



New Jersey Schools Insurance Group
6000 Midlantic Drive, Suite 300 North
Mount Laurel, New Jersey 08054
www.njsig.org

Board of Trustees Meeting of June 20, 2020
Action Item
Second Reading
2020-2021 Budget

The attached 2020/2021 NJSIG budget was presented for discussion at the 05/20/2020 meeting. The budget and the actuary's opinion letter are now attached as an action item for your approval and adoption for the 2020/2021 fiscal year. As per our bylaws and regulations, the attachments will be forwarded to the Department of Banking and Insurance (DOBI) once it is approved.

Recommended Resolution: Approve the 2020/2021 budget as attached.

Michele Carosi
Comptroller



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May 28, 2020

Ms. Ann M. Conway, FCAS, MAAA, CERA
Willis Towers Watson
The Prudential Tower
800 Boylston St., Suite 600
Boston, MA 02199-8103

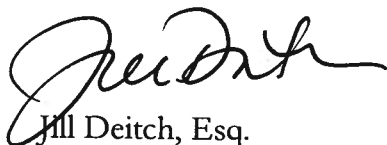
Dear Ms. Conway:

In connection with your review of the loss and allocated loss adjustment expense (ALAE) provision in the 2020/21 fund year budget of the New Jersey Schools Insurance Group (NJSIG), I, Jill Deitch, Executive Director of NJSIG, do hereby affirm that to the best of my knowledge and belief:

1. No relevant information which would materially affect the projection of the fund year 2020/21 loss and ALAE has been knowingly withheld from you.
2. Basic records, listings, summaries and other information furnished to you, and underlying your review of the loss and ALAE, were prepared under my direction and are accurate and complete.
3. You have been advised of all known changes in internal methods or procedures which would materially affect the loss and loss adjustment expense liabilities.
4. I have no reason to believe any of our ceded reinsurance will not be collectable.
5. We have not assumed or ceded any contracts categorized as financial reinsurance.

The above statements are made based on my personal knowledge and diligent inquiry made prior to making this affirmation.

Sincerely,



Jill Deitch, Esq.
Executive Director



**NJSIG
Income Statement
For the Periods Ending**

KEY:
A8 - 8 months actual
E12 - Estimate based on A8
B20 - Budgeted 2020 amount
A - Actual paid after 02/2020

		FY 2017/2018	FY 2018/2019	FY 2018/2019	02/29/2020	02/29/2020	06/30/2020	06/30/2020	06/30/2020	
Acct	Description	Actuals YTD	Budget YTD	Actuals YTD	8 MONTHS Budget YTD	8 MONTHS Actuals YTD	12 MONTHS Budget YTD	12 MONTHS PROJECTED	Variance	FY 2020/2021 Budget YTD
	Income:									
	Member Contributions	129,334,143.86	129,609,551.00	132,132,111.41	136,040,314.00	140,091,297.84	136,040,314.00	140,094,763.84	4,054,449.83	140,299,998.00
4202	Retro Prem/Srvc Written	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Retro Accounts Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Income	129,334,143.86	129,609,551.00	132,132,111.41	136,040,314.00	140,091,297.84	136,040,314.00	140,094,763.84	4,054,449.83	140,299,998.00
	Adjustments:									
	Recoveries & Subro Income	2,505,157.60	0.00	5,761,291.04	1,450,000.00	1,428,708.80	1,450,000.00	1,428,708.80	(21,291.20)	0.00
	Total Revenue	131,839,301.46	129,609,551.00	137,893,402.45	137,490,314.00	141,520,006.64	137,490,314.00	141,523,472.64	4,033,158.63	140,299,998.00



