



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 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, 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

- Workers Compensation, Paid and Reserved
- Payroll Audit 2015-2016 - Deadline
- Reminder: 2nd Installment of WC Due January 10, 2017
- WC Rates 2017-2018 and Preliminary WC Budget
- Renewal Commitments – Sent out Electronically
- 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*
- MOVED:**
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
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VICE CHAIR

Vanessa Wolsky	HANOVER TWSP	ABSENT
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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	ABSENT
JASON M. BOHM	ROSELAND BOARD	PRESENT
PETER CAPRIO	GLEN RIDGE BOARD	ABSENT
MICHAEL FALKOWSKI	WEST ESSEX REGIONAL	ABSENT
CAROLINA RODRIGUEZ	MINE HILL BOARD	PRESENT
THOMAS KRYGER	MENDHAM TWSP	ABSENT
TONYA FLOWERS	MT. ARLINGTON BOARD	PRESENT
DANIEL BORGIO	MT. LAKES BOARD	ABSENT
JOHN ESPOSITO	LONG HILL TWP BOARD	ABSENT
GARY LANE	MADISON BOARD	PRESENT

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.

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.

MOTION TO ADJOURN MEETING

MOTION:	Doug Pechanec
SECOND:	Sue Young
VOTE:	UNANIMOUS

MEETING ADJOURNED: 1:30 PM

Liz George
Chairperson

Date

MEIG 10/13/16

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			
		Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash 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
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MORRIS ESSEX INSURANCE GROUP
BILL LIST

From: **October 1, 2016**

To: **November 30, 2016**

CLAIM CHECKS:

		<u>Check #</u>		<u>Amount</u>
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 CHECKS:

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

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)