SOUTH BERGEN VII WORKERS' COMPENSATION POOL
MINUTES
MEETING –JUNE 13, 2024
SEGOVIA MESON - CARLSTADT, NJ 07072
12:00 P.M.

Meeting called to order by Chairman Kelly. Open Public Meeting Act read into Minutes by Chairman Kelly.

ROLL CALL OF 2024 BOARD OF TRUSTEES:

Chairman		
Joseph Kelly	Rutherford BOE	Present
Vice-Chair		
Andrea Wasserman	Montvale BOE	Present
Secretary		
Samantha Dembowski	North Arlington BOE	Present
Trustees		
John Marmora	Emerson BOE	Present
Dina Messery	Fort Lee BOE	Absent
Robert Brown	Hasbrouck Heights BOE	Absent
Michael Rinderknecht	Lodi BOE	Absent
James Hyman	Lyndhurst BOE	Absent
Laurel Spadavecchia	Moonachie BOE	Present
Alexsandar Kondovski	Palisades Park BOE	Present
Thomas O'Hern	Ramsey BOE	Present
Susan Cucciniello	South Bergen Jointure Commission	Present
Beverly Vlietstra	South Hackensack BOE	Absent
Jody Pietrowitz	Wallington BOE	Present
Carl Morelli	Wood-Ridge BOE	Present
Keith Rosado	Westwood BOE	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	Perma Risk Management Services **Joseph Hrubash** **Cate Kiernan**	 Present Present
Attorney	**William Bailey, Esq.**	Present
Treasurer	**Dr. Philip Nisonoff**	Present
Underwriting Manager/ Excess WC Broker	Polaris Galaxy **Justin Gallo**	 Present
Claims Services	Bergen Risk Managers **John Markel**	 Present
Actuary	AIS Risk Consultants **Allan Schwartz**	 Absent

OTHERS PRESENT:
Jason Thorpe, PERMA
Pauline Kontomanolis, PERMA
Emalee Cronwell, PERMA

APPROVAL OF MINUTES: OPEN MINUTES OF JANUARY 29, 2024

MOTION TO APPROVE THE OPEN MINUTES OF JANUARY 29, 2024

MOVED:	Trustee Kondovski
SECOND:	Vice-Chair Wasserman
VOTE:	Unanimous

CORRESPONDENCE

Executive Director referred to a letter from Department of Banking & Insurance (DOBI) requesting additional information regarding the Pool's decrease in net position between Fiscal Year 2021-22 and 2022-23.

TREASURER

Dr. Nisonoff referred to May bills list, Resolution 3-24 included in the agenda, and asked if there were any questions. Hearing none, Chairman Kelly asked for a motion to approve.

RESOLUTION 3-24 MAY VOUCHER PAYMENTS (BILL LIST):

2023-24:	$	30,450.00
2023-24:	$	72,803.86
TOTAL:	**$**	**103,253.86**

MOTION TO ADOPT RESOLUTION 3-24 MAY VOUCHER LIST AS SUBMITTED:

MOVED:	Trustee Rosado
SECOND:	Trustee Cucciniello
ROLL CALL VOTE:	Unanimous

EXECUTIVE DIRECTOR/ADMINISTRATOR:

DEPARTMENT OF BANKING & INSURANCE – Executive Director reported that following the filing of the Pool's June 30, 2023 Audit Report, DOBI asked the Pool to outline its plans to address the reduction in surplus figures. Executive Director advised that the greatest impact on the Pool's financials has been the addition of Temporary Total Disability (TTD) payments in Fiscal Year 2021/2022 and the unusually large number of claims in that fiscal year and forward. Executive Director noted that the issue has been discussed at prior meetings as his office is seeing the unusual spike across the board. Executive Director then referred to a recent article from Safety National which addresses what the Pool Office is seeing impacting workers' compensation experience as well. Executive Director advised that the Pool Office is preparing a

response to DOBI advising that the South Bergen VII Workers' Compensation Pool has significantly increased in loss funds last year, among other things, and is expected to take similar action this year.

