

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

**PLEASE NOTE
NEW TIME AND LOCATION!!**

**AGENDA & REPORTS
WEDNESDAY NOVEMBER 20, 2019**

**12:30PM
SHERATON HOTEL – STEEL PIER ROOM
ATLANTIC CITY, NJ**

STATEMENT OF COMPLIANCE WITH OPEN PUBLIC MEETINGS ACT

NOTICE OF THIS MEETING WAS GIVEN BY (1) SENDING SUFFICIENT NOTICE HERewith TO THE STAR LEDGER, COURIER POST, ATLANTIC CITY PRESS AND ASBURY PARK PRESS (2) FILING ADVANCE WRITTEN NOTICE OF THIS MEETING WITH THE CLERK/ADMINISTRATOR OF EACH MEMBER MUNICIPALITY AND (3) POSTING A COPY OF THE MEETING NOTICE ON THE PUBLIC BULLETIN BOARD OF ALL MEMBER MUNICIPALITIES.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND AGENDA
MEETING: NOVEMBER 20, 2019
12:30PM
SHERATON HOTEL- STEEL PIER ROOM
ATLANTIC CITY-NJ

- MEETING CALLED TO ORDER - OPEN NOTICE READ**
- PLEDGE OF ALLEGIANCE**
- ROLL CALL OF FUND COMMISSIONERS**
- APPROVAL OF MINUTES: October 16, 2019Appendix I**
- CORRESPONDENCE: None**

- PUBLIC HEARING**
 - .2020 Budget & AssessmentsPage 3

REPORTS

- EXECUTIVE DIRECTOR/ADMINISTRATOR – PERMA, Risk Management Services**
 - .Executive Director's ReportPage 1
 - .Resolution 23-19 Authorizing placement of Excess & ReinsurancePage 9
 - .Audit Committee October 29th MinutesPage 12
 - .RCF October 16th ReportPage 13
 - .Ad-Hoc Claims Committee November 8th and November 1st minutesPage 15
 - .Claims Committee October 16th minutes.....Confidential - Enclosed Separately

 - UNDERWRITING MANAGER**
 - .2020 Renewal MemorandumPage 6

 - TREASURER - Michael Zambito**

 - CLAIMS – Qual-Lynx**
 - .Report Verbal

 - ATTORNEY**
 - .Report Verbal

 - MANAGED CARE**
 - .ReportPage 34

 - OLD BUSINESS**
 - NEW BUSINESS**
 - PUBLIC COMMENT**
 - RESOLUTION - EXECUTIVE SESSION FOR CERTAIN SPECIFIED PURPOSES -**
 - PERSONNEL - SAFETY AND PROPERTY OF PUBLIC - LITIGATION**
-

- MEETING ADJOURNED**



Municipal Excess Liability Joint Insurance Fund

9 Campus Drive – Suite 216
Parsippany, NJ 07054
Tel (201) 881-7632
Fax (201) 881-7633

Date: November 20, 2019
To: Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
From: David N. Grubb, Executive Director
Subject: Executive Director's Report

2020 Budget: Enclosed please find the 2020 Budget as well as the 2020 Rate Table and Fund Assessments.

- Motion to open the Public Hearing on the 2020 Budget.**
- Discussion of Budget & Assessments.**
- Motion to close the Public Hearing.**
- Motion to approve the 2020 Budget, rate table and certify the assessments.**

2020 Excess/Reinsurance: As per negotiations prepared by the Underwriting Manager with respect to the 2020 renewal, enclosed is Resolution 23-19 authorizing the Underwriting Manager to place coverage.

- Motion to adopt Resolution 23-19 authorizing the Underwriting Manager to place the 2020 Excess and Reinsurance Renewals.**

In addition, it would be appropriate to authorize the Reinsurance Committee, comprised of the MEL Chair & Secretary, MEL Executive Director, the local JIF Executive Directors, Underwriting Manager, Actuary and Attorney to negotiate with excess carriers and enter into the required agreements for excess insurance.

- Motion to authorize the Reinsurance Committee to enter into the required agreements for 2020 excess liability, optional excess liability, optional public officials/employment practices liability, excess property and boiler & machinery, excess workers' compensation and non-owned aircraft liability.**

Legislative Committee: The committee is scheduled to meet on November 20, 2019 at 10:00AM in the States Boardroom - Sheraton Atlantic City Convention Center Hotel, Atlantic City. A verbal report on the meeting will be provided.

Audit Committee – New Corporate Member: In June Mr. Bollerman indicated his retirement from the Committee. Candidates were solicited to fill the vacancy and on October 29th Mr. George Destafney was interviewed by the Committee. Enclosed are the minutes of that meeting; the recommendation is that Mr. Destafney be added to the MEL Audit Committee.

- Motion to approve the recommendation and appointment of George Destafney as a Corporate Board Member on the MEL Audit Committee.**

- Safety & Education Committee:** The Fund's QPA distributed a copy of the response to the Manager & Supervisory Training Competitive Bid request to the Safety & Ed Committee. We are in the process of scheduling a conference call to finalize that review.

Committee is scheduled to meet for a regular meeting on Friday December 13, 2019 at 11:30AM.

- RCF October Report:** Enclosed is a copy of Commissioner Clarke's report on the RCF's October meeting.

It would be appropriate for the Fund to elect its 2020 representative to serve on the Residual Claims Fund as the MEL Representative.

- Motion to elect _____ as the 2020 MEL representative to the Residual Claims Fund.**

- Claims Committee:** The Claims Review Committee met in October and is scheduled to meet on December 4, 2019 at 9:00AM at the National Conference Center at Holiday Inn of East Windsor – 399 Monmouth Street, East Windsor NJ. Minutes of the October meeting are enclosed under separate cover.

At their respective October meetings, the MEL and RCF Claims Committee were advised of vendor fee requests from Qual-Lynx and Risk Program Administrators. Fund Commissioners from each Claims Committee volunteered to review the requests and presentations made by the firms on November 1st and a follow-up discussion was held on November 8th. Enclosed are the minutes from each meeting; Executive Director will provide a verbal report.

In September the Board authorized the formation of a Special Ad-Hoc Claims Committee to review claims that will arise out of changes to legislation regarding Sexual Abuse Molestation and Firefighter Cancer Presumption. Committee will review mission, elect a Chair and review claims handling and litigation management process. An initial meeting – comprised of Fund Commissioners and Professionals – has been scheduled for December 4, 2019 at 11:30AM and will coincide to meet with the scheduled RCF and MEL Claims Committee; meeting will be held at the National Conference Center at Holiday Inn of East Windsor – 399 Monmouth Street, East Windsor NJ.

- Next Meeting:** The next meeting of the MEL is the 2019 Reorganization meeting scheduled for **Thursday January 2, 2020 at 11:15AM at the Forsgate Country Club, Monroe NJ.**

- Due Diligence**

- Regulatory Compliance Checklist – as of 11/14/19
- Lost Time Accident Frequency All JIFs – as of September month-end for a 3-year period

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND				
2020 BUDGET FOR ASSESSMENT CALCULATION				
	A	B	B-A	B-A
	BUDGET	BUDGET		
APPROPRIATIONS	2019 ANNUALIZED	2020 PROPOSED	\$	%
I. CLAIMS AND EXCESS INSURANCE PREMIUMS			CHANGE	CHANGE
CLAIMS				
Excess Liability:				
To 500K	2,479,889	2,542,802	62,913	2.54%
1.5MIL Ex 500K	5,077,849	5,174,926	97,077	1.91%
Excess WC	7,686,555	6,752,260	(934,295)	-12.15%
Excess Property Claims	3,369,170	3,658,581	289,411	8.59%
POL/EPL Land Use	1,039,794	1,039,794	-	0.00%
Aggregate Excess LFC	24,799	26,536	1,737	7.00%
JIF Faithful Performance Bond	221,629	223,977	2,348	1.06%
Surety Bond	294,501	297,751	3,250	1.10%
Sub Total	20,194,186	19,716,627	(477,559)	-2.36%
PREMIUMS				
3MIL ex 2MIL	3,358,577	3,307,016	(51,561)	-1.54%
Optional Excess Liability	2,373,380	2,295,363	(78,017)	-3.29%
Optional Excess POL/EPL	641,131	658,952	17,821	2.78%
Excess WC	2,986,806	2,772,445	(214,361)	-7.18%
Excess Property	9,614,566	11,237,283	1,622,717	16.88%
Equipment Breakdown	805,619	-	(805,619)	-100.00%
Loss Fund Contingency	1,290,827	1,691,038	400,211	31.00%
Sub Total	21,070,906	21,962,097	891,191	4.23%
Total Claims & Premiums	41,265,092	41,678,724	413,632	1.00%
II. EXPENSES				
Claims Adjustment	1,051,044	1,072,065	21,021	2.00%
Property Adjustment	169,793	173,189	3,396	2.00%
Administration	1,199,776	1,223,772	23,996	2.00%
Loss Fund Management	135,607	138,319	2,712	2.00%
Actuary	51,118	52,140	1,022	2.00%
Attorney	46,005	46,925	920	2.00%
Deputy Attorney	1,535	1,566	31	2.02%
Attorney - OPRA	17,319	17,665	346	2.00%
Auditor	29,316	29,902	586	2.00%
Treasurer	25,919	26,437	518	2.00%
Underwriting Manager	539,595	550,387	10,792	2.00%
Reinsurance Manager	311,594	317,826	6,232	2.00%
Safety and Education Committee	202,124	206,166	4,042	2.00%
Computer Services	143,585	146,457	2,872	2.00%
Legislative Committee	27,476	28,026	550	2.00%
Internal Audit Committee	60,193	61,397	1,204	2.00%
Strategic Planning Committee	30,097	30,699	602	2.00%
Coverage Committee	39,866	40,663	797	2.00%
Communications Committee	123,890	126,368	2,478	2.00%
Misc Expense	622,566	616,665	(5,901)	-0.95%
Subtotal	4,828,418	4,906,634	78,216	1.62%
MEL Safety Institute	1,106,182	1,213,035	106,853	9.66%
Total Appropriations	47,199,692	47,798,393	598,701	1.27%
RMC FEES	214,174	208,186	(5,988)	-2.80%
Grand Total	47,413,866	48,006,579	592,713	1.25%

