

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
MINUTES
OCTOBER 11, 2012
TOMS RIVER MUNICIPAL BUILDING
3:00 P.M.**

Meeting Called to Order by Chairman Pine. Open Public Meeting Statement read into the record.

Pledge of Allegiance

ROLL CALL OF EXECUTIVE COMMITTEE::

James Pine, Chairperson, Township of Eagleswood	Present
Charlene Carney, Vice Chair, Borough of Pine Beach	Present
Paul Shives, Secretary, Township of Toms River	Present
Diane Lapp, Township of Manchester	Present
Veronica Laureigh, Twp. of Lacey	Present
Mayor Stephen Acropolis, Township of Brick	Absent
David Pawlishak, Borough of Surf City	Absent
Christopher Parlow, Borough of Lavallette, Alternate #1	Present
Mayor Steven Langert, Township of Lakewood, Alternate #2	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director /Administrator	Public Entity Risk Management Admin.	Stephen Sacco	Present
Attorney	Citta, Holzapfel, Zabarsky	Steven Zabarsky, Esq.	Present
Treasurer		Bill Garofalo	Present
Claims Service	Scibal Associates	Kathie Tyler-Schohl	Present
Underwriting Manager	Conner Strong & Buckelew	Joe Hrubash	Present
Safety Director	JA Montgomery	David McHale	Absent
Risk Management Consultants	Conner Strong & Buckelew	Mike Avalone	Present

ALSO PRESENT

Jim Kickham, PERMA
Jason Thorpe, PERMA
Tamara Goble, CS&B
Steve Macnamara, CSG
Anthony Morreale, JA Montgomery

APPROVAL OF MINUTES: September 13, 2012

MOTION TO APPROVE OPEN & CLOSED MINUTES FOR ABOVE REFERENCED MEETING

MOTION: Commissioner Laureigh
SECOND: Commissioner Lapp
ROLL CALL VOTE: 5 ayes, 0 nays, 1 abstention
Commissioner Carney

CORRESPONDENCE:

None

COMMITTEE REPORTS:

The Claims Review Committee: Met on Friday, October 5, 2012. Minutes from that meeting were distributed prior to the meeting. A verbal report will be provided during the Closed Session portion of the meeting.

TREASURER:

Mr. Garofalo reviewed the report he distributed prior to the meeting detailing the financial portfolio of the Fund as well as the cash investments and imprest/transfers. He also reported on the Bills List for the month that was distributed prior to the meeting.

October 2012

FUND YEAR	AMOUNT
Closed Year	\$1,555,754.00
2011	\$650.00
2012	\$137,931.89
TOTAL	\$1,694,335.89

MOTION TO APPROVE RESOLUTION # 26-12 APPROVAL FOR PAYMENT OF OCTOBER 2012 BILL LIST

MOTION: Commissioner Parlow
SECOND: Commissioner Laureigh
ROLL CALL VOTE: Unanimous

October 2012 (Supplemental)

FUND YEAR	AMOUNT
2012	\$45.25
TOTAL	\$45.25

MOTION TO APPROVE RESOLUTION #27-12 APPROVAL FOR PAYMENT OF OCTOBER 2012 SUPPLEMENTAL BILL LIST

MOTION: Commissioner Parlow
SECOND: Commissioner Laureigh
ROLL CALL VOTE: Unanimous

MOTION TO ACCEPT CLAIMS/IMPREST TRANSFERS FOR SEPTEMBER 2012 AS CERTIFIED BY THE TREASURER

MOTION: Commissioner Lapp
SECOND: Commissioner Shives
ROLL CALL VOTE: Unanimous

Copy of the Treasurer's Report made a part of the Minutes.

EXECUTIVE DIRECTOR:

CLAIMS REVIEW COMMITTEE: The Claims Review Committee met on Friday, October 5, 2012. Report for closed session.

JIF BUDGET PROCESS-2013 BUDGET – Mr. Sacco advised that the main purpose of the meeting was to introduce the proposed 2013 Budget and approve the recommended dividend. The Finance Committee met on Friday, October 5, 2012. Mr. Sacco referred the Committee to the memo on that meeting distributed prior to the start of the Executive Committee meeting. Prior to introducing the budget, Mr.

