

MORRIS ESSEX INSURANCE GROUP

LUNCHEON MEETING

THURSDAY, MARCH 15, 2018

12:00 Noon

CAFFE NA VONA

(973-627-1606)

(DIRECTIONS ON LINE)

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The New Jersey Open Public Meetings Act was enacted to ensure the right of the public to have advance notice and to attend the meetings of public bodies at which any business affecting their interest is discussed or acted upon. In accordance with the provisions of the act, the Morris Essex Insurance Group approved this meeting date at its organization meeting of June, 2017.

RSVP IF YOU CANNOT ATTEND

MORRIS ESSEX INSURANCE GROUP

THURSDAY, MARCH 15, 2018

AGENDA

I. Roll Call

II. Approval of the December 5, 2017

- **MOTION TO APPROVE THE MINUTES OF DECEMBER 5, 2017**

MOVED:

SECOND:

VOTE:

III. Treasurer's Report

A. Approval of the Treasurer's Report and Bills List

- **MOTION TO APPROVE TREASURER'S REPORT and BILLS LIST FOR December 2017, JANUARY, AND FEBRUARY 2018**

MOVED:

SECOND:

VOTE:

B. Interim Audit, December 31, 2017

- **MOTION TO ACCEPT THE DECEMBER 31, 2017 INTERIM AUDIT PREPARED BY OUR TREASURER AND TO FILE WITH THE DEPARTMENT OF BANKING AND INSURANCE**

MOVED:

SECOND:

VOTE:

IV. Executive Director's Report

A. Workers Compensation, Paid and Reserved

B. Payroll Audit 2016-2017 Completed

- **Additional Assessments Due by April 30, 2018**

- C. 2018-2019 Draft Estimated WC Assessment
- D. Update on 15 Year Surplus History – (Distributed at the Meeting)
- E. Update on Renewal Resolutions

- V. Willis
 - A. Review All Lines Budget Numbers
 - B. Brief Overview on Armed Police at Schools

- VI. Nisivoccia & Company
 - Return of Surplus for 2018
 - **MOTION TO APPROVE RETURN OF SURPLUS IN THE AMOUNT OF FOR 2018, PENDING THE APPROVAL OF THE DEPARTMENT OF BANKING AND INSURANCE AND OUR ACTUARY**

MOVED:

SECOND:

VOTE:

- VII. First MCO
 - A. Review of Third Quarter Reports

- VIII. Safety
 - A. Michael Halik, Chair

- IX. OLD Business

- X. New Business
 - PRIMA – June 3-6, Indianapolis, IN
 - MEIG sends up to 2 Members

- XI. Meeting Adjourned

**MORRIS ESSEX INSURANCE GROUP
MINUTES
BOARD OF TRUSTEES MEETING
December 5, 2017**

 The December 5, 2017 Board of Trustees meeting of the Morris Essex Insurance Group was called to order 12:00 Noon, by the Chairperson, Liz George, at Café NaVona in Rockaway, NJ.

ROLL CALL OF TRUSTEES:

CHAIRPERSON

Liz George	WASHINGTON TWSP	PRESENT
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VICE CHAIR

Vanessa Wolsky	HANOVER TWSP	PRESENT
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SECRETARY

Cheryl Nardino	VERONA	PRESENT
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Susan Young	MCS of TECHNOLOGY	PRESENT
Doug Pechanec	WEST MORRIS REG	PRESENT
Catarina Bilotta	ED SERVICES OF MO CO	ABSENT
Michael Halik	NORTH CALDWELL	PRESENT

MEMBERS

CATHERINE JENISCH	DOVER BOARD	PRESENT
JULIE KOT	ROSELAND BOARD	PRESENT
PETER CAPRIO	GLEN RIDGE BOARD	ABSENT
MELISSA KIDA	WEST ESSEX REGIONAL	PRESENT
CAROLINA RODRIGUEZ	MINE HILL BOARD	PRESENT
THOMAS KRYGER	MENDHAM TWSP	ABSENT
TONYA FLOWERS	MT. ARLINGTON BOARD	PRESENT
DANIEL BORGO	MT. LAKES BOARD	ABSENT
JOSEPH BELLINO	LONG HILL TWP BOARD	PRESENT
LALA GILLIS, Assist.	MADISON BOARD	PRESENT