MEL RATE TABLES									
Budget Line	RATING BASE (1) Rate per capita (2010 Census) (2) Rate per employee (3) Rate per \$100 payroll (4) Rate per \$100 value	2019 as Certified	2019 actual (Premiums)	2019 Minimums	2020	2020 Minimums	CHANGE \$	CHANGE%	Discounts/Surcharges
JIF Attachment To 500K									
0 EX 500K	(1)	-			-		-		10%
100K EX 400K	(1)	0.1887			0.19591		0.0072	3.8%	10%
150K EX 350K	(1)	0.3837			0.39829		0.0146	3.8%	10%
200K EX 300K	(1)	0.5643			0.58571		0.0214	3.8%	10%
250K EX 250K	(1)	0.7449			0.77393		0.0291	3.9%	10%
300K EX 200K	(1)	1.0383			1.07942		0.0412	4.0%	10%
1.5MIL EX 500K	(1)	0.9061			0.93687		0.0308	3.4%	10%
1.25MIL EX 750K	(1)	0.5461			0.55871		0.0126	2.3%	10%
1MIL EX 1MIL	(1)	0.3134			0.35337		0.0399	12.7%	10%
S - 477	% of base premium				6%				
Fire Fighters Cancer Presumption									
Career (7711)					841				
Non-Career (7711B)					85				
Loss Fund Contingency									
3MIL ex 2MIL	(1)	0.2472			0.331200		0.0841	34.0%	
MEL XS GL Co-Insurance	(1)	0.6838	0.8547	\$918	0.683800	\$918	-	0.0%	10%
POLEPL Land Use	(1)	0.1709			0.170900		-	0.0%	
Optional Excess Liability	(1)	0.219095			0.219095		-	0.0%	
2 MIL EX 5 MIL		0.1650	0.1601		0.1601		(0.0049)	-3.0%	10%
5 MIL EX 5 MIL		0.3327	0.3228		0.3228		(0.0099)	-3.0%	10%
10 MIL EX 5 MIL		0.4977	0.4829	\$761	0.4829	\$738	(0.0148)	-3.0%	10%
15 MIL EX 5 MIL		0.5890	0.5714	\$1,267	0.5714	\$1,229	(0.0176)	-3.0%	10%
Shared Aggregate (Requires 15 Optional)	% of base premium	30%			30%		-	0.0%	
Optional Excess POL/EPL									
1MIL EX 2MIL	(1)	0.0365	0.0456	\$455	0.0365	\$376.00	-	0.0%	
2MIL EX 2MIL		0.0604	0.0756	681.91	0.0604	\$562.00	-	0.0%	
3MIL EX 2MIL		0.0777	0.0972	907.89	0.0777	\$749.00	-	0.0%	
4MIL EX 2MIL		0.0917	0.1147	1,136.25	0.0917	\$937.00	-	0.0%	
8MIL EX 2MIL		0.1835	0.2293	3,772.88	0.1835	\$3,109.00	-	0.0%	
MEL Opt XS POL/EPL Co-Insurance									
1MIL EX 2MIL	(1)	0.0091			0.0091	\$94.00	-	0.0%	
2MIL EX 2MIL		0.0151			0.0151	\$141.00	-	0.0%	
3MIL EX 2MIL		0.0194			0.0194	\$188.00	-	0.0%	
4MIL EX 2MIL		0.0229			0.0229	\$235.00	-	0.0%	
8MIL EX 2MIL		0.0459			0.0459	\$778.00	-	0.0%	
CLAIMS : Excess WC									
JIF Attachment to									
1800K EX 200K	(3)	0.004359			0.003750		(0.0006)	-14.0%	
1750K EX 250K		0.003760			0.003233		(0.0005)	-14.0%	
1,700K x 300K		0.003119			0.002679		(0.0004)	-14.1%	
1650K EX 350K		0.002748			0.002359		(0.0004)	-14.2%	
1600Kx400		0.002538			0.002177		(0.0004)	-14.2%	
1550Kx450		0.002259			0.001937		(0.0003)	-14.3%	
1500K EX 500k		0.001956			0.001676		(0.0003)	-14.3%	
1400K EX 600k		0.001012			0.000876		(0.0001)	-13.4%	
1250K EX 750k		0.001170			0.001001		(0.0002)	-14.4%	
750k EX 1250k		0.000435			0.000396		(0.0000)	-9.0%	
PREMIUMS : Excess WC									
	(3)	0.000945	0.085687		0.000857		(0.0001)	-9.3%	
CLAIMS : Excess Property Claims									
JIF Attachment to									
MEL Retention Option (1=500K, 2=750K, 3=1MIL)					1				
Property 150K EX 100K		0.0176			0.0186		0.0010	5.8%	
Property 100K EX 150K		0.0081			0.0086		0.0005	6.6%	
Property 50K EX 200K		0.0031			0.0033		0.0002	5.9%	
Property 250K EX 250K		0.0069			0.0074		0.0005	6.9%	
PREMIUMS : Excess Property									
Excess Property	(4)	0.0642	0.06940		0.0729		0.0087	13.5%	
Excess Flood - \$25m x \$50 m		0.0030	0.00300		0.0035		0.0005	15.0%	
Excess Flood - \$25m x \$75m		0.0019	0.00190		0.0022		0.0003	15.0%	
Boiler and Machinery		0.0058			-		(0.0058)	-100.0%	
Faithful Performance Bond	(2)	6.3405			6.3405		-	0.0%	
EXPENSES									
		0.1150			0.1150		-	0.0%	
MEL Safety Institute		29.67			32.34		2.6700	9.0%	

Municipal Excess Liability Joint Insurance Fund		
2020 Proposed Assessments		
1	Atlantic County Municipal Joint Insurance Fund	\$ 3,429,711
2	Bergen County Municipal Joint Insurance Fund	\$ 4,111,800
3	Burlington County Municipal Joint Insurance Fund	\$ 1,760,739
4	Camden County Municipal Joint Insurance Fund	\$ 3,417,977
5	Central Jersey Joint Insurance Fund	\$ 3,136,668
6	Mid Jersey Joint Insurance Fund	\$ 2,072,947
7	Monmouth Municipal Joint Insurance Fund	\$ 3,473,075
8	Morris County Municipal Joint Insurance Fund	\$ 4,918,617
9	New Jersey Self Insurer's Joint Insurance Fund	\$ 1,058,074
10	Ocean County Municipal Joint Insurance Fund	\$ 4,545,880
11	Public Alliance Coverages Fund	\$ 1,508,708
12	Professional Municipal Management Joint Insurance Fund	\$ 931,362
13	South Bergen Municipal Joint Insurance Fund	\$ 3,304,421
14	Suburban Essex Joint Insurance Fund	\$ 1,398,347
15	Suburban Municipal Joint Insurance Fund	\$ 1,409,395
16	Gloucester, Salem & Cumberland Counties Joint Insurance Fund	\$ 2,868,493
17	First Responders Joint Insurance Fund	\$ 640,052
18	New Jersey Utilities Authority Joint Insurance Fund	\$ 776,376
19	New Jersey Public Housing Joing Insurance Fund	\$ 3,192,937
20	School Alliance Insurance Fund	\$ 50,000
21	New Jersey Counties Excess Joint Insurance Fund	\$ 1,000
		\$ 48,006,579



Edward Cooney, MBA
*Vice President, Account
Executive
Underwriting Manager*

Major Accounts

P : 973-659-6424

November 13, 2019

Mr. David Grubb
MEL Executive Director
PERMA Risk Management Services
9 Campus Drive
Parsippany, NJ 07054

**RE: *Municipal Excess Liability Joint Insurance Fund
2020 Insurance Renewal
Marketing Update***

Dear Dave:

Please find in this letter an update on our marketing efforts for the MEL's 2020 insurance renewal. The MEL Underwriting Manager team thanks you and the entire MEL membership for all of the support throughout the year, which has greatly assisted in our renewal efforts.

Please feel free to contact us with any additional questions you may have.

Best regards,

A handwritten signature in black ink, appearing to read "Edward J. Cooney".

Edward J. Cooney, MBA
Conner Strong & Buckelew, MEL Underwriting Manager

CC: Joe Hrubash, *PERMA, MEL Deputy Executive Director*



Executive Summary

The overall goal guiding us through the 2020 renewal is obtaining favorable renewals from all of our incumbent insurers.

Results by Line of Coverage

Property

2017 to present brought about very significant and numerous natural disasters around the globe, with a few of the most notable in the United States and its territories. Underwriting profits and net profits were significantly affected, and the market saw many adjustments to underwriting guidelines and very large rate increases across all sectors. Despite the challenging period in the macro market, the MEL will have a favorable renewal.

The MEL's incumbent primary insurer, Zurich, is offering a renewal with expiring terms, but at a 5% rate increase. This is a very good result despite some loss activity and the macro effects of the marketplace.

We are expecting the insurers participating in the \$50,000,000 excess \$50,000,000 Flood/Earth Movement layer to increase their premium due to internal underwriting guideline adjustments from the global market, but not more than 15%.

Casualty

The incumbent reinsurers (Brit, Munich and Chubb) have continuously performed favorably in their relationships with the MEL. The Casualty market in multiple areas is becoming more challenging due to increased legal expenses and severity claims, especially in areas like Sexual Abuse/Molestation. Exacerbating these challenges, New Jersey enacted new legislation expanding our members' exposure to Sexual Abuse/Molestation claims. Despite some of these impacts, we expect flat rate renewals from all participating Casualty insurers.

Workers' Compensation

The program continues to perform well for Safety National and it is committed to the partnership. We expect a flat rate.

Public Officials / Employment Practices / Volunteer D&O

QBE is the MEL's incumbent insurer for each coverage.

As respects the Public Officials / Employment Practices program, we are beginning to see the loss ratio improve, while total losses remain in a steady range. The improving metric warrants smaller increases in the near future, which is reflected in the 1% increase we are targeting for the 2020 renewal.





The Underwriting Manager Team also worked hard with the POL/EPL Task Force on creating and implementing a new underwriting system for this line of coverage, which has successfully been deployed for the 2020 renewal.

The Volunteer Directors & Officers Liability program is expected to remain flat for this renewal.

Cyber

AXA XL is our primary Cyber insurer, facing the brunt of the losses over the past two years. In total, the MEL has incurred nearly \$4m in losses over this period, with a total premium at only about an eighth of this amount. Due to the advancing threat landscape and frequent and severe losses we have incurred, the program must be adjusted. We are targeting a 25% rate increase and a \$25,000 retention for all members; any members in compliance with the MEL Cyber Risk Management Program would be brought down to a \$10,000 retention.

Beazley's excess renewal will come in flat this year.

Non-Owned Aircraft

The Aircraft Liability marketplace has been turned upside down due to years of soft rates and poor underwriting. Endurance (incumbent) is expected to offer a renewal at double the premium, although this is a very small figure in comparison to the entire program.



