

ATLANTIC COUNTY INSURANCE COMMISSION  
OPEN MINUTES  
MEETING – December 8, 2023 at 11:00 A.M.  
Atlantic County Board of County Commissioners’ Meeting Room  
Stillwater Building, 201 Shore Road, Northfield, New Jersey

---

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
Timothy Edmunds	Present
Michael Fedorko	Present

**FUND PROFESSIONALS PRESENT:**

Executive Director PERMA Risk Management Services	<b>Brad Stokes</b>
---	--------------------

Claims Administrator	<u>Qual-Lynx</u> <b>Kathy Kissane (not present)</b> <b>Karen Beatty</b>
	<u>PERMA Claims</u> <b>Jennifer Conicella (appeared by phone)</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>Glenn Prince</b>
-----------------	---

Risk Management Consultant	Brown & Brown Insurance <b>Bob Gemmell (not present)</b>
----------------------------	---

**ALSO PRESENT:**

Karen Read, PERMA Risk Management Services  
Chandra Anderson, Atlantic County  
Paul Miola, PRIME  
Don Purdy, Galloway Township  
D. Valenti  
Vince Polistina, Senator

**APPROVAL OF MINUTES: OPEN MINUTES OF OCTOBER 13, 2023.  
MOTION TO APPROVE OPEN MINUTES OF OCTOBER 13, 2023.**

**Motion: Commissioner Robbins  
Second: Commissioner Fedorko  
Vote: 5 Ayes**

**CORRESPONDENCE:** None.

**EXECUTIVE DIRECTOR’S REPORT:** Brad Stokes presented the Executive Director’s report.

This is the 2024 budget introduction. The loss funds are at 11.46%. The CEL premium is at 11.94%. Commissioner Kessler commented that there will be one more meeting before the end of the year to approve coverages before they are bound. The professionals had an increase of 2.14%. On the risk manager side there was a proposal \$30,000 lower than the incumbent. The ancillary coverages came in at 5.52%. Overall there is an increase of 9.96% for \$10,312,521. The assessments are just under 10% increase.

Commissioner Fedorko questioned the risk manager selection based on lowest bid. The incumbent, Brown & Brown, has served for three years. The company with the lower proposal, Insurance Agencies, Inc., served for the six years prior to the incumbent serving. Both companies have excellent service and knowledge of the Commission.

Don Purdy requested the Commissioners to open the budget discussions for public comment. Jim Ferguson will permit public comment.

**MOTION TO INTRODUCE THE 2024 PROPERTY AND CASUALTY BUDGET IN THE AMOUNT OF \$10,312,521 AND SCHEDULE A PUBLIC HEARING ON JANUARY 12, 2024 AT 11:00 A.M.**

**Motion: Commissioner Kessler  
Second: Commissioner Woods  
Vote: 5 Ayes**

The RFP for professional services of Actuary, Auditor, and Defense Panel were advertised in October.

The County advertised RFP’s for professional services of Executive Director, Risk Management Consultant and Claims Administration in September. Mr. Ferguson provided a summary of the review committees’ review of the various proposals. With regard to Executive Director, there were two responses. One from the incumbent, PERMA, and the other from Paul Miola’s firm. The proposals were reviewed by Commissioner Robbins and Commissioner Woods. Mr. Miola’s proposal listed him as the person servicing the account. PERMA listed multiple people who would be servicing the account, along with the services of the underwriters who purchase the excess insurance, and JA Montgomery for safety matters. While Mr. Miola’s proposal was lower in price, it was the recommendation of the review committee to stay with the incumbent due to the thoroughness and completeness of their proposal, and that they have been with the Commission for the past nine years. Commissioner Robbins agreed with Mr. Ferguson’s comments. Commissioner Robbins and Commissioner Woods confirmed that Mr. Ferguson was not involved in the review of the proposals.

Mr. Ferguson offered the public time to comment.

Senator Vince Polistina thanked the Commission for its service and added that this whole charade is bullshit.

Don Purdy from Galloway Township commented that PERMA has been in place for nine years. All addresses for the company are the same in Camden and the manager is managing itself. He does not believe public meetings are being held with the Board of County Commissioners. He believes boiler plate approvals are being made, and states do your due diligence. Mr. Purdy requested a stay on the vote for approval of the contract for Executive Director to PERMA.

