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Board of Trustees Meeting of March 16, 2016 Executive Director's Report

On March 3, 2016, the Group held the second annual broker's meeting in East Windsor. The meeting is an opportunity to discuss the year in review, the results of the reinsurance negotiations, and anticipated pricing levels for the ensuing year. We have a very good story to tell about progress over the past year, financial position, and our product & service offerings. David Nash, Legal One, presented the training available to our Members and encouraged greater use of Legal One. Rich Pevner, Summit Risk Services, provided an update on E&O claims administration, and Dave Ritch, Willis, spoke about the state of the market and new broker resources. NJSIG managers spoke on various topics including underwriting processes and the emerging spoliation claims and ways for Members to protect themselves. We also spoke about implementation of the Member Portal for safety grants. It was also an opportunity to address the recently released article alleging "lavish" past spending practices.

I spoke briefly about sub fund meeting protocols, and the Group's structure for governance. Members have a great voice with the Board of Trustees and through their participation in sub fund meetings, but should not expect to individually manage or alter the Group's operations.

A planned reception at the new Mt. Laurel office for Members and non-members in the Southern part of the state was postponed due limited invitation response. We attribute the low response rate to the time of year and budget priorities, we will reschedule a later date.

Departmental budget meetings are underway. A recommended draft budget for 2016-2017 will be presented to the Finance Committee as soon as it is available. The budget will include the costs of our first full year in the new locations, and warranted Information Technology upgrades. Beyond those changes, the budget will be similar to last year's budget.

We are working with Board counsel and State resources to update policies and procedures for contracting with vendors to the Group. This is a part of the ongoing efforts to assure the highest levels of compliance and transparency. The Group is working on an RFP for managed care services, and has the broker services RFP coming up at the year end. We are also looking into alternate banking services for the Group.

The Department of Banking and Insurance released their draft audit results, and NJSIG was found to be compliant with minor exceptions that are being remedied. The exceptions include escheat protocols for New Jersey Division of Unclaimed Property, and the wording for indemnification relative to the banking relationship. TD has indicated that they will not comply with the law requiring indemnity provisions in favor of the Group, which will likely cause a change in the banking relationship.

Respectfully

William Mayo

William Mayo, CPCU, ARM
Executive Director