RESOLUTION 23-19
MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
AUTHORIZING PURCHASE OF 2020 EXCESS COVERAGE

WHEREAS, the Underwriting Manager & Producer have been negotiating the 2020 renewal for excess liability, optional excess liability, optional excess public officials/employment practices, excess workers' compensation and excess property; and

WHEREAS, the rates noted below have been offered by Underwriters at Lloyd's, Munich Reinsurance America Inc., Safety National Casualty Corporation, Zurich American Insurance Company, and other insurers; and

	2020	
	Rate	Minimum
	Discount Factor	1
Optional Excess POL/EPL		
Housing Authorities (per capita)		
\$1m x \$2m	1.8227	\$433.00
\$2m x \$2m	3.0202	\$865.00
\$3m x \$2m	3.8950	\$1,296.00
\$4m x \$2m	4.5922	\$1,727.00
\$8m x \$2m	9.1848	\$4,231.00
Other Than Housing Authorities (per capita)		
\$1m x \$2m	0.0456	\$455.00
\$2m x \$2m	0.0756	\$682.00
\$3m x \$2m	0.0972	\$908.00
\$4m x \$2m	0.1147	\$1,136.00
\$8m x \$2m	0.2293	\$3,773.00
Hunterdon County	n/a	\$14,978.00
Excess Liability		
Housing Authorities (per unit)	3.3115	\$1,538.00
Other Than HAs, MUAs and FDs (per capita)	0.8547	\$918.00
MUAs (per \$1,000 payroll)	5.5989	\$1,154.00
Fire Districts (per auto)	102.1271	\$1,032.00
Fire Districts (per 1,000 sf)	19.7786	\$1,032.00
Hunterdon County	n/a	\$79,258.00
Other		
Combination of Fund Retentions Cover	\$199,324.00	\$199,234.00
Total Minimums		
POL/EPL	\$644,026.00	\$644,026.00
Excess Liability - Total	\$3,779,678.00	\$3,779,678.00
Excess Liability - Housing	\$126,663.00	\$126,663.00
Excess Liability - MUAs	\$0.00	\$0.00
Excess Liability - Fire Districts	\$98,615.00	\$98,615.00
Excess Liability - All Other	\$5,978.00	\$5,978.00

	2020	
	Rate	Minimum
	Discount Factor	1
Optional Excess Liability		
Municipality (per capita)		
\$2m x \$5m	0.1601	n/a
\$3m x \$7m	0.1627	n/a
\$5m x \$10m	0.1601	\$761.00
\$10m x \$10m	0.2486	\$1,267.00
County (per capita)		
\$2m x \$5m	0.1646	n/a
\$3m x \$7m	0.1655	n/a
\$5m x \$10m	0.1618	\$761.00
\$10m x \$10m	0.2857	\$1,267.00
Housing Authority (per unit)		
\$2m x \$5m	7.8137	\$761.00
\$3m x \$7m	3.6568	\$254.00
\$5m x \$10m	1.175	\$254.00
\$10m x \$10m	1.836	\$254.00
\$11m x \$10m (Cook's Pond)	n/a	\$500.00
Fire Districts (per 1,000 sf)		
\$2m x \$5m	5.603	\$1,013.00
\$3m x \$7m	3.7387	\$506.00
\$5m x \$10m	3.7387	\$506.00
\$10m x \$10m	5.603	\$709.00
Fire Districts (per vehicle)		
\$2m x \$5m	42.3395	\$1,013.00
\$3m x \$7m	34.1996	\$506.00
\$5m x \$10m	24.2744	\$506.00
\$10m x \$10m	32.6666	\$709.00
North Hudson RFRS (per vehicle)		
\$2m x \$5m	92.5527	n/a
\$3m x \$7m	74.7516	n/a
\$5m x \$10m	53.0614	n/a
\$10m x \$10m	71.4059	n/a
Total Minimums		
Housing		
\$2m x \$5m	\$0.00	n/a
\$3m x \$7m	\$0.00	\$1,013.00
\$5m x \$10m	\$0.00	\$1,267.00
\$10m x \$10m	\$0.00	\$1,521.00
\$11m x \$10m (Cook's Pond)	\$0.00	\$1,521.00
Fire Districts		
\$2m x \$5m	\$0.00	n/a
\$3m x \$7m	\$0.00	\$1,552.00
\$5m x \$10m	\$0.00	\$2,069.00
\$10m x \$10m	\$0.00	\$2,276.00

	2020	
	Rate	Minimum
Workers' Compensation (per \$100 of payroll)		
All Other	0.0893	\$840,559.44
<i>*3 year minimum premium</i>		
Property (per \$100 of TIV)		
Zurich	0.0729	n/a
Excess Flood/Quake	0.0061	25% - 35%
Non-Owned Aircraft		
Beazley	n/a	\$74,120.00
Optional Excess Casualty Shared Aggregate (% of Munich Premium)		
Chubb	30%	

NOW THEREFORE BE IT RESOLVED that the Executive Director is hereby authorized and directed to enter into required agreements to purchase excess coverages not to exceed rates as presented.

**MUNICIPAL EXCESS LIABILITY
JOINT INSURANCE FUND**

ATTEST:

Richard Hirsch, Chairman

Mauro Tucci, Secretary

Municipal Excess Liability Joint Insurance Fund

9 Campus Drive – Suite 216

Parsippany, NJ 07054

Telephone (201) 881-7632 Fax (201) 881-7633

MINUTES – MEL Audit Committee

October 29, 2019 10:00AM

Parsippany, N.J.

Present:

George Destafney, President, Ocean First Bank
Jon Rheinhardt, Borough of Wharton, Committee Chairman
David Grubb, PERMA, MEL Executive Director
Joseph Hrubash, PERMA, MEL Deputy Executive Director
Pauline Kontomanolis, PERMA
Sandra Cantwell, PERMA

The purpose of the meeting was to interview Mr. George Destafney as a candidate to join the MEL Audit Committee as outside corporate member, replacing Jim Bollerman, who had informed the committee at the May meeting that he would be leaving.

Committee Chairman Rheinhardt reviewed the position and gave an overview of the MEL and JIF relationship. A copy of the MEL By-Laws was given to Mr. Destafney.

Executive Director gave the background of the formation of the JIFs and the MEL, and also explained the relationship as a governmental entity. The purpose of the Audit Committee was outlined, and the commitment to maintain a certain amount of autonomy to allow the committee to provide objective checks and balances for the MEL and RCF.

In response to Deputy Executive Director, Ms. Kontomanolis provided an overview of the Audit Universe, specifically noted the areas of focus for 2020. It was suggested that the schedule for the Audit Universe be shared with Mr. Destafney, along with the MEL Audit Committee Charter, and the schedule of MEL Board of Fund Commissioner meeting dates.

In response to Mr. Destafney, a general discussion begun covering a typical meeting structure and topics addressed. Deputy Executive Director suggested Mr. Destafney also be provided with a list of all MEL sub-committees.

In response to Deputy Executive Director, Mr. Destafney explained how he learned about the position from Jim Bollinger, who ultimately recommended he consider a position on the committee. Mr. Destafney gave an overview of his extensive banking career and various board involvements, and his recent shift to more selectively align his board positions to his interests and places where he can have a greater impact.

Ms. Kontomanolis said she would like to clarify that our legal counsel said there could be a conflict of interest, or at least a perceived conflict of interest, in the event if Ocean First Bank were to respond to any Requests for Proposals for banking services for the MEL and / or JIFs. Mr. Destafney said he could understand that concern and would also want to avoid actions that may be viewed as such.

Consensus was favorable to the appointment. All requested documents would be sent via email to Mr. Destafney.

Meeting adjourned: 10:50 AM

Prepared by: Sandra Cantwell



Municipal Excess Liability Residual Claims Fund

9 Campus Drive – Suite 216
Parsippany, New Jersey 07054
Tel (201) 881-7632
Fax (201) 881-7633

October 16, 2019

Memo to: Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund

From: Commissioner John Clarke

Re: RCF October Meeting

York/Sedgewick: Submitted for information was correspondence that Sedgewick completed its purchase of York, Excess Property Third Party Administrator for the MEL/RCF. Executive Director reported the acquisition would not affect the current contract or service arrangements currently in place.

2020 Budget: In September, the Board declared a dividend from the Closed Year Account to facilitate the transfer to create a 2020 operating budget. Following the public hearing, the Board of Fund Commissioners reviewed and adopted the enclosed 2020 Budget.

Plan of Risk Management Amendment: Executive Director reported the MEL Management Committee met on October 10th to review recommended changes to the MEL plan to address the uncertainty of potential losses from S-477 and the Firefighter Cancer Presumption bill; the same language changes were recommended for the RCF plan since the RCF would ultimately retain these long tail claims. Executive Director reported the change would establish a surplus floor based on a ratio of surplus to reserves. Fund Actuary submitted a memorandum recommending that both the MEL and RCF maintain a statutory surplus of at least 12.5% of the reserves. With this amendment, a supplementary assessment payable over 10 years becomes automatic if the statutory surplus fall below the 12.5 % trigger.

Executive Director reported that in addition to the plan changes presented today, in September the Board agreed with a recommendation to form an Ad-Hoc advisory committee under the direction of the MEL Claims Committee to review any submitted sexual molestation claims. Executive Director noted there will also be a training component to be launched in November 2019. The Board of Fund Commissioner accepted the recommended to amend the Plan of Risk Management as presented.

Claims Committee: The Claims Review Committee met in September and also met the morning of the Commissioner's meeting; minutes of the September meeting were enclosed under separate cover.

Next Meeting: The next meeting of the RCF is the 2020 Reorganization scheduled for **Thursday January 2, 2020** at 10:30AM the Forsgate CC, Jamesburg, NJ.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND				
2020 ADOPTED BUDGET				
	2019 ANNUALIZED	2020 PROPOSED	\$	%
	BUDGET	BUDGET	CHANGE	CHANGE
APPROPRIATIONS				
CLAIMS	0	0	0	
REINSURANCE PREMIUMS	28,000	10,000	(18,000)	-64%
LOSS FUND CONTINGENCY	0	0		
SUBTOTAL LOSS FUND	28,000	10,000	(18,000)	-64%
EXPENSES				
ADMINISTRATOR	201,806	205,842	4,036	2%
DEPUTY ADMINISTRATOR	68,648	70,021	1,373	2%
ATTORNEY	41,779	42,615	836	2%
CLAIMS SUPERVISION & AUDIT	60,395	61,603	1,208	2%
TREASURER	39,225	40,010	785	2%
AUDITOR	23,171	23,634	463	2%
ACTUARY	41,367	42,194	827	2%
MISCELLANEOUS	24,312	24,798	486	2%
SUBTOTAL	500,703	510,717	10,014	2%
EXPENSE CONTINGENCY	132,297	135,283	2,986	2%
SUBTOTAL EXPENSES	633,000	646,000	13,000	2%
TOTAL BUDGET	661,000	656,000	(5,000)	-0.8%

Municipal Excess Liability Joint Insurance Fund

9 Campus Drive – Suite 216

Parsippany, NJ 07054

Telephone (201) 881-7632 Fax (201) 881-7633

MINUTES

MEL and RCF Ad-Hoc Claims Committee Agenda

November 8, 2019 – 10:00AM Via Teleconference

Attendance:

Richard Hirsch, MEL Chairman

Tom Merchel, PMM JIF

Joseph D'Arco, NJSI JIF

Gregory Franz, South Bergen JIF

Robert Law, TRICO JIF

Megan Champney, Suburban Municipal JIF

Sherry Sims, NJPHA JIF

David Grubb, PERMA MEL Executive Director

Joseph Hrubash, PERMA MEL Deputy Executive Director

Cate Kiernan, PERMA MEL Assistant Executive Director

Robyn Walcoff, PERMA Claims Manager

Nancy A. Ghani, PERMA Account Executive

Vendor Fee Requests: Deputy Executive Director provided a summary of the discussion held on November 1st in which Qual-Lynx, the MEL's Workers' Compensation Third Party Administrator (TPA) and Managed Care Provider and Risk Program Administrators, the RCF Deputy Administrator, submitted and presented fee increase requests for the 2020 Fund Year. Copies of the November 1st meeting minutes were submitted for review, as well as, copies of the current 2018-2020 contracts for information.

