

ATLANTIC COUNTY INSURANCE COMMISSION
OPEN MINUTES
MEETING – October 13, 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	Brad Stokes
Claims Administrator	<u>Qual-Lynx</u> Karen Beatty Kathy Kissane Laura Kordomenos
	<u>Conner Strong & Buckelew</u> Michelle Leighton
CEL Underwriting Manager	Conner Strong & Buckelew
Attorney	James F. Ferguson
Treasurer	Bonnie Lindaw (not present)
Safety Director	J.A. Montgomery Risk Control Glenn Prince
Risk Management Consultant	Insurance Agencies, Inc. Michael Ridge Gene Siracusa
	Glenn Insurance Michael Thomas

ALSO PRESENT:

Ed Cooney, PERMA
Rachel Chwastek, PERMA Risk Management Services
Chandra Anderson, Atlantic County
James Dugan, Atlantic County

APPROVAL OF MINUTES: OPEN MINUTES OF SEPTEMBER 8, 2017.

MOTION TO APPROVE OPEN MINUTES OF SEPTEMBER 8, 2017.

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

CORRESPONDENCE: None.

EXECUTIVE DIRECTOR'S REPORT:

Brad Stokes presented the Executive Director's report.

The 2016 audit report was reviewed at the September meeting by Bowman & Company. The questions of the Treasurer were addressed at that time and on subsequent conference calls. Bonnie Lindaw's email of October 11, 2017 is attached to the minutes and made a part of the record. Ms. Lindaw reviewed that she had a conference call with Jim Miles and Dennis Skalkowski of Bowman & Company to review the 2016 audit. All questions were reviewed and answered and she recommends approval of the audit report at the next Commission meeting.

MOTION TO APPROVE RESOLUTION 20-17 CERTIFICATION OF THE ANNUAL AUDIT REPORT FOR THE PERIOD ENDING DECEMBER 31, 2016.

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

Mr. Stokes reported that at the September meeting the Fund authorized advertisement of the actuary, auditor and defense attorneys. Responses were received on October 11, 2017. The incumbent auditors Bowman & Company submitted a response. There were no responses received for actuary, so it will have to be advertised again. Submissions for the defense attorney panel were received and reviewed. Mr. Stokes asked for a Motion to authorize the re-advertising for the for actuary services. There will be time before the December meeting to appoint the actuary.

MOTION TO AUTHORIZE THE FUND OFFICE TO RE-ADVERTISE FOR ACTUARY SERVICES.

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

The County issued an RFP for Executive Director, Claims Administration and Risk Management Consultant. Jim Ferguson reported that responses were received on September 29, 2017 for the three professional positions. A committee consisting of Jim Dugan, Jim Ferguson, and Commissioner Robbins evaluated the Risk Management Consultants and Executive Director. A committee consisting of Jim Dugan, Jim Ferguson and Commissioner Kessler was set up to evaluate the Claims Administration responses. PERMA is the only company that submitted a response for Executive Director. The cost increased by 2% from \$120,000.00 to \$122,400.00. Mr. Ferguson noted that PERMA has been doing a great job for the past three years and we are very satisfied to continue to have PERMA serve as Executive Director. There were two responses received for Risk Management Consultant. The incumbent joint venture of Glenn Insurance and Insurance Agencies, Inc. and the Hardenberg Agency submitted responses. The Hardenberg Group gave a presentation to the review committee. They were very professional and gave a very good account of what they can do. Overall the committee believed that the incumbent joint venture would be the best choice in light of the long history they have with providing the insurance needs for the County. The incumbents lowered their cost from \$200,000.00 to \$190,000.00. Five quotes were received for Claims Administration. The incumbent, Qual-Lynx, PMA, Inservco, CCMSI, and York. Each of the responses were reviewed in great detail. The committee recommends to award the contract with the incumbent provider, Qual-Lynx. The reasons are several fold; 1) Consistency. They have provided services for the past three years. While the internal insurance committee would like to see some improvement on providing reports, overall they have provided good service. Qual-Lynx recently changed to a new software system and it is understood it takes time to make that transition. 2) Cost. Qual-Lynx is the only company who provided an all-inclusive proposal. There are no hidden fees. PMA provided the lowest bid, but as you read through their submission there are extra charges for use of the managed care system. Without knowing the exact cost, it would be difficult to budget year to year. The other providers did not reach the percentage of savings that we have received from Qual-Lynx. 3) Provider Panel. The provider panel of Qual-Lynx are the preferred physicians the Commission is used to dealing with. For example, in the field of orthopedics, the Shore Orthopedic Group is included on the Qual-Lynx panel and has very good physicians at competitive prices. The other carriers who provided submissions did not have Shore Orthopedics on their panel. For all of those reasons the committee recommends awarding the contract for Claims Administration to Qual-Lynx. For the past three years the contract for the combined claims administration and managed care was \$470,000.00. They submitted a quote of \$485,520.00 which is about a 3% increase. The review committee and the internal insurance committee were receptive to the Qual-Lynx proposal. Mr. Stokes noted that the all-inclusive proposal is much more manageable when trying to set up budgets. He asked if there were any questions, and there were none.

