

Private and Confidential

June 18, 2018

William Mayo
Executive Director
New Jersey Schools Insurance Group
6000 Midlantic Drive
Suite 300 North
Mount Laurel, NJ 08054

Subject: Statement of Work

Dear Bill,

I am pleased to submit Willis Towers Watson's proposal to provide compensation consulting services to New Jersey Schools Insurance Group (NJSIG, you or the Group). This agreement will confirm the Statement of Work (SOW) of the Willis Towers Watson entity identified below or any of its affiliates (Willis Towers Watson, we or us) by NJSIG whereby you are engaging Willis Towers Watson as its compensation advisor.

Our Understanding of Your Needs

NJSIG was established in 1983 to fill the need of providing cost-effective insurance to public school districts. Currently, the Group provides multiple lines of insurance and risk management solutions for school districts in the State of New Jersey. You currently have approximately 75 employees, roughly 50 different job classifications, and an existing salary structure that has 17 levels.

Based on our conversation with you, we understand that NJSIG is interested in assessing its pay competitiveness. As part of this assessment, you would like Willis Towers Watson to potentially revise the existing market-based pay structures to help NJSIG manage salary costs and maintain internal pay equity. You would like the structures to set the foundation to effectively mitigate and respond to any potential scrutiny.

Our Approach

We understand that compensation plays a critical role in the Group's ongoing — and increasingly challenging — efforts to attract, retain and motivate a talented workforce. It is an important component of any organization's Rewards, Talent and Engagement strategy. Compensation design and management play a vital role in aligning employee behavior with business objectives. Salary structures help organizations manage compensation by aligning pay with the competitive marketplace, recognizing the relative internal value of different jobs, and maintaining the cost-effectiveness of pay programs. Structures also provide a

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framework for rewarding performance, making consistent pay decisions, and linking career paths and pay opportunities.

To that end, we envision the following steps to carry out this assignment and establish a foundation for NJSIG's compensation program design.



Step	Scope/Assumptions/Deliverables
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<p><i>1. Kick-off and Discovery</i></p>	<p>We will begin this project with an initial conference call to review the scope, roles, and timelines for the project. During this call we will want to discuss the current issues facing NJSIG and gain an understanding of the industries in which NJSIG competes for talent. We will also want to receive an employee census file, job descriptions and documentation of all current compensation programs, components, processes, and plans that currently exist to inform our path forward and assess impact of any potential recommendations.</p>
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We will want to confirm NJSIG's compensation philosophy to include labor markets, positioning against those market, the role of base pay relative to total rewards, and the role of internal and external equity as they relate to NJSIG's current environment.

Finally, in advance of the call, Willis Towers Watson will provide an initial project plan to use for discussion purposes. We will revise the project plan, as needed, based on input from the project team.

Assumptions:

- 1) One hour kick-off call
- 2) NJSIG will provide up-to-date job documentation for all benchmarks
- 3) Data file containing NJSIG employee and job information provided to Willis Towers Watson; minimal data cleaning of the file will be required by Willis Towers Watson

Deliverables:

- 1) Project plan with approximate timing for each step

<p><i>2. Market Pricing</i></p>	<p>Based on the identification of relevant labor markets and other relevant information gathered during the kick-off, we will be in a position to recommend published survey</p>
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Step	Scope/Assumptions/Deliverables
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sources. Willis Towers Watson only uses professionally tended survey sources that provide employer reported compensation data. We will then match NJSIG's benchmarks to salary survey jobs. Willis Towers Watson takes great care to ensure that comparisons are appropriate, comparing your jobs to the survey jobs based on similar duties and responsibilities, not title. In addition we will use the key information from the project team (e.g., compensation philosophy, labor markets and job and employee data file) when considering survey matches.

We understand that NJSIG has approximately 50 unique jobs. It is customary practice for a benchmarking study such as this to include jobs that cover a majority of the workforce and represent all functions and levels within the Group. These jobs should also be representative of jobs found in published salary surveys and the general market place. We are recommending this engagement cover 30 NJSIG jobs and have structured our proposal accordingly. We are happy to revise this recommendation and will work with NJSIG for the optimal number of jobs to be included.

Willis Towers Watson will use our proprietary Comp Software application to complete this step as well as facilitate the entire analysis. We are proud of this technology solution; initially it was designed as a consulting tool and, because of client feedback, has been developed into a full compensation management technology suite.

