

MORRIS ESSEX INSURANCE GROUP

LUNCHEON MEETING

WEDNESDAY, MARCH 20, 2019

12:00 Noon

CAFFE NA VONA

(973-627-1606)

(DIRECTIONS ON LINE)

WWW.CAFFENAVONA.COM

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, 2018.

RSVP IF YOU CANNOT ATTEND

MORRIS ESSEX INSURANCE GROUP

WEDNESDAY, MARCH 20, 2019

AGENDA

I. Roll Call

II. Acceptance of the December 12, 2018 Minutes

- **MOTION TO ACCEPT THE MINUTES OF DECEMBER 12, 2018**

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 2018, JANUARY, AND FEBRUARY 2019**

MOVED:

SECOND:

VOTE:

B. Interim Audit, December 31, 2018

- **MOTION TO ACCEPT THE DECEMBER 31, 2018 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 2017-2018 Completed
 - Additional Assessments Due by April 30, 2019
 - C. 2019-2020 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. Unshared Excess Liability Program
 - C. Cyber – Training
 - D. Other Funds – Proposed Increases

- VI. Nisivoccia & Company
 - Return of Surplus for 2019
 - **MOTION TO APPROVE RETURN OF SURPLUS IN THE AMOUNT OF \$1,026,730 FOR 2019, 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
 - B. Mike Berta, Safety Consultant

- IX. OLD Business

- X. New Business
 - PRIMA 2019 – June 9-12 Orlando, FL
 - MEIG sends up to 2 Members

- XI. Meeting Adjourned

**MORRIS ESSEX INSURANCE GROUP
MINUTES
BOARD OF TRUSTEES MEETING
December 12, 2018**

The December 12, 2018 Board of Trustees meeting of the Morris Essex Insurance Group was called to order 12:00 Noon, by the Chairperson, Vanessa Wolsky, at Café NaVona in Rockaway, NJ.

ROLL CALL OF TRUSTEES:

CHAIRPERSON

Vanessa Wolsky	HANOVER TWSP	PRESENT
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VICE CHAIR

Cheryl Nardino	VERONA	ABSENT
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SECRETARY

Michael Halik	NORTH CALDWELL	PRESENT
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Susan Young	MCS of TECHNOLOGY	PRESENT
Doug Pechanec	WEST MORRIS REG	PRESENT
Catarina Bilotta	ED SERVICES OF MO CO	PRESENT
Liz George	WASHINGTON TWP	PRESENT

MEMBERS

CATHERINE JENISCH	DOVER BOARD	ABSENT
JULIE KOT	ROSELAND BOARD	PRESENT
BARBARA MURPHY	GLEN RIDGE BOARD	ABSENT
MELISSA KIDA	WEST ESSEX REGIONAL	PRESENT
CAROLINA RODRIGUEZ	MINE HILL BOARD	PRESENT
DONNA	MENDHAM TWSP	PRESENT
TONYA FLOWERS	MT. ARLINGTON BOARD	PRESENT
DANIEL BORGIO	MT. LAKES BOARD	ABSENT
JOSEPH BELLINO	LONG HILL TWP BOARD	PRESENT
GARY LANE	MADISON BOARD	PRESENT

MEIG 12/12/18

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
Brian Lau, Director D2 Cybersecurity

**MOTION TO APPROVE THE MINUTES OF THE October 11, 2018
BOARD OF TRUSTEES MEETING**

MOVED:	Doug Pechanec
SECOND:	Michael Halik
VOTE:	UNANIMOUS

**MOTION TO APPROVE THE TREASURER'S REPORT AND BILLS LIST FOR
October through November, 2018**

MOVED:	Liz George
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 28th so the Fund can have their
experience modifications calculated by February 2019.
Reminder that 2nd WC Installment is due by January 10, 2019.
Recommendations for budgeting: Budget Memo attached including WC Rates for
2019. Renewal Commitments sent out electronically.**

Discussion on Post Offer Medical Program. Recommended that as of January 1, 2019 the Fund offer an alternative to Chilton Program, Kinematic Consultants.

- **Motion to Approve Kinematic Consultants, Inc. to perform Physical Exams for Maintenance and Custodial New Hires at a rate of \$450 per Exam, Effective January 1, 2019 as an addition to Chilton Program**

**MOVED: Doug Pechanec
SECOND: Mike Halik
VOTE: UNANIMOUS**

NISIVOCCIA & COMPANY

Bud Jones reviewed the June 30, 2018 Audit and Management Report. Both reports were sent out electronically to everyone.