Discussing the Qual-Lynx fee request first, Deputy Executive Director said the MEL contracted with Origami to provide an underwriting (1st phase-2018) and claims data (2nd phase-2019) platform. Deputy Executive Director said the claims data platform required a great deal of time and effort as did setting up a separate account for reserving to ultimate per new reinsurer requirement and assisting with excess workers compensation past reimbursements and tracking of future reimbursements; all three of these items were done by Qual-Lynx at no additional cost.

Deputy Executive Director said the Commissioners present at the November 1st meeting agreed to compensate Qual-Lynx a one-time fee of \$17,500 in addition to the 2% increase over the current fee for 2020 TPA services; no additional considerations beyond a 2% increase over the current fee was made for Managed Care Provider services. Deputy Executive Director said this follow-up meeting was scheduled in order to provide Commissioners time to review the contract for Risk Program Administrators before making a decision.

With respect to the Qual-Lynx decision, Commissioner Merchel said the range discussed for the one-time compensation was \$25,000 to \$12,500 and the Commissioners present agreed upon \$17,500.

Commissioner Champney said she was not able to participate in the November 1st discussion, but inquired if Qual-Lynx requested the compensation at the time that the additional work was delegated and when the 2% increase over the current contract would be applied. In response, Commissioner Merchel said 2020 is the 3rd year of the 3-year contract and Qual-Lynx, as well as other MEL professionals, have received a 2% increase every year over the expiring contract fee. Commissioner Merchel said Qual-Lynx submitted their fee considerations in addition to any increase to be approved by the Board for 2020. Commissioner Merchel said the Commissioners agreed to make a one-time

compensation instead of changing the underlying fee structure for 2020 provided Qual-Lynx was able to justify and quantify the additional services were outside the contract's scope of services.

Commissioner Champney asked if the additional services were known to Qual-Lynx at the time they submitted a response to the contract proposal. In response, Commissioner Merchel said it was not known at the time; Commissioner D'Arco added that he supports a one-time compensation since the implementation and data transition of Origami and the other initiatives was a Fund decision, which generated additional work for the firm. Assistant Executive Director said Qual-Lynx was cooperative at the outset upon learning of the additional services required of them. Hearing no other comments or questions on Qual-Lynx fee request, a consensus was reached regarding with respect to Qual-Lynx.

Deputy Executive Director said the next matter to review was the request made by Risk Program Administrators, the RCF Deputy Administrator. At the November 1st meeting, Risk Program Administrators submitted a presentation that highlighted their efforts and additional services provided in the past months as a result of the changes to legislation regarding Firefighter Cancer Presumption and Sexual Abuse and Molestation. Deputy Executive Director said at the November 1st meeting, Commissioners requested time to review the current contract before making a decision to determine if services provided were outside of the scope.

Commissioner Franz said he reviewed the contract and referred to the clause under Special Provisions-Services, which he believed should be the basis of discussion. The clause read as follows: "*The Board of Fund Commissioners must authorize any unanticipated work assignments outside of the services described in this Section if such work assignment will result in additional compensation not contemplated herein*". Commissioner Franz inquired if within the framework of this clause did Risk Program Administrators provide additional services or are anticipating additional services for 2020.

Commissioner D'Arco said his original concern from the November 1st discussion remains unchanged in that given the nature of this position, the scope of services will always be broad noting that some years may involve more activity than others. Commissioner D'Arco said changes in legislation will always occur and Risk Program Administrators should have held advanced discussions on potential additional assignments as a result of those changes for the Board to authorize.

Commissioner Merchel wished to clarify that neither vendor asked for reimbursement of past services provided and rather it was something he had initially proposed since the Commissioners did not want to consider adding fees that would materially change the 2020 fee. Commissioner Merchel said last week this decision and process may have worked for Qual- Lynx, but may not be applicable for Risk Program Administrators.

Commissioner Merchel said this was a point he made at the November 1st meeting and requested that the minutes be corrected to reflect that annually the professional fees are increased by 2%, but not all professionals' workload and scope of services increase by 2%.

Commissioner Merchel said he used the example of an Auditor as a professional who provides a consistent service level year after year. Commissioner Merchel said a specific professional may have an increase of workload in relation to other professionals and in that case something greater than the usual 2% increase could be considered. Commissioner Merchel acknowledged that Risk Program Administrators may be seeing additional work from the legislation changes, noted that he did not agree with the fee percentage increase submitted by Risk Program Administrators and that an increase higher than the normal 2% for this situation could be considered. Ms. Ghani said the November 1st minutes will be corrected.

Commissioner Franz inquired what would be anticipated by Risk Program Administrators moving forward with respect to the legislation changes. In response, Executive Director said there will be a

significant increase to claims activity both in review and claims handling, as well as, ongoing work related to setting up procedures related to budgets, accounting and training responsibilities. Executive Director said these additional responsibilities will apply for all local JIF Administrators.

Commissioner Sims inquired if the two legislative bills fall under the current scope of the contract or are considered additional. In response, Executive Director said the changes to two significant bills could not be anticipated at the time Risk Program Administrators responded to the Request for Qualification (RFQ). Assistant Executive Director said while the claims arising out of these legislative bills will be reported and managed at the local JIF level, there is a separate committee structure and process currently being developed to regularly review such activity and involves all local JIF Executive Directors. Deputy Executive Director said an initial meeting of the Special Claims Ad-Hoc Committee will be meeting in early December so efforts are already underway.

Commissioner Franz requested clarity on the fees that were submitted by Risk Program Administrators. In response, Deputy Executive Director said their current 2019 fee is \$67,811 and they are requesting \$100,000 for 2020 representing an additional \$32,189.

Commissioner D'Arco said despite the changes to the legislation, the scope of services is broad and the nature of the position is that the workload may fluctuate from one year to the next noting that a discount is not applied for years where additional services are not required. Commissioner D'Arco said by agreeing to this type of request a precedent may be set for other professionals to perform additional services without authorization by the Board first. Commissioner Champney agreed with Commissioner D'Arco. Commissioner Sims was also in agreement and said if within scope of work under current contract than she would not consider additional fees beyond the usual 2% increase for 2020; if they anticipate more work than those figures should be addressed in the new contract period to be issued.

Commissioner Sims inquired if Risk Program Administrators have received any claims from the legislation changes. In response, Executive Director said there are two claims that have been reported as it relates to the Firefighter Cancer Presumption bill – one is being investigated and one is being denied. Executive Director said the effective dates for both bills do not go into effect until December 1, 2019 and it is expected additional claims will be reported after that date.

Commissioner Merchel said the current annual fee Risk Program Administrators is comparable to a clerical position at his township noting this professional firm has been asked to commit a lot of effort in addition to attending all meetings and other work done on behalf of the Fund.

Commissioner D'Arco said fluctuations in workload should be anticipated by the service provider when entering into a 3-year contract. Commissioner D'Arco said the legislative activity is unpredictable and questioned if additional compensation will be requested should other legislation pass that requires additional work.

Commissioner Merchel said this deliberation is part of the process and agree that the services provided are in the contract's scope of services. Commissioner Merchel said the firm is making a case for the additional work that was performed and noted the contract also states that year to year adjustments will be considered by the Board. Commissioner Merchel said he is not aware of a similar request made by them in the past and this is the correct process and procedure that this firm is following.

Deputy Executive Director said like PERMA and other professionals, Risk Program Administrators has done a lot of proactive work in 2019 in terms of discussing, developing and outlining the comprehensive program to address claims arising out of the two legislative bills with additional work to come in 2020.

Deputy Executive Director requested other Fund Commissioners submit their comments and opinions prior to any action taken.

Commissioner D'Arco said a quantification of services completed based on changes in legislative activity would need to have been provided.

Commissioner Hirsch noted that vendors may submit higher than normal fees for the next contract cycle.

Commissioner Law said he reviewed the materials and did not see a clear change in the contract with respect to the duties to justify the significant increase that was requested. Commissioner Law said the fee request as currently presented did not have a quantification of services provided due to the impact of the legislation and would not be in favor of a "carte blanche" increase without quantification.

Chairman Hirsch inquired if the committee wished to table making a decision until a period of time, such as six or eight months, has passed to review if any additional services were provided or make a decision today. Commissioners Sims and D'Arco expressed that a decision be made today; alternate opinions were not expressed.

Executive Director asked if there was a maker and a second for the fee request submitted by Risk Program Administrators in the amount of \$100,000 for 2020 contract year. Seeing no maker or second the action did not pass.

Executive Director asked if there was a maker to approve a partial increase. Commissioner Merchel made the motion to approve a 5% increase over the 2019 fee and it was seconded by Chairman Hirsch; a roll call vote was taking of 5 Nays – 2 Ayes and the motion did not pass.

Executive Director that the Fund Commissioners for their time and said the Committee's recommendations would be submitted to the Board.

Meeting adjourned: 10:44AM

Prepared by: Nancy A. Ghani

Municipal Excess Liability Joint Insurance Fund

9 Campus Drive – Suite 216

Parsippany, NJ 07054

Telephone (201) 881-7632 Fax (201) 881-7633

MINUTES

MEL and RCF Ad-Hoc Claims Committee Agenda

November 1, 2019

1PM – Forsgate Country Club & Teleconference

Attendance:

Richard Hirsch, MEL Chairman

Tom Merchel, PMM JIF

Joseph D’Arco, NJSI JIF

Gregory Franz, South Bergen JIF

David Grubb, PERMA MEL Executive Director

Joseph Hrubash, PERMA MEL Deputy Executive Director

Cate Kiernan, PERMA MEL Assistant Executive Director

Robyn Walcoff, PERMA Claims Manager

Nancy A. Ghani, PERMA

Alice Lihou, Qual-Lynx

Kathy Kissane, Qual-Lynx

Stephen McNamara, QualCare

Paul Miola, Risk Program Administrators

Paul Forlenza, Risk Program Administrators

Vendor Fee Requests: As briefly discussed at the respective October 16th RCF and MEL Claims Review Committee, Executive Director said Qual-Lynx and Risk Program Administrators have submitted fee increase requests for the 2020 Fund Year.

Prior to the presentation start, the vendors was asked to excuse themselves.

Executive Director said these requests constitute a mid-contract change as the current term is 2018 – 2020; the purpose of this meeting is for each vendor to submit to the ad-hoc committee their considerations for a mid-contract change.

Executive Director noted that while mid-contract changes are unusual, they do occur. Executive Director highlighted that PERMA’s role in this process is purely advisory and the final decision and recommendation is to be made by the Commissioners present to the respective Claims Committees.

Commissioners present expressed their opinions on mid-contract changes. Commissioner Merchel noted that any fee change would need to be substantiated by quantifiable evidence of work being performed outside the contract’s scope of services. Commissioner D’Arco said that mid-contract changes should not be considered noting that the nature of business is inherently unpredictable.