After the market matching has been completed, we will review and confirm the appropriateness of the market matches with NJSIG. Based on NJSIG's feedback, we will modify market matches as appropriate. This step is necessary because while Willis Towers Watson consultants are experts in conducting a competitive analysis, there may be important information about a job that may not be discernible from the job description. For this reason, we recommend NJSIG review the matches with line managers. To facilitate these review sessions, Willis Towers Watson will prepare reports that are generated from our Comp Software application that provide information about the matches made to each benchmark job. Once the job matches have been reviewed by NJSIG and we have made the necessary revisions to the matches, we will run reports that show competitiveness to market for each job for both base salary and total cash compensation at the 25th, 50th and 75th percentiles. The results of the competitive assessment will be presented to NJSIG in a draft report containing the output from our Comp Software system. From this analysis, we will be able to discuss salary range design options with NJSIG.

Assumptions:

- 1) Up to 30 positions will be included in the benchmark sample
- 2) One two-hour conference call to review market pricing results
- 3) WTW will not conduct validation meetings with line managers, but will provide materials for NJSIG project team members to do so
- 4) One round of pricing edits included
- 5) Only base salary and total cash compensation will be collected; long-term incentives, total direct compensation or other pay components are excluded

Deliverables:

Step	Scope/Assumptions/Deliverables
	<ol style="list-style-type: none"> 1) Draft Market Pricing Reports from Comp Software for each benchmark job that contain the details of the survey job matches to use for NJSIG's internal validation 2) Finalized Market Pricing Reports and a comparison to NJSIG's pay 3) PowerPoint report documenting the results of the competitive assessment and WTW's observations on how to proceed with Step 3 based on the outcomes from this step
<p>3. Salary Structure Development</p>	<p>Based on the validated market pricing outcomes, WTW will be able to recommend a market-based salary structure to NJSIG with each of the benchmarks ordered by market price and assigned to a grade.</p> <p><u>Assumptions:</u></p> <ol style="list-style-type: none"> 1) One 1-hour conference call to discuss and select a model 2) Final deliverable will include 1 structure <p><u>Deliverables:</u></p> <ol style="list-style-type: none"> 1) A Power Point presenting one structure model for NJSIG consideration
<p>4. Impact Analysis</p>	<p>WTW will provide an impact analysis of the selected salary structure model(s). In order to ensure all jobs (and therefore employees) are accommodated into the proposed structure, WTW will instruct NJSIG on how to slot all the non-benchmark jobs into grades within the new structure. Once slotting is complete, we will be prepared to determine the impact of the proposed design and associated costs, if any. After the initial impact analysis, we will ask for any final feedback from NJSIG that may assist us in excluding outliers or identifying anomalies in the data. We will then make all final changes to the design and analysis.</p> <p><u>Assumptions:</u></p> <ol style="list-style-type: none"> 1) WTW will provide guidance to NJSIG on how to slot remaining non-benchmark jobs via a PowerPoint and one ½ hour conference call 2) NJSIG will slot all the remaining non-benchmark jobs 3) One draft impact analysis will be conducted and presented in a 1-hour conference call 4) One round of final feedback from NJSIG will be collected <p><u>Deliverables:</u></p> <ol style="list-style-type: none"> 1) A draft impact analysis showing NJSIG employees' pay in the new salary ranges
<p>5. Final Report</p>	<p>To complete the assignment, WTW will prepare a report of results for Steps 1-4 to include</p> <ul style="list-style-type: none"> • Market competitive assessment • Recommended salary structure • Impact analysis of proposed structure <p>In addition, WTW will provide NJSIG high-level strategic guidance on how to keep pay programs current and recommendations on how to administer pay within the new structures. We will also highlight areas of potential internal and/or market pay inequities and provide guidance on how NJSIG can address these in the short- and long-term.</p>

Step	Scope/Assumptions/Deliverables
	<p><u>Assumptions:</u></p> <ol style="list-style-type: none">1) WTW will produce one draft and one final report in PowerPoint, with supporting data provided in the form of Comp Software reports and Excel files2) One 1-hour conference call to review report <p><u>Deliverables:</u></p> <ol style="list-style-type: none">1) Final Report

Project Team

Pam Weinacht will serve as project leader for this assignment, providing strategic direction and advice as well as overseeing the execution of the day-to-day work. Kam Horvath will oversee the overall quality of the deliverables and your satisfaction with our services. The project will be staffed as needed with other consultants and analysts.

Timing

We are available to begin this assignment immediately. Based on similar assignments, we anticipate that the work can be accomplished within eight to twelve weeks, but will work with you on timing that best fits your needs. After our kick-off meeting, we will provide you with a more detailed timeline for the project.