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	Expenses:									
5102	Salaries-Temporary Employees	82,173.66	115,420.00	50,887.19	86,224.00	22,994.89	129,336.00	34,492.34	E12 (94,843.67)	46,000.00
5103	Salaries	5,862,754.30	6,419,153.00	5,927,674.45	4,515,067.20	4,058,961.40	6,772,600.80	6,088,442.10	E12 (684,158.70)	6,605,677.00
5104	Salaries - Overtime	31,109.28	38,574.00	56,964.46	38,373.36	16,272.94	57,560.04	24,409.41	E12 (33,150.63)	34,126.00
5106	Deferred Compensation Pay	0.00	0.00	0.00	0.00	500.00	0.00	750.00	E12 750.00	6,000.00
5108	Payroll Tax Expenses	471,950.08	542,813.00	462,554.13	364,616.00	405,627.96	546,924.00	608,441.94	E12 61,517.94	513,192.00
5109	Pension Expense	736,079.26	825,038.00	829,775.16	644,131.36	0.00	966,197.04	966,197.04	B20 0.00	932,138.00
5109-6	GASB68-Pension Expense	1,068,654.00	0.00	789,779.00	0.00	0.00	0.00	0.00	E12 0.00	0.00
5110	Employee Benefits Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	E12 0.00	0.00
5111	Recruiting Costs	5,822.36	30,000.00	2,087.20	16,500.00	13,025.15	24,750.00	25,528.88	778.88	2,500.00
5112	Reiree Med Bene Exp	609,266.00	265,757.00	243,406.00	177,171.36	0.00	265,757.04	265,757.04	B20 0.00	246,714.00
5113	Employee Medical Benefits	958,160.84	1,160,181.00	934,580.25	787,860.00	525,745.87	1,181,790.00	788,618.81	E12 (393,171.20)	1,102,137.00
5114	Employee Dental Benefits	56,288.25	63,894.00	58,053.69	45,661.36	35,166.16	68,492.04	52,749.24	E12 (15,742.80)	67,630.00
5115	Employee Vision Benefits	23,362.15	26,297.00	23,911.80	18,370.00	18,091.44	27,555.00	27,137.16	E12 (417.84)	27,515.00
5116	EE HRA Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	A8 0.00	0.00
5117	Employee FSA Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	A8 0.00	0.00
5118	Employee S.T. Disab. & Other Ins	63,848.21	81,000.00	65,166.30	54,666.64	36,925.97	81,999.96	81,951.29	B20 (48.67)	80,000.00
5119	Defined Contribution Retirement	5,947.47	6,536.00	5,992.09	4,148.64	4,790.50	6,222.96	7,185.75	E12 962.79	2,737.00
	Personnel Expenses	9,975,415.86	9,574,663.02	9,450,831.72	6,752,789.92	5,138,102.28	10,129,184.88	8,971,660.99	(1,157,523.90)	9,666,366.00
5202	Newsletter Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	E12 0.00	0.00
5203	Marketing Expenses	6,998.87	17,500.00	7,744.53	9,666.64	2,291.73	14,499.96	3,437.60	E12 (11,062.37)	9,000.00
	Client Relations Dept Expenses	6,998.87	17,500.00	7,744.53	9,666.64	2,291.73	14,499.96	3,437.60	E12 (11,062.37)	9,000.00
5227	Loss Prevention	135,516.05	27,950.00	89,407.60	18,565.36	8,237.27	27,848.04	12,355.91	E12 (15,492.14)	17,750.00
5228	Office Equipment Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	E12 0.00	0.00
5229	Computer Software Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	E12 0.00	0.00
	Safety&Risk Control Dept Expens	135,516.05	27,950.00	89,407.60	18,565.36	8,237.27	27,848.04	12,355.91	E12 (15,492.14)	17,750.00
5252	Claims Audit Expense	12,000.00	90,000.00	0.00	68,000.00	0.00	102,000.00	102,000.00	0.00	90,000.00
5253	Claims Admin. Expenses	(1,319.65)	0.00	(762.00)	0.00	(118.00)	0.00	0.00	0.00	0.00
	Claims Dept Expenses	10,680.35	90,000.00	(762.00)	68,000.00	(118.00)	102,000.00	102,000.00	0.00	90,000.00
5301	Accounting Fees	700.00	0.00	0.00	0.00	0.00	0.00	0.00	E12 0.00	5,000.00
5303	Actuary Fees	102,776.06	275,000.00	201,279.29	183,333.36	60,729.50	275,000.04	275,000.04	B20 0.00	290,000.00
5305	Loss Control Outside Services	106,475.80	338,000.00	257,658.86	196,517.36	173,354.28	294,776.04	260,031.42	E12 (34,744.62)	271,500.00
5306	Legal & Professional Fees	128,568.74	255,000.00	112,576.23	133,333.36	25,586.13	200,000.04	238,379.24	38,379.20	125,000.00
5310	Third Party Admin.-Willis	675,000.00	675,000.00	675,000.00	450,000.00	337,500.00	675,000.00	675,000.00	B20 0.00	675,000.00
	Outside Service Fees	1,013,520.60	1,543,000.01	1,246,514.38	963,184.08	597,169.91	1,444,776.12	1,448,410.70	3,634.57	1,366,500.00



