

ATLANTIC COUNTY INSURANCE COMMISSION  
OPEN MINUTES  
MEETING – September 8, 2017  
Freeholders' Meeting Room  
Stillwater Building  
201 Shore Road  
Northfield, New Jersey 08225  
11:00 A.M.

Meeting was called to order by Commissioner Woods. Open Public Meetings notice read into record.

**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF COMMISSIONERS:**

Jacqueline Woods	Present
Tammi Robbins	Present
Janette Kessler	Present
Joseph Giraldo	Present
Geraldine Cohen	Not Present

**FUND PROFESSIONALS PRESENT:**

Executive Director PERMA Risk Management Services	<b>Brad Stokes</b>
Claims Administrator	<u>Qual-Lynx</u> <b>Karen Beatty</b> <b>Kathy Kissane</b>  <u>Conner Strong &amp; Buckelew</u> <b>Michelle Leighton</b>
CEL Underwriting Manager	Conner Strong & Buckelew
Attorney	<b>James F. Ferguson</b>
Treasurer	<b>Bonnie Lindaw</b>
Safety Director	J.A. Montgomery Risk Control <b>Dave McHale for Glenn Prince (by phone)</b>
Risk Management Consultant	Insurance Agencies, Inc. <b>Michael Ridge</b> <b>Gene Siracusa</b>  Glenn Insurance <b>Michael Thomas</b>

**ALSO PRESENT:**

Rachel Chwastek, PERMA Risk Management Services  
Chandra Anderson, Atlantic County  
James Dugan, Atlantic County  
James Miles, Bowman & Company (Auditor)  
Dennis Kalkaski, Bowman & Company (Auditor)  
Joe Hrubash, PERMA

**APPROVAL OF MINUTES: OPEN MINUTES OF JULY 14, 2017.**

**MOTION TO APPROVE OPEN MINUTES OF JULY 14, 2017.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Robbins  
**Vote:** 3 Ayes

**CORRESPONDENCE:** None.

**EXECUTIVE DIRECTOR'S REPORT:**

Brad Stokes presented the Executive Director's report.

**AUDIT REVIEW:**

2016 audit report is reviewed. Mr. Miles of Bowman & Company reviewed the audit report in great detail along with Dennis Kalkaski. The pages of the report that actually belong to the auditor are the table of contents, the opinion report, found on pages 1-3, and another report on pages 4-5 which is required in accordance with governmental auditing standards and rules and regulations. The financial statements are the representations of management, PERMA and Conner Strong putting together the information. The auditors go through audit procedures and review all of the information and offer an opinion as to whether or not they were fairly stated according to generally accepted auditing procedures.

Dennis Kalkaski reviewed the numbers within the report. Page 6 is the management discussion and analysis. Page 7 reviews financial highlights for 2015 and 2016. Page 9 reviews the Commission's net position. He noted the Investment in Joint Venture is the Commission's share of membership in the JIF. Page 10 is the current statement of revenues, expenses and changes in net position. It explains how they arrived at the annual net position for the year. Page 11 is the comparative statement of cash flows for 2015 and 2016. Cash flow is cash in and cash out of the Commission. The Notes section is standard boiler plate language that must be included in an audit. Note 5 on page 18 shows the changes in claims through the year. Page 19, Note 6 highlights the financial information of the membership in the JIF. Page 22 is the reconciliation of claims liabilities and further separates them by line of coverage. Page 23 shows the two year development information for the Commission. Mr. Miles noted this schedule gives an opportunity to look at trends and how reserves played out historically. Page 25 and 26 are income statements for each fund year and pulls everything apart by line of coverage and reflects the information provided in the first schedules. Page 27 and 28 highlights the claims activity for the year for each line of coverage. Page 29 and 30 are program summary schedules and highlight claim limits, fund retention, incurred claims. The last page of the report shows no findings or recommendations. He expressed thanks for having his company complete the audit.

Mr. Stokes noted that Bonnie Lindaw had some questions and noted she would recommend changing the process next year to have discussions between Ms. Lindaw and the auditors. She would like to be able to compare the bank reconciliation and year-end balance. She would also like to have entrance and exit conferences with the Treasurer and the Auditors so she can be confident in the report being presented to the Commissioners. There was a suggestion of perhaps setting up a Finance Committee. Ms. Lindaw asked if there was a deadline for the audit to be submitted. She noted that she reviewed information provided to her the day before, but would like more time to review. Mr. Stokes noted it is acceptable to table the resolution approving the audit until the next meeting. The Commissioners agreed to table the resolution until the next meeting.

