

MORRIS ESSEX INSURANCE GROUP

LUNCHEON MEETING

THURSDAY, DECEMBER 8, 2016

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 thepublic 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, 2016.

RSVP IF YOU CANNOT ATTEND

MORRIS ESSEX INSURANCE GROUP

THURSDAY, DECEMBER 8, 2016

AGENDA

- I. Roll Call
- II. Approval of the October 13, 2016 Minutes
 - MOTION TO APPROVE THE MINUTES OF OCTOBER 13, 2016
 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 OCTOBER 2016 THROUGH NOVEMBER 2016

MOVED: SECOND: VOTE:

- IV. Executive Director's Report
 - A. Workers Compensation, Paid and Reserved
 - B. Payroll Audit 2015-2016 Deadline
 - C. Reminder: 2nd Installment of WC Due January 10, 2017
 - D. WC Rates 2017-2018 and Preliminary WC Budget
 - E. Renewal Commitments Sent out Electronically
 - F. Report on Cyber Seminar

MORRIS ESSEX INSURANCE GROUP THURSDAY, DECEMBER 8, 2016

AGENDA

- V. Nisivoccia & Company LLP, Bud Jones
 - A. Review of June 30, 2016 Audit and Management Recommendations (Will be sent out electronically)
 - Motion to Approve the June 30, 2016 Audit and file with the Department of Banking and Insurance

MOVÊD: SECOND: VOTE:

- VI. Presentation: Nisivoccia & Co., Marcia Geltman

 Treatment of Workers' Compensation for School Board Employees
- VII. Willis Insurance Services

A. All Lines – Budget Projections for 2017-2018

VIII. Safety Report

Feedback on November 28th Safety Seminar

IX. First MCO

A. Status Report

- X. OLD Business
- XI. New Business
- XII. Meeting Adjourned

MORRIS ESSEX INSURANCE GROUP MINUTES BOARD OF TRUSTEES MEETING OCTOBER 13, 2016

The October 13, 2016 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
VICE CHAIR Vanessa Wolsky	HANOVER TWSP	ABSENT
SECRETARY Cheryl Nardino	VERONA	PRESENT
Susan Young Doug Pechanec Catarina Bilotta Michael Halik	MCS of TECHNOLOGY WEST MORRIS REG ED SERVICES OF MO CO NORTH CALDWELL	PRESENT PRESENT ABSENT PRESENT
<u>MEMBERS</u>		
CATHERINE JENISCH	DOVER BOARD	ABSENT
JASON M. BOHM	ROSELAND BOARD	PRESENT
PETER CAPRIO	GLEN RIDGE BOARD	ABSENT
MICHAEL FALKOWSKI	WEST ESSEX REGIONAL	ABSENT
CAROLINA RODRIGUEZ THOMAS KRYGER	MINE HILL BOARD MENDHAM TWSP	PRESENT
TONYA FLOWERS	MT. ARLINGTON BOARD	ABSENT PRESENT
DANIEL BORGO	MT. LAKES BOARD	ABSENT
JOHN ESPOSITO	LONG HILL TWP BOARD	ABSENT
GARY LANE	MADISON BOARD	PRESENT

MEIG 10/13/16

FUND PROFESSIONALS PRESENT

EXECUTIVE DIRECTOR Deb 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 Brittany, West Essex Reg.

MOTION TO APPROVE THE MINUTES OF JUNE 16, 2016 MEETING

MOVED: Gary Lane
SECOND: Doug Pechanec
VOTE: UNANIMOUS

MOTION TO APPROVE THE TREASURER'S REPORT AND BILLS LIST FOR JUNE, JULY AND SEPTEMBER 2016

MOVED: Gary Lane
SECOND: Doug Pechanec
VOTE: UNANIMOUS

MEIG 10/13/16

EXECUTIVE DIRECTOR'S REPORT

New claim year started July 1, 2016. As of August 31st, total of 9 claims with a paid and reserve of \$34,175. Same time last year we had 16 claims and \$24,549 in paid and reserve. 2008 to 2015 the average potential return is at 66%.