Professional Fees

Based on the outlined steps in our approach, our estimated consulting fees for this project will be \$54,000 - \$59,000, inclusive of our 7% administrative and technological services fee. We have attempted to define a comprehensive scope of services, but please recognize that our costs are flexible in nature. In general, our estimated fees are reflective of a number of assumptions that we have made regarding the potential work with NJSIG (reflecting the nature of the project, the level of staff involvement, etc.). We will want to review those assumptions with you to make sure they are reasonable. The estimates have also been developed based on similar assignments with other organizations of comparable size and complexity.

Expenses we incur in the performance of this assignment will be passed through to NJSIG. These expenses may include travel, report duplication, overnight mail, etc. We have structured the assignment to ensure these costs are minimal by conducting meetings via phone and delivering results via e-mail.

Terms and Conditions of Engagement

The services described in the Attachment and any other services that Willis Towers Watson provides to NJSIG will be provided subject to the Terms and Conditions contained in our June 7, 2011 letter and signed by Marty Kalbach on June 8, 2011.

Please let me know if you would like to discuss our approach in more detail. We are happy to conduct a call to do so. If this letter accurately describes our engagement, please have an authorized representative of NJSIG sign this letter and send it to me to have executed on behalf of Willis Towers Watson.

Willis Towers Watson appreciates the opportunity to be of service to NJSIG, and we look forward to working with you on this engagement.

WillisTowersWatson 

Very truly yours,



cc: Ann Conway, Willis Towers Watson
Stacy Mina, Willis Towers Watson
Kam Horvath, Willis Towers Watson

Attachment: Willis Towers Watson's Overview
Pam Weinacht Bio



Signed by and on behalf of:

TOWERS WATSON DELAWARE INC.

By: *Pam Weinacht*

Print Name: Pam Weinacht

Print Title: Associate Director

Date: June 18, 2018

Accepted and agreed on behalf of the Company and the Committee:

NEW JERSEY SCHOOL INSURANCE GROUP

By: _____

Print Name: _____

Print Title: _____

Date: _____

ATTACHMENT 1

Willis Towers Watson's Overview

Willis Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With 15,000 associates around the world, we offer solutions in the areas of employee benefits, talent management, rewards, and risk and capital management.

Our focus is on giving you the clarity to make the right decisions and take the right actions. And our approach is grounded in perspective — the kind that comes from our deep experience working on a wide range of issues.

But more important, our perspective begins at eye level — with a clear understanding of NJSIG, the way you work, your goals and your challenges.

By connecting the big picture and your picture, we help you achieve real-world results.

About Willis Towers Watson's Talent & Rewards Segment

Every organization's success begins and builds with people. This may seem like a cliché, but it's a crucial tenet leaders can't afford to ignore — regardless of the business environment or where they operate. So how do you ensure that you have the right people in the right places doing the right things at the right cost? How do you keep people connected, engaged and productive?

At Willis Towers Watson, our experience tells us that you need effective talent and reward programs, processes and technology to deliver results. And that requires a talent and reward strategy that aligns with your business strategy.

As your partner, we rely on data, analytics and experience to help pinpoint the talent and workforce needs that are vital to your overall performance. We can then develop strategies and design and implement programs that address these needs, drive higher performance and ensure the right return on your investment in people. Backed by industry-leading technology, global workforce data, research and insights, we help you quickly transform ideas into action.

It all adds up to measurable results — an impact on your business you can see, feel and track.

Our integrated solutions cover:

- Executive Compensation
- Talent Management and Organizational Alignment
- Rewards
- Communication and Change Management
- Organizational Surveys & Insights
- Global Data Services
- Human Resource/Talent Management Technology

Executive Compensation

A well-designed executive compensation program should encourage leaders to take appropriate risks to achieve key business objectives and align pay with performance. Willis Towers Watson can help you develop plans that fit the needs of NJSIG, balancing the views of shareholders, executives and other stakeholders. We work with you to select the right performance metrics and goals — beyond just total return to shareholders — and to deliver the right mix of incentives to drive performance and retain experienced leaders.

Willis Towers Watson's global expertise and experience can help you make sound decisions about how and how much to pay your senior executives. Our insights are backed by real-world experience with leading companies, plus unparalleled tools, research, data and models.

