



New Jersey Schools Insurance Group
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Board of Trustees Meeting of June 12, 2019 Executive Director's Report

Dear Trustees:

In my May report, I alerted you to potentially problematic legislation that eliminated Title 59 immunities from public entities. Senate 3739 was introduced to establish new liability standards for public entities. In brief, “any immunity from civil liability granted to a public entity or public employee shall not apply at an action at law claiming that a willful, wanton or grossly negligent act of a public entity or public employee resulted in a sexual assault, any other crime of a sexual nature.....” Although NJSIG Members still face the increased liability exposure of the extended statute of limitations, the amending legislation attempts to rectify the glaring error in the legislation that was signed by the Governor.

The May report also included comments about NJSIG having a successful 2018-2019 policy year, and that outlook continues. The July 1st renewals appear to be on track and no “surprises” have surfaced to date. We should end the year well positioned financially to meet the upcoming challenges in future renewals. The impact of the new legislation is certainly going to be one of those challenges, with further deterioration of the School Board Legal Liability line of coverage expected. Environmental Impairment coverage is another difficult line of coverage, with the mercury emitting floors under scrutiny by reinsurance underwriters. NJSIG’s reinsurance broker and consultant, Willis Towers Watson, is reporting significant contraction and increased costs in the reinsurance lines since our renewal negotiations concluded. This suggests a challenging renewal environment when NJSIG approaches markets in the coming winter months. July 1, 2020 also brings the challenge of having most of the membership coming out of their current three year commitments.

NJSIG can and will meet all of these challenges, as well as any that have not yet surfaced. We are focused on developing risk control and risk financing solutions that best align with current and emerging member needs. NJSIG has added significant talent over the past few years, and built a strong balance sheet that permits greater

options and latitude to address challenges. The professional services providers are a strong roster for meeting the group's legal, audit, actuarial, investment and banking needs. NJSIG takes pride in its marketplace reputation and its compliance efforts. I am pleased to report that, under the governance of an informed and engaged Board of Trustees, NJSIG will end this year and enter 2019-2020 in a strong position for continued success.

Wishing each of you a safe, healthy and enjoyable summer.

Respectfully Submitted,

WM
Executive Director