 26-21

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

ATTORNEY: Mr. Adezio advised that Commissioner Walker has brought to his attention a rise in unemployment insurance claim fraud. Mr. Adezio said there are approximately 75 unemployment insurance claim fraud cases involving county employees. Mr. Adezio advised that he has reported

these cases to Inservco. Mr. Adezio added that Inservco has reported the cases to the cyber carrier as well so that they are on notice. Commissioner Walker advised that she has put together a list and there are approximately 82 cases dating back to November 2019 through the present. Ms. Zeiders added that Inservco is reviewing the matter and will report back as they receive additional information. Executive Director asked Ms. Zeiders to contact him upon completion of Inservco’s initial review.

CLAIMS SERVICE: Ms. Conicella reported that the Governor’s ending of the State of Emergency as of July 3rd also includes essential employees being covered for the presumption of COVID. Ms. Conicella added that public safety workers, such as correctional facility workers, are still being covered but noted that essential employees no longer have the presumption applied if the contract COVID. With no questions, Ms. Conicella concluded her report.

CLAIMS ADMINISTRATOR: Chair Nazzaro advised Resolution 27-21, Disclosure of Liability Claims Check Registers were included in the agenda along with a copy of the check register for April 1, 2021 through April 30, 2021 and May 1, 2021 through May 31, 2021.

MOTION TO APPROVE RESOLUTION 27-21 AUTHORIZING DISCLOSURE OF LIABILITY CLAIMS CHECK REGISTER

Moved: Commissioner Walker
 Second: Commissioner Hughes
 Vote: Unanimous

MANAGED CARE: Ms. Hrubash advised she would review First MCO’s report, which was included in the agenda for the month of May. 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 % |
|-------|----------------------|-----------------|------------|-----------------------|-----------------|------------------|-------------|-------|
| May | \$ 280,258 | \$ 141,795 | \$ 138,463 | 49% | 127 | 118 | \$ 110,770 | 93% |

With no questions, Ms. Hrubash concluded her report.

NJCE SAFETY DIRECTOR: Mr. Czarnecki advised a copy of the Safety’s Director Report for April through June was included in the agenda. Mr. Czarnecki reported the agenda included the online instructor led trainings scheduled through August 31. Mr. Czarnecki advised that the J.A. Montgomery office has been coordinating with the Department of Corrections to provide training in the early Fall. With no questions, Mr. Czarnecki concluded his report.

RISK MANAGER CONSULTANT: Ms. Pursell reported that, as previously mentioned, her office is working on gathering the requested underwriting information for the Hopewell Valley Golf & Country Club. Ms. Pursell advised that once all of the underwriting information has been gathered it will be entered into the Origami database. With no questions, Ms. Pursell concluded her report.

OLD BUSINESS: None

NEW BUSINESS: Mr. Czarnecki advised that Public OSHA has hired additional inspectors and have gone back to conducting inspections on a more frequent basis.

PUBLIC COMMENT: None

CLOSED SESSION: Chair Nazzarro requested a motion to approve Resolution 28-21 authorizing a Closed Session to discuss PARs and SARs.

MOTION TO APPROVE RESOLUTION 28-21 FOR EXECUTIVE SESSION

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| Moved: | Commission Walker |
| Second: | Commission Hughes |
| Vote: | Unanimous |

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

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

MOTION TO ADJOURN:

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| Moved: | Commissioner Walker |
| Second: | Commissioner Hughes |
| Vote: | Unanimous |

MEETING ADJOURNED: 12:06 PM

Minutes prepared by:

Jason Thorpe, Assisting Secretary