Reminder, electronic template for the 2015-2016 Payroll Audit will be sent out. Information is due on or before December 1, 2016

Received a draft copy of the DOBI Audit, no recommendations.

Fund should consider purchasing Director's and Officer's Liability in the future.

INSERVCO

Nancy distributed the Annual 5 Year Claim Reports showing the number of Indemnity vs. Medical only claims for each Board with a percentage of their paid and reserve to the total Fund. Repeater list, if any, last section of each of the reports.

Compared to the National Average the Fund has lower numbers for Indemnity vs, Medical only claims which is commendable.

WILLIS/John Moore

John Moore reviewed the Insured Program with emphasis on Cyber.

December 1st Willis will host Cyber Seminar at their Short Hills office with possible 2 QPA credits for technology.

Invite will be sent out by the Executive Director's office.

FIRST MCO

Quarterly reports were reviewed by Kelly Royce of 1st MCO.

SAFETY COMMITTEE REPORT

Michael Halik reported that the Committee set a new date for the Safety Seminar of November 28, 2016, Embassy Suites, 10:00 AM to Noon, lunch to follow. 2 CE credits approved.

Mike Berta handed out "School Lead in Drinking Water Summary, NJDOE Important Requirements" with a brief discussion.

OLD BUSINESS

Staggered membership renewals. 6 Boards that were in the 1 year renewal last year will be up for renewal for 3 years July 1, 2017. Membership Resolutions will be sent to those Boards for approval before April 1, 2017.

MEIG 10/13/16

NEW BUSINESS

Discussion on joining PRIMA as a Fund since MEIG sends up to 2 members to the conference each year and webinars are also available throughout the year as a learning tool.

MEIG has been using the NESBIG's membership in the past but should consider their own membership for 2017.

The membership agreed to join PRIMA at a cost of \$374 for 2017.

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MOTION:

Doug Pechanec

SECOND: VOTE:

Sue Young

UNANIMOUS

MEETING ADJOURNED: 1:30 PM	
Liz George	
Chairperson	Date

MEIG 10/13/16

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REPORT OF THE TREASURER OF THE BOARD OF DIRECTORS MORRIS ESSEX INSURANCE GROUP FOR THE PERIOD: October 1, 2016 through November 30, 2016

Cash Report

		44.			Cashir	(CPOI	•		
		В	eginning Cash				Cash		Ending Cash
		<u> </u>	Balances	C	ash Receipts	Di	sbursements		Balances
Operating Funds:									
TD Bank(Checking)	(2651)	\$	2,532,923.48	\$	386.64			\$	2,533,310.12
Valley Bank (Investment)	(5266)		7,621,140.25		200,397.69		192,224.01		7,629,313.93
Valley Bank (Operating Clearing)					33,775.66		33,775.66		-
New Jersey Cash Management	(5171)	_	70,395.52	_	53.72			·	70,449.24
Subtotal			10,224,459.25		234,613.71		225,999.67		10,233,073.29
Claim Imprest Account:									
TD Bank(Claims)	(2669)		8,329.44		-				8,329.44
Valley Bank (Claims)			-		158,448.35		158,448.35		
Total All Accounts		<	10,232,788.69	\$	393,062.06	\$	384,448.02	\$	10,241,402.73

Prepared and Submitted by:	
Jon Rheinhardt, Treasurer	Date

MORRIS ESSEX INSURANCE GROUP BILL LIST

From:

October 1, 2016

To:

November 30, 2016

CLAIM CHECKS:		c	heck	#	Amount
10/4/2016	Inservco Processed Claims	1255	-	1299	17,447.07
10/20/2016	Inservco Processed Claims	1300	-	1340	22,096.63
10/31/2016	Inservco Processed Claims	1341	-	1394	25,119.11
11/14/2016	Inservco Processed Claims	1395	-	1467	34,386.95
11/30/2016	Inservco Processed Claims	1468	-	1530	59,398.59
	Subtotal (Claims)				158,448.35
OPERATING CHE	CVS.				
OPERATING CHE	CK3:				
10/12/2016	FMCO			1008	20,646.16
10/12/2016	Jon Rheinhardt			1009	2,629.50
10/12/2016	Scenario Learning			1010	10,500.00
	Subtotal (Operating)				33,775.66
	Grand Total all Payments				192,224.01