Paul Miola commented. Mr. Miola is responsible for the formation of the Atlantic County Municipal Joint Insurance Fund back in 1987 and served as their executive director since that time. He retired in January 2023. Mr. Miola advised he was approached by an organization that formed a wholly owned subsidiary of a very large insurance organization in South Jersey that currently serves 88 municipalities and four insurance commissions here in southern New Jersey. With joining PRIME he has access to the staff currently servicing all those accounts. His proposal indicated he would be the key employee with a support staff. He would not perform the work by himself. He also formed the Gloucester, Salem, and Cumberland counties Joint Insurance Fund and served as their executive director, along with the Burlington County Joint Insurance Fund and three school district joint insurance funds. He states he has the experience. The current executive director is the same company providing the excess program for the CEL, and the same company providing the loss control services to the Commission. He is concerned about checks and balances. The surplus is in a deficit, and a year ago it was \$167,000.

Mr. Ferguson asked Mr. Stokes if would comment with regard to the deficit. Mr. Stokes reported that financial reports and claims information are provided with every meeting agenda. There have been in depth claims reviews which revealed the driving factor is workers' compensation re-opener claims. Claims are reviewed to find trends to identify what can be prevented. Best practices are being applied. Mr. Stokes confirmed that workers' compensation re-opener claims and general liability claims are driving up the costs of other counties, Atlantic County has been hit hard with claims. This Commission is reported to the State Commissioner of Insurance and everything has been approved. Nothing is being done that is illegal.

Commissioner Fedorko asked whether this award can be tabled. Mr. Ferguson explained this is the final meeting of the year.

Don Purdy provided public comment regarding the Risk Manager Consultant RFP and the difference of \$30,000. Mr. Purdy commented that year 2017 also had differing bids and a bidder was asked to lower their bid, the company lowered the bid, and the work was awarded to that company. He questions why the bids are so much lower now then they were in 2017 and earlier. He states the economy does not support the lower rate. Commissioner Kessler responded that she sat on the review committee for the risk manager proposals. The committee is aware the rate was very low, and perhaps more was paid for the service in earlier years. Mr. Purdy questioned who is reporting to the Board of County Commissioners. Mr. Purdy requested the meeting be stayed until all information is brought forth and the Board of County Commissioners are advised of the status of the Commission.

Senator Polistina provided public comment. The Senator confirmed with Mr. Stokes that PERMA is an affiliate of Conner Strong, and also questioned whether it was appropriate when considering contracts to have the current executive director on the dais. The Senator stated that Commissioner Kessler admitted that the Commission overpaid for the risk manager contract in prior years, and the executive director should have advised the Commission the fee was too high. Mr. Stokes stated that the industry standard for risk managers fee is 6% of the assessment, so back in 2015 their bid was well under what the fee could have been. The Senator stated the Commissioners should go into closed session to discuss the contracts.

It is the desire of the Board to hold a closed session.

**MOTION TO ENTER A CLOSED SESSION.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Robbins  
**Vote:** 5 Ayes

**MOTION TO REOPEN THE PUBLIC MEETING.**

**Motion:** Commissioner Fedorko  
**Second:** Commissioner Edmunds  
**Vote:** 5 Ayes

Mr. Ferguson advised the public that the Board went into closed session to discuss items brought up during the open session of the meeting. Based upon those closed session discussions, the Board will defer action on the award of the Executive Director's contract. Interviews will be scheduled for the incumbent, PERMA, and Mr. Paul Miola with the Commissioners during the week of December 11, 2023. Action will be taken at the January 12, 2024 meeting. The Board Secretary will assist with scheduling the interviews. Mr. Miola and PERMA can bring any documentation and individuals they would like to their interview. The current Executive Director's contract will be extended until the January 12, 2024 meeting.