FUND PROFESSIONALS PRESENT

EXECUTIVE DIRECTOR	Debra Ginetto
TREASURER	Jon Rheinhardt
INSERVCO	Nancy Fowlkes
SAFETY	Michael Berta
FIRST MCO	Kelly Royce
Willis	John Moore
AUDITOR	Bud Jones
ATTORNEY	John Tort

OTHERS PRESENT

Angelo Vilardi, Superintendent, ESC

**MOTION TO APPROVE THE MINUTES OF THE October 12, 2017
BOARD OF TRUSTEES MEETING**

MOVED:	Doug Pechanec
SECOND:	Vanessa Wolsky
VOTE:	UNANIMOUS

**MOTION TO APPROVE THE TREASURER'S REPORT AND BILLS LIST FOR
October through November, 2017**

MOVED:	Carolina Rodriguez
SECOND:	Sue Young
VOTE:	UNANIMOUS

EXECUTIVE DIRECTOR'S REPORT

**The Executive Director reported on the Paid and Reserved Claims in the Agenda.
Reminder: Audit information due by December 20th so the Fund can have their
experience modifications calculated by February 2018.**

Reminder that 2nd WC Installment is due by January 10, 2018.

**Recommendations for budgeting: Budget Memo attached including WC Rates for
2018. Renewal Commitments sent out Electronically.**

NISIVOCCIA & COMPANY

Bud Jones reviewed the June 30, 2017 Audit and Management Report. Both reports were sent out electronically to everyone.

- Motion to Accept the June 30, 2017 Audit and file with the Department of Banking and Insurance

MOVED: Doug Pechanec
SECOND: Sue Young
VOTE: UNANIMOUS

FIRST MCO

Reports were emailed to each member before the meeting. Kelly gave her report on savings and timely reporting of WC claims.

SAFETY COMMITTEE REPORT

Reminder to post OSHA Log 300 February
Discussion on SDS & Chemical Management
Articles of Interest noted.

WILLIS

John Moore gave a conservative Budget Projection for 2018 for All Lines of 5%

OLD BUSINESS

NONE

NEW BUSINESS

None

MOTION TO ADJOURN MEETING

MOTION: Cheryl Nardino
SECOND: Catherine Jenisch
VOTE: UNANIMOUS

MEETING ADJOURNED: 1:30 PM

MEIG

2018 PRELIMINARY BUDGET PROJECTIONS

To: BUSINESS ADMINISTRATOR
From: Debra Ginetto, Executive Director
Date: December 5, 2017
Re: 2018 – 2019 WC / Insured Budget Projections

2018-2019 WC PRELIMINARY BUDGET

WC Bureau Rates for 2018:

PROFESSIONAL RATES:	2017	2018	
	\$1.62	\$1.54	-5%
NON-PROFESSIONAL RATES:	\$11.80	\$10.61	-10%

Average WC decrease for State of NJ is 5.1%. The State Analysis for Experience is -9%, Trend 0%, and Expenses 3.6%. Non-Professional rates are below the State average.

Current maximum weekly benefit is \$896 and for 2018 it will be \$903.

The loss experience that will be used to calculate the 2018 experience modifications are years: 2014, 2015 and 2016

2013 Year drops off and 2016 Year comes on

We will not have your Experience Mods from the Actuary until the WC Payroll Audit for 2016-2017 is completed, but as a budget projection, I would recommend that you use a minimum of 1% as a **starting point** with **no** consideration for mod changes. The 1% takes into consideration a 2% increase in payroll, 1% for Excess WC.

We will ask our Actuary to recommend where he thinks we should set our Loss Fund again this year and use that as a guideline. Keep in mind our self-insured retention per claim continues to be at \$500,000. We have been funding for the increase in the retention since 2013. We have \$92,502 in that special account.

