

ATLANTIC COUNTY INSURANCE COMMISSION
OPEN MINUTES
MEETING – May 13, 2016
Freeholders' Meeting Room
Stillwater Building
201 Shore Road
Northfield, New Jersey 08225
11:12 A.M.

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

PLEDGE OF ALLEGIANCE

ROLL CALL OF COMMISSIONERS:

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

FUND PROFESSIONALS PRESENT:

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| Executive Director PERMA Risk Management Services | Brad Stokes |
| Claims Administrator | <u>Qual-Lynx</u> Karen Beatty Kathy Kissane |
| | <u>Conner Strong & Buckelew</u> Danielle Batchelor |
| CEL Underwriting Manager | Conner Strong & Buckelew |
| Attorney | James F. Ferguson |
| Treasurer | Julie Sharkey appeared for Bonnie Lindaw |
| Safety Director | J.A. Montgomery Risk Control Glenn Prince |
| Risk Management Consultant | Insurance Agencies, Inc. J. Eugene Siracusa |
| | Glenn Insurance Michael Thomas |

ALSO PRESENT:

Eric Bause, Actuarial Advantage
Michael Solomon, Actuarial Advantage
James T. Dugan, Atlantic County
Rachel Chwastek, PERMA Risk Management Services
Chandra Anderson, Atlantic County

APPROVAL OF MINUTES: OPEN MINUTES OF APRIL 8, 2016.

MOTION TO APPROVE OPEN MINUTES OF APRIL 8, 2016.

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

CORRESPONDENCE: None.

EXECUTIVE DIRECTOR'S REPORT:

Executive Director Brad Stokes presented the Executive Director's report.

CERTIFICATE OF INSURANCE ISSUANCE REPORT:

Mr. Stokes reported there were 4 Certificates of Insurance issued during the period of March 17, 2016 to April 29, 2016.

MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT.

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

Property appraisals were conducted for several County buildings for the last renewal. The Commissioners had agreed this was a good practice and wished to continue this program for all member entities. The amount of \$2,500.00 per year will be allocated for this program. This will allow for approximately 22 properties to be appraised per year. Resolution 17-16 formalizes the program.

MOTION TO APPROVE RESOLUTION 17-16 TO ADOPT A PROPERTY APPRAISAL PROGRAM.

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

Mr. Stokes reported the last CEL meeting was on April 26, 2016 in Blackwood. The Board reappointed various professionals, Bowman and Company as auditor, the firm of Citta, Holzapfel & Zabarsky as the litigation management team. Mr. Stokes noted the former Judge, Dave Mallard, out of Ocean County is the lead counsel. Community Colleges are forming a new JIF and want to join the CELJIF. In order for that to happen, the CEL must amend the by-laws to allow the Community College JIF to join. Three

quarters of the CEL Commissions need to approve the amendment. This plan is being led by Frank Proctor. Camden and Burlington Counties are on board for approving. Jim Ferguson noted the Atlantic County Board of Chosen Freeholders can consider this for the May 24th agenda. Commissioner Kessler advised the Colleges' current policy expires on July 1st, so time is of the essence. Commissioner Kessler also noted there was another follow up meeting on May 5th which gave approval for other JIF's to join as opposed to just allowing other counties to join.

The financial fast track of our Commission through February 29, 2016 shows a surplus of \$1,082,000.

The CEL's financial fast track as of February 29, 2016 shows a surplus of close to \$6.4 million.

The Claim Activity Report shows 57 claims have closed. Kathy Kissane noted these were a lot of the medical only claims. There were a couple of lost time claims that settled. Ms. Kissane also noted that some of the claims from when the Commission first formed have begun to settle, so some of the larger claims will be closing.

The second assessment bill payments are due June 15th.

The renewal for 2017 will be coming up and this process will begin a little earlier in June in order to wrap up by September. Mr. Stokes asked the Commissioners to start thinking of their next list of properties to be appraised.

Century Equity Partners have formed an alliance with Conner Strong & Buckelew. This will not change anything in the management or ownership of the company.

Mr. Stokes introduced the actuary, Eric Bause, of Actuarial Advantage to review the report of fund year 2015. Mr. Bause presented a report showing a summary of the 2015 accident period ending December 31, 2015. He explained the first three columns (paid loss, case reserve, and incurred loss) are the losses we know about. Another piece to this are claims that have happened and we do not know about them, they are claims that have not been reported into the system. These claims are called "incurred but not reported" (IBNR) and they are shown on column 5. These are also a provision for the development of case reserves on known cases, and the potential for any closed cases to reopen. Column 4 shows the ultimate loss which is a combination of the known losses and the IBNR claims, and this should encompass all claims both known and unknown. The total reserves (column 6) are the case reserves (column 2) plus the IBNR (column 5). The total reserves in column 6 become the primary liability in the financial statements. Column 7 is loss fund assessment and are the amounts budgeted to pay for losses. At the end of 2015 we show a 75.2% overall loss ratio (column 8).