PAID & RESERVED TO DATE Doctober 31, 2016 RESERVE RECOVERY TOTAL LOSS FUND POTENTIAL RETURNS CHANKS CLANKS CL				MEIG							
DATE PAID RESERVE TOTAL LOSS FIAND COTOBOR 31, 2016 COTO		PAID &	RESERVED TO	O DATE							
DATE PAID RESERVE TOTAL LOSS FUND POTENTIAL RETURN COPERTY CAGOND 77/1/16-2017 \$ 24886 \$ 153,546 \$ 158,404 \$ 158,404 \$ 158,404 \$ 1482,333 2.3 2.7 77/1/16-2016 \$ 240,607 \$ 61,326 \$ 61,326 \$ 624,401 \$ 620,61739 \$ 1480,404 13 166 77/1/12-2013 \$ 610,039 \$ 144,382 \$ 644,401 \$ 620,617 \$ 624,401 \$ 600,617 <t< th=""><th></th><th></th><th></th><th>October 31, 2016</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></t<>				October 31, 2016							
DATE PAID RESERVE RECOVERY TOTAL LOSS FUND POTTENTIAL RETURNS CLAMAS									OPEN	CLOSED	TOTAL
T/I/I/6-2017 \$ 159,546 \$ 159,404 \$ 1581,757 \$ 1,823,533 27 7 T/I/I-2016 \$ 421,625 \$ 169,800 \$ 161,326 \$ 1,450,41 13 166 T/I/I-2015 \$ 510,039 \$ 114,362 \$ 624,401 \$ 1,304,877 \$ 166 T/I/I-2015 \$ 620,546 \$ 222,268 \$ 742,813 \$ 205,242 \$ 166 T/I/I-2012 \$ 650,440 \$ 617,398 \$ 700,242 \$ 1412,894 \$ 166 T/I/I0-2011 \$ 645,044 \$ 66,00 \$ 1,014,494 \$ 1,014,976 \$ 1,020,996 \$ 1 255 T/I/I0-2011 \$ 1,005,145 \$ 1,014,494 \$ 1,014,996 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ <t< th=""><th>DATE</th><th>+</th><th>PAID</th><th>RESERVE</th><th>RECOVERY</th><th>TOTAL</th><th>LOSS FUND</th><th>POTENTIAL RETURN</th><th>CLAIMS</th><th>CLAIMS</th><th>CLAIMS</th></t<>	DATE	+	PAID	RESERVE	RECOVERY	TOTAL	LOSS FUND	POTENTIAL RETURN	CLAIMS	CLAIMS	CLAIMS
7/1/16-2016 \$ 421,525 \$ 189,800 \$ 611,325 \$ 2,061,739 \$ 1,450,414 13 166 7/1/14-2015 \$ 510,039 \$ 114,362 \$ 624,401 \$ 2,019,278 \$ 1,394,877 5 166 7/1/14-2013 \$ 520,546 \$ 742,613 \$ 2,025,807 \$ 1,394,877 5 166 7/1/12-2013 \$ 531,333 \$ 86,005 \$ 670,848 \$ 1,341,877 \$ 1,285,919 3 2.26 7/1/10-2011 \$ 643,434 \$ 6,660 \$ 1,014,494 \$ 1,941,767 \$ 1,200,998 7 2.26 7	*7/1/16-2017	69	24,858	133,54		158,404			23	27	20
71/114-2015 \$ 624,401 \$ 624,401 \$ 620,616 \$ 114,362 \$ 620,640 \$ 1394,817 5 166 71/13-2014 \$ 620,646 \$ 222,268 \$ 742,813 \$ 2026,807 \$ 1412,844 \$ 204 71/11-2012 \$ 643,333 \$ 660,848 \$ 1941,767 \$ 1412,844 \$ 226 71/11-2012 \$ 643,044 \$ 6,650 \$ 1,014,494 \$ 1,941,494 \$ 1,841,449 \$ 726 7 71/109-2010 \$ 1,007,994 \$ 1,014,494 \$ 1,941,449 \$ 726,956 1 255 71/108-2009 \$ 1,007,994 \$ 1,141,494 \$ 1,500,000 \$ 5,500,994 \$ 1,741,494 \$ 1,500,000 \$ 1,500,996 \$ 2,744 \$ 1,141,494 \$ 1,500,996 \$	7/1/15-2016	69	421,525			611,325				166	179