2024/2025 BUDGET PROCESS – Executive Director reported that the proposed SOBER Pool 2024/2025 Budget is being introduced at this meeting. Executive Director noted that there are 2 options being presented for consideration and asked the Deputy Executive Director to review the options with the Board. Deputy Executive Director noted the following:

- Option 1 – Includes continuing processing Temporary Total Disability Payments to injured workers (which is essentially reimburse to members while employees are continued on full salary). This budget would result in a budget increase over 2023/2024 of 23.2%; however, both options are based on a recommendation of reducing the amount of surplus transfer from prior years from $624,448 to $517,608 which translates into an increase of 35.4% increase in collected assessments.
- Option 2 – Since the Pool began reimbursing TTD, it has been very uneven in the members that seek this reimbursement – while still having an impact of the cost of claims. Option 2 is based on a recommendation that the Pool revert to its prior arrangement of only providing for TTD payments when an employee is out of work for one-year. (regulations prohibit full salary after one year). Budget would then increase 10% compared to the 2023/2024 budget, an increase of 18.2% in collected assessments.

Deputy Executive Director then referred to the proposed assessments associated with each option. Deputy Executive Director reported that both assessment allocations have an experience rating component where members with larger loss ratios are seeing greater increases. Deputy Executive Director noted that the Option 1 allocation also reflects an experience impact for members with TTD reimbursements. *Discussion ensued.* Following a Question & Answer session regarding the budget options, Vice-Chair Wasserman suggested entering recess to allow the Board to discuss the budget options being presented amongst themselves. Following the recess, Chairman Kelly advised that the majority of the Board is in favor of Budget Option 1 but noted that an special unofficial meeting would be scheduled on June 19th to discuss the budget options further and allow the absent Trustees an opportunity to provide their opinions and/or comments.

MOTION TO INTRODUCE THE 2024/2025 BUDGET OPTION 1 FOR THE SOUTH BERGEN VII WORKERS' COMPENSATION POOL IN THE AMOUNT OF $3,325,678, SCHEDULE AN UNOFFICAL MEETING FOR FURTHER BUDGET DISCUSSIONS ON JUNE 19, 2024 VIA ZOOM, AND SCHEDULE A PUBLIC HEARING TO ADOPT THE 2024/2025 BUDGET FOR JUNE 24, 2024 AT 1:30PM VIA ZOOM.

MOVED:	Trustee Rosado
SECOND:	Trustee Pietrowitz
ROLL CALL VOTE:	Unanimous

RESOLUTION FOR INTER-FUND TRANSFER – Executive Director referred to Resolution #4-24 that will transfer available surplus from Fiscal Years 2001-02, 2007-08, 2017-18, and 2019-20 to support the funding increase in the introduced budget. Executive Director then asked Ms. Kontomanolis to provide a brief overview of the fiscal years surplus is being taken from. Ms.

Kontomanolis reported that he State regulations require a calculation based on the ratio of paid claims to claim reserves creating a margin of error. Ms. Kontomanolis further reported that based on the regulations, $124,948 can be transferred from Fiscal Year 2001-02; $54,621 can be transferred from Fiscal Year 2007-08; $405,000 can be transferred from Fiscal Year 2017-18; and $49,398 can be transferred from Fiscal Year 2019-20. Ms. Kontomanolis advised that a total of $633,967 is being transferred but noted that $517,608 to Fiscal Year 2024-25 and $116,359 to former members' escrow account. Ms. Kontomanolis added that the Pool currently has over $15 million in cash & investments and is completely solvent. Ms. Kontomanolis further added that the Pool Treasurer put additional funds in long-term investments with the Pool's appointed banking provider. Trustee Rosado suggested that the Pool consider using NJ ARM as the return on investment is favorable. Deputy Executive Director said the Pool Office will research the program and report back at the next meeting. Chairman Kelly asked if there were any questions on Resolution #4-24. Hearing none, Chairman Kelly asked for a motion to adopt the resolution.

MOTION TO ADOPT RESOLUTION NO. 4-24 APPROVING INTER-FUND TRANSFERS, SUBJECT TO APPROVAL BY THE DEPARTMENT OF BANKING & INSURANCE.

MOVED:	Trustee O'Hern
SECOND:	Secretary Dembowski
ROLL CALL VOTE:	Unanimous

SOBER MEMBERSHIP RENEWALS – Executive Director reported that all members will enter year two of their 3-year membership with the Pool 7/1/2024 except for the Westwood School District. Executive Director advised that the Westwood School District will enter year three of their membership. Executive Director reported that Westwood School District is scheduled to renew their membership in the SOBER Pool 6/30/2025.