Sacco indicated that he would highlight the changes from the MEL for 2013. He advised that the Self Insured Retention (SIR) would be increasing from \$250,000 to \$300,000. He also advised that the MEL would be moving the Census Rating from 2000 Census to the 2010 Census, and it will be phased in over a 3 year period. Mr. Sacco informed the Committee that the MEL will be implementing the Experience Rating program for 2013. He advised that this program would slightly affect the Fund as there has been some adverse experience at the MEL level. Mr. Sacco also informed the Committee that Cyber Liability coverage will be provided to all members in 2013. Mr. Sacco also advised the Committee that XL Insurance, who handles the Fund's EPL/POL, will be offering members options to buy-down their co-insurance and deductible. Mr. Sacco then referred the Committee to the proposed 2013 Budget that was distributed prior to the start of the meeting. He gave an overview of the proposed budget by line. He advised that an addition to the 2013 budget is being made for the Police Accreditation program. Six member towns can apply to the Board each year, and each of those six members will be given \$20,000 towards their Police Accreditation program. The program must be completed within 18 months. He added that there will be a Resolution and Agreement that each participating member town must adopt in order to receive the \$20,000 grant. The member town must spend their \$30,000 first, and then the Fund will put its \$20,000 in. After the overview, Mr. Sacco asked for a motion to introduce the proposed 2013 Budget.

**MOTION TO INTRODUCE THE 2013 BUDGET FOR THE OCEAN
MUNICIPAL JOINT INSURANCE FUND IN THE AMOUNT OF
\$19,549,661 AND SCHEDULE A PUBLIC HEARING FOR NOVEMBER 8,
2012 IN THE TOMS RIVER MUNICIPAL BUILDING AT 3:00PM.**

MOTION:	Commissioner Shives
SECOND:	Commissioner Lapp
ROLL CALL VOTE:	Unanimous

Chairman Pine thanked all of the Fund Professionals for putting the 2013 Budget together.

Commissioner Parlow asked if a memo could be provided, in regards to the Police Accreditation program, showing the potential savings of completing the program. Mr. Sacco advised that there is reduction in premium once the program is completed and a projection can be provided if needed. Commissioner Shives added that the two most common threads in police litigation that he has seen being on the Claims Committee are failure to train and failure to supervise, which are both addressed head on by the accreditation process.

Mr. Sacco advised that Finance Committee is recommending a \$900,000 dividend to be returned to the membership and action was needed to approve it.

MOTION TO APPROVE RESOLUTION 28-12 OF THE EXECUTIVE COMMITTEE OF THE OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND AUTHORIZING REFUND OF CLOSED YEAR ACCOUNTS FOR A TOTAL AMOUNT OF \$900,000

MOTION: Commissioner Shives
SECOND: Commissioner Parlow
ROLL CALL VOTE: Unanimous

Mr. Sacco advised the Board of another decision from the Finance Committee meeting. Last year a loss ratio surcharge policy was implemented. This time last year the Member Municipalities were advised of this policy and were informed that they had one year to budget for it and be prepared. In addition, the Risk Managers spoke with each member municipality regarding this policy. Mr. Sacco referred the Board to the Loss Ratio Surcharge spreadsheet distributed prior to the meeting. He advised that 8 members had additional premiums, as reflected on the spreadsheet, and the additional premiums are going to be distributed back to the better performing members. Mr. Sacco added that this is all driven by the loss ratio.

MOTION TO CONFIRM LOSS RATIO SURCHARGE POLICY AND RETURN ADDITIONAL PREMIUM IN THE AMOUNT OF \$86,292.36 TO BETTER PERFORMING MEMBERS OF THE FUND

MOTION: Commissioner Shives
SECOND: Commissioner Parlow
ROLL CALL VOTE: Unanimous

Mr. Sacco also advised that there was a discussion regarding wage enhancement coverage at the last Finance Committee meeting. It is the Finance Committee's recommendation to not purchase this coverage from XL Insurance as it is not a cost effective measure going forward.