2018 – 2019 INSURED PRELIMINARY BUDGET FOR BOARDS THAT HAVE ALL LINES IN MEIG

We are recommending that you budget 5% across the board for all lines of insurance.

This does not include increased exposures: Building projects, additional vehicles and increase in student enrollment, please take that into consideration if it applies to your board.

MORRIS ESSEX INSURANCE GROUP
BILL LIST

From: **December 1, 2017**

To: **February 28, 2018**

CLAIM CHECKS:		<u>Check #</u>	<u>Amount</u>
11/28/2017	Inservco Processed Claims	2448 - 2457	31,510.83
12/11/2017	Inservco Processed Claims	2458 - 2470	14,126.88
12/26/2017	Inservco Processed Claims	2471 - 2517	56,279.43
1/9/2018	Inservco Processed Claims	2518 - 2528	69,792.88
1/23/2018	Inservco Processed Claims	2529 - 2547	13,159.32
2/6/2018	Inservco Processed Claims	2548 - 2578	8,523.63
2/21/2018	Inservco Processed Claims	2579 - 2601	176,234.34
	Subtotal (Claims)		<u>369,627.31</u>
OPERATING CHECKS:			
12/5/2017	Atlantic Health System	1085	520.00
12/5/2017	DocuSafe	1086	23.63
12/5/2017	FMCO	1087	20,646.16
12/5/2017	Jon Rheinhardt	1088	2,629.50
12/5/2017	O'Neil Consulting Services	1089	6,600.00
1/26/2018	Atlantic Health System	1090	520.00
1/26/2018	DocuSafe	1091	23.57
1/26/2018	FMCO	1092	20,646.16
1/26/2018	Nisivoccia LLP	1093	19,150.00
1/26/2018	Scenario Learning LLC	1094	10,500.00
1/26/2018	Jon Rheinhardt	1095	1,314.75
	Subtotal (Operating)		<u>82,573.77</u>
	Grand Total all Payments		<u><u>452,201.08</u></u>

REPORT OF THE TREASURER OF THE BOARD OF DIRECTORS
MORRIS ESSEX INSURANCE GROUP
FOR THE PERIOD: December 1, 2017 through February 28, 2018

		Cash Report			
		Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Operating Funds:					
Valley Bank (Investment)	(5266)	10,784,151.65	1,438,250.87	420,750.08	11,801,652.44
New Jersey Cash Management	(5171)	70,968.66	214.46		71,183.12
Subtotal		10,855,120.31	1,438,465.33	420,750.08	11,872,835.56
Imprest Accounts:					
Valley Bank (Operating Clearing)		31,451.00	51,122.77	82,573.77	-
Valley Bank (Claims)		-	369,627.31	369,627.31	-
Total All Accounts		\$ 10,886,571.31	\$ 1,859,215.41	\$ 872,951.16	\$ 11,872,835.56

Prepared and Submitted by:

Jon Rheinhardt, Treasurer

Date

MORRIS ESSEX INSURANCE GROUP
STATEMENT OF NET ASSETS
DECEMBER 31, 2017

ASSETS:

Assets:	
Cash and Cash Equivalents	\$ 11,629,987
Assessments Receivable	810,011
Reinsurance Receivable	<u>25,075</u>
Total Assets	<u>12,465,073</u>

LIABILITIES:

Liabilities:	
Accounts Payable - Vendors	139,105
Net Assets Distribution Payable to Participating Members	79,731
Deferred Revenue	1,308,734
Loss Reserves	<u>2,535,318</u>
Total Liabilities	<u>4,062,887</u>

NET ASSETS:

Unrestricted	<u>8,402,185</u>
Total Net Assets	<u>\$ 8,402,185</u>

MORRIS ESSEX INSURANCE GROUP
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

Operating Revenue:

Assessments from Participating	
School Districts - Workers Compensation	\$ 1,308,734
School Districts - All Lines Coverage	<u>951,700</u>
 Total Operating Revenue	 <u>2,260,434</u>

Operating Expenses:

Provision for Claims and Claim Adjustment Expenses	113,571
Insurance Premiums - Workers Compensation	233,910
Insurance Premiums - All Lines	906,383
Executive Director	28,250
Risk Management	45,318
Treasurer	7,889
Audit	
Safety Management	8,955
Managed Care Organization	61,939
Administrative Expenses	7,427
Claims Administrative Fees	<u>33,454</u>
 Total Operating Expenses	 <u>1,447,095</u>

Operating Income 813,339

Non-operating Revenue:

Investment Income	<u>85,822</u>
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Increase in Net Assets 899,160

Net Assets - June 30, 2017 7,503,025

Net Assets - December 31, 2017 \$ 8,402,185

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Fund Year						
	1984-1985	1985-1986	1986-1987	1987-1988	1988-1989	1989-1990	1990-1991
Operating Revenue:							
Assessments from Participating							
School Districts - Workers Compensation							
School Districts - All Lines							
Total Operating Revenue							
Operating Expenses:							
Provisions for Claims and							
Claim Adjustment Expense							
Insurance Premiums - Workers Compensation							
Insurance Premiums - All Lines							
Executive Director							
Treasurer							
Audit							
Safety Management							
Managed Care Organization							
Administrative Expenses							
Claims Administrative Fees							
Total Operating Expenses							
Operating Loss							
Non-operating Revenue:							
Investment Income	\$ 6	\$ 29	\$ 2	\$ 2	\$ -	\$ 2	\$ 4
Increase/(Decrease) in Net Assets	6	29	2	2	-	2	4
Net Assets - June 30, 2017	580	2,831	153	150	-	158	435
Net Assets - December 31, 2017	\$ 586	\$ 2,860	\$ 155	\$ 152	\$ -	\$ 160	\$ 439

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Fund Year						
	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998
Operating Revenue:							
Assessments from Participating							
School Districts - Workers Compensation							
School Districts - All Lines							
Total Operating Revenue							
Operating Expenses:							
Provisions for Claims and							
Claim Adjustment Expense							
Insurance Premiums - Workers Compensation							
Insurance Premiums - All Lines							
Executive Director							
Treasurer							
Audit							
Safety Management							
Managed Care Organization							
Administrative Expenses							
Claims Administrative Fees							
Total Operating Expenses							
Operating Income/(Loss)							
Non-operating Revenue:							
Investment Income	\$ -	\$ 7	\$ 13	\$ 20	\$ 58	\$ 47	\$ 218
Increase/(Decrease) in Net Assets	-	7	13	20	58	47	218
Net Assets - June 30, 2017	(12,116)	639	1,245	1,985	5,596	4,555	21,316
Net Assets - December 31, 2017	\$ (12,116)	\$ 646	\$ 1,258	\$ 2,005	\$ 5,654	\$ 4,602	\$ 21,534

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Fund Year						
	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Operating Revenue:							
Assessments from Participating							
School Districts - Workers Compensation							
School Districts - All Lines							
Total Operating Revenue							
Operating Expenses:							
Provisions for Claims and							
Claim Adjustment Expense	\$ 1	\$ 1				\$ (22,500)	
Insurance Premiums - Workers Compensation							
Insurance Premiums - All Lines							
Executive Director							
Treasurer							
Audit							
Safety Management							
Managed Care Organization							
Administrative Expenses							
Claims Administrative Fees							
Total Operating Expenses	1	1				(22,500)	
Operating Income/(Loss)	(1)	(1)				22,500	
Non-operating Revenue:							
Investment Income	918	68	\$ 266	\$ 449	\$ 643	\$ 61	\$ 481
Increase/(Decrease) in Net Assets	918	67	266	449	643	22,561	481
Net Assets - June 30, 2017	89,366	6,612	25,900	43,696	\$ 62,585	5,971	46,781
Net Assets - December 31, 2017	\$ 90,284	\$ 6,679	\$ 26,166	\$ 44,145	\$ 63,228	\$ 28,532	\$ 47,262

