

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
 OPEN SESSION MINUTES
 MEETING – APRIL 25, 2023
 MOORESTOWN, NJ 08057
 2:00 PM**

Meeting of 2023 Fund Commissioners called to order by Chairman Merchel. Open Public Meetings notice read into record.

ROLL CALL OF 2023 FUND COMMISSIONERS:

Thomas Merchel, Chairman	Township of Moorestown	Present
Susan Danson	Township of Maple Shade	Present
Robert Corrales	Township of Evesham	Present
Dwyane Harris	Township of Willingboro	Absent

ALTERNATE FUND COMMISSIONER:

Ivy Carmichael, Clerk	Township of Willingboro	Present
-----------------------	-------------------------	---------

SPECIAL FUND COMMISSIONER:

Alex Davidson,	Township of Evesham	Absent
----------------	---------------------	--------

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services Bradford C. Stokes, Joseph Hrubash Karen A. Read
----------------------------------	--

Treasurer	Tom Tontarski
-----------	----------------------

Attorney	Helmer, Conley & Kasselmann William Kearns, Esquire
----------	---

Auditor	Bowman & Company
---------	------------------

Claims Service	Qual Lynx Kathy Kissane
----------------	-----------------------------------

Safety Director	J.A. Montgomery Risk Control Glenn Prince Harry Earl
-----------------	---

Managed Care Organization	QualCare Karen Beatty
---------------------------	---------------------------------

Underwriting Manager	Conner Strong & Buckelew
----------------------	--------------------------

ALSO PRESENT:

Maureen Mitchell, Evesham Township Fire District
 Jaelyn Lindsey, Conner Strong & Buckelew

APPROVAL OF MINUTES: February 28, 2023 - Open & Closed Minutes

MOTION TO APPROVE OPEN & CLOSED MINUTES OF FEBRUARY 28, 2023:

Moved:	Commissioner Corrales
Second:	Commissioner Danson
Vote:	Unanimous

CORRESPONDENCE: NONE.

EXECUTIVE DIRECTOR:

Cyber Security Status Report: Attached on **Page 3** is the monthly report from D2, recapping members' participation and training to date. Currently the 2023 Q1 Campaign is in process running; these phishing values will be updated when the March report is available.

NJ Cyber JIF: The Cyber JIF held a meeting on March 16, 2023, via Zoom. Included on **Page 4** is Chairman Merchel's report of the meeting. All documents related to the Cyber JIF program are being posted on the MEL website until the Cyber JIF's website is created and can found at <https://njmel.org/mel-safetyinstitute/resource-center/public-officials/public-officials-cyber-risk-control/cyber-jif/>

Chairman Merchel said the April 20th meeting was cancelled and postponed until the first week of May. The Risk Control Committee is still reviewing the RFP's and will be making a recommendation to the committee at the next Cyber JIF meeting. Chairman Merchel said the panel approach was rejected as the process became a lot more involved and they expect the vendor will be determined the first week of May.

2023 MEL, MR HIF & NJCE JIF Educational Seminar: Day 2 of the annual seminar will be conducted virtually on Friday, April 28th from 9AM to 12PM. The seminar is expected to qualify for Continuing Educational Credits including CFO/CMFO, Public Works, Clerks, Insurance Producers and Purchasing Agents.

There is no fee for employees, insurance producers, as well as personnel who work for services companies associated with the Municipal Excess Liability Joint Insurance Fund (MEL JIF), Municipal Reinsurance Health Insurance Fund (MR HIF) and New Jersey Counties Excess Joint Insurance Fund (NJCE JIF). We are in the process of preparing to distribute this notice to all members and risk managers.

Enclosed on **Page 5** is the latest in a series of Power of Collaboration advertisement to be published in the League of Municipalities magazine that highlights the educational seminar.

MEL/RCF/EJIF Meetings & MEL Retreat – The MEL, RCF & EJIF held their March meetings in conjunction with the MEL annual Retreat on March 24th. The purpose of the retreat was to provide the sub-committees of the MEL an expanded opportunity to report directly to the boards of the MEL, RCF & EJIF. Enclosed in **Appendix II** are Chairman Merchel's reports for the meetings.

PRIMA Conference - In the past, the JIF has authorized the attendance of Board Members at the annual risk management conference for the purpose of attending seminars. The next PRIMA convention will take place in Long Beach CA from June 4-7. Resolution 23-10 authorizing travel expense is on **Page 6**.

Motion to Adopt Resolution 23-10 Authorizing Conference Attendance

Moved: Commissioner Corrales
Second: Commissioner Danson
Vote: 4 Ayes, 0 Nays

Elected Officials Training - The MEL's Annual Elected Officials Seminar is temporally unavailable until April 30th as the MEL is transitioning into a new Learning Management System. Directions on how to access the course after May 1st appear on **Page 7**, these were also distributed via email. The MEL will provide a credit of \$250 against each member's assessment for each municipal elected official and authority commissioner who completes the course by May 31, 2023. The credit will continue to be extended to the member's municipal manager/administrator or authority executive director.