Commissioner Franz inquired what the working relationship was between Qual-Lynx and Risk Program Administrators to have submitted fee increases at the same time. In response, Executive Director said it was purely coincidental and should be treated as two separate requests.

Qual-Lynx serves as the MEL’s Workers’ Compensation Third Party Administrator (TPA) and Managed Care Provider; enclosed in agenda for review were copies of their fee requests as it pertained to both the RCF and the MEL.

Executive Director said Qual-Lynx does not have a contract in place with the RCF, but handles the open liabilities/claims of locals JIFs that are eventually transferred to the RCF on an annual basis as do all JIF TPAs. Executive Director said the bylaws call for handling claims “to ultimate”.

Ms. Walcoff said the MEL contracted with Origami to provide an underwriting (1st phase-2018) and claims data (2nd phase-2019) platform requiring a great deal of time and effort from Qual-Lynx. Ms. Walcoff said the success of the claims data phase was due to Qual-Lynx who developed a data feed to satisfy the Fund’s request at no additional cost to MEL. Qual-Lynx also set up a separate account for reserving to ultimate per new reinsurer requirement and assisted with excess workers compensation past reimbursements and tracking of future reimbursements at no additional cost.

1:29PM Representatives from Qual-Lynx and QualCare presented their fee requests for the Ad-Hoc Committee’s consideration.

Following conclusion of the MEL fee request, Commissioner Merchel inquired if items discussed as requiring additional time/staff/etc. (Origami data feed, tracking of liability claims reimbursement and recovery for subrogation efforts) were known or considered at the time the Requests for Qualifications (RFQ) response submitted by Qual-Lynx.

In response, Ms. Kissane said the Origami data feed and the tracking of liability claims was not anticipated or known. Ms. Kissane said the additional work due to subrogation recoveries have been historically absorbed by Qual-Lynx; the submitted requested would be capped an annual amount agreeable to both parties if accepted. Deputy Executive Director confirmed the claims data (2nd phase) implementation by Origami and tracking of liability claims would not have been anticipated by Qual-Lynx.

Mr. McNamara referred the noted fee requests related to Managed Care Services and said QualCare strives to always act in partnership with the MEL’s interests. Mr. McNamara said QualCare’s network provides critical cost containment, which is realized in the reported network savings. Mr. McNamara said due to the nature of excess WC claims - and the fact that QualCare is not the Managed Care Provider of all affiliated local JIFs - the network penetration while significant is not as high as in the local JIF’s layer. As a result, QualCare spends more time negotiating pricing for out of network providers.

Ms. Kissane reviewed the fee request for the RCF; there were no questions submitted by the Commissioners present. Restated for Qual-Lynx’s benefit, Executive Director said that the MEL (and local JIF) bylaws include a provision that the Fund may contract for Claims Administration Services and as such this may preclude a contract between the RCF and Qual-Lynx. In response, Ms. Lihou wondered if each local JIF and the MEL should be approached for fee adjustments related to RCF claims activity.

2:08PM Representatives from Qual-Lynx and QualCare thanked the committee and excused themselves.

2:11PM Representatives from Risk Program Administrators entered the room and presented their fee request presentation for the Ad-Hoc Committee’s consideration.

Risk Program Administrators, a division of Arthur J. Gallagher serves as the RCF’s Deputy Executive Director. Enclosed in the agenda was correspondence outlining their request; a presentation outlining the increased role and responsibilities was distributed separately and was reviewed by Mr. Miola.

Following conclusion of the RCF fee request presentation, Commissioner Merchel inquired if the additional items cited in the presentation – Firefighter Cancer Presumption and Sexual Abuse and

Molestation – could be quantified in terms of hours spent and if the additional funding was being requested in anticipation of an uptick in claim activity for these types of exposures. In response, Mr. Miola said the fee request was not geared towards potential claim activity as it is currently unknown, but more towards efforts of development, monitoring and implementation of the program currently underway to address potential claims. Mr. Forlenza added that they have attended several development meetings in the past few months as part of this effort.

Commissioner Merchel acknowledged the response and requested clarification if the fee request noted in the presentation represented any recapture of the amount work already done. In response, Mr. Miola said it was not for work done prior, but for what we see going forward as an indicator of what can be expected. Mr. Miola added that he recognized that roles served at the local JIF and Excess JIFs often become larger more significant roles after a lot of effort is applied.

2:27PM Representatives from Risk Program Administrators thanked the committee and excused themselves.

Deputy Executive Director said it would be appropriate at this point to have discussion and provide feedback starting with Risk Program Administrators.

Executive Director said the additional work as result of change in legislation regarding Firefighter Cancer Presumption and Sexual Abuse and Molestation is significant and meaningful. Executive Director said Risk Program Administrators spent a lot of time on the development of the program underway and will be called to spend additional time than what was originally anticipated in their contract. Executive Director said if the request is granted then it should be made clear that this was reflective of additional work and any other contract fees in a given period be incremental.

Deputy Executive Director said Risk Program Administrators has already spent substantial time this year addressing both Firefighter Cancer Presumption and Sexual Abuse and Molestation.

Commissioner Merchel said the professional fee increase historically presented in the MEL/JIF budgets is set at 2%. Commissioner Merchel said used the example of an Auditor as a professional who provides a consistent service level year after year. Commissioner Merchel said a specific professional may have an increase of workload in relation to other professionals and in that case something greater than the usual 2% increase could be considered.

Commissioner D'Arco said he would like to review the current contract's scope of services prior to rendering a decision. Commissioner D'Arco said Risk Program Administrators is a great firm that does great work. He noted they have been getting a 2% increase every year within the contract period and expressed the opinion that in a 3-year contract some forecasting should be considered for additional fees. Commissioner D'Arco said he doesn't disagree with work that was done. Commissioner Franz was in agreement with Commissioner D'Arco.

MEL Chairman Hirsch said he is concerned that other professional may follow suit and request fees mid-contract. Assistant Executive Director said the legislation regarding Firefighter Cancer Presumption and Sexual Abuse and Molestation did change during the contract period and the submitted quotes from each vendor were based on the legislative landscape at the time.

Deputy Executive Director said this committee has the option to recommend 1) an increase which will become part of fee in 3rd year of contract, 2) recommend a one-time fee or 3) recommend no compensation at all. Based on the responses by the Commissioners present it was suggested that the contract for Risk Program Administrators be reviewed first and then further discussion will be held at a follow-up meeting.

Committee discussion focused next on Qual-Lynx MEL's Workers' Compensation Third Party Administrator fee request.

Executive Director said a Claims Adjustment firm faced with a new exposure to be managed and adjusted will usually bill based on time and expense of exact work completed, which is then converted to a flat fee basis after claim activity can be estimated. Deputy Executive Director said in this example, there were identifiable changes - specifically the implementation of Origami - during the contract period that resulted in additional work for Qual-Lynx. The two other identifiable changes that resulted in additional work during the contract period were the reconciliation of recoveries and change in excess carriers.

Commissioner D'Arco said he acknowledged that the implementation and data transition of Origami was a Fund decision, which generated additional work for the firm. Commissioner D'Arco said he would need more information regarding the fee request as it relates to subrogation efforts and how much of that is translated to savings for the Fund. Commissioner Merchel agreed with the comments made, but noted subrogation is an obligation of a claims adjustment firm.

Commissioner D'Arco said Qual-Lynx fee request for TPA also included a re-opener fee for files re-opened after 1 year, which should be a consideration for the next contract cycle and not this one. Commissioner Merchel agreed and said this potential fee should be included in the next RFQ or competitive contract proposal as a separate item capped at a not to exceed figure.

Discussion ensued and committee agreed that an additional one-time compensation would be appropriate for the implementation of Origami. Committee reviewed the total fee and percentage that was submitted by Qual-Lynx and a consensus was reached that this committee would recommend a one-time fee of \$17,500 in addition to the 2% increase over the current fee for 2020 TPA services. Committee reviewed the Qual-Lynx MEL's Managed Care Provider fee request and recommended to confirm the 2% increase over the current fee for 2020 Managed Care services.

Discussion circled back to fee request for Risk Program Administrators and a one-time additional fee suggestion was made, but a consensus could not be reached at that time. Copies of current contracts for both vendors would be provided to the committee for review and a follow-up meeting via teleconference was scheduled for Friday November 8, 2019 at 10AM.

Meeting adjourned: 3:12PM
Prepared by: Nancy A. Ghani



October 31, 2019

Municipal Excess Liability Residual Claims Fund
C/O Joseph Hrubash, Senior Vice President
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054

**Re: PERMA TPA and MCO Accounts handled by Qual-Lynx
2020 Municipal Excess Liability Residual Claims Fund Contract Considerations**

Thank you for giving us the opportunity to review potential fees for the upcoming 2020 fund year. We value our longstanding relationship with the Municipal Excess Liability Residual Claims Fund (hereinafter referred to as RCF JIF). We appreciate the continued opportunity to provide Third Party Administration Services (TPA). Qual-Lynx brings measurable value and significant cost containment through our unique delivery model of TPA services. To achieve these results, we employ the industry's strongest adjusting staff. In our competitive business, staffing costs significantly increase each year. Retaining our qualified staff is paramount in providing our clients the best possible programs and outcomes in the industry. In addition to adjusting staff, Qual-Lynx also utilizes personnel in Network Access, Business Operations, Accounting, IT, and Legal to service the RCF JIF.

Qual-Lynx is the designated TPA for thirteen (13) of the RCF's sixteen (16) joint insurance funds. As such, we handle the majority of the RCF's open claims. Presently, we are handling 1,035 claims for the RCF, with the earliest claims dating back to 1988. In January 2020, another 300 claims are anticipated to roll into the RCF for the 2015 fund year for the collective Joint Insurance Funds we administer.

Qual-Lynx does not receive an annual fee for roll in of the new RCF claims or for the continued handling of over 1,000 claims. When a JIF transfers into the RCF, our staff is required to do the following:

- Change the bank account on all claims for the fund year rolling into the RCF, i.e., 2015 fund year 1/1/20
- Modify JIF loss runs to remove the 2015 fund year
- Modify RCF loss runs to add the 2015 fund year
- RCF Claims Meeting Payment Authority Requests (PARs) preparation
- RCF Meeting Attendance; Kathleen Kissane and Christopher Healey

Qual-Lynx respectfully requests either:

- Annual fee of \$85,000 for continued RCF claims handling, roll in of new RCF claim transfers
or
- \$300 per claim transferring into the RCF each fund year

100 Decadon Drive
Egg Harbor Township, NJ 08234
P 609-653-8400
F 609-926-9270

www.qual-lynx.com



Our goal is not to meet, but to surpass industry standards. We believe that our successful relationship with the RCF JIF is due to our continued pledge to provide a personalized, cost-effective and quality-driven claims management program. We have an ongoing commitment to provide our clients with fiscally responsible reserving practices, superior client services, excellent claims handling and nurse case management strategies focused on both quality and a positive client and claimant user experience, access to the best medical providers and facilities in New Jersey, proprietary technological support, and significant ad hoc capabilities. We believe this proven commitment to quality from a claims administration standpoint has resulted in significant savings to the RCF JIF.