- **Motion to Accept the June 30, 2018 Audit and file with the Department of Banking and Insurance**

**MOVED: Liz George
SECOND: Gary Lane
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

Safety Meeting scheduled for January 2019

Review Generic Job Description

Mold Seminar in November 27th was discussed

PRESENTATION - D-2 Cybersecurity, Brian Lau

The presentation is available electronically for anyone that wanted a hard copy.

The Fund will discuss possibly joining PIP and NESBIG for a better per employee rate for on-line cyber training.

WILLIS

John Moore gave a conservative Budget Projection for 2019 for All Lines of 5%

OLD BUSINESS

NONE

NEW BUSINESS

PRIMA CONFERENCE – June 9-12 Orlando

MOTION TO ADJOURN MEETING

MOTION:

Michael Halik

SECOND:

Gary Lane

VOTE:

UNANIMOUS

MEETING ADJOURNED: 1:30 PM

MEIG 12/12/18

MEIG
2019 PRELIMINARY BUDGET PROJECTIONS

To: BUSINESS ADMINISTRATOR
From: Debra Ginetto, Executive Director
Date: December 12, 2018
Re: 2019 – 2020 WC / Insured Budget Projections

2019-2020 WC PRELIMINARY BUDGET

WC Bureau Rates for 2019:

PROFESSIONAL RATES:	2018	2019	
	\$1.54	\$1.49	-3% (.05)
NON-PROFESSIONAL RATES:	\$10.61	\$10.76	+1.5% (.15)

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 \$903 and for 2019 it will be \$921.

The loss experience that will be used to calculate the 2019 experience modifications are years: **2015, 2016 and 2017**

2014 Year drops off and 2017 Year comes on

We will not have your Experience Mods from the Actuary until the WC Payroll Audit for 2017-2018 is completed, but as a budget projection, I would recommend that you use a minimum of 2% as a **starting point** with **no** consideration for mod changes. The 2% 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 \$143,904 in that special account.

2019 – 2020 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.

REPORT OF THE TREASURER OF THE BOARD OF DIRECTORS
MORRIS ESSEX INSURANCE GROUP
FOR THE PERIOD: December 1, 2018 through February 28, 2019

		Cash Report			
		Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Operating Funds:					
Valley Bank (Investment)	(5266)	11,211,698.49	1,462,430.44	185,283.08	12,488,845.85
New Jersey Cash Management	(5171)	72,140.00	419.07		72,559.07
Subtotal		11,283,838.49	1,462,849.51	185,283.08	12,561,404.92
Imprest Accounts:					
Valley Bank (Operating Clearing)			69,608.65	69,608.65	-
Valley Bank (Claims)			115,674.43	115,674.43	-
Total All Accounts		<u>\$ 11,283,838.49</u>	<u>\$ 1,648,132.59</u>	<u>\$ 370,566.16</u>	<u>\$ 12,561,404.92</u>

Prepared and Submitted by:

Jon Rheinhardt, Treasurer

Date

MORRIS ESSEX INSURANCE GROUP

BILL LIST

From: **December 1, 2018**

To: **February 28, 2019**

CLAIM CHECKS:

		<u>Check #</u>		<u>Amount</u>
12/12/2018	Inservco Processed Claims	3698	- 3733	6,709.32
12/26/2018	Inservco Processed Claims	3734	- 3768	13,699.06
1/8/2019	Inservco Processed Claims	3769	- 3789	20,728.24
1/22/2019	Inservco Processed Claims	3790	- 3818	29,726.66
2/5/2019	Inservco Processed Claims	3819	- 3890	32,900.80
2/21/2019	Inservco Processed Claims	3891	- 3928	11,910.35
	Subtotal (Claims)			<u>115,674.43</u>

OPERATING CHECKS:

12/4/2018	Aero Environmental	1146		8,954.46
12/4/2018	Atlantic Health System	1147		260.00
12/4/2018	Docusafe Records Mgt	1148		23.57
12/4/2018	FMCO	1149		31,588.62
12/4/2018	Jon Rheinhardt	1150		2,682.00
12/4/2018	O'Neil Consulting Services	1151		6,600.00
12/12/2018	Nisivoccia LLP	1152		19,500.00
	Subtotal (Operating)			<u>69,608.65</u>
	Grand Total all Payments			<u><u>185,283.08</u></u>