EJIF Environmental Alert – The NJ Department of Environmental Protection issued a new Tier A Municipal Stormwater General Permit. Attached on **Page 8** is an Environmental Alert from the EJIF on the change, which includes links for more information. Executive Director said a grant was made available and hopefully members were able to take advantage of that.

2023 Financial Disclosures – The Division of Local Governmental Services distributed a notice a few weeks ago with filing instructions with a deadline to file by April 30th. The online filing of the Disclosure forms are inclusive of any other municipal related positions that require filing.

Due Diligence Reports: Monthly report submitted to Fund Commissioners including Monthly Fast-track Accident Frequency, Fast-Track Financial report, Claim Activity Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage and the Monthly and Annual Regulatory Checklist. The final Financial Fast Track dated December 31, 2023 was provided as a hand out and shows the fund's surplus at \$2.9 million down \$488,609 from this time last year. Executive Director Stokes asked the MEL and RCF Executive Director Joseph Hrubash to provide details of the 2022 MEL End of Year Results. A handout was distributed to fund commissioners.

MEL Executive Director Hrubash said Mr. Stokes has done a good job in keeping the local JIF up to date and the PMM JIF is in good shape financially and there will not be additional assessments going back to the member towns. MEL Executive Director Hrubash said 2022 fund year was difficult year due to a broad range of issues including legislative actions, adverse court decisions, a worldwide insurance industry crisis and post pandemic medical care due to the pandemic shut down in 2020. In 2022 the MEL lost \$3.6 million in surplus and finished the year with \$11.3 million in surplus. The Actuary increased the IBNR by \$15.8 million in 2022. This is a function of the factors we have touched on in the past and will review today that have created valuation uncertainty demonstrated by the Actuary's IBNR increase.

Executive Director Hrubash provided more specific details on the factors:

Workers Compensation: WC represents more than 50% of the program and is very sensitive. Employee accident costs increased even though the MEL reported its second-best employee safety record in its history.

- NJ increased the weekly benefit by 9.9% and New Jersey now has the highest premium rates in the country.
- NJ Court Judges are also permitting injured workers to reopen their cases years and even decades after their accidents and not just once but many cases multiple times.
- The state compounded this problem by changing the relationship between the pension system and WC for accidental disability claims. Up until 2021 the pension system paid most of the non-medical cost of some workers permanently disabled on the job. Under the new rules,

worker's compensation is now the primary payer effecting open WC claims especially the old ones that are in the RCF.

- New Jersey adopted a law that requires Workers' Compensation judges to presume that COVID is work related for emergency workers. As a result, New Jersey experienced the second highest workers' compensation cost for COVID in the country only 2nd to New York state.
- New Jersey also adopted a law that requires judges to presume that cancer is job related for fire fighters.

Liability: Summary Judgements are harder to achieve as Judges are now reluctant to dismiss before trial cases without merit, increasing defense costs and increase the risk of a run-a-way jury award.

Property:

- On a national basis, Property premiums (Fire, flood, etc.) and policy retentions are increasing at double digit rates because of the higher frequency of natural disasters worldwide. In New Jersey, our program experienced significant losses from Irene in 2011, Sandy in 2012, and Ida in 2021. Our program was affected by 3 major hurricanes in the last 12 years. Historically, these type losses occurred every 10 to 15 years. Property insurance premiums are also increasing because of an 11% jump in property values caused by supply chain issues and labor shortages.
- Cyber Premiums doubled over the past 3 years. Organizations without strong cyber risk controls are finding it difficult to purchase any coverage. As Chairman Merchel spoke about earlier the NJ Cyber JIF will hopefully stabilize that area.

MEL Executive Director Hrubash said in looking at the December 31, 2023 PMM JIF Financial Fast Track line 5 shows Investment Income the PMM JIF has an unrealized loss of \$318,111 for 2022 alone the good news is at the end of the day this is a paper loss and as soon as these securities mature they will be replaced with high interest rates securities in January 2023 the PMM JIF already gained \$67,000 so there should be a turnaround pretty quickly in that area.

MEL Executive Director Hrubash said all this together results in a \$22 million strengthening of the financial position of the MEL and the RCF. This will not trigger an assessment for our member municipalities but will affect the surplus of our member JIFs including PMM JIF.

The good news is the PMM JIF share of the financial strengthening that will take place at the MEL and RCF is \$472,000 leaving a surplus at year end of almost \$3 million. The PMM JIF seems to be the least impacted, but it was important to discuss this to remind everyone of all the factors affecting all our JIFs. We will also need to address our concern with the 2024 budget as this will be a tough one. We worked with DCA to get CAP relief as we addressed all the issues. We were successful with the appropriations cap but there was no relief on the levy cap. Looking at ways to address this moving forward is continuing to have a strong emphasis on claims management and continue our already strong risk control program as we know the long-term success of this program.

