

ATLANTIC COUNTY INSURANCE COMMISSION
OPEN MINUTES
MEETING – December 16, 2016
Freeholders' Meeting Room
Stillwater Building
201 Shore Road
Northfield, New Jersey 08225
10:00 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
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Claims Administrator	<u>Qual-Lynx</u> Karen Beatty Kathy Kissane
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Conner Strong & Buckelew
Danielle Batchelor

CEL Underwriting Manager	Conner Strong & Buckelew
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Attorney	James F. Ferguson
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Treasurer	Bonnie Lindaw
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Safety Director	J.A. Montgomery Risk Control Glenn Prince
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Risk Management Consultant	Insurance Agencies, Inc. J. Eugene Siracusa Michael Ridge
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Glenn Insurance
Michael Thomas

ALSO PRESENT:

James T. Dugan, Atlantic County
Rachel Chwastek, PERMA Risk Management Services
Chandra Anderson, Atlantic County

APPROVAL OF MINUTES: OPEN MINUTES OF OCTOBER 14, 2016.

MOTION TO APPROVE OPEN MINUTES OF OCTOBER 14, 2016.

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

CORRESPONDENCE: None.

EXECUTIVE DIRECTOR'S REPORT:

Executive Director Brad Stokes presented the Executive Director's report. Edward Cooney, the Conner Strong & Buckelew Underwriting Manager, was present by phone for this portion of the meeting.

Mr. Cooney provided an update of marketing efforts for excess insurance. Overall he is pleased at how receptive the insurance companies have been to renewal. It shows they are satisfied with how the program is run. It looks like there will be a reduction in the premium for property coverage from Zurich. Vacant properties pose a risk, and there will be information included in the renewal about how to control those risks and prevent losses from happening. The casualty program is led by BRIT, they are also providing a rate decrease which will help to reduce the premiums. Workers' Comp is with Safety National, and they are offering a two year option to renew, along with rate reductions. This shows they are satisfied with how the claims are being handled. Public officials, crime and cyber coverage are all with AIG. He recommended members take advantage of the cyber risk control services available through AIG. Overall he believes there will be a premium and rate decrease from the CEL.

Jim Ferguson asked about the EPLI coverage. The County has a claim that is being handled by an in-house attorney. AIG was advised of the existence of the claim. Thereafter, AIG directed the County to assign the claim to outside counsel. AIG advised the legal fees for that would be billed against the County's retention of \$250,000. He discussed this situation with Danielle Batchelor and they are working on a resolution.

Mr. Cooney provided a simplified explanation that the policy is either a duty to defend or non-duty to defend. Duty to defend means the insurance company will pick up the defense of the claim from the beginning and non-duty to defend means they don't have to pick up the defense unless you ask them to.

Mr. Cooney noted that AIG has a procedure to add attorneys to the approved attorney list. Attorneys lacking experience or qualifications in the particular area of law will not be approved. The County wants to have its in-house counsel approved to handle EPLI claims. He suggested discussing with AIG the duty to defend vs. non-duty to defend, in addition to submitting resumes and credentials of attorneys the County would like AIG to consider. Mr. Ferguson noted that Danielle has been very helpful with working on a solution with AIG.

Bonnie Lindaw asked if all the Commissions have this same language in their policies. Mr. Cooney noted that this is typical coverage. Most if not all are duty to defend coverage. Commissioner Kessler pointed

out that she needs duty to defend coverage as she does not have her own in-house counsel. Mike Ridge asked whether other County Law Departments had been approved by AIG. Mr. Cooney noted that there are not many requests for in-house counsel to be added, but he was aware of one that did, and they were denied based on practice history.

Mike Ridge asked if there would be one attorney or different attorneys handling claims. Jim Ferguson explained that the County has an attorney on staff, Alan Cohen, who handled EPLI claims in his work prior to coming to the County and is very well qualified. Mr. Ridge asked if the County would need one attorney approved or many. Danielle Batchelor has Alan Cohen's information in connection with her discussions with AIG to add him as the EPLI attorney for the County. She also needs to know if the County wants to add an attorney for Public Officials as well. Mr. Ferguson advised he would need to confirm that and advise.

The 2017 budget has some contractual increases. The CELJIF premium is going down based on renewals. Commissioner Kessler asked whether the CEL number is final and Mr. Stokes advised it basically is final, but there could be some minor adjustments. The actuary and auditor have contractual increases. The increase for 2017 is 1.38%. The proposed assessments were emailed out earlier, and will be finalized once the 2017 budget is adopted. There were no questions.

MOTION TO MOVE THE BUDGET AND SET THE PUBLIC HEARING AT THE JANUARY 13, 2017 MEETING.

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

CERTIFICATE OF INSURANCE ISSUANCE REPORT: There were six certificates issued during the September 27, 2016 to November 21, 2016 time frame.

MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT.

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

The CEL subcommittee set the budget in October and met several times since then. The budget was adopted at their November meeting. Actuarial Advantage was approved for actuary services. The CEL will meet again on February 23, 2017.

The Insurance Commission financial fast track as of September 30, 2016 shows the Commission's statutory surplus at \$3.1 million. This is due to an actuarial adjustment in the Commission's favor. Cash on hand is at \$4.4 million.

The CEL financial fast track report as of September 30, 2016, shows a surplus of \$7.6 million.

The auto insurance ID cards and posters were distributed to the members. If more are needed, contact the Fund.

Mr. Stokes wished everyone Happy Holidays and a Happy New Year. He thanked everyone for a very good year.

Commissioner Kessler asked if the 2017 calendar of meetings was ready yet. Rachel noted she can email that out on Monday.

CLAIMS SERVICES:

Danielle Batchelor wished everyone a Happy Holiday and Happy New Year.

TREASURER:

Bonnie Lindaw presented Resolution 24-16 which is the December bills list. One check in the amount of \$120.26 for payment of *Press of Atlantic City* bills for advertising.

MOTION TO APPROVE RESOLUTION 24-16 THE DECEMBER BILLS LIST.

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

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 October through December 2016. He included the October report because it has good information on fire prevention. The Safety Committee 2017 schedule will be on a quarterly basis, January 13, 2017, April 14, 2017, July 14, 2017 and August 13, 2017. The 2017 calendar will be included in the minutes before the next meeting. All paperwork has been submitted for the BRIT safety grant for reimbursement. The reimbursement will be issued to the CEL and then reimbursement will go to the member. Commissioner Kessler asked whether the reimbursement check can go directly to the ACUA and Mr. Prince indicated he would check on that.

MANAGED CARE – QUAL-LYNX:

Karen Beatty presented the claims services report. The Cumulative Claims Summary report for October showed 184 bills were processed and repriced resulting in a savings of 62.5%. The PPO penetration rate is at 97.1%. November showed 47 bills were processed and repriced resulting in a savings of 78.9%. The PPO penetration rate is at 99.7%. The November report was cut off at November 21st due to the change of computer programs. The next reports will be based on paid claims and not repriced claims.

The top 10 providers continue to produce good results.

CLAIMS SERVICES – QUAL-LYNX:

Kathy Kissane reported the Claims Committee met prior to the Commission meeting and reviewed 7 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 DECEMBER 16, 2016.

Motion: Commissioner Kessler
Second: Commissioner Woods
Vote: 3 Ayes, 0 Nays (Commissioner Robbins abstained and Commissioner Giraldo voted in favor)

EXECUTIVE SESSION: None.

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 January 13, 2017 at 11:00 A.M.

MOTION TO ADJOURN THE MEETING.

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

MEETING ADJOURNED: 10:30 A.M.

Minutes prepared by: Chandra Anderson, Secretary