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For the Periods Ending

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	Total Agent Commission Expense	14,645,823.05	14,318,812.00	14,581,471.51	12,092,957.00	13,412,801.64	14,074,957.00	15,394,800.67	1,319,843.67	14,806,604.00
5401	Claims Expense	60,703,864.60	69,352,798.00	64,332,022.64	48,287,626.00	37,347,205.23	72,431,439.00	72,427,736.38	(3,702.62)	71,922,234.00
5402	Change in Claims Reserves	(2,497,000.00)	0.00	(7,361,000.00)	0.00	0.00	0.00	0.00	0.00	0.00
5403	Change in Claims Reserves for UI	100,000.00	0.00	(200,000.00)	0.00	0.00	0.00	0.00	0.00	0.00
5404	NEPHA Deductible Reimb. Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5405	Claims Deductible Debit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Claims Expenses	58,306,864.60	69,352,798.00	56,771,022.64	48,287,626.00	37,347,205.23	72,431,439.00	72,427,736.38	(3,702.62)	71,922,234.00
5502	Reinsurance Exp (Group/Flat)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5505	Reinsurance Exp-District Bill	32,542,792.85	31,412,880.00	34,019,892.22	35,958,733.00	36,110,367.19	35,958,733.00	36,110,367.19	A8 151,634.19	39,154,935.00
5507	Reinsurance Exp-NJSBAIG Paid	7,275.88	0.00	10,754.65	73,037.36	194,537.13	109,556.04	194,537.13	A8 84,981.09	146,819.00
	Reinsurance Expenses	32,550,068.73	31,412,880.00	34,030,646.87	36,031,770.36	36,304,904.32	36,068,289.04	36,304,904.32	A8 236,615.28	39,301,754.00
5352	IT - Office Equipment Supplies	10,018.13	29,000.00	8,538.36	24,533.36	15,813.80	36,800.04	36,800.04	B20 0.00	30,500.00
5353	Office Equipment Maintenance	22,239.35	41,900.00	14,837.26	20,200.00	2,985.96	30,300.00	30,300.00	B20 0.00	30,300.00
5354	Computer Software Maintenance	229,721.07	330,056.00	311,231.16	231,436.64	249,417.13	347,154.96	347,154.96	B20 0.00	349,525.00
	Information Technology Dept	261,978.55	400,956.01	334,606.78	276,170.00	268,216.89	414,255.00	414,255.00	0.00	410,325.00
5702	Depreciation Expense	597,722.45	708,125.00	504,818.62	420,716.64	314,880.46	631,074.96	631,074.96	B20 0.00	615,391.00
5703	Dues & Subscriptions	186,984.47	281,116.01	286,204.53	75,544.00	74,397.76	113,316.00	113,316.00	B20 0.00	113,731.00
5704	Bank Fees	21,691.31	90,360.00	90,771.82	62,383.36	69,523.67	93,575.04	104,285.51	E12 10,710.47	103,375.00
5705	IRS Penalty Fees	0.00	0.00	0.00	0.00	9,447.05	0.00	9,447.05	A8 9,447.05	0.00
5708	Rent Expense	436,451.80	485,832.00	382,656.02	322,502.64	350,874.78	483,753.96	526,312.17	E12 42,558.21	497,718.00
5709	Office Supplies	28,204.49	49,870.01	101,538.28	25,160.00	13,428.08	37,740.00	20,142.12	E12 (17,597.88)	22,415.00
5710	Office Operating Expenses	50,155.78	67,984.00	54,560.51	43,456.00	39,959.22	65,184.00	59,938.83	E12 (5,245.17)	60,600.00
5711	Office Leased Expenses	36,256.74	38,500.00	30,381.56	13,000.00	8,238.18	19,500.00	19,500.00	B20 0.00	19,500.00
5712	Telephone Expense	0.00	1,000.00	0.00	666.64	0.00	999.96	999.96	B20 0.00	0.00
5713	Employee Internet Reimbursmt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5714	Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5715	Group's Insurance Expense	197,695.87	216,500.00	196,213.38	150,466.64	94,381.54	225,699.96	225,699.96	B20 0.00	271,950.00
5716	Group's Crime Insurance Exp.	35,240.34	42,000.00	36,888.48	28,000.00	20,867.73	42,000.00	42,000.00	B20 0.00	0.00
5717	FSA Admin Fee	1,616.40	7,586.00	1,437.70	2,745.36	917.20	4,118.04	1,375.80	E12 (2,742.24)	2,500.00
5723	Postage	49,607.81	62,000.00	61,970.13	46,333.36	42,558.52	69,500.04	63,837.78	E12 (5,662.26)	69,500.00
5727	Employee Seminar Expenses	27,043.08	139,050.02	19,860.44	98,033.36	15,354.29	147,050.04	23,031.44	E12 (124,018.61)	87,235.00
5728	Insurance Course Fees	3,012.95	19,000.00	3,098.08	23,066.72	719.00	34,600.08	1,078.50	E12 (33,521.58)	15,000.00
5729	Tuition Reimbursement	2,728.00	31,000.01	13,096.63	26,993.36	4,995.00	40,490.04	40,490.04	B20 0.00	36,750.00
5730	Audit Fees	90,000.00	70,000.00	82,475.00	47,600.00	0.00	71,400.00	71,400.00	B20 0.00	73,000.00