Very Truly Yours,

Kathleen M. Kissane

Kathleen M. Kissane

Assistant Vice President, Account Management

100 Decadon Drive
Egg Harbor Township, NJ 08234
P 609-653-8400
F 609-926-9270

www.qual-lynx.com

JIF FILES OPEN IN THE RCF
valued as of October 27, 2019

INSURER	# of Open Claims
ATLANTIC COUNTY JIF	97
BURLINGTON COUNTY JIF	19
CENTRAL JERSEY JIF	79
MEL JIF WC	380
MONMOUTH COUNTY JIF	76
MORRIS COUNTY JIF	69
NEW JERSEY PUBLIC HOUSING JIF	47
NEW JERSEY UTIL AUTH JIF	37
OCEAN COUNTY JIF	121
PROFESSIONAL MUN.MGMT.JIF	14
SUBURBAN ESSEX JIF	33
SUBURBAN JIF	21
TRICO JIF	42
	1035



2015 JIF CLAIMS
valued as of October 27, 2019

INSURER	# of Open Claims
ATLANTIC COUNTY JIF	37
BURLINGTON COUNTY JIF	12
CENTRAL JERSEY JIF	22
MEL JIF WC	47
MONMOUTH COUNTY JIF	37
MORRIS COUNTY JIF	20
NEW JERSEY PUBLIC HOUSING JIF	23
NEW JERSEY UTIL AUTH JIF	15
OCEAN COUNTY JIF	48
PROFESSIONAL MUN.MGMT.JIF	1
SUBURBAN ESSEX JIF	23
SUBURBAN JIF	8
TRICO JIF	17
	310





October 31, 2019

Municipal Excess Liability Joint Insurance Fund
C/O Joseph Hrubash, Senior Vice President
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054

**Re: PERMA TPA and MCO Accounts handled by Qual-Lynx
2020 Municipal Liability Excess Joint Insurance Fund Contract Considerations**

Thank you for giving us the opportunity to review the fees for the upcoming 2020 fund year. We value our longstanding relationship with the Municipal Excess Liability Joint Insurance Fund (hereinafter referred to as MEL JIF). We appreciate the continued opportunity to provide Third Party Administration Services (TPA) and Managed Care Services (MCO). Qual-Lynx and QualCare bring measurable value and significant cost containment through our unique delivery model of TPA and MCO services. To achieve these results, we employ the industry's strongest adjusting and nursing staff. In our competitive business, staffing costs significantly increase each year. Retaining our qualified staff is paramount in providing our clients the best possible programs and outcomes in the industry. In addition to adjusting and nurse case management staff, Qual-Lynx also utilizes personnel in Network Access, Business Operations, Accounting, IT, and Legal to service the MEL JIF. See attached Central Jersey JIF Qual-Lynx organizational chart.

In 2019, the MEL JIF contracted with Origami for a Risk Management Information System. Qual-Lynx was asked to develop a data feed to provide Origami with the MEL JIF's claims data. Qual-Lynx staff spent a significant amount of time developing the bridge to accomplish this task. Qual-Lynx continues to provide monthly data feeds to Origami. Qual-Lynx performed these assignments with no additional compensation.

Qual-Lynx respectfully requests consideration of the following for TPA Services:

- Rate increase of 4% or \$25,129.41.
- Percent of recovery for subrogation efforts to be paid off of the claims file; 15% for non-litigated files and 10% for litigated files. For example, in 2018, MEL JIF subrogation recoveries totaled \$1,128,191.30. Ten percent equates to \$112,819.13. These recoveries would be capped below this amount on an annual basis not to exceed a mutually agreed upon limit and paid off of the claims file.
- \$400 reopener fee for files re-opened after one (1) year to be paid on the claims files. In 2018 nineteen (19) files met this criteria.

100 Decadon Drive
Egg Harbor Township, NJ 08234
P 609-653-8400
F 609-926-9270

www.qual-lynx.com



Qual-Lynx respectfully requests consideration of the following for MCO Services:

- Rate increase of 2% or \$10,716.12
- Medical Cost Projection fee of \$250 per cost projection, to be paid from the claims file
- Out of Network Bill Negotiation fee of 20% of savings

Our goal is not to meet, but to surpass industry standards. We believe that our successful relationship with the MEL JIF is due to our continued pledge to provide a personalized, cost-effective and quality-driven claims management program. We have an ongoing commitment to provide our clients with fiscally responsible reserving practices, superior client services, excellent claims handling and nurse case management strategies focused on both quality and a positive client and claimant user experience, access to the best medical providers and facilities in New Jersey, proprietary technological support, and significant ad hoc capabilities. We believe this proven commitment to quality from a claims administration standpoint has resulted in significant savings to the MEL JIF.

Very Truly Yours,

Kathleen M. Kissane

Kathleen M. Kissane

Assistant Vice President, Account Management

Stephen McNamara

Stephen McNamara

Assistant Vice President, Client Services

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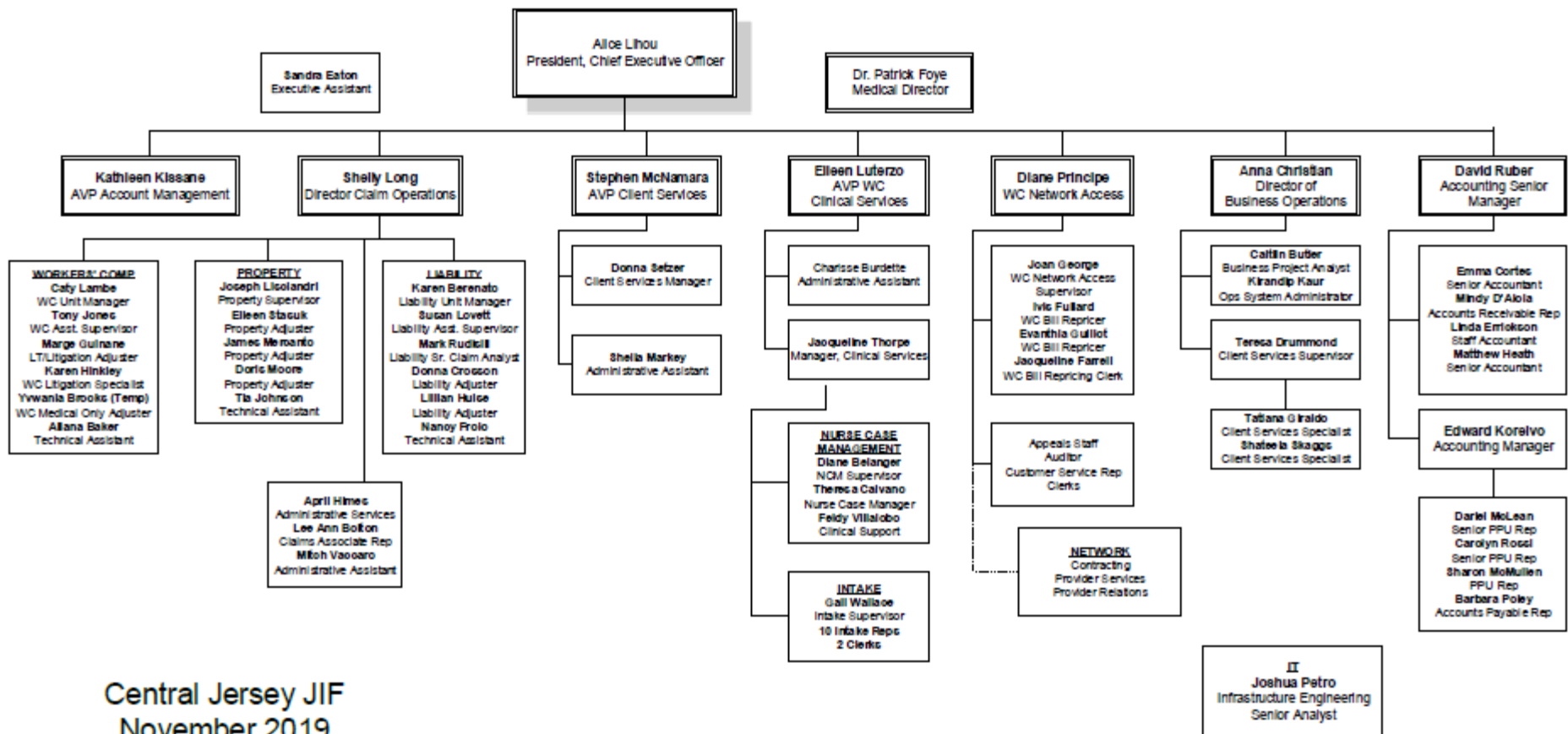
MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

ACCOUNT NAME	2019 TPA CONTRACT	CONTRACT EXPIRATION	2%	4%
MEL JIF WC	\$ 628,235.34	12/31/2020	\$ 12,564.71	\$ 25,129.41

ACCOUNT NAME	SUBRO COLLECTED	Non-Litigated 15%	Litigated 10%
MEL JIF WC	\$ 1,128,191.30	\$ 169,228.70	\$ 112,819.13

ACCOUNT NAME	REOPENERS	# in RCF	\$
MEL JIF WC	19	15	\$ 7,600.00





Central Jersey JIF
November 2019



*Excludes Corporate Level Staff



October 3, 2019

Mr. Joseph P. Hrubash, Executive Director
Residual Claims Fund
C/O PERMA
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054

RE Residual Claims Fund Fees

Dear Joe:

Earlier this year, we spoke to David Grubb about the subject of an increase in our compensation from the RCF due to the growing role we play in committee membership, training initiatives, and involvement in a variety of areas especially the newly enacted SAM and WC Cancer Presumption legislation. Both of these issues will raise the level of RCF responsibilities. At the time we raised this matter it was noted that the increased responsibilities affect several Fund Professionals and a review of fees was appropriate.

We had raised this issue during the summer as the 2020 budget was being prepared had hoped to have this matter addressed before a budget was adopted.

Our current annual fee for RCF Deputy Executive Director is \$67,811.41. We believe that a fee of \$100,000 would more fairly compensate my firm for the time dedicated to the RCF.

We believe that the added responsibilities and investment of time and resources to these new challenges and expanded responsibilities justify an increase in our fees to a more appropriate level.

Please provide your thoughts on this matter so that we can continue to provide the services so necessary to the success of the Fund.