MOTION TO ACCEPT THE RECOMMENDATION OF THE FINANCE COMMITTEE AND DECLINE THE PURCHASE OF WAGE ENHANCEMENT COVERAGE FROM XL INSURANCE BASED ON THE FACT THAT IT IS NOT COST EFFECTIVE FOR THE FUND AT THIS TIME

MOTION: Commissioner Shives
SECOND: Commissioner Parlow
ROLL CALL VOTE: Unanimous

MEL 2013 BUDGET MEETING- Mr. Sacco advised that the MEL's 2013 Budget will be introduced on Wednesday, October 17, 2012 in Jamesburg, NJ. The public hearing on the MEL budget will be held on November 14, 2012 at 5:00 PM in the Convention Center in Atlantic City.

Also, the MEL's nominating committee will be beginning its deliberations for the November meeting. The Fund should nominate its 2013 representative and an alternate representative to the MEL. Currently, Commissioner Shives is the Fund's MEL representative.

MOTION TO NOMINATE COMMISSIONER PAUL SHIVES TO SERVE AS THE FUND'S REPRESENTATIVE AND COMMISSIONER DIANE LAPP AS THE ALTERNATE REPRESENTATIVE TO THE MEL.

MOTION:	Commissioner Parlow
SECOND:	Commissioner Laureigh
VOTE:	5 ayes, 0 nays, 1 abstention Commissioner Shives

E-JIF 2013 BUDGET MEETING - The E-JIF's 2013 budget was introduced on September 5th. The public hearing to adopt the 2013 budget will be held October 17th at 10:50AM in Jamesburg, NJ. The Fund should nominate its 2013 representative and an alternate representative to the E-JIF. Currently, Commissioner Shives is the E-JIF representative.

MOTION TO NOMINATE COMMISSIONER PAUL SHIVES TO SERVE AS THE FUND'S REPRESENTATIVE AND COMMISSIONER DIANE LAPP AS THE ALTERNATE REPRESENTATIVE TO THE E-JIF.

MOTION:	Commissioner Parlow
SECOND:	Commissioner Laureigh
VOTE:	5 ayes, 0 nays, 1 abstention Commissioner Shives

RESIDUAL CLAIMS FUND- The Residual Claims Fund introduced its 2013 budget at its September meeting. The public hearing to adopt the 2013 budget will be held October 17th at 10:30AM in Jamesburg, NJ. The Fund should nominate its 2013 representative and an alternate representative to the RCF. Currently, Commissioner Shives is the RCF representative.

MOTION TO NOMINATE COMMISSIONER PAUL SHIVES TO SERVE AS THE FUND'S REPRESENTATIVE AND COMMISSIONER DIANE LAPP AS THE ALTERNATE REPRESENTATIVE TO THE E-JIF.

MOTION:	Commissioner Parlow
SECOND:	Commissioner Laureigh
VOTE:	5 ayes, 0 nays, 1 abstention Commissioner Shives

EPL/POL COMPLIANCE – Enclosed in the agenda booklet is the current status listing for the members of the Fund.

MEMBERSHIP RENEWALS- The Ocean JIF does not have any members renewing their membership this year.

PAY TO PLAY - Mr. Sacco informed the Committee that the Fund has advertised an RFQ for Defense and Fund attorney as well as CDL & Audiometric and Respiratory testing provider positions for the Fund. The RFQs are returnable at the end of October, 2012. The results will be available for the November meeting.

DUE DILIGENCE REPORTS - Mr. Sacco referred the Committee to the Due Diligence Reports contained in the agenda packet. He advised that the Fund is in healthy financial condition. He added that fund year 2009 is currently being monitored due to a low balance.

With no further questions from the Fund Commissioners, Mr. Sacco concluded his report.

ATTORNEY:

Mr. Zabarsky advised that his report would be given during closed session.

SAFETY DIRECTOR:

Mr. Morreale reviewed the September activities and the October agenda. He advised that in 2013 there will be concentrated days of training called Fast Track to Safety Days offered. Mr. Morreale also advised of 10 online training courses in 2013.

Copy of the Safety Director's Report made a part of the Minutes

UNDERWRITING MANAGER:

Mr. Hrubash referred the Committee to his list of certificates issued for the month of September 2012 that was contained in the agenda.