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		Actuals YTD	Budget YTD	Actuals YTD	8 MONTHS	8 MONTHS	12 MONTHS	12 MONTHS	PROJECTED		Variance
5731	Consulting Fees	81,836.52	167,750.00	124,735.38	191,666.72	149,898.39	287,500.08	287,500.08	B20	0.00	345,500.00
5732	Miscellaneous Expenses	2,723.36	5,700.00	7,618.03	2,466.64	1,404.02	3,699.96	3,699.96	B20	0.00	5,500.00
5733	Disaster Recovery Expenses	110,809.67	131,785.99	112,629.12	86,028.00	74,479.15	129,042.00	111,718.73	E12	(17,323.28)	117,542.00
5734	Building Appraisal Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5735	DOBI Audit Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5736	Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5737	Employee Cell Phone Expense	12,788.18	16,000.00	14,177.72	10,666.64	7,586.18	15,999.96	11,379.27	E12	(4,620.69)	10,680.00
5738	OPRA expenses	838.50	50,000.00	0.00	16,666.64	0.00	24,999.96	24,999.96	B20	0.00	0.00
5746	Accrued Excise Tax	0.00	0.00	63,870.71	43,210.64	82,701.84	64,815.96	82,701.84	A8	17,885.88	103,178.00
5798	A/P Discounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5804	Assessments Written-off	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5805	Admin Write-ff Exp.	0.00	0.00	(15,660.71)	0.00	0.00	0.00	0.00		0.00	0.00
5806	Ins. Refund Control Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5807	Ins. Write-off Exp	1,318,870.81	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5808	Ins. Discount Exp	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5809	Safety Grant Distribution Exp	11,485,278.97	0.00	2,000,000.00	0.00	0.00	0.00	0.00		0.00	0.00
	Business Operating Expenses	14,777,557.50	2,681,159.04	4,173,341.43	1,737,373.36	1,376,612.06	2,606,060.04	2,475,929.95		(148,015.98)	2,571,065.00
5201	Travel & Related Expenses	72,009.34	114,433.00	69,647.29	69,069.92	37,254.01	103,604.88	55,881.02	E12	(47,723.87)	71,500.00
5851	Annual Meeting	50,965.49	63,400.00	53,480.18	63,400.00	56,056.46	63,400.00	56,056.46	A8	(7,343.54)	60,900.00
5852	Trustee Meeting Expense	4,155.08	12,000.00	5,577.50	6,666.64	1,795.15	9,999.96	2,692.73	E12	(7,307.24)	6,000.00
	Conferences & Meeting Expenses	127,129.91	189,833.00	128,704.97	139,136.56	95,105.62	177,004.84	114,630.20		(62,374.64)	138,400.00
	Total Expenses	131,811,554.07	129,609,551.07	120,813,530.43	106,377,239.28	94,550,528.95	137,490,313.92	137,670,121.70		161,921.89	140,299,998.00



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	Other Revenue and Expenses:									
	Investment Income	3,778,818.43	2,747,410.01	6,174,436.18	2,402,666.64	3,495,151.57	3,603,999.96	3,495,151.57	(108,848.39)	0.00
	Financial Income	(529,754.87)	0.00	688,183.69	0.00	286,859.47	0.00	286,859.47	286,859.47	0.00
	Other Revenues	(27,747.39)	10,500.00	889,797.76	7,833.36	1,025,563.76	11,750.04	1,025,563.76	1,013,813.72	0.00
	Investment Expenses	(669,162.26)	0.00	(411,454.81)	0.00	417,273.20	0.00	417,273.20	417,273.20	0.00
	Total Other Revenue and Expense	3,890,478.43	2,757,910.01	8,163,872.44	2,410,500.00	4,390,301.60	3,615,750.00	4,390,301.60	774,551.60	0.00
	Net Revenue	3,918,225.82	2,757,909.94	25,243,744.46	33,523,574.72	51,359,779.29	3,615,750.08	8,243,652.54	4,627,902.46	0.00