



## New Jersey Schools Insurance Group

450 Veterans Drive  
Burlington, New Jersey 08016  
(609) 386-6060 • FAX (609) 386-8877  
[www.njsig.org](http://www.njsig.org)

### Board of Trustees Meeting of June 17, 2015 Board of Trustees Meeting Minutes of May 20, 2015

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New Jersey Schools Insurance Group's Board of Trustees Meeting of May 20, 2015 at the Forsgate Country Club, Monroe Township, NJ.

#### ATTENDEES

**Trustees:** William Herman, Irene Le Febvre, Steven Robinson, Christopher Russo, Jeffrey Rutzky and Anthony Tonzini

**Participants:** Neal Schonhaut representing *Archer & Greiner*, Mary Jane Canose, *Liaison* representing *ERIC West*, Frank Domin, *Liaison* representing *BACCEIC*, Bernardo Giuliana, *Liaison* representing *ERIC North*.

#### *NJSIG*

**Staff:** William Mayo, *Executive Director*; Michele Carosi, *Comptroller*; Anthony Jones, *Loss Control Manager*, Louis Giannetto, *Claim Manager*; Jeffrey Cook, *Information Systems Manager*, Kelly Machu, *Underwriting Manager*; Chai Respes, *Human Resource Manager*; and Renee Johnson-Payne, *Administrative Assistant*.

#### ITEM #1 CALL TO ORDER

With a quorum present, the meeting was called to order at 4:23 p.m.

In accordance with the Sunshine Law, due notice of all pending meetings was given to the *Atlantic City Press*, *Newark Star Ledger*, and *Trenton Times* on February 6, 2015. Copies of these notices are on file with the New Jersey Secretary of State.

#### ITEM #2 ROLL CALL

Mark Finkelstein	A	Christopher Russo	√
William Herman	√	Jeffrey Rutzky	√
Irene Le Febvre	Arrived at 4:45p.m.	Anthony Tonzini, Jr.	√
Steven Robinson	√	Anthony Trongone	A



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### ITEM #3 EXECUTIVE SESSION

#### *EXECUTIVE SESSION*

#### EXECUTIVE SESSION RESOLUTION

WHEREAS, N.J.S.A. 10:4-6 et. seq., (“the Open Public Meetings Act”), authorizes public entities to meet in executive session under certain circumstances; and

WHEREAS, the Open Public Meetings Act requires that the Group adopt a resolution at a public meeting to go into private session; now, therefore,

BE IT RESOLVED by the Board of Trustees of the New Jersey Schools Insurance Group, that it is necessary to meet in executive session to discuss certain items involving:

3A. Matters involving attorney client privilege regarding broker commission rates;

BE IT FURTHER RESOLVED that any discussion held by the Board of Trustees which need not remain confidential will be made public as soon as feasible. The minutes of the executive session will not be disclosed until the need for confidentiality no longer exists.

FURTHER RESOLVED that the Board of Trustees **will** return to open session to conduct business at the conclusion of the executive session.

*Action Taken: M (Robinson)\ S (Russo)\ Carried (Affirmative Votes = Herman, Robinson, Russo, Rutzky, Tonzini) to close public session at 4:25 p.m. and move to executive session.*

*Action Taken: M (Robinson)\ S (Russo)\ Carried (Affirmative Votes = Herman, Robinson, Russo, Rutzky, Tonzini) to close executive session at 4:41 p.m. and move to public session.*

Trustee Irene Le Febvre arrived at 4:45 p.m.



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### ITEM #4 ACCEPTANCES OF THE PUBLIC AND EXECUTIVE SESSION MINUTES OF MARCH 25, 2015.

*Action Taken: M (Tonzini)\ S (Robinson)\ Abstention (Herman) Carried (Affirmative Votes = Le Febvre, Nagy, Robinson, Russo, Tonzini) to accept the March 25, 2015 Public and Executive Session Board of Trustees Meeting Minutes.*

### ITEM # 5 PUBLIC PARTICIPATION

*Action Taken: M (Le Febvre)\ S (Rutzky)\ Carried (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) to open the public session for public participation.*

*Action Taken: M (Robinson)\ S (Russo)\ Carried (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) to close the public session for public participation.*

### ITEM #6 SUB FUND LIAISONS - REPORTS/COMMENTS

Mr. Domin, BACCEIC Liaison, reported the BACCEIC and ERIC South sub fund will participate in a joint training meeting on May 29, 2015. The topic will be *Innovative and Affordable Security Practices*. Mr. Guiliana, ERIC North Liaison, reported ERIC North and MOCSSIF will participate in a joint training meeting on June 12, 2015. The topic will be *Crazy Claims Therapy*. Ms. Canose, ERIC West Liaison, reported their last meeting of the year took place on May 8, 2015. Their training was entitled *Key Defenses in Workers' Compensation*.