MOTION TO APPROVE RESOLUTION 22-17 DESIGNATING THE EXECUTIVE DIRECTOR, RISK MANAGEMENT CONSULTANT AND CLAIMS ADMINISTRATOR FOR THE FUND FOR YEARS 2018 THROUGH 2020.

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

CERTIFICATE OF INSURANCE ISSUANCE REPORT: 8 certificates were issued from August 1, 2017 to September 30, 2017. Mr. Stokes asked if there were any questions, and there were none.

MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT.

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

The CEL met on September 28, 2017.

They will be introducing their budget on November 16, 2017. The CEL approved an audit for all the Commission members for payroll. At the renewal the CEL will be providing that service and will work with the Treasurer's office. The CEL has been providing this service at the municipal level and will now provide it for the Commission members. Commissioner Kessler asked if having the payroll audits would result in potential refunds based on payroll records because now you are estimating payroll to get your premium. Mr. Stokes noted it should potentially help with rates. Bowman & Company was awarded the contract to perform this service.

The Insurance Commission financial fast track as of July 31, 2017 shows the Commission's statutory surplus at \$5.5 million.

The CEL financial fast track report as of July 31, 2017, shows a surplus of approximately \$7.6 million.

Claims Activity Report shows the claims activity as of September 30, 2017. 5 claims were closed since last month. Most closed claims were auto liability claims.

Mr. Stokes thanked everyone for their cooperation and assistance with the 2018 renewal process. He noted everything was received in a timely fashion and this helps with the budget process.

Ed Cooney from the underwriting manager's office reported a couple statements were issued. They are trying to increase cyber awareness and potentially increase coverage and limits. He noted the CEL is below the benchmark across the entire CEL. They are looking at higher limits and options and education across the board. Michelle Leighton also noted the liability and best practices workshop this year will be focused on cyber liability, coverage and risk management. They will also cover past successes, future initiatives, and how to recognize and detect threats. They will review the process for claim reporting within those coverages and what happens in a claim. Ms. Leighton encouraged County partners to bring members of their IT departments. Commissioner Kessler asked what the benchmark is for cyber coverage. Mr. Cooney advised that would be \$5,000,000 for municipalities and counties. A data breach with no lawsuits filed requires all affected individuals to be notified. That could be 1,000-2,000 people at \$200 each adds up quickly. Further costs are forensics and investigation which could reach \$1,000,000 very quickly.

Mr. Cooney also noted that a notice was sent out advising members they want to update all larger properties in more detail. They are looking for full information on construction, occupancy, security, fire alarm, sprinklers, etc. Mr. Stokes noted the Commission has been using an appraisal system for the past couple of years and will compare and cross reference that information.

Ms. Leighton noted that the end of the year is approaching and all claims should be reported. Commissioner Kessler noted that in prior years she would provide a list to Danielle or Robin and asked if Ms. Leighton wanted the members to continue with that process. Ms. Leighton noted this is a reminder to have all potential claims reported by the end of the year, and the prior process used by the members to report claims should be continued.

CLAIMS SERVICES: Michelle Leighton has nothing to report.