Our Executive Compensation Services		
• Compensation Philosophy and Strategy	• Total Executive Compensation Assessment and Benchmarking	• Board of Director Compensation and Plan Design
• Annual and Long-Term Incentive Plan Modeling and Valuation	• Stock Ownership Strategy and Plans	• Executive Pensions
• Pay-for-Performance and Risk Assessments	• Performance Measure Selection and Calibration	

Talent Management and Organizational Alignment

Sixty-five percent of companies are more concerned about the retention of critical-skill and top-performing employees now than they were before the economic crisis hit. And this percentage is growing.

When it comes to talent management, no other company combines workforce expertise, leading technology and global delivery capability like Willis Towers Watson. Our consultants understand the business and workforce issues you face. We know what talented people value most and how to create a culture that engages them and allows them to flourish. Beginning with a thorough understanding of your business model, we work with you to align your talent strategy and investments with the needs of key talent and those in pivotal roles. This helps ensure that your people focus on the right actions and behaviors to drive value in the business.

Our proprietary technology solutions support the complete spectrum of talent management issues and enable you to realize the full value of your reward and talent programs. We ensure customized delivery of your talent strategies in an integrated, scalable manner.

Our Talent Management Services		
• Talent Strategy/Development	• Performance Management	• Organization Design
• Leadership Development	• Career Management	• Learning and Development
• Succession Management	• Business Literacy	• HR Function Effectiveness

Rewards

With fewer dollars to go around, are you rewarding your critical talent in a way that motivates them and keeps them engaged?



Willis Towers Watson provides the strategy, design and execution support essential for global reward program effectiveness. We partner with you to develop creative and tailored solutions that work with your existing programs to align pay with performance and better differentiate performance, drive the right employee behaviors and integrate with broader reward and talent strategies. By balancing fixed, variable and nonmonetary components, we help you focus reward investments on programs and activities that have the greatest impact on the bottom line.

Drawing on our expert insights, backed by our market-leading tools, research and data, we help you create a sound, globally consistent framework for pay decisions to ensure that compensation is both appropriate and competitive throughout NJSIG. And our technology solutions help you streamline administrative processes and enhance efficiency.

Our Rewards Services		
<ul style="list-style-type: none"> • Global Total Rewards Philosophy Development • Career Frameworks • Job Family Architecture 	<ul style="list-style-type: none"> • Compensation Benchmarking and Structures • Broad-Based Employee Incentive Plan Design • Reward Program Implementation 	<ul style="list-style-type: none"> • Assessment of Ongoing Effectiveness • Sales Effectiveness and Rewards

A distinct service line within this practice is sales effectiveness and rewards. Our experts in this area work with clients to define key sales roles and deployment models, set goals, improve sales force productivity, and design and implement incentive compensation arrangements to drive sales and boost profitability locally, regionally, and globally.

Communication and Change Management

Seventy-two percent of employers restructured or had layoffs since the economic downturn began. Did they keep their critical talent engaged and productive?

The rapid pace and scale of business and economic transformation continues to challenge virtually every organization and affect employee performance.

Willis Towers Watson helps companies grow stronger and stay strong, regardless of the economic climate, by bringing practical change management and communication solutions to complex business and people challenges. We combine a deep understanding of behavior with a focus on the programs and processes that support lasting change. We draw on our expertise and experience to work with you to create compelling change and communication strategies that align behavior with business needs and desired outcomes.

Our work ultimately focuses on unleashing the power of discretionary effort and superior performance that comes from an engaged and motivated workforce. We strongly believe, and our data confirm, that employee engagement is the dividing line between companies with merely good results and true market leaders.

Our Communication and Change Services		
<ul style="list-style-type: none"> • Change Management Strategy and Process • Employee Value Proposition/Brand 	<ul style="list-style-type: none"> • Organizational Communication • Workforce Program Communication 	<ul style="list-style-type: none"> • Portal and Print Design and Implementation

Organizational Surveys & Insights (OSI)

Eighty-eight percent of fully engaged employees believe they can positively impact the quality of their organization's products and services. Only 38% of disengaged employees feel the same way.

Information is power. Insight and intelligence harness this power to drive results. In business, the right insights at the right time make all the difference in driving smart decisions about workforce strategy, programs and investments. Willis Towers Watson translates data into insights and actions that help shape a high-performance culture, improve the return on talent investments and help drive measurable business results.

Our surveys draw on our unique combination of advanced analytics, leading-edge technology, comprehensive change management capabilities, and the world's largest normative database of employee attitudes, to provide the insights that lead to actions you can implement efficiently and sustain over time. Our technology supports a collaborative management process within a single end-to-end system, from design through implementation to action planning.