**MOTION TO TABLE THE 2016 AUDIT REPORT UNTIL THE OCTOBER MEETING.**

**Motion:** Commissioner Robbins  
**Second:** Commissioner Kessler  
**Vote:** 3 Ayes

**CERTIFICATE OF INSURANCE ISSUANCE REPORT:** 10 certificates were issued from June 1, 2017 to July 31, 2017. Commissioner Kessler asked for an explanation of page 9. Rachel explained it was the continuation of the locations from the certificate on the prior page.

**MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Woods  
**Vote:** 3 Ayes

The next CEL meeting is September 28, 2017.

The Insurance Commission financial fast track as of May 31, 2017 shows the Commission's statutory surplus at \$5.2 million. The June 30, 2017 report also shows the surplus at \$5.2 million. Mr. Stokes noted that last year at this time the Commission was at \$2.9 million.

The CEL financial fast track report as of June 30, 2017, shows a surplus of \$7.5 million, which continues to trend well for the CEL.

Claims Activity Report shows the claims activity as of July 31, 2017. 20 general liability claims were closed from June to July. Kathy Kissane noted some were storm related claims or if they had issued a denial and the 60 day waiting period expired.

The professional services for the Commission, including Actuary, Auditor, and Defense Panel Counsel expire at the end of 2017. The Fund office will be preparing RFQ's and will advertise for proposals. The County will issue RFP's for the Executive Director, Claims Administration and Risk Managers. Mr. Stokes confirmed those RFP's were posted September 8, 2017 with a due date of September 29, 2017.

The 2018 renewal is moving along very smoothly. The ancillary coverage applications are also moving along. Mr. Stokes thanked everyone for their assistance in keeping everything moving.

The renewal for the Commission in the CEL is also up this year. The renewal documents were sent out to the County Executive for consideration. Renewal documents were also sent to the individual member

entities. Mr. Ferguson noted the resolution for the County goes before the Board of Chosen Freeholders at the September 19, 2017 meeting.

**MOTION TO AUTHORIZE THE FUND OFFICE TO ADVERTISE FOR PROFESSIONAL SERVICES.**

**Motion:** Commissioner Robbins  
**Second:** Commissioner Woods  
**Vote:** 3 Ayes

The third and final Property and Casualty assessments were sent out to the member entities and are due back on September 15, 2017. Mr. Stokes asked Mr. Hrubash if he had anything to add, and he did not.

**CLAIMS SERVICES:** The Claim Services report was presented by Michelle Leighton, Esquire. She has three items to address. She noted the Claims Committee met prior to this meeting and reviewed nine claims. As the renewal process proceeds it is a good time to remind the members that if they have not already done so to make claim reports for claims made during the year. Keep employment matters, EOC charges, and pollution matters in mind. Anything that is known should be reported appropriately. They plan on another Best Practices work shop in late fall, early winter. They will be looking for volunteers from each of the Commissions to sit on a Committee. Commissioner Kessler volunteered last year. Anyone interested should send an email to Ms. Leighton. Mr. Hrubash noted that cyber has been a hot topic and time should be devoted to cyber claims.

**TREASURER:**

Bonnie Lindaw presented Resolution 21-17, the August bills list for payments to the professionals and Resolution 22-17 is the September bills list which is a payment to Asset Works for the building appraisals.

**MOTION TO APPROVE RESOLUTION 21-17 RATIFICATION OF THE AUGUST BILLS LIST AND RESOLUTION 22-17 THE SEPTEMBER BILLS LIST.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Robbins  
**Vote:** 3 Ayes

**CEL SAFETY DIRECTOR – JA MONTGOMERY RISK CONTROL:**

Dave McHale of JA Montgomery presented the safety report. The Safety Director's report covers risk control safety activities for July through September. The Safety Committee last met on April 7, 2017 and is next scheduled to meet on October 13, 2017. Loss control visits were conducted by Glenn Prince and Ronald Grattini at the Atlantic County Justice Facility and Meadowview Nursing Home.