**MOTION TO TABLE ACTION ON THE EXECUTIVE DIRECTOR'S CONTRACT, SCHEDULE AN INTERVIEW SESSION, AND THE VOTE FOR THE CONTRACT WILL OCCUR AT THE JANUARY 12, 2024 MEETING.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Edmunds  
**Vote:** 5 Ayes

The next professional services contract is Claims Administrator and Managed Care. There were three responses that were reviewed by Commissioner Woods and Commissioner Kessler. Commissioner Kessler reported they reviewed all three responses and the recommendation was to continue with the incumbent, Qual-Lynx. Since the review of the RFP responses, there was a development with Qual-Lynx as to the resumes they submitted and who is handling the account. Two of their workers' compensation supervisors suddenly left. Assurances were provided by Qual-Lynx that staffing would be shifted in order to make sure there was coverage. Due to the staffing changes, a contract will be offered to Qual-Lynx for year 2024 with the option to renew for years 2025 and 2026. This will provide time to make sure there are no problems with handling of the claims.

Mr. Ferguson confirmed that during their review of the responses, CRC's response did not have Shore Orthopedics on their medical panel. Shore Orthopedics are the main orthopedic doctors currently used for the injured workers. Changing to a provider without Shore Orthopedics on the panel would result in out of network fees and employees having to change doctors in the middle of their treatment.

**MOTION TO APPROVE RESOLUTION 23-24 TO AWARD A CONTRACT FOR YEAR 2024 TO QUAL-LYNX FOR CLAIMS MANAGEMENT AND MANAGED CARE WITH THE OPTION TO RENEW FOR YEARS 2025 AND 2026.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Woods  
**Vote:** 5 Ayes

The Risk Management Consultant contract had two bidders, the incumbent, Brown & Brown, who have held the position for the last three years and came in at \$120,000. The other bidder was Insurance Agencies, Inc., and they held the position for the first six years of the Commission and came in at \$90,000. Both companies are known and have performed very well for the Commission. With the substantial price difference it was decided to award to Insurance Agencies with the lower bid.

Commissioner Fedorko questioned why Brown & Brown were not given the opportunity to lower their bid. Mr. Ferguson explained that is possible, however, the price difference is significant at \$30,000. The Commission is familiar with both of the bidders and they both provide excellent service. If the lower bidder was unknown to the Commission it would be a different situation. After further discussion, it was ultimately decided to contact Brown & Brown and give them the opportunity to reduce their bid. If they do not then the contract will be awarded to the lowest bidder. The contract for Risk Management Consultant will be extended until the new contract is awarded at the January 12, 2024 meeting.

As to the Actuary and Auditor, only the incumbents submitted bids.

**MOTION TO APPROVE RESOLUTION 23-23 TO APPROVE THE ACTUARY AND AUDITOR ONLY. THE EXECUTIVE DIRECTOR AND RISK MANAGEMENT CONSULTANT WILL BE REMOVED FROM RESOLUTION 23-23 AND VOTED ON AT THE JANUARY 12, 2024 MEETING.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Fedorko  
**Vote:** 5 Ayes

Mr. Stokes reported that all the defense panel incumbent firms responded along with one additional firm.

**MOTION TO APPROVE RESOLUTION 23-25 TO APPROVE THE DEFENSE PANEL FOR FUND YEARS 2024, 2025, AND 2026.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Robbins  
**Vote:** 5 Ayes

**CERTIFICATES OF INSURANCE:** There were 7 certificates issued from October to November of 2023.

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

**Motion:** Commissioner Fedorko  
**Second:** Commissioner Edmunds  
**Vote:** 5 Ayes

The CEL met on November 17, 2023 and presented their budget. Commissioner Kessler reported that it is a hard market with earthquakes and active volcanos happening around the world which affects our Commission. We are in the best position we can be. There is one more meeting prior to the coverage being bound.

The Commission's financial fast track for August shows a \$3.8 million deficit, and cash on hand is \$11.1 million.

The CEL's financial fast track report for September reports a surplus of \$12.7 million and \$34.5 million in cash. The CEL had a couple of large property loss claims during 2023.

The claims activity report for September and October has 16 less open claims in September. There were 4 more workers' compensation claims in October.

**CLAIMS SERVICES:** Jennifer Conicella appeared by phone. Ms. Conicella reminded everyone of the year end mandatory claims reporting for EPL/POL, employed lawyers, cyber, healthcare and general liability, crime, and pollution claims as they are on a claims made basis. Ms. Conicella reported that the Claims Committee met on Thursday, December 7, 2023 and reviewed 25 PARS. One PAR was modified and questions were answered. Unless there are any other questions which would require a closed session, she requested a motion for approval of the PARS as reviewed and approved by the Claims Committee.