MORRIS ESSEX INSURANCE GROUP
STATEMENT OF NET ASSETS
DECEMBER 31, 2018

ASSETS:

Assets:

Cash and Cash Equivalents	\$ 11,836,190
Assessments Receivable	762,865
Reinsurance Receivable	<u>32,334</u>
Total Assets	<u>12,631,389</u>

LIABILITIES:

Liabilities:

Accounts Payable - Vendors	93,727
Net Assets Distribution Payable to Participating Members	79,731
Deferred Revenue	1,334,907
Loss Reserves	<u>2,753,251</u>
Total Liabilities	<u>4,261,616</u>

NET ASSETS:

Unrestricted	<u>8,369,773</u>
Total Net Assets	<u>\$ 8,369,773</u>

MORRIS ESSEX INSURANCE GROUP
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Operating Revenue:

Assessments from Participating	
School Districts - Workers Compensation	\$ 1,334,907
School Districts - All Lines Coverage	1,015,000
	<hr/>
Total Operating Revenue	2,349,907
	<hr/>

Operating Expenses:

Provision for Claims and Claim Adjustment Expenses	513,346
Insurance Premiums - Workers Compensation	241,893
Insurance Premiums - All Lines	966,668
Executive Director	28,815
Risk Management	48,333
Treasurer	8,046
Audit	
Safety Management	8,954
Managed Care Organization	63,177
Administrative Expenses	11,564
Claims Administrative Fees	33,454
	<hr/>
Total Operating Expenses	1,924,251
	<hr/>

Operating Income 425,656

Non-operating Revenue:

Investment Income 147,281

Increase in Net Assets 572,936

Net Assets - June 30, 2018 7,796,837

Net Assets - December 31, 2018 \$ 8,369,773

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	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		\$ 2,125					
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		2,125					
Operating Loss		(2,125)					
Non-operating Revenue:							
Investment Income	\$ 8	\$ 40	\$ 2	\$ 2	\$ -	\$ 2	\$ 6
Increase/(Decrease) in Net Assets	8	(2,085)	2	2	-	2	6
Net Assets - June 30, 2018	480	2,343	128	125	-	131	360
Net Assets - December 31, 2018	\$ 488	\$ 258	\$ 130	\$ 127	\$ -	\$ 133	\$ 366

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	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	\$ 1,000						
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	1,000						
Operating Income/(Loss)	(1,000)						
Non-operating Revenue:							
Investment Income	\$ 198	\$ 9	\$ 18	\$ 28	\$ 79	\$ 64	\$ 317
Increase/(Decrease) in Net Assets	(802)	9	18	28	79	64	317
Net Assets - June 30, 2018	11,638	529	1,031	1,643	4,633	3,772	18,648
Net Assets - December 31, 2018	\$ 10,836	\$ 538	\$ 1,049	\$ 1,671	\$ 4,712	\$ 3,836	\$ 18,965

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	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	\$ (1,000)	\$ 1			\$ (0)		
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	(1,000)	1			(0)		
Operating Income/(Loss)	1,000	(1)			0		
Non-operating Revenue:							
Investment Income	1,255	115	\$ 390	\$ 641	\$ 920	\$ 467	\$ 658
Increase/(Decrease) in Net Assets	2,255	114	390	641	921	467	658
Net Assets - June 30, 2018	73,825	6,761	22,943	37,676	54,140	27,444	38,730
Net Assets - December 31, 2018	\$ 76,080	\$ 6,875	\$ 23,333	\$ 38,317	\$ 55,061	\$ 27,911	\$ 39,388

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	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		\$ 0	\$ 0	\$ 50,000			\$ (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		0	0	50,000			(1)
Operating Income/(Loss)		(0)	(0)	(50,000)			1
Non-operating Revenue:							
Investment Income	\$ 1,749	2,193	\$ 3,819	\$ 4,393	4,470	\$ 9,120	8,689
Increase/(Decrease) in Net Assets	1,749	2,192	3,818	(45,607)	4,470	9,120	8,690
Net Assets - June 30, 2018	102,876	128,967	224,616	258,406	262,944	536,453	511,094
Net Assets - December 31, 2018	\$ 104,625	\$ 131,159	\$ 228,434	\$ 212,799	\$ 267,414	\$ 545,573	\$ 519,784