7/1/13-2014 \$ \$ 742,813 \$ \$ 742,813 \$ \$ 742,813 \$ \$ 2025,607 \$ 1,282,994 \$ 204 7/1/12-2013 \$ 631,393 \$ 66,005 \$ 617,398 \$ 2030,242 \$ 1412,604 \$ 229 7/1/10-2011 \$ 641,400 \$ 6,600 \$ 6,600 \$ 1,394,767 \$ 1,350,919 3 2.26 7/1/10-2011 \$ 6,41,400 \$ 6,600 \$ 1,041,494 \$ 1,381,449 \$ 1,200,919 1 2.55 7/1/10-2011 \$ 1,065,185 \$ 1,114,176 \$ 1,1179,361 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381 \$ 1,1179,381	7/1/14-2015	69	510,039			624,401		\$		166	171
7/1/12-2013 \$ 551,383 \$ 617,398 \$ 2030,242 \$ 1,412,944 \$ 229 7/1/11-2012 \$ 545,434 \$ 6,600 \$ 6,600 \$ 1,941,767 \$ 1,350,919 3 226 7/1/10-2011 \$ 641,400 \$ 6,600 \$ 1,014,994 \$ 1,341,49 \$ 1200,048 1 257 7/1/09-2010 \$ 1,007,994 \$ 6,500 \$ 1,179,981 \$ 1,341,449 \$ 736,955 1 257 7/1/09-2010 \$ 1,007,994 \$ 1,179,981 \$ 1,709,000 \$ 520,639 2 274 7/1/09-2010 \$ 1,005,185 \$ 114,176 \$ 1,179,981 \$ 1,540,980 \$ 9,409,600 7/1/09-2010 \$ 1,005,185 \$ 1,141,476 \$ 1,179,981 \$ 1,541,493 \$ 274 \$	7/1/13-2014	69	520,545			742,813				204	212
7/1/10-2012 \$ 545,434 \$ 649,084 \$ 648,080 \$ 1,941,767 \$ 1,350,919 3 226 7/1/10-2011 \$ 641,400 \$ 6,660 \$ 6,660 \$ 1,04,484 \$ 1,848,108 \$ 1,200,048 1 257 7/1/09-2010 \$ 1,007,994 \$ 1,007,994 \$ 1,014,484 \$ 1,700,000 \$ 250,639 2 274 7/1/09-2010 \$ 1,065,185 \$ 1,14,176 \$ 1,770,000 \$ 250,639 2 274 7/1/09-2010 \$ 1,065,185 \$ 1,14,176 \$ 1,770,000 \$ 250,639 2 274 Al Claims: 50 \$158,404 \$ 1,065,185 \$ 1,065,185 \$ 1,065,185 \$ 1,065,185	7/1/12-2013	69	531,393			617,398				229	234
\$ 1,007,994 \$ 6,660 \$ 1,044,94 \$ 1,014,494 \$ 1,007,994 \$ 250,039 \$ 1,014,494 \$ 1,007,994 \$ 1,007,994 \$ 1,014,494 \$ 1,014,494 \$ 1,007,994 \$ 1,014,476 \$ 1,179,361 \$ 1,700,000 \$ 1,438,390 \$ 1,430,680 \$		69	545,434	45,41		590,848				226	229
\$ 1,007,994 \$ 6,500 \$ 1,014,494 \$ 1,114,149 \$ 796,955 1 255	7/1/10-2011	69	641,400			648,060		₩		257	258
\$ 1,065,185 \$ 114,176 \$ 1,700,000 \$ 274	7/1/09-2010	69	1,007,994			1,014,494				255	256
TOTAL 2016-2008 \$ 6,028,700 \$ 15,438,380 \$	7/1/08-2009	49	1,065,185	\$ 114,17		1,179,381		₩		274	276
					TOTAL 2015-2008	6,028,700	1	8			
					9	11% Potential Return					
Total Claims: 50 \$158,404 Total Claims: 10/31/15 - 51											
Total Claims: 50 \$158,404 Total Claims 10/31/15 - 51											
Total Claims 10/31/15 - 51	Total Claims: 50 \$158,4	104									
	Total Claims 10/31/15 - {	51									



