New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016
(609) 386-6060 • FAX (609) 386-8877
www.njsig.org

Board of Trustees Meeting of September 16, 2015
Discussion Item
Member Equity

The results of the 2014-2015 year were favorable, resulting in $5,311,932 in revenue excess of expenses. Of that amount, $931,483 is investment income, down from a high of $7.4 million. Investment income is not eligible for grant distribution. Underwriting surplus of $4,380,448 is eligible for distribution, addition to surplus, or a combination of both. For the 2013-2014 year, there was no underwriting surplus, but $1.7 million was distributed in the form of safety grants.

With the implementation of GASB Statement No. 68, employers will be required to recognize a liability as employees earn their pension benefits (that is, as they provide services to the government). For the first time, employers will recognize their specific pension amounts which include net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. This will directly affect the surplus of the fund.

In recognition of the insufficient investment income returns and the uncertainty of the GASB Statement No. 68 impact, the Executive Director recommends distributing $2.2 million in safety grants and retaining $2.18 in surplus. That represents a 30% increase over last year's grant amount.

It is noteworthy that underwriting surplus of $4.38 million is equal to 3.5% of the overall 2013-2014 budget. The amount is remarkably close to anticipated costs given that the fundamental business of the Group is funding for fortuitous losses of unknown quantity and severity.

William Mayo

William Mayo, CPCU, ARM
Executive Director

9.11.15