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Fund Year						
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Operating Revenue:							
Assessments from Participating							
School Districts - Workers Compensation							\$ 1,334,907
School Districts - All Lines							1,015,000
Total Operating Revenue				-	-	-	2,349,907
Operating Expenses:							
Provisions for Claims and							
Claim Adjustment Expense	\$ 0	\$ 1	\$ (0)	\$ 0	\$ (0)	\$ 10	461,209
Insurance Premiums - Workers Compensation							241,893
Insurance Premiums - All Lines							966,668
Executive Director							28,815
Risk Management							48,333
Treasurer							8,046
Audit							-
Safety Management							8,954
Managed Care Organization							63,177
Administrative Expenses							11,564
Claims Administrative Fees							33,454
Total Operating Expenses	0	1	(0)	0	(0)	10	1,872,114
Operating Income/(Loss)	(0)	(1)	0	(0)	0	(10)	477,793
Non-operating Revenue:							
Investment Income	10,818	\$ 11,457	\$ 14,907	21,036	\$ 15,747	18,936	14,728
Increase/(Decrease) in Net Assets	10,818	11,456	14,907	21,036	15,747	18,926	492,521
Net Assets - June 30, 2018	636,323	673,893	876,840	1,237,353	926,244	1,113,848	-
Net Assets - December 31, 2018	\$ 647,141	\$ 685,349	\$ 891,747	\$ 1,258,389	\$ 941,991	\$ 1,132,774	\$ 492,521

SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS BY FUND YEAR
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Fund Year		
			TOTAL
Operating Revenue:			
Assessments from Participating			
School Districts - Workers Compensation			\$ 1,334,907
School Districts - All Lines			1,015,000
Total Operating Revenue		-	2,349,907
Operating Expenses:			
Provisions for Claims and			
Claim Adjustment Expense			513,346
Insurance Premiums - Workers Compensation			241,893
Insurance Premiums - All Lines			966,668
Executive Director			28,815
Risk Management			48,333
Treasurer			8,046
Audit			-
Safety Management			8,954
Managed Care Organization			63,177
Administrative Expenses			11,564
Claims Administrative Fees			33,454
Total Operating Expenses		-	1,924,251
Operating Income/(Loss)		-	425,656
Non-operating Revenue:			
Investment Income			147,281
Increase/(Decrease) in Net Assets		-	572,936
Net Assets - June 30, 2018			7,796,837
Net Assets - December 31, 2018			\$ 8,369,773

MEIG

PAID & RESERVED TO DATE

February 28, 2019

DATE	PAID	RESERVE	RECOVERY	TOTAL	LOSS FUND	POTENTIAL RETURN	OPEN CLAIMS	CLOSED CLAIMS	TOTAL CLAIMS
*7/1/18-2019	\$ 75,663	\$ 156,119		\$ 231,782	\$ 2,044,574	\$ 1,812,792	40	86	126
7/1/17-2018	\$ 574,214	\$ 267,035		\$ 841,249	\$ 1,995,538	\$ 1,155,289	13	180	193
7/1/16-2017	\$ 588,750	\$ 324,467		\$ 913,217	\$ 1,981,757	\$ 1,068,540	6	173	179
7/1/15-2016	\$ 539,666	\$ 115,019		\$ 654,685	\$ 2,061,739	\$ 1,407,054	5	175	180
7/1/14-2015	\$ 539,274	\$ 312,715	\$ (16,666)	\$ 835,323	\$ 2,019,278	\$ 1,183,955	4	167	171
7/1/13-2014	\$ 751,026	\$ 26,926	\$ (5,194)	\$ 772,758	\$ 2,025,807	\$ 1,253,049	2	210	212
7/1/12-2013	\$ 572,760	\$ 86,037		\$ 658,797	\$ 2,030,242	\$ 1,371,445	3	231	234
7/1/11-2012	\$ 580,770	\$ 105,934		\$ 686,704	\$ 1,941,767	\$ 1,255,063	2	227	229
			TOTAL 2017-2011	\$ 5,362,733	\$ 14,057,128	\$ 8,694,395			

62% Potential Return

*Total Claims 2018: 123 \$425,564