Mount Arlington Corporate Center 200 Valley Road, Suite 300 Mt. Arlington, NJ 07856 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center 11 Lawrence Road Newton, NJ 07860 973-383-6699 | 973-383-6555 Fax

November 11, 2016

Treatment of Workers' Compensation for School Board Employees

Internal Revenue Service Code Section 104 states the taxability of Workers' Compensation or payments received which are "in the nature of Workers' Compensation" are exempt from federal income tax. New Jersey exempts Workers' Compensation payments from income tax as well. Payments which are received as a result of work-related injury under a statute "in the nature of worker's compensation" are treated the same as worker's compensation payments and under Internal Revenue Code Section 104 are therefore not taxable. Internal Revenue Service Revenue Ruling 83-91 goes further to state that even if the payments are in excess of the amount which would have been received under Workers' Compensation, as is the case when an employee receives full salary, the full amount is not taxable.

New Jersey Statute 18A:30-2.1 provides whenever an employee, is absent from his/her post of duty, as a result of personal injury caused by an accident arising out of and in the course of employment, the employer shall pay to such employee the full salary or wages for the period of such absence for up to one calendar year. Therefore, even though these payments may be in excess of the amount one might normally receive under Workers' Compensation, the payments are fully nontaxable per the Revenue Ruling cited above.

Internal Revenue Service Treasury Decision TD9233 aligns the treatment of these payments as well for purposes of Social Security and Medicare tax. Therefore, payments excluded from income tax will also be excluded for purposes of these taxes as well. As a result, the full salary received by an employee as a result of a work-related injury, even though the amount is in excess of what would have been received under a worker's compensation plan, is not subject to income tax nor Social Security or Medicare tax. These payments are also exempt for New Jersey SUI/SDI.

Pension contributions. While an employee is receiving Workers' Compensation benefits, the employer may be responsible for payment of the employee's pension contributions. The Division of Pensions must be notified once a Workers' Compensation claim has been filed. If all payments are being made directly from the third party payer, the employer is responsible for

making the pension contributions on behalf of the employee. If workers' compensation payments are being made through the employer, the employer should deduct the pension payments from the amounts going to the employee.

Whether contributions to a 403b or 457 plan should continue depends on circumstances. Workers' Compensation is not considered to be W-2 wages and therefore, may impact the contribution limitations. A discussion with the third party administrator concerning the specific circumstances is suggested.

Noncontributory Group life insurance – Will remain in effect while the employee is receiving Workers' Compensation benefits.

Contributory group life insurance – The employer is not responsible for making payments. If the employee wishes to continue with the insurance, the employee is required to make the premium payments.

Health Benefits – The health benefits remain in effect while the employee is receiving Workers' Compensation. If the employee normally contributes to the plan, the employee is required to continue paying in advance his/her share of the premiums.

Should you have any questions please call Marcia Geltman, Nisivoccia LLP 973-328-1825

Or additional questions can be directed to the Division of Pension Benefits 609-292-7524. (New Jersey Division of Pension and Benefits Fact Sheet #45)