Sincerely,



Paul J. Miola, CPCU, ARM
Deputy Executive Director

Copy: Paul A. Forlenza, Executive Director ACM, BURLCO, TRICO JIFs

Municipal Excess Liability Joint Insurance Fund
Monthly Regulatory Filing Check List
Year 2019 as of 11/13/19

<u>Item</u>	<u>Filing Status</u>
<input type="checkbox"/> 2019 Budget	Filed 3/19/19
<input type="checkbox"/> Actuarial Certification	Filed 3/19/19
<input type="checkbox"/> Risk Management Plan	Filed 2/22/19
<input type="checkbox"/> Cash Management Plan	Filed 2/22/19
<input type="checkbox"/> Reinsurance Policies	To be filed by Underwriting Manager
<input type="checkbox"/> Fund Commissioners	Filed 2/22/19
<input type="checkbox"/> Fund Officers	Filed 2/22/19
<input type="checkbox"/> Unaudited Financials	To be filed
<input type="checkbox"/> Annual Audit	Filed 6/28/19
<input type="checkbox"/> Ethics Filings	Online filing – completed by 4/30 deadline
<input type="checkbox"/> Budget Changes	4 th quarter
<input type="checkbox"/> Transfers	N/A
<input type="checkbox"/> Dividends	N/A
<input type="checkbox"/> Additional Assessments	Billed in 4 th Quarter
<input type="checkbox"/> Professional Changes	None
<input type="checkbox"/> Officer Changes	None
<input type="checkbox"/> Risk Management Plan Changes	None
<input type="checkbox"/> Bylaw Amendments	None
<input type="checkbox"/> New Members (JIFs)	None
<input type="checkbox"/> Withdrawals (JIFs)	None
<input type="checkbox"/> Membership Renewals	January 2019 distributed & collected July 2019 to be distributed 1 st QTR 2019
<input type="checkbox"/> Professional Contracts	2019 Addendums to be distributed Insurance compliance is ongoing

LOST TIME ACCIDENT FREQUENCY ALL JIFs
September Month End for a Three Year Period

FUND	September 2019	September 2018	September 2017	2012-2016	Baseline*
	LOST TIME FREQUENCY	LOST TIME FREQUENCY	LOST TIME FREQUENCY	LOST TIME FREQUENCY	LOST TIME FREQUENCY
BURLINGTON	0.92	1.88	0.90	2.24	4.54
BERGEN	1.08	1.49	1.45	1.79	5.65
SUBURBAN ESSEX	1.18	2.07	1.93	2.01	3.71
CENTRAL	1.32	1.67	1.50	2.22	4.90
TRI-COUNTY	1.34	1.67	1.90	1.96	3.85
NJ PUBLIC HOUSING	1.46	2.10	1.74	2.35	5.56
MORRIS	1.48	1.48	1.10	2.15	4.10
MONMOUTH	1.66	1.62	2.88	2.51	4.92
CAMDEN	1.71	2.47	1.43	2.10	7.18
OCEAN	1.75	2.02	2.48	1.85	3.59
SOUTH BERGEN	1.80	2.61	1.35	2.35	8.55
PROF MUN MGMT	1.81	2.39	1.92	1.84	5.12
SUBURBAN MUNICIPAL	1.87	1.71	1.89	2.57	7.25
ATLANTIC	2.30	2.67	2.05	2.60	6.35
N.J.U.A.	2.39	1.78	1.66	2.67	5.76
AVERAGE	1.61	1.98	1.74	2.22	5.73

NOTE : lost days may include claims with reserves - where claimant may not yet have had lost time

BERGEN JIF includes SIR claims for Fairlawn and Ridgewood

SOUTH BERGEN JIF includes SIR claims for Hackensack

* BASELINE: when the JIF was established or 1991 if the JIF was established before 1991



MEL
SAVINGS AND PENETRATION SUMMARY

2019

	UNITS OF SERVICE	BILLED	APPROVED	SAVINGS	% OF SAVINGS	% OF NETWORK PENETRATION	UCR	SAVINGS BELOW UCR	% OF SAVINGS BELOW UCR
JANUARY	331	\$ 1,197,854.41	\$ 354,163.88	\$ 843,690.53	70%	88%	\$ 742,663.39	\$ 512,640.15	69%
FEBRUARY	295	\$ 839,785.85	\$ 211,026.73	\$ 628,759.12	75%	86%	\$ 571,380.00	\$ 429,359.24	75%
MARCH	197	\$ 1,224,860.92	\$ 436,846.10	\$ 788,014.82	64%	81%	\$ 192,525.08	\$ 79,799.21	41%
APRIL	224	\$ 151,739.78	\$ 69,141.12	\$ 82,598.66	54%	81%	\$ 141,512.38	\$ 72,771.26	51%
MAY	304	\$ 700,507.52	\$ 253,531.12	\$ 446,976.40	64%	72%	\$ 464,171.76	\$ 276,419.05	60%
JUNE	232	\$ 448,176.82	\$ 212,341.00	\$ 235,835.82	53%	70%	\$ 205,357.52	\$ 86,876.33	42%
JULY	211	\$ 656,989.42	\$ 159,100.74	\$ 497,888.68	76%	82%	\$ 597,628.83	\$ 447,603.53	75%
AUGUST	257	\$ 333,054.55	\$ 156,790.82	\$ 176,263.73	53%	73%	\$ 195,296.86	\$ 96,258.36	49%
SEPT	288	\$ 707,087.89	\$ 360,066.17	\$ 347,021.72	49%	77%	\$ 240,727.47	\$ 46,925.71	19%
OCT	301	\$ 607,145.40	\$ 205,782.30	\$ 401,363.10	66%	71%	\$ 588,987.32	\$ 383,205.02	65%
NOV									
DEC									
TOTALS	2640	\$6,867,202.56	\$2,418,789.98	\$ 4,448,412.58	65%	78%	\$ 3,940,250.61	\$2,431,857.86	62%

2018

	UNITS OF SERVICE	BILLED	APPROVED	SAVINGS	% OF SAVINGS	% OF NETWORK PENETRATION	UCR	SAVINGS BELOW UCR	% OF SAVINGS BELOW UCR
JANUARY	188	\$ 530,079.37	\$ 190,101.72	\$ 339,977.65	64%	75%	\$ 369,101.49	\$ 205,124.25	56%
FEBRUARY	231	\$ 434,727.24	\$ 188,021.51	\$ 246,705.73	57%	81%	\$ 232,909.66	\$ 138,933.86	60%
MARCH	195	\$ 294,933.28	\$ 148,134.99	\$ 146,798.29	50%	77%	\$ 291,519.41	\$ 152,190.57	52%
APRIL	169	\$ 174,085.72	\$ 73,715.18	\$ 100,370.54	58%	76%	\$ 141,902.98	\$ 78,523.45	55%
MAY	314	\$ 556,908.10	\$ 206,863.45	\$ 350,044.65	63%	82%	\$ 317,574.59	\$ 191,908.04	60%
JUNE	227	\$ 400,180.01	\$ 134,231.50	\$ 265,948.51	66%	79%	\$ 250,589.92	\$ 175,615.97	70%
JULY	276	\$ 459,910.49	\$ 220,132.16	\$ 239,778.33	52%	65%	\$ 245,601.60	\$ 131,680.01	54%
AUGUST	267	\$ 619,815.96	\$ 245,191.38	\$ 374,624.58	60%	78%	\$ 296,862.70	\$ 165,836.12	56%
SEPT	312	\$ 509,233.48	\$ 242,782.44	\$ 266,451.04	52%	76%	\$ 356,069.36	\$ 206,847.43	58%
OCT	197	\$ 432,867.83	\$ 163,347.73	\$ 269,520.10	62%	75%	\$ 159,310.63	\$ 79,793.63	50%
NOV	167	\$ 144,835.31	\$ 71,199.18	\$ 73,636.13	51%	83%	\$ 109,161.78	\$ 46,695.80	43%
DEC	148	\$ 238,928.12	\$ 103,811.77	\$ 135,116.35	57%	75%	\$ 118,264.78	\$ 55,495.78	47%
TOTALS	2691	\$4,796,504.91	\$1,987,533.01	\$ 2,808,971.90	58%	77%	\$ 2,888,868.90	\$1,628,644.91	55%

2017

	UNITS OF SERVICE	BILLED	APPROVED	SAVINGS	% OF SAVINGS	% OF NETWORK PENETRATION
JANUARY	161	\$ 118,780.53	\$ 63,739.65	\$ 55,040.88	46%	78%
FEBRUARY	275	\$ 337,982.53	\$ 215,477.22	\$ 122,505.31	36%	78%
MARCH	300	\$ 1,085,800.85	\$ 400,009.43	\$ 685,791.42	63%	77%
APRIL	220	\$ 233,653.40	\$ 130,802.04	\$ 102,851.36	44%	66%
MAY	256	\$ 403,052.20	\$ 178,907.48	\$ 224,144.72	56%	78%
JUNE	280	\$ 358,975.34	\$ 179,975.29	\$ 179,000.05	50%	75%
JULY	262	\$ 402,749.20	\$ 191,846.96	\$ 210,902.24	52%	76%
AUGUST	394	\$ 467,152.91	\$ 227,829.48	\$ 239,323.43	51%	67%
SEPT	238	\$ 955,790.43	\$ 342,956.51	\$ 612,833.92	64%	70%
OCT	222	\$ 203,029.96	\$ 108,599.06	\$ 94,430.90	47%	77%
NOV	245	\$ 332,104.86	\$ 150,656.19	\$ 181,448.67	55%	86%
DEC	194	\$ 141,802.21	\$ 59,722.32	\$ 82,079.89	58%	77%
TOTALS	3047	\$5,040,874.42	\$2,250,521.63	\$ 2,790,352.79	52%	76%



MEL

**Charges/Savings by Specialty
OCTOBER 2019**

Specialty	Charges	Approved	Savings	% of Savings
Ortho/Neuro	384937.99	117685.41	\$ 267,252.58	69%
Other Provider Specialty	45168.02	9012.96	\$ 36,155.06	80%
Anesthesiology/Pain Management	38970.89	10170.34	\$ 28,800.55	74%
Physical/Occupational Therapy	38677.52	11495.31	\$ 27,182.21	70%
Inpatient Rehabilitation	30532	27377	\$ 3,155.00	10%
Ambulatory Surgical Center	22497.4	6583	\$ 15,914.40	71%
Orthopedic Surgery	17696	6667.6	\$ 11,028.40	62%
Diagnostic Radiology	9155.29	3825.53	\$ 5,329.76	58%
Behavioral Health	7922	5420.53	\$ 2,501.47	32%
Physical Medicine & Rehabilitation	5569.08	3743.55	\$ 1,825.53	33%
Durable Medical Equipment	4287.13	2893.73	\$ 1,393.40	33%
Laboratory Services	1066.08	533.04	\$ 533.04	50%
Hospital	366	109.3	\$ 256.70	70%
Ambulance/Transportation	300	265	\$ 35.00	12%

Appendix I
October 16, 2019 Minutes

**MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
OPEN MINUTES
OCTOBER 16, 2019
FORSGATE COUNTRY CLUB-MONROE, NJ
11:15AM**

