



New Jersey Schools Insurance Group  
6000 Midlantic Drive, Suite 300 North  
Mount Laurel, New Jersey 08054  
[www.njsig.org](http://www.njsig.org)

## **Board of Trustees Meeting of March 20, 2023**

### **Executive Director Report**

---

NJSIG released our much anticipated budgetary guidance on March 8th at NJSIG's annual Broker meeting. It is a really tough reinsurance market this year, given the lack of confidence in self-reported property values, unpredicted natural disasters, and the erosion of tort protections in New Jersey. As such, our combined overall guidance across all lines was that rates would be up about 9 percent, if the Board implements my proposed rate recommendations on our retained risk, i.e., our self-insured retention (SIR), or the portion of risk that NJSIG holds in-house. This increase results from a lot of factors, but the major driver is the reinsurance rates, especially the property reinsurance rates. It has been described as the worst property market conditions in 30 years. So even though our SIR is only projected to go up less than 3% overall (again, assuming my recommendations are implemented), steep reinsurance increases are pushing the blended rate up. At today's meeting, our actuary from Willis Towers Watson, Stacy Mina, is going to present their proposed rate guidance on NJSIG's self-insured retention. I will then present as an action item my SIR rate recommendations for each line of coverage, which is informed by our actuary's guidance.

At our broker meeting, we issued rate guidance per line of coverage based on the most current information we had from the reinsurance and excess carriers at that time. But Alliant, NJSIG's reinsurance broker, continues to negotiate with the reinsurance and excess carriers to obtain the best rates, with the best available coverage. We remain hopeful that the reinsurance costs will come down somewhat from what was projected, so that our actual blended rates ultimately improve from the guidance we issued.

As an action item today, I am pleased to be recommending that NJSIG launch our new return of surplus program this year, by releasing approximately \$2.6 million from our surplus to all members who participated in the workers' compensation fund in the 2019/2020 fund year. This return of surplus will represent NJSIG's first return of member surplus – not related to COVID-19 – since the 1990's. This project has been in development for quite some time, and it has been a monumental undertaking. It is my intent that as the program ramps up, we will be able to return member surplus in a

predictable manner that members can count on. We hope that these surplus returns will provide members with a useful way of stabilizing year over year rate changes. If approved, we plan to send checks out in July 2023.

I am also very pleased to announce that this renewal season we are launching our online underwriting application portal. This portal will be available to both brokers and members, and we hope that it saves our brokers and members quite a bit of time during renewal. The online application portal was designed in-house at NJSIG, with an interface that makes completing the applications as easy as possible. And our staff has even entered last year's application data into this system, so that a majority of the applications are prefilled for our brokers with last year's data. In addition, property schedules, auto schedules and employee concentration reports will all be available through the portal, with as much information prefilled as is practical. This is just the launching point for the online application portal, but we believe it gives us a great platform from which we can continue to deliver significant value to our members and their brokers with time-saving features.

At the January board meeting, the board authorized me to invest additional funds in fixed-income securities available from the U.S. Department of Treasury. Since then, we successfully transferred \$30 million that will be laddered in U.S. Treasuries, in order to take advantage of the rise in interest rates. Years ago, NJSIG ran into some issues with certain investments, so our investment plan since then has been very conservative. But given the favorable conditions in the market, we are currently exploring other options that would still be very safe but would give us more flexibility. For example, we have additional monies that we are hoping to transfer to a trust fund, which we currently only use for temporary placements, where we could earn better returns. To that end, I recently reached out to the New Jersey Department of Banking and Insurance (DOBI) to confirm that the trust fund would be a permissible longer-term investment for a school board insurance group. Once we have given DOBI a sufficient time to respond with any objections, we will consider making a transfer to this fund, to ensure that NJSIG is earning the best returns it can on the funds we hold in trust.

NJSBA's 2023 Workshop runs October 23, 2023 through October 26, 2022. Our sponsorship of the conference is scheduled for an action item today. If approved, NJSIG will present on ethics at the group training session, which has historically been one of the most well-attended trainings of the conference. The \$25,000 sponsorship includes a 10x20 booth space, two one-hour group sessions, prominent advertising throughout the Atlantic City Convention Center, and sponsorship of Workshop's App.

NJSBA's New Board Member retreat was March 10 through 11. I presented "Insuring School Districts" on March 10 to approximately 100 new board members. It was a lively, interactive presentation with an engaged crowd.

NJSIG will be presenting at the New Jersey Association of School Business Officials Annual (NJASBO) Conference in Atlantic City in June 2023. We will have two presentations - Knowing Your Ethical Obligations and Avoiding Complaints, presented by Sherwin Archibald and Rita Barone, Esq. (Flanagan, Barone & O'Brien LLC) and The Power of Title 59 New Jersey Tort Claims Act and the Management of Claims Against Boards of Education, presented by Christopher Russo, Ed.D. and Stephen Tucker, Esq.

Finally, we are about six months into NJSIG's Remote Work Pilot Program. I have checked in with all of the managers, and they all report that the program is working well. Employees indicate positive morale as a result of the program; they also report fewer interruptions while working remotely, which results in more productivity. The managers, along with their staff and the IT Department, have been hard at work to identify performance metrics and other data points that can be used to help ensure consistent, continuous productivity during remote work. Given the positive reports on the pilot program so far, I am going to ask the managers to continue to work on those metrics, so that they will be up and ready to go if the board decides to adopt a permanent remote work policy in September 2023.

Respectfully Submitted,

Jill Deitch, Esq.  
Executive Director  
New Jersey Schools Insurance Group