**MOTION TO APPROVE THE 25 PARS AS REVIEWED AND APPROVED DURING THE CLAIMS COMMITTEE MEETING OF DECEMBER 7, 2023.**

**Motion:** Commissioner Woods  
**Second:** Commissioner Edmunds  
**Vote:** 5 Ayes

**TREASURER:** Bonnie Lindaw presented the Treasurer's report. Resolution 23-26 is the October Bills List with a payment from fund year 2019 to the CEL for a 2019 property refund, a payment from fund year 2022 to Bowman & Company for the final bill for the 2022 year end audit, and a payment from fund year 2023 to Atlantic County in reimbursement of the attorney fee and the treasurer fee. The total payments are \$34,242.51.

The bank reconciliations show the Insurance Commission's admin account has a balance of \$10,166,939.86. Interest earned is \$270,099.54. The general liability account has outstanding checks in the amount of \$42,453.52, with interest earned of \$11,009.92. The workers' compensation account has outstanding checks in the amount of \$223,560.80, with interest earned of \$61,066.17.

**MOTION TO APPROVE RESOLUTION 23-26 THE DECEMBER BILLS LIST.**

**Motion:** Commissioner Kessler  
**Second:** Commissioner Robbins  
**Vote:** 5 Ayes

**CEL SAFETY DIRECTOR – JA MONTGOMERY RISK CONTROL:** Glenn Prince presented the safety report for October through December 2023. All training through January 2024 have been listed on the website NJCE.org. Video briefings are also on the website.

NJ Leadership Academy open enrollment is from December 1 through December 22, 2023. The start date is January 1, 2024.

The next Safety Committee meeting is scheduled for December 13, 2023 and will be held via Zoom.

They are negotiating to increase the Munich Re safety grant from \$50,000 to \$100,000 which is worthwhile for the safety of employees. Mr. Prince will provide a further update in 2024. Commissioner Kessler asked about receiving this year's grant payment. Mr. Prince advised that a voucher is being sent to the CEL which will then go to the Commission and then payment will be issued to the member entities that were awarded.

The Wellness Grant of \$1,000 for the wellness room for County and ACUA employees funding comes from the Commission.

Mr. Prince is working with Angie Hurt of the County to schedule loss control visits for 2024.

**MOTION TO APPROVE THE WELLNESS GRANT.**

**Motion:** Commissioner Woods  
**Second:** Commissioner Robbins  
**Vote:** 5 Ayes

Mr. Stokes noted a supplemental bills list will be issued for the wellness grant payments.

**MANAGED CARE – QUAL-LYNX:** Karen Beatty presented the claims services report. The cumulative savings reports shows that through November there was a 68% savings or \$3,705,871.00 which is very close to the 2022 savings. PPO penetration rate is at 85%, which is in light of some out of network providers that negotiated their fees down significantly.

The cost of spine surgeries has increased because there is a neurosurgeon, an assistant surgeon or co-surgeon and now neuromonitoring. Neuromonitoring will not negotiate to be on the medical panel. They are now an industry standard.

Commissioner Kessler asked about the status of occupational medicine. Ms. Beatty reported she is following up on that end and is hopeful to have something in place by the end of the year. Commissioner Kessler has been sending employees to HealthMed in Atlantic City in lieu of using the emergency room whenever possible.

The intake reporting shows for the year there are 337 claims with two COVID-19 claims.

**CLAIMS SERVICES – QUAL-LYNX:** Kathy Kissane was not present.

**RISK MANAGER'S REPORT:** Bob Gemmell was not present.

**OLD BUSINESS:** None.  
**NEW BUSINESS:** None.  
**PUBLIC COMMENT:** None.

Commissioner Woods opened the meeting to public comment. Having heard no public comment, the public session is closed. The next meeting is scheduled for January 12, 2024 at 11:00 A.M.

**MOTION TO ADJOURN THE MEETING.**

**Motion:** Commissioner Fedorko  
**Second:** Commissioner Kessler  
**Vote:** 5 Ayes

**MEETING ADJOURNED: 12:34 P.M.**

Minutes prepared by: Chandra Anderson, Secretary