Executive Director Stokes said the \$472,000 will be booked by the MEL as a receivable and may not have to pay it back and if it does need to be paid back it can be spread over 10 years.

Executive Director Stokes said the funds Loss Ratio Analysis is trending ahead of the actuary's projection for February at 2.98% and we were at 2.38% and for March we were targeted at 5.13% and we are at 8.53% workers comp is driving that. Executive Director discussed the ratio for property for 2022. The fund's Loss Time Accident Frequency, for February 2023 at 0.69% and 1.38 for March 2023.

The EPL Program, which occurs every two years will roll out next month. The MEL reviews applicable laws and regulations to update the Model Personnel Manual, Model Employee Handbook and Model Volunteer Handbook. In addition, members are asked to complete training geared towards Managers & Supervisors, Non-Supervisory Employees and Police Command Staff training.

Executive Director's Report Made Part of Minutes.

ATTORNEY: Attorney Kearns discussed two interesting cases coming out of the Supreme Court involving Facebook pages and at what point does an individual’s Facebook page become a public forum. Attorney Kearns said you can not block people on what may be considered a public page. The case has not been decided yet. Attorney Kearns reminded members that public officials should keep a public comment page separate from their personal page.

TREASURER:

Payment of March 2023 Vouchers Resolution 23-11

Fund Year 2023	\$ 275,871.35
Total	\$ 275,871.35

Payment of April 2023 Vouchers Resolution 23-12

Fund Year 2022	\$ 23,864.08
Fund Year 2023	\$385,068.29
Total	\$408,932.37

MOTION TO APPROVE RESOLUTION 23-11 AND RESOLUTION 23-12 VOUCHER LIST FOR THE MONTHS OF MARCH AND APRIL

Motion: Commissioner Danson
 Second: Commissioner Corrales
 Vote: 4 Ayes – 0 Nays

Confirmation of Claims Payments/Certification of Claims Transfers for the Month of March 2023:

2023	34,587.91
2022	25,414.71
2021	7,024.85
2020	5,259.21
2019	15,669.88
Closed	0.00
TOTAL	87,956.56

Treasurer's Report Made Part of Minutes.

UNDERWRITING MANAGER:

REPORT: Executive Director Stokes advised there were 5 certificates issued from 1/22/2023 to 03/22/2023. Also included in the agenda was the cyber compliance report for the second version of the MEL Cyber Risk Management Program with zero members approved for Tiers

1 or 2 of the new cyber compliance program. Executive Director said members have until the end of the year to become complaint and all members are grandfathered from the previous program.

SAFETY DIRECTOR:

REPORT: Safety Director reviewed the Safety Director’s Report and said the Safety Incentive Awards are included on this month’s bills list and discussed the CDL Driver Training Program. Law Enforcement Safety Director Harry Earle reviewed the law enforcement initiatives and the four-day supervisor course with two members from Maple Shade attending, a safety bulleting was issued for active shooters and researched active duty and firearms for Willingboro Township which was a great conversation. A new bulletin was issued since our last meeting on police licensing, and it is a big issue in New Jersey.

Monthly Activity Report/Agenda Made Part of Minutes.

MANAGED CARE:

REPORT: Managed Care Provider Karen Beatty reported on the cumulative saving summary reported for the year showing a monthly savings of 54% in February 2023 and 60% for March 2023 and total savings of 62% for 2023. Ms. Beatty asked if there were any questions and concluded her report.

Monthly Activity Report Part of Minutes.

CLAIMS ADMINISTRATOR:

REPORT: Ms. Kissane reported on the Covid-19 Executive Summary Report. There were 7 claims reviewed in closed session.

MOTION TO GO INTO EXECUTIVE SESSION

Moved:	Commissioner Corrales
Second:	Commissioner Danson
Vote:	Unanimous

MOTION TO GO INTO OPEN SESSION

Moved:	Commissioner Danson
Second:	Commissioner Corrales
Vote:	Unanimous

MOTION TO APPROVE CLAIM PAYMENTS AS DISCUSSED AND RECOMMENDED BY THE CLAIMS COMMITTEE:

Motion:	Commissioner Danson
Second:	Commissioner Corrales
Vote:	4 Ayes, 0 Nays

Report Part of Minutes.

OLD BUSINESS: NONE.

NEW BUSINESS: Commissioner Danson said she will not be able to attend the May meeting and the next meeting is scheduled to be held in Maple Shade but the JIF could still have the meeting at Maple Shade. Chairman Merchel offered to host the meeting in Moorestown in May and the fund commissioners agreed. An advertisement will be posted in the fund newspaper for the location change.

PUBLIC COMMENT: NONE

MOTION TO ADJOURN MEETING:

Motion:	Commissioner Corrales
Second:	Commissioner Danson
Vote:	Unanimous

MEETING ADJOURNED: 2:50 pm

NEXT REGULAR MEETING: May 23, 2023
Moorestown Town Hall at 2:00PM

Karen A. Read, Assisting Secretary for
SUSAN DANSON, SECRETARY