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Fund Year						
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Operating Revenue:							
Assessments from Participating							
School Districts - Workers Compensation							
School Districts - All Lines							
Total Operating Revenue							
Operating Expenses:							
Provisions for Claims and							
Claim Adjustment Expense		\$ 1			\$ 1		\$ (1)
Insurance Premiums - Workers Compensation							
Insurance Premiums - All Lines							
Executive Director							
Treasurer							
Audit							
Safety Management							
Managed Care Organization							
Administrative Expenses							
Claims Administrative Fees							
Total Operating Expenses		1			1		(1)
Operating Income/(Loss)		(1)			(1)		1
Non-operating Revenue:							
Investment Income	\$ 1,277	1,547	\$ 2,838	\$ 3,332	3,228	\$ 6,592	6,034
Increase/(Decrease) in Net Assets	1,277	1,547	2,838	3,332	3,228	6,592	6,035
Net Assets - June 30, 2017	124,259	150,562	276,100	324,196	314,088	641,336	587,133
Net Assets - December 31, 2017	\$ 125,536	\$ 152,109	\$ 278,938	\$ 327,528	\$ 317,316	\$ 647,928	\$ 593,168

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Fund Year						TOTAL
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	
Operating Revenue:							
Assessments from Participating School Districts - Workers Compensation						\$ 1,308,734	\$ 1,308,734
School Districts - All Lines						951,700	951,700
Total Operating Revenue				-	-	2,260,434	2,260,434
Operating Expenses:							
Provisions for Claims and Claim Adjustment Expense	\$ (1)			\$ 1		136,070	113,571
Insurance Premiums - Workers Compensation						233,910	233,910
Insurance Premiums - All Lines						906,383	906,383
Executive Director						28,250	28,250
Risk Management						45,318	45,318
Treasurer						7,889	7,889
Audit						-	-
Safety Management						8,955	8,955
Managed Care Organization						61,939	61,939
Administrative Expenses						7,427	7,427
Claims Administrative Fees						33,454	33,454
Total Operating Expenses	(1)			1	-	1,469,594	1,447,095
Operating Income/(Loss)	1			(1)	-	790,840	813,339
Non-operating Revenue:							
Investment Income	7,899	\$ 7,435	\$ 11,815	11,155	\$ 10,793	8,583	85,822
Increase/(Decrease) in Net Assets	7,901	7,435	11,815	11,154	10,793	799,423	899,160
Net Assets - June 30, 2017	768,585	723,376	1,149,555	1,085,314	1,050,083	-	7,503,025
Net Assets - December 31, 2017	\$ 776,486	\$ 730,811	\$ 1,161,370	\$ 1,096,468	\$ 1,060,876	\$ 799,423	\$ 8,402,185

MEIG

PAID & RESERVED TO DATE
February 28, 2018

DATE	PAID	RESERVE	RECOVERY	TOTAL	LOSS FUND	POTENTIAL RETURN	OPEN CLAIMS	CLOSED CLAIMS	TOTAL CLAIMS
*7/1/17-2018	\$ 200,886	\$ 224,677		\$ 425,563	\$ 1,996,538	\$ 1,570,975	32	91	123
7/1/16-2017	\$ 492,347	\$ 605,830		\$ 1,098,177	\$ 1,981,757	\$ 883,660	7	172	179
7/1/15-2016	\$ 505,886	\$ 178,118		\$ 684,004	\$ 2,061,739	\$ 1,377,735	6	174	180
7/1/14-2015	\$ 532,697	\$ 168,502		\$ 701,199	\$ 2,019,278	\$ 1,318,079	4	167	171
7/1/13-2014	\$ 570,864	\$ 170,659	\$ (1,250)	\$ 740,273	\$ 2,025,807	\$ 1,285,534	4	208	212
7/1/12-2013	\$ 563,556	\$ 79,177		\$ 642,733	\$ 2,030,242	\$ 1,387,509	2	232	234
7/1/11-2012	\$ 576,682	\$ 54,647		\$ 631,329	\$ 1,941,767	\$ 1,310,438	2	227	229
			TOTAL 2016-2011	\$ 4,497,715	\$ 12,060,590	\$ 7,562,875			
				63% Potential Return					

Total Claims 2017: 114 \$279,599