TREASURER:

Bonnie Lindaw is not present. Mr. Stokes reported that Ms. Lindaw sent an email on October 11, 2017 confirming her approval of the audit report. Commissioner Woods read Resolution 23-17, the October bills list into the record. This bills list includes the fourth quarter payments to the professionals. The total payments are \$200,997.27.

MOTION TO APPROVE RESOLUTION 23-17 THE OCTOBER BILLS LIST.

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

CEL SAFETY DIRECTOR – JA MONTGOMERY RISK CONTROL:

Glenn Prince of JA Montgomery presented the safety report. The Safety Director's report covers risk control safety activities for September through October. September is national preparedness month and a safety bulletin was included. The safety bulletin includes a website and some resources for everyone from families to organizations covering operational considerations in the event of an emergency. October is fire prevention month. He recommended reviewing work stations for any potential hazards. The Safety Committee meeting will occur immediately following the Commission meeting.

MANAGED CARE – QUAL-LYNX:

Karen Beatty presented the claims services report for the month of September. The cumulative claims summary shows 129 bills were processed for a total of \$84,137.90 with an overall savings for the month of 51%. She noted there were three emergency room visits two were in the late evening, however, one was for a cut during regular business hours which required derma bond, not stitches. The cost of that visit was \$2,511, as opposed to an Urgent Care visit which would have been about \$200 to \$250. She reminded everyone to use Urgent Care whenever possible. The intake reporting shows 19 claims were reported in September. There were six claims from the Utility Authority and 13 from the County. There were no claims from the Improvement Authority.

CLAIMS SERVICES – QUAL-LYNX:

Ms. Kissane thanked everyone for choosing Qual-Lynx to continue as Claims Administrator. They appreciate everyone's patience while Qual-Lynx is still getting invested in their new system. She asked the members to continue to send requests for reports and data that are needed as they are still building reports on the back end. Ms. Kissane reviewed concerns with OSHA reporting with Commissioners Kessler and Woods. Commissioner Kessler asked if the Qual-Lynx system will allow members to go online and run their own reports. Ms. Kissane confirmed that is going to be part of their system. Currently monthly reports are sent out by email. It is anticipated that members will be able to go on the system and select the type of report they want to run. Commissioner Kessler also asked if members would be able to enter the claim information themselves. Ms. Kissane advised that is already a function, and will work on getting the credentials set up for Commissioner Kessler and Commissioner Woods.

Ms. Kissane reported the Claims Committee met prior to the Commission meeting and reviewed 15 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 OCTOBER 13, 2017.

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

OLD BUSINESS: None.

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 December 8, 2017 at 11:00 A.M.

MOTION TO ADJOURN THE MEETING.

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

MEETING ADJOURNED: 11:27 A.M.

Minutes prepared by: Chandra Anderson, Secretary

Anderson_Chandra

From: Lindaw_Bonnie
Sent: Wednesday, October 11, 2017 4:42 PM
To: Brad Stokes; Woods_Jackie; Janette Kessler; Robbins_Tammi; Giraldo_Joe
Cc: Ferguson_James; Anderson_Chandra; Jim Miles, CPA (jmiles@bowmanllp.com); Dennis Skalkowski (DSkalkowski@bowmanllp.com); Rachel Chwastek PERMA
Subject: RE: 2016 Audit

All: I scheduled a conference call with Jim Miles and Dennis Skalkowski from Bowman & Company regarding the 2016 audit this afternoon. They both took time out of their day to go over the report with me so I was more comfortable with the schedules, outcome being presented, and even what I should expect to see in some of the schedules in future years. As I said at the last meeting I am familiar with the audit process, but unfamiliar with the commission audit and I am grateful they took the time to meet with me.

I recommend approval of the audit report at the Commission meeting Friday September 13th. I also recommend the Chairperson sign the representation letter which needs to be signed before the audit report can be finalized. This is a standard language letter that explains the information in the audit is the responsibility of management and the Auditors are responsible for only their opinion of the information that was presented.

I will not be present nor will anyone from my office be available to attend the commission meeting. I reviewed the agenda and would recommend approval of the payments included in Resolution #23-17. If the resolution is passed I will have the checks signed and mailed Friday afternoon.

Thank you, Bonnie