The second set of numbers are discounted reserves. Reserves being held today will be paid out over time, the actuary takes into account the time value of money. The reserves will earn money between now and the time they are paid out. Using a discount rate of 1% and the assumed payment patterns by which those reserves will be paid out, there is a difference between the full value reserve and the discounted reserve of about \$83,000.00 (the number shown at the bottom of column 11).

Mr. Stokes asked how our Commission compared to other counties in the program with a Workers' Compensation loss ratio of 75.8%. Mr. Bause noted that without actual numbers in front of him he would say our Commission is at the low end.

CLAIMS SERVICES:

Danielle Batchelor presented an update of two property losses. The first is the Winter Storm Jonas catastrophe claim from January 22 and 24, 2016. The ACUA and Atlantic County proper had losses, along with Gloucester County and Cumberland County. Zurich is in the process of adjusting those claims. Invoices have been received and could total in excess of \$400,000. Once the totals come in Zurich will determine each member’s portion of the loss and will give them the percentage of the pro rata deductible. Currently we don’t have enough information to bring a PAR for the amount that will be needed from the Commission to go up to the \$100,000 deductible for Zurich. Once the information is available Qual-Lynx will prepare a PAR for the pro rata part of the deductible.

The second claim is the Harborfield’s fire on March 30th. Zurich is working on this claim and will be doing an onsite inspection on May 16th. It isn’t clear at this time if the invoices will reach \$100,000. Once the information is available an appropriate PAR will be presented to the Commission.

CEL SAFETY DIRECTOR – JA MONTGOMERY RISK CONTROL:

Glenn Prince presented the safety report which includes all risk control activities for April and May. Mr. Prince reported the last meeting of the Safety Committee was on April 8th. The next meeting will be held on July 8th, and he will have a power point presentation reviewing job site observations and hazard assessments. He noted PEOSH appears to have been citing public entities for job hazard assessments.

Mr. Prince reported he performed onsite inspections on May 4, 2016 of various County properties with playground equipment installed. He was accompanied by Adam Witcraft. They reviewed the playground equipment in use, repair procedures, and compliance with product safety standards. During the course of their inspection Mr. Witcraft contacted Mr. Glen Mawby who also came out to look at the facilities and is following up on the recommendations.

TREASURER:

Julie Sharkey appeared for the Treasurer. She presented Resolution 18-16 the May Bills List which totaled \$203,505.87, and included payments to the various fund professionals. Resolution 19-16 was also presented. This includes a Supplemental May Bills List for payment of ACUA legal fees totaling \$17,622.50.

MOTION TO APPROVE RESOLUTION 18-16 THE MAY BILLS LIST AND RESOLUTION 19-16 THE SUPPLEMENT TO THE MAY BILLS LIST.

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

MANAGED CARE – QUAL-LYNX:

Karen Beatty presented the claims services report. The Cumulative Claims Summary report for April showed 140 bills were processed resulting in a savings of 68.3% and a PPO penetration rate of 98.6%. There were 4 out of network bills including an emergency room, ambulance, and a pain management physician who has now been added to the in network providers. Overall we have 69% of savings and 95.7% PPO penetration rate. There were 27 claims reported in April; 23 for the County proper, 3 for the Utility Authority and 1 for the Improvement Authority.

CLAIMS SERVICES – QUAL-LYNX:

Kathy Kissane reported the Claims Committee met prior to the Commission meeting and reviewed six PARS. The six PARS reviewed by the Committee for settlement authority, reserve authority and some for both. 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 approved by the Claims Committee.

MOTION TO APPROVE THE PARS AS REVIEWED DURING THE CLAIMS COMMITTEE MEETING OF MAY 13, 2016.

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

EXECUTIVE SESSION: None.

OLD BUSINESS: None.

NEW BUSINESS:

Jim Ferguson noted there were discussions since the last meeting regarding payment of contractors who repair property damage. The County's concern was about paying the contractors and then being reimbursed. If the bills are below the member's self-insured retention then they would pay directly. If the bill is over the self-insured retention then the member would be reimbursed over the SIR. Danielle Batchelor noted negotiations can take place during this process, and it is best for the bills to be reviewed before payments are made which will avoid any confusion, and a situation where the adjuster may find there was an overpayment. Kathy Kissane also noted that it is a good way to track subrogation payouts.

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 June 10, 2016 at 11:00 A.M.

MOTION TO ADJOURN THE MEETING.

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

MEETING ADJOURNED: 11:37 A.M.

Minutes prepared by: Chandra Anderson, Secretary