

ATLANTIC COUNTY INSURANCE COMMISSION
OPEN MINUTES
MEETING – September 9, 2016
Freeholders' Meeting Room
Stillwater Building
201 Shore Road
Northfield, New Jersey 08225
11:04 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 Kim DeLaurentis
	<u>Conner Strong & Buckelew</u> Danielle Batchelor
CEL Underwriting Manager	Conner Strong & Buckelew
Attorney	James F. Ferguson
Treasurer	Julia Sharkey for Bonnie Lindaw
Safety Director	J.A. Montgomery Risk Control Tim Sheehan for Glenn Prince
Risk Management Consultant	Insurance Agencies, Inc. J. Eugene Siracusa Michael Ridge
	Glenn Insurance Michael Thomas

ALSO PRESENT:

James T. Dugan, Atlantic County
James Miles, Bowman & Company
Rachel Chwastek, PERMA Risk Management Services
Chandra Anderson, Atlantic County

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

MOTION TO APPROVE OPEN MINUTES OF JULY 8, 2016.

Motion: Commissioner Kessler
Second: Commissioner Woods
Vote: 2 Ayes, 1 Abstain

CORRESPONDENCE: None.

EXECUTIVE DIRECTOR'S REPORT:

Executive Director Brad Stokes presented the Executive Director's report. Mr. Stokes introduced Mr. Jim Miles of Bowman & Company to present the audit of the Commission for the period ending December 31, 2015. Mr. Miles notes this is the first audit for the Commission. In looking at the most recent Financial Fast Track there has been improvement.

Pages 1, 2, and 3 are the independent auditor's report and review the responsibilities associated with the audit. Pages 4 and 5 are review internal control over financial report and compliance with other matters in accordance with government auditing standards. Pages 6, 7, and 8 are management's discussion and analysis. It offers an overview for future years and gives the opportunity to discuss any changes, and offers insight as to what transpired over the last year. Page 9 is the statement of net position or balance sheet. Claims reserves represent actual claims in process as of December 31st. IBNR (Incurred But Not Reported) are reviewed by the actuaries and also reserved. The reserve discount applies because this is the Commission, not the JIF. Page 10 is the statement of revenues, expenses and changes in net position. Since this is the first audit, there is no beginning balance for the net position. There is an entry for investment in joint venture. As members of the CELJIF the Commission has an equity interest in the fund. The Commission has paid a premium and part of the premiums are going into the self-insured fund, part of which the Commission has an equity interest. The equity interest will go up or down depending on how the CELJIF does. There are a lot of blank lines that will not be blank in future reports. Page 11 is the statement of cash flows and simply represents dollars in and dollars out. Pages 12 thru 17 are notes to financial statements and cover the description of the Commission, summary of accounting policies, cash and cash equivalents. This is required language based on financial statement presentation standards. On page 18, note 5 has no entry for "Beginning of Year" because the Commission was brand new. Next year the reserve information will be the starting point for the next audit. The line "changes in provision for insured events of prior fund years" will reflect the maturing of the prior year's claims and the reserves will be revalued based upon how the existing claims developed. The amount could go up or down and will reflect the liabilities. Note 6 on page 19 talks about the Commission's interest in the JIF. Page 22 is the reconciliation of claims liabilities by fund. You can see the most expensive liability is workers' compensation. The report on page 23 is a one year claims development information and will be more useful as years go by. It looks at the claims liability as of the end of the claim year. In future years you will see how the claims play out. Recognize what the goal is for the reservist and the actuary is to say as of the end of the year what is it ultimately going to cost to pay the claims out. Basically, if I had to put

dollars in the bank right now and say I'm going to walk away from it, how much would I need to put in. Page 25 is the statement of fund year 2015 account operating results analysis. The net position shows how the fund plays out by line of coverage. Page 26 is the claims expense by line of coverage and by the nature of the expense itself. It also shows the average cost of per claim per line of coverage and the total number of claims. Mr. Stokes asked why the average cost per claim was high and Mr. Miles explained it was because the IBNR reserves are included in the total, so the numbers are statistical numbers. It is anticipated the cost will go down as the claims play out. Page 27 is a summary of excess coverages; the limits, fund retention, who the insurers are and the incurred liabilities. Page 29 is the schedule of findings and recommendations. Mr. Miles noted that it is not uncommon to have no findings or recommendations for an Insurance Commission or Insurance Fund because they are run by professionals who are familiar with what needs to be done. Mr. Miles asked if there were any questions and there were none. Mr. Stokes expressed thanks for Mr. Miles attending today's meeting.