Our metrics and benchmarking services let you analyze key measures of workforce effectiveness and HR efficiency, backed up by streamlined data collection and user-friendly online reporting. Our analytics and planning tools give you an in-depth view of your population's demographics and deployment to support effective workforce planning.

These offerings work individually or in concert to provide actionable "intelligence" about your workforce — forming a powerful insights suite to inform talent and reward strategy, program design and delivery. The result? Practices that deliver measurable results from employees in terms of attitudes, behaviors and performance.

Our OSI Services

- Workforce Surveys
- Workforce Metrics and Benchmarking
- Workforce Analytics and Metrics

Global Data Services

We are your global center of excellence for compensation, benefits and employment practices information. Our databases cover almost 100 countries, ensuring we can support you wherever you do business.

Our extensive global network of consulting offices and regional survey experts ensure that every country's survey reflects its unique local governing laws and cultural practices, and supports your data interpretation and subsequent action plans. Our rigorous data processes, coupled with the depth of our databases, guarantee the delivery of high-quality, robust data and consistent reporting practices.

In addition to compensation surveys, we publish reference materials that help HR practitioners attract, retain and reward exceptional employees. We also provide tools to help compensation and benefit managers analyze market data efficiently and conduct in-depth analysis to aid future program planning.

Our Data Services

- Country-by-country Compensation and Benefit Surveys
- Industry Surveys
- Custom Surveys and Market Pricing

- Reports on International Benefits, Policies and Practices

Human Resource/Talent Management Technology

Our HR/Talent Management Technology practice provides an array of consulting and technology solutions to support clients' needs in managing talent and delivering HR services efficiently and effectively across the Group. Specific services include HR technology strategy consulting, vendor selection and portal design and implementation.

We also support clients in implementing new HR technology, including Workday, SAP and PeopleSoft. Our capabilities include business case development, project planning, requirements definition, process design and implementation services supported by our change management expertise.

Through our ongoing research on HR technology, sourcing strategies and service delivery models, we know that more and more companies are using technology to help solve key business issues, not simply process data. As they continue to invest in technology, many are now focusing on next-generation systems and expanded employee and manager self-service.

Through the capabilities in this practice and in other parts of the company, Willis Towers Watson provides a broad array of proprietary technology solutions to help our clients meet their business needs:

Our HR/Talent Management Technology Services

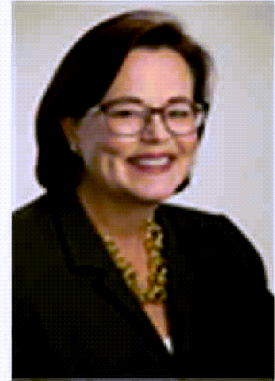
- Comp Software an integrated suite of applications that covers
 - Recruiting
 - Performance Management
 - Global Job Leveling
 - Compensation Planning and Administration for Line Managers and Compensation Analysts
 - Succession Planning
 - Career Development
 - Learning Management
- Total Rewards Portals and Statements
- Onboarding/Offboarding Applications
- HR Portals and Communities
- AnswerKey™, a set of tools to help support HR shared services/call centers

Pam Weinacht, Consultant

Relevant Experience/Specialization

Pam is a consultant in the Talent and Rewards practice at Willis Towers Watson in Arlington, where she focuses on helping organizations develop rewards programs and strategies to improve employee engagement and business performance.

She has over 20 years of experience specializing in rewards strategy development, program design, implementation, and administration. She has extensive experience in competitive market analysis, salary structure design, pay-for-performance program design, regulatory and compliance program audits, and project management. Prior to joining Willis Towers Watson, Pam has served in leadership positions with Circuit City Stores, Altria, Land America and Genworth Financial. She has also worked with another large global consulting firm, living and working in the US and Geneva, Switzerland focusing on international development organizations and financial services industry sectors.



Recent Project with Willis Towers Watson include:

- Serving as the project manager and lead consultant for a large International Finance Institution to develop a job architecture, workforce planning model and career paths.
- Serving as a consultant and project manager for a global professional services firm requiring analysis and recommendations for compliance with recent regulatory revisions.
- Project manager and lead consultant on a competitive market analysis and salary management program for a financial services organization during an M&A environment.

Education and Credentials

Pam is a past president of the Virginia Chapter of the American Society of Public Administration Professionals. Pam received her Master's degree in Public Administration from Virginia Commonwealth University, with a concentration in Decision Sciences and her Bachelors in Sociology and German Studies from Randolph-Macon Woman's College in Lynchburg, Virginia. She is a member of WorldatWork, the Society of Human Resource Management, and the Richmond Compensation Association.