ROLL CALL OF 2019 BOARD OF FUND COMMISSIONERS

Richard Hirsch	Borough of Longport - Atlantic JIF	Present
Mauro Tucci	Township of Nutley – Sub Essex JIF	Absent
Joseph Wolk	Borough of Mount Ephraim- Camden JIF	Present
Charles Cuccia	Borough of Little Falls –S. Bergen JIF	Present
Robert Law	Woodbury City - Trico JIF	Present
Jon Rheinhardt	Borough of Wharton – Morris JIF	Absent
Michael Guarino - alternate	Denville Twp. – Morris JIF	Present
Thomas Nolan	Borough of Brielle - Monmouth JIF	Present
Joseph D’ Arco	Borough of Paramus - NJMSI JIF	Present
Bernard Rutkowski	NJUA JIF – Toms River MUA	Present
Paul Tomasko	Borough of Alpine – Bergen JIF	Present
John Clarke	New Brunswick Housing Authority- PHA JIF	Present
Joy Tozzi	Township of Robbinsville - Mid-Jersey JIF	Absent
Veronica Laureigh	Township of Lacey – Ocean JIF	Absent
William Northgrave	Township of Edison – Central JIF	Present
Meghan Champney	City of Summit – Suburban JIF	Present
Cynthia Ege	Lambertville – PAIC JIF	Absent
Tom Merchel	Township of Moorestown- PMM JIF	Present
Megan Jack	Riverside Twp- Burlco JIF	Absent
Dave Matchett - alternate	Shamong Twp- Burlco JIF	Present
Mark Antozzeski	Hamilton Township Fire District 9- FRESP JIF	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/Adm	Perma Risk Management Services David N. Grubb, Joseph Hrubash, Cate Kiernan
Attorney	Dorsey & Semrau Fred Semrau, Esq.
Producer	Arthur J. Gallagher Paul Miola, Paul Forlenza
Actuary	The Actuarial Advantage Kyle Mrotek
Excess Liability Claims Administrator	CB Claims LLC Christopher Botta, Georganne Jussel
Ex Worker’s Comp Claims Administrator	Qual-Lynx Kathy Kissane
Safety Director	JA Montgomery Risk Control Services Paul Shives
Treasurer	Mike Zambito
Underwriting Manager	Conner Strong & Buckelew Edward Cooney

Managed Care

QualCare
Donna Setzer

Marketing Coordinator

Acrisure
Amy Pieroni

ALSO PRESENT:

Alison Kelly, Danskin Insurance Agency
Charles Casagrande, Danskin Insurance Agency
John Casagrande, Danskin Insurance Agency
Mike Avalone, Conner Strong & Buckelew Barbara Murphy, RLM
Ezio Altamura, GJEM-Otterstedt Insurance Agency
Frank Covelli, P.I.A
Brad Stokes, PERMA
Robyn Walcoff, PERMA
Pauline Kontomanolis, PERMA
Steve Sacco, PERMA
Jason Thorpe, PERMA
Nancy Ghani, PERMA

MINUTES: Included in the agenda were the open minutes of September 4, 2019.

MOTION TO APPROVE SEPTEMBER 4, 2019 OPEN MINUTES:

Moved: Commissioner Tomasko
Second: Commissioner Wolk
Vote: Unanimous

CORRESPONDENCE: Included in the agenda was correspondence from Sedgewick on their recent acquisition of York Risk Services Group, the MEL's current excess property claims administrator. Notice indicated there would be no change to the existing contract and the service team would remain in place.

EXECUTIVE DIRECTOR REPORT:

2020 RATE TABLE & BUDGET: Executive Director said the Management Committee met on October 11th to review the preliminary 2020 budget. Executive Director said the budget reflects an overall increase of .4% when applying the 2019 exposures and limits against the 2020 rate table to provide a comparison.

Executive Director summarized the notable changes in the Claims, Premiums and Expense sections of the budget. Executive Director said WC loss funds and premiums are decreasing noting that the MEL/local JIFs are experiencing one of the best safety records in terms of Lost Time Accident Frequency for 2019. Executive Director said *line 16 Boiler and Machinery* reflects a decrease and has been loaded into *line 15 Excess Property*. Executive Director said based as previously discussed, the potential risk exposure due to changes in legislation regarding firefighter cancer presumption and sexual abuse molestation are currently unknown. Executive Director said funds have been allocated to *line 17 Loss Fund Contingency* for this new exposure.

MOTION TO INTRODUCE ON FIRST READING THE 2020 BUDGET AND RATE TABLE AND TO SCHEDULE A PUBLIC HEARING FOR WEDNESDAY, NOVEMBER 20, 2019 AT 12:30PM – STEEL PIER ROOM THE SHERATON HOTEL -ATLANTIC CITY, NJ.

Moved: Commissioner Tomasko
Second: Commissioner Wolk
Vote: 15 Ayes – 0 Nays

MANAGEMENT COMMITTEE: Executive Director said in addition to the preliminary budget, the Management Committee also met to review the Plan of Risk Management and Contracts:

Plan of Risk Management – amendment regarding Sexual Molestation Investments. Enclosed in the agenda was the current plan with suggested amendments (highlighted for reference) to address the uncertainty of potential losses from S-477 and the Firefighter Cancer Presumption bill. Also included was correspondence from the Actuary explaining the rationale should the statutory surplus fall below a trigger number. Executive Director said the changes to the Plan would allow for a policy to declare an additional assessment should the statutory surplus not equal or exceed 12.5% of open reserves. Executive Director said based on year-end financials, the MEL’s statutory surplus – currently at \$16.1 million - is well in excess of that bar, but the Residual Claim Fund may need to collect additional assessments from member JIFs. Billing of any assessment would be over ten-year period. Executive Director said the Risk Management Plan had already been amended in June to include a clause that any declared dividend will be held in escrow for former members until such time as the statute has tolled for potential claims. Given the change in statute, that can be as long as 55 years from date of occurrence.

MOTION TO AMEND THE PLAN OF RISK MANAGEMENT AS PRESENTED:

Moved: Commissioner Law
Second: Commissioner Clarke
Vote: 15 Ayes – 0 Nays

Executive Director thanked the efforts of Deputy Executive Director, Fund Safety Director, the Fund Actuary and the Fund Attorney.

Contracts: Deputy Executive Director said Competitive Contract RFPs (CCRFP) were issued for Risk Management & Information System, Management and Safety Training Consultant and Marketing Consultant and Marketing Manager. Responses were due by September 19th. The Management Committee is designated as the Evaluation Committee for all but the Safety Training Consultant proposal. Executive Director said the Management Committee met to review responses and will now independently complete the evaluation and report to the Board of Commissioners in November. In addition to current vendors, only one additional proposal was received and that was in response to the request for Risk Management Information System. A meeting of the Safety & Education Committee will be scheduled to review the Safety Training Consultant proposal.

FISCAL MANAGEMENT PLAN: Included in the agenda was a revised Cash Management Plan as requested by Fund Treasurer. Executive Director said the amendment will allow the Treasurer to utilize the services of any bank covered by GUDPA.

MOTION TO ADOPT RESOLUTION 21-19 AMENDING THE 2019 FISCAL MANAGEMENT PLAN:

Moved: Commissioner Law
Second: Commissioner Clarke
Vote: 15 Ayes – 0 Nays

EMPLOYMENT PRACTICES PROGRAM: Executive Director said in September the board adopted a resolution approving a professional service agreement with Cleary, Giacobbe Alfieri Jacobs LLC to review and revise the Fund’s model employment documents, subject to proposal. For information, a copy of the proposal was submitted to the Board.

SAFETY & EDUCATION COMMITTEE: Committee Chairman provided a report on the Committee’s September 13th meeting; minutes of that meeting were included in the agenda for information. The 2020 proposed budget includes an increase in the MEL Safety Institute as recommended by the committee to meet additional demands. Additionally, the Fund Office is in

the process of scheduling a meeting to review the Safety Training Consultant proposal. Committee Chairman said 2018 is showing the lowest Lost Track Accident Frequency figures since the MEL first began producing the report in 1991. To date, 2019 is tracking similarly.

LEGISLATIVE COMMITTEE: This committee is scheduled to meet on November 20, 2019 at 10:00 am during the NJSLOM conference.

RCF SEPTEMBER REPORT: Commissioner Clarke submitted a report on the RCF’s September meeting, which was included in the agenda. RCF met prior to the MEL meeting and adopted its 2020 Budget.

CLAIMS COMMITTEE: The Claims Review Committee met in September and is scheduled to meet immediately following the Board meeting. Minutes of the September meeting were distributed to Fund Commissioners separately. Committee will meet again following the MEL Board meeting.

NEXT MEETING: Executive Director said the next meeting of the MEL would be Wednesday November 20, 2019 at 12:30PM in the Steel Pier Room at the Sheraton Hotel – Atlantic City.

UNDERWRITING MANAGER:

REPORT: Underwriting Manager said the MEL Cyber Risk Management questionnaire was moved to Origami platform for the 2020 renewal year to date there have 350 submissions. Underwriting Manager said these will still require review to see what members have reached either Tier 1 or Tier 2 of possible deductible reimbursements in the event of a cyber incident.

TREASURER:

CONFIRMATION OF PAYMENTS

September 2019 \$149,821.27

RESOLUTION 22-19 FOR OCTOBER 2019 VOUCHERS:

October 2019 \$381,074.94

Confirmation Of August 2019 Claims Payments/Certification Of Claims Transfers:

1988 WC	39,533.65
CLOSED	0.00
2015	36,892.68
2016	26,685.61
2017	6,715.21
2018	1,087,894.50
2019	112,762.78
TOTAL	\$1,310,484.43

Confirmation Of September 2019 Claims Payments/Certification Of Claims Transfers:

1988 WC	21,152.73
CLOSED	0.00
2015	176,308.57
2016	2,528,968.66
2017	663,127.85
2018	3,225,660.64
2019	247,751.23
TOTAL	\$6,862,969.68

MOTION TO CONFIRM PAYMENTS OF SEPTEMBER; APPROVE OCTOBER 2019 RESOLUTION 22-19 AND TO APPROVE TREASURER'S REPORT OF CURRENT AND CONFIRMING EXPENSES AS PRESENTED:

Moved: Commissioner Cuccia
Second: Commissioner Wolk
Roll Call Vote: 15 Ayes – 0 Nays

CLAIMS – EXCESS WORKERS COMPENSATION:

REPORT: Claims Administrator said there was nothing to report; MEL Claims Committee will meet following this meeting.

ATTORNEY:

REPORT: Fund Attorney complimented the efforts of the Fund Professionals, as well as, the proactive response to the unknown risk exposure based on changes in legislation related to firefighter cancer presumption and the sexual abuse molestation.

CLAIMS - MANAGED CARE:

REPORT: A report was included in the agenda showing the Savings and Penetration report as of September 2019; the total billed was \$6,260,057.16 with approved bills of \$2,213,007.68 for a total savings of 62% and network penetration of 79%.

OLD BUSINESS:

NONE

NEW BUSINESS:

NONE

PUBLIC COMMENT:

NONE

CLOSED SESSION: There was no need for Closed Session.

MOTION TO ADJOURN:

Moved: Commissioner Clarke
Second: Commissioner Cuccia
Vote: Unanimous

MEETING ADJOURNED: 11:35AM

NEXT MEETING: November 20, 2019
12:30PM – Sheraton Hotel – Steel Pier Room
Atlantic City, NJ

Nancy A. Ghani, Assisting Secretary

For

MAURO TUCCI, SECRETARY