MOTION TO APPROVE RESOLUTION 21-16 RESOLUTION OF CERTIFICATION OF THE ANNUAL AUDIT REPORT FOR PERIOD ENDING DECEMBER 31, 2015.

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

CERTIFICATE OF INSURANCE ISSUANCE REPORT:

Mr. Stokes reported there were 9 Certificates of Insurance issued during the period of June 30, 2016 to August 25, 2016.

MOTION TO APPROVE THE CERTIFICATE OF INSURANCE REPORT.

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

Mr. Stokes reported the next meeting of the CEL is on September 22, 2016. Commissioner Kessler noted there was an emergency phone conference for approval of a PAR.

The Insurance Commission financial fast track as of May 31, 2016 shows the Commission's statutory surplus at \$2.2 million. The June 30, 2016 report shows a surplus of \$2.9 million which reflects a decrease in the IBNR. Mr. Stokes expressed how important it is to have a good first year when starting a Commission and we have done that.

The CEL financial fast track report as of June 30, 2016, shows a surplus of \$6.1 million.

The claims activity report for June and July reflects workers' compensation claims having been closed. Kathy Kissane explained these were mid to late Spring claims, report only claims, final bills were paid on others and the files were closed out.

The renewal for 2017 is in process, information has been received back from most of the member entities. The deadline for submitting some of the applications is September 16, 2016.

The Commission's website continues to be updated monthly. Chandra does a great job keeping it updated.

CLAIMS SERVICES:

Danielle Batchelor reported the sixth annual Best Practices Work Shop will be held on November 2, 2016. The agenda and invitations will be sent out soon. Some speakers are being finalized. Topics to be covered will be cyber liability, which will be presented from the perspective of internal risk assessments. Things you can do internally to assess your risk and respond to it. Another topic is work place violence with a focus on active shooters, and coverage aspects from an HR perspective. Policies and practices for preventing employment practices liability. Data driven investigation tools like social media, and how it can be used to help handle your claim. Commissioner Kessler asked about the cyber speaker's background. Ms. Batchelor explained they are a company who provides risk assessments and will be presenting from an internal perspective. There may be another topic for workers' compensation as well. Commissioner Kessler asked if it would be held at the same location, and it will be.

TREASURER:

Julie Sharkey from the Treasurer's Office presented Resolution 22-16 which is the August bills list. There are seven bills listed which were paid in August, totaling \$201,338.81. Commissioner Woods asked if there were any questions and there were none.

MOTION TO APPROVE RESOLUTION 22-16 THE AUGUST BILLS LIST.

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

CEL SAFETY DIRECTOR – JA MONTGOMERY RISK CONTROL:

Tim Sheehan of JA Montgomery presented the safety report. The Safety Director's report covers risk control safety activities for July through September 2016. The Safety Committee Meeting will be held on October 14, 2016 immediately following the Commission meeting. The agenda and minutes will be distributed electronically prior to the meeting.

MANAGED CARE – QUAL-LYNX:

Karen Beatty presented the claims services report. The Cumulative Claims Summary report for July showed 163 bills were processed resulting in a savings of 66.6%, and in August 152 bills were processed for a savings of 69.3%. Overall we have 69.4% of savings (\$1.3 million). The PPO penetration rate is at 98.8%. Out of network claims were emergency room and intraoperative monitoring and those bills were negotiated. The Intake Reporting Chart on page 19 shows July on the left and August on the right. Page 20 is the Top 10 Providers from January to August, 2016. Page 21 is the Cumulative Claims Summary.

CLAIMS SERVICES – QUAL-LYNX:

Kathy Kissane reported the Claims Committee met prior to the Commission meeting and reviewed 13 PARS. The PARS were recommended for approval by the Committee with a modification on one PAR. 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 9, 2016.

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

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 October 14, 2016 at 11:00 A.M.

MOTION TO ADJOURN THE MEETING.

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

MEETING ADJOURNED: 11:36 A.M.

Minutes prepared by: Chandra Anderson, Secretary