Mr. Hrubash also referred to the memorandum that was distributed prior to the start of the meeting overviewing the POL/EPL program for 2013 that will be offering options for member towns to buy-down to lower deductibles and co-pays. Mr. Hrubash advised that if a member does not have an approved risk control program or has adverse loss experience, they will not be eligible for any of the buy-down options. He added that some options change depending on the size of the entity in terms of full-time employee count. Also distributed was a memorandum overviewing the Cyber Liability coverage. He advised that if any members had questions regarding the new program, they can call his office or consult with their Risk Managers.

List of Certificates made part of the Minutes.

CLAIMS SERVICE:

Ms. Tyler-Schohl advised the Committee that the Claims Services report would be given in Closed Session.

RISK MANAGEMENT CONSULTANT:

Mr. Avalone advised that in regards to the Loss Ratio Surcharge Policy, members were contacted last year based on 2011 results. They were all advised to inform their CFOs regarding this. He added that with the upcoming Elected Officials and Public Officials training seminars scheduled, and the \$250 assessment program, combined with the dividend, some of the adverse member towns will be able to drop below the 2% budget increase. Mr. Avalone advised that he will continue be in contact with the adverse members to discuss corrective measures going forward.

Lastly, Mr. Avalone also referred to the League of Municipalities MEL reception invitation contained within his report and asked that members try to attend.

Copy of the Risk Manager's Report made a part of the Minutes.

OLD BUSINESS:

None.

NEW BUSINESS:

None.

PUBLIC COMMENT:

None

**MOTION TO ENTER EXECUTIVE SESSION FOR THE PURPOSE OF
DISCUSSING CLAIMS AND POTENTIAL LITIGATION:**

MOTION:	Commissioner Laureigh
SECOND:	Commissioner Lapp
VOTE:	Unanimous

MOTION TO ADJOURN EXECUTIVE SESSION:

MOTION:	Commissioner Parlow
SECOND:	Commissioner Laureigh
VOTE:	Unanimous

**MOTION TO APPROVE PAYMENT OF CLAIMS AS DISCUSSED IN
EXECUTIVE SESSION, THE FOLLOWING PARS WERE APPROVED:**

Workers Compensation

**E84148
X30935
X33258
X32307
W70134
X36380
X31066
E34016
X24410
X23273
W57026**

GL, AL, and Property claims

**U83148
W45586
X34627
X35090
W47647
U87428**

X40872
W57052
W85300
U86190
X41606
X33468
X41968
W97856
X34881

MOTION: Commissioner Carney
SECOND: Commissioner Lapp
ROLL CALL VOTE: Unanimous

MOTION TO ADJOURN MEETING:

MOTION: Commissioner Lapp
SECOND: Commissioner Laureigh
VOTE: Unanimous

Meeting Adjourned at: 3:38 PM

NEXT MEETING: November, 2012 3:00 PM
Toms River Municipal Building
33 Washington Street
Toms River, NJ 08754

- Secretary

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
BILLS LIST**

Resolution No. 26-12

OCTOBER 2012

WHEREAS, the Treasurer has certified that funding is available to pay the following bills:

BE IT RESOLVED that the Ocean County Municipal Joint Insurance Fund's Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

FURTHER, that this authorization shall be made a permanent part of the records of the Fund.

FUND YEAR CLOSED

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
004121			
004121	MEL RESIDUAL CLAIMS FUND	2012 RCF ASSESSMENT	1,555,754.00
			1,555,754.00
		Total Payments Closed Year	1,555,754.00

FUND YEAR 2011

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
004122			
004122	POINT PLEASANT BEACH BOROUGH	SIP - 2011 SECOND PLACE GROUP A	650.00
			650.00
		Total Payments FY 2011	650.00