### ITEM #7 REPORTS

On May 14, 2015, Loss Control Manager, Anthony Jones reported he along with Claims Manager, Louis Giannetto and Trustee Tony Trongone made a presentation on the topic TEACHNJ at the NJASA conference. The presentation was widely attended.

Claims Manager, Louis Giannetto reported he along with Ellen Shaw, Karen Olsen, William Freeman, workers' compensation defense counsel and Donna Setzer, Qual-Lynx, completed an outstanding presentation on the "Life of a Workers' Compensation File" at the May 15, 2015 CAIP meeting.

6/11/15



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Underwriting Manager, Kelly Machu reported as of May 20, 2015 the Group has received 283 renewal applications, 14 new business applications and 36 additional lines of coverage opportunities. As compared to the 2013/2014 renewal season, the Group is in a similar position as last renewal.

Dave Ritch, Willis Pooling Executive Vice President, offered to add the new Trustees to the Catastrophe Briefing, Hurricane Tracking Advisory services.

### ITEM #8 DISCUSSION ITEM:

#### A. 2015/2016 Draft Budget

The Executive Director, William Mayo, provided a summary of the updates to the 2015/2016 budget.

#### B. 2015/2016 Plan of Risk Management

The Executive Director, William Mayo, explained the largest change to the Plan of Risk Management was the broker commission rate.

#### C. AGRiP Fall Educational Forum

The Executive Director, William Mayo, invited and encouraged the Trustees to attend the AGRiP Fall Educational Forum.

### ITEM #9 ACTION ITEM:

#### A. Checking Accounts and New Claims Ratification

*Action Taken: M (Russo) \ S (Rutzky) \ Carried (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) to approve and ratify the checks and new claims which have been issued from accounts XXXX392 (operating account) and XXXX555 (claim account) for the period of 3/1/2015 to 4/30/2015.*



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### B. Broker Commission Rate

The Executive Director, William Mayo, explained the Group compensates brokers using a standard commission rate of 6% of earned workers' compensation premium and 15% of earned premium for other property and casualty lines of coverage. There are a number of situations where broker compensation does not comply with the NJSIG standard commission rates and no longer fit the Group's business model. For that reason, he recommended adopting a policy of paying standard commission rates in all circumstances.

*Action Taken: M (Le Febvre)\ S (Russo)\ Carried (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) to approve adopting a policy of paying standard commission rates in all circumstances, unless the need for higher commission rates is substantiated in writing and fully disclosed to the member school district. Conversely, NJSIG will offer the option of 0% commission on all NJSIG lines of coverage but only for those districts whose brokers are receiving less than the standard commission rates for the 2014-2015 policy year if requested in writing by the member district. The change will be effective 7/1/16.*

### C. Trustee Nomination

The Trustee Nomination was tabled until the June 17, 2015 Board of Trustees meeting.

### D. NJSIG Relocation

The Executive Director explained the move is necessitated by the inadequate space and conditions of the current location in Burlington. NJSIG will vacate approximately 17,000 square feet and move to 23,000 square feet combined for the new facilities. Occupancy costs will be approximately \$510,000 annually versus the current \$310,000 in the current locations.



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*Action Taken: M (Tonzini)\ S (Russo)\ Carried (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) to approve signing a ten-year lease for 6000 Midlantic Dr., Mt. Laurel, NJ at a cost not to exceed \$450,000 in the first year and sign a five-year lease for 500 Campus Drive, Marlboro, NJ at a cost not to exceed \$60,000 for the first year, inclusive of operating costs and utilities. The Mt. Laurel lease will commence by the end of the fourth quarter of 2015 and the Marlboro location will commence by the end of the third quarter 2015.*

ITEM #10 NEW BUSINESS

ITEM #11 EXECUTIVE SESSION

### EXECUTIVE SESSION

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WHEREAS, the Open Public Meetings Act requires that the Group adopt a resolution at a public meeting to go into private session; now, therefore,

BE IT RESOLVED by the Board of Trustees of the New Jersey Schools Insurance Group, that it is necessary to meet in executive session to discuss certain items involving:

- 11A. Litigation Updates;
  - 11A1. 12EO00894S - Gibbons vs Commercial Township
  - 11A2. 11EO03189D/10WC09611D - Benning vs. Middlesex Regional ESC
  - 11A3. 13EO02080S - Davis v Bridgeton
- 11B. Matters involving attorney client privilege regarding procedural audit results;

FURTHER RESOLVED that the Board of Trustees will not return to open session to conduct business at the conclusion of the executive session.



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*Action Taken: M (Le Febvre)\ S (Tonzini)\ Carried (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) to close public session at 5:08 p.m. and take recess.*

*Action Taken: M (Le Febvre)\ S (Rutzky)\ Carried (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) to move to executive session at 6:00 p.m.*

*Motion to Adjourn M (Robinson) \ S (Le Febvre)\ C (Affirmative Votes = Herman, Le Febvre, Robinson, Russo, Rutzky, Tonzini) 7:10 p.m.*

*William Mayo*

William M. Mayo, CPCU, ARM  
Executive Director