September is national preparedness month. A safety bulletin will be issued covering operational considerations and employees in the event of an emergency.

Commissioner Woods asked about the reimbursement check to the County for the BRITT grant approval. Mr. McHale explained that the County has to spend the money then submit documentation showing the purchase, then the \$7,000 will be issued to the NJ CELJIF, then the CELJIF issues a \$7,000 reimbursement check to the County. This will occur at year end so reimbursement will not be issued until

approximately January 2018. Commissioner Woods noted she would follow up with the Warden with regard to completing the purchase. Mr. McHale noted that Glenn Prince will be following up with the various counties in October to confirm the funding was sent.

Ms. Lindaw asked if an award letter could be issued confirming the County would be receiving the award of \$7,000. With that letter the Treasurer's office can set up a grant account which will assist with the Justice Facility making the payment. She noted that if there is a time constraint regarding the expenditure of the funds it should be included in the award letter. Mr. McHale advised the requested letter would be sent out.

#### **MANAGED CARE – QUAL-LYNX:**

Karen Beatty presented the claims services report for the month of July. The cumulative claims summary shows savings for the month of July at 60.2%. The PPO penetration rate is 97.4%. The month of August shows 51% savings and 81.5% PPO penetration rate. That number is lower due to a bill that had to be considered for medical transportation between two trauma centers. It was found to be medically necessary and was paid. Savings for the year are at 57% which represents savings of \$1.3 million. The PPO penetration rate for the year is 96.3%.

Bonnie Lindaw asked if the numbers were for general liability and workers' comp, and Ms. Beatty advised they are just workers' comp.

There were 42 claims reported for the months of July and August; 27 for the County and 15 for the Utilities Authority. There were zero claims for the Improvement Authority.

Ms. Lindaw asked if there was a report for general liability claims. Ms. Kissane explained there is a loss run report (claims experience summary for all lines of coverage) issued every month to the Commissioners. Commissioner Kessler advised that Claudia is aware the reports are not coming to her and that problem is being worked on. Joe Hrubash asked how the reports are distributed. Ms. Kissane explained the reports are delivered securely electronically. You have to log in to obtain them. Ms. Leighton noted that the loss runs are not only available once a month, but they can be requested anytime they are needed. Commissioner Woods also noted that she was working with Claudia on reports. Ms. Kissane noted the Risk Console System is where the reports would be generated. She was not aware that the Commissioners were not receiving the reports and will check on that. Mr. Ridge asked whether the Risk Managers could receive copies of the reports, and Ms. Kissane noted that would be up to the Commissioners and the member entities.

#### **CLAIMS SERVICES – QUAL-LYNX:**

Ms. Kissane reported the Claims Committee met prior to the Commission meeting and reviewed 9 PARS. The PARS were recommended for approval by the Committee. Unless there are any other questions which would require a closed session she requests a motion for approval of the PARS as reviewed and recommended by the Claims Committee.

#### **MOTION TO APPROVE THE PARS AS REVIEWED DURING THE CLAIMS COMMITTEE MEETING OF SEPTEMBER 8, 2017.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Robbins  
**Vote:** 3 Ayes

**OLD BUSINESS:** Commissioner Kessler requested a Jonas update. Ms. Leighton indicated she did not have an update available, but would follow up and provide an update. Danielle Batchelor had previously reported they were waiting for a submission from one of the other counties. Commissioner Kessler noted she is still within an appeal period and needs an insurance award letter. Ms. Leighton offered to provide a provisional award letter. Commissioner Kessler indicated that would be helpful so she could submit something to FEMA. FEMA will not settle until they know what the insurance company is going to pay.

**NEW BUSINESS:** None.

**PUBLIC COMMENT:**

Commissioner Woods opened the meeting to public comment. Having neither heard nor seen any public comment the public session is closed. The next meeting will be held on October 13, 2017 at 11:00 A.M.

**MOTION TO ADJOURN THE MEETING.**

**Motion:** Commissioner Robbins  
**Second:** Commissioner Kessler  
**Vote:** 3 Ayes, 0 Nays

**MEETING ADJOURNED: 11:46 A.M.**

Minutes prepared by: Chandra Anderson, Secretary