FUND YEAR 2012

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
004123			
004123	SCIBAL ASSOCIATES	OUTSIDE ADJUSTER - 10/2012	5,171.79
004123	SCIBAL ASSOCIATES	CLAIMS ADMIN - 10/2012	53,125.68
			58,297.47
004124			
004124	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES 10/2012	9,335.55
			9,335.55
004125			
004125	PERMA	POSTAGE FEE 09/2012	0.45
004125	PERMA	EXECUTIVE DIRECTOR - 10/2012	22,180.47
			22,180.92
004126			
004126	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING FEE 10/2012	3,419.33
			3,419.33
004127			
004127	CITTA, HOLZAPFEL & ZABARSKY PC	LITIGATION MANAGEMENT - 09/28/2012	13,656.25
004127	CITTA, HOLZAPFEL & ZABARSKY PC	ATTORNEY FEE 10/2012	3,198.50
			16,854.75
004128			
004128	CONSOLIDATED SERVICES GRP, INC	MANAGED CARE SERVICES - 10/2012	24,281.50
			24,281.50
004129			
004129	WILLIAM GAROFALO	TREASURER FEE 10/2012	2,646.87
			2,646.87
004130			
004130	ALLSTATE INFORMATION MANAGEMNT	DEPT: 411 - ACT & STOR 08/31/2012	44.25
			44.25

004131
004131

CONNER STRONG & BUCKELEW

UNDERWRITING MANAGERS FEE 10/2012

871.25
871.25

Total Payments FY 2012

137,931.89

TOTAL PAYMENTS ALL FUND YEARS \$1,694,335.89

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
SUPPLEMENTAL BILLS LIST**

Resolution No. 27-12

OCTOBER 2012

WHEREAS, the Treasurer has certified that funding is available to pay the following bills:

BE IT RESOLVED that the Ocean County Municipal Joint Insurance Fund's Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

FURTHER, that this authorization shall be made a permanent part of the records of the Fund.

FUND YEAR 2012

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
004132			
004132	PERMA	POSTAGE FEE 09/2012 - ADDITIONAL	45.25
			45.25
		Total Payments FY 2012	45.25

TOTAL PAYMENTS ALL FUND YEARS \$ 45.25

**RESOLUTION OF THE EXECUTIVE COMMITTEE
OF THE OCEAN COUNTY MUNICIPAL
JOINT INSURANCE FUND
AUTHORIZING REFUND OF THE CLOSED YEAR ACCOUNTS**

WHEREAS, N.J.A.C. 11:15-2.21 provides that a FUND may seek approval from the Commissioner of Insurance for a refund of excess monies from any FUND year upon compliance with certain requirements; and

WHEREAS, the FUND has obtained a calculation from its Actuary and Executive Director as to the amount of money which is available for distribution consistent with the aforementioned regulations, and the financial integrity of the FUND; and

WHEREAS, the Executive Committee has determined that it would be in the best interest of the FUND and its member municipalities to make certain refunds;

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the **Ocean County Joint Insurance Fund**, As Follows:

1. Section B of N.J.A.C. 11:15-2.21 provides that the FUND may seek approval for refunds from any claim fund which has been completed for not less than twenty-four months. Based upon this requirement and the closure of old Fund Years, surplus monies in the Closed Year Accounts are eligible for refunds.

2. The Executive Committee has balanced the interests of the member municipalities in obtaining the benefit of such monies as are available for refund against the need for the FUND to protect and preserve its financial integrity. Because the reserve figures and the IBNR figures utilized by the FUND Actuary are conservative, The Executive Committee has balanced the interests of the member municipalities in obtaining the benefit of such monies as are available for refund against the need for the FUND to protect and preserve its financial integrity. Because the reserve figures and the IBNR figures utilized by the FUND Actuary are conservative, It is the conclusion of the Executive Committee that the following amount can be refunded at this time:

Closed Year Account	\$ 900,000
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3. The Executive Director is, therefore, authorized and directed to submit such documents as the regulations require to the Department of Insurance and the Department of Community Affairs for the approval of the refunds in the amounts set forth above.

4. This authorization is based upon the Auditor's Report of the Historical Operating Results as of December 31, 2011. The aforementioned refund monies shall be allocated, as required and necessary, from the Closed Fund year Accounts.

5. The FUND Treasurer is authorized to prepare and execute checks for the pro-rated amount of the aforementioned refunds due to each member municipalities for the years in question, provided, however, the FUND Treasurer shall deduct the amount owed by the member local unit for any outstanding balances without regard for Fund year, upon receipt of written documentation of approval or acquiescence of these refunds from the Department of Insurance and the Department of Community Affairs. Said refunds shall be made to the municipalities which were members of the FUND for the years in question in the same ratio as said municipalities were assessed for the years in question.

OCEAN COUNTY JOINT INSURANCE FUND