CLAIMS ADMINISTRATOR:

Mr. Markel reported that during the 30-month pre-COVID fiscal years (7/1/2017-12/31/2019), the average claim frequency was 239 claims per year. Mr. Markel reported that during the 30-month post-COVID fiscal years (7/1/2021-12/31/2023), the average claim frequency increased to 294 claims per year. Mr. Markel reported the average annual total incurred pre-COVID was $974,000 and has increased to approximately $1.92 million post-COVID.

UNDERWRITING MANAGER:

Mr. Gallo reported that he marketed the Pool excess workers' compensation renewal to Star Insurance (*Incumbent*) and Midwestern Insurance and received quotes from both carriers. Mr. Gallo reported that the Pool's expiring Self-Insurance Retention (SIR) is $1.5 million, and the expiring premium is (expiring) $76,507. Mr. Gallo reported that Midwestern Insurance provided a quote of $77,808 for a $1 million SIR. Mr. Gallo advised that the incumbent provided a counter quote of $75,398 for a $1 million SIR. Mr. Gallo noted that it is very rare to lower an SIR while saving on premium. Mr. Gallo said he recommends that the Pool renew with the incumbent at the $1million SIR for $75,398. Chairman Kelly asked if there were any further questions or comments. Hearing none, he asked for a motion to authorize the Underwriting Manager to proceed with the renewal.

MOTION TO AUTHORIZE THE SOUTH BERGEN REGION VII WORKERS' COMPENSATION POOL UNDERWRITING MANAGER TO BIND EXCESS WORKERS' COMPENSATION COVERAGE WITH STAR INSURANCE AT THE SIR OF $1 MILLION FOR A TOTAL PREMIUM OF $75,398, EFFECTIVE JULY 1, 2024 THROUGH JULY 1, 2025.

MOVED:	Trustee Rosado
SECOND:	Trustee Spadavecchia
ROLL CALL VOTE:	Unanimous

OLD BUSINESS:

None.

NEW BUSINESS:

Secretary Dembowski wished Chairman Kelly best of luck on his retirement and thanked him for all of the guidance and support on behalf of the entire SOBER Pool.

PUBLIC COMMENT:

None.

MOTION TO ADJOURN MEETING

MOTION:	Trustee O'Hern
SECOND:	Trustee Rosado
VOTE:	Unanimous

MEETING ADJOURNED: **2:53 pm**
NEXT MEETING: **June 24, 2024**
Zoom Virtual Meeting

Jason Thorpe, Assisting Secretary
For
Samantha Dembowski,
SECRETARY

SOUTH BERGEN REGION VII WORKER'S COMPENSATION POOL BILLS LIST

Resolution No. 3-24 **MAY 2024**

WHEREAS, the Treasurer has certified that funding is available to pay the following bills:

BE IT RESOLVED that the South Bergen Region VII Workers' Compensation Pool Board of Trustees, hereby authorizes the Pool treasurer to issue warrants in payment of the following claims; and

FURTHER, that this authorization shall be made a permanent part of the records of the Pool.

FUND YEAR 22-23

Vendor Name	Comment	Invoice Amount
Bowman & Company LLP	6/30/2023 Y/E FINANCIAL STMT AUDIT	23,450.00
		23,450.00
AIS RISK CONSULTANTS, INC	RESERVE ANALYSIS AS OF 6/30/23	7,000.00
		7,000.00
	Total Payments FY 22-23	**30,450.00**

FUND YEAR 23-24

Vendor Name	Comment	Invoice Amount
BERGEN RISK MANAGERS	TPA FEES 4TH QTR 2024	39,525.00
		39,525.00
PERMA RISK MANAGEMENT SERVICES	DEPOSIT REIMB.- MEETING 5/30/24	200.00
PERMA RISK MANAGEMENT SERVICES	POSTAGE 01/24	30.15
PERMA RISK MANAGEMENT SERVICES	2023 AATRIX 1099 FILING	14.95
PERMA RISK MANAGEMENT SERVICES	EXEC DIRECTOR- 4TH QTR 2024	19,635.00
		19,880.10
AIS RISK CONSULTANTS, INC	LOSS &ALAE PROJ. FOR 24-25 05/24	3,300.00
AIS RISK CONSULTANTS, INC	RESERVE ANALYSIS AS OD 12/31/23 05/24	7,000.00
		10,300.00
HUNTINGTON BAILEY, LLP	ATTORNEY FEES 02/24-04/24	2,375.00
		2,375.00
NEW TECH SERVICES, INC.	WEBSITE MAINT/HOSTING/DIS RECOV 05/24	175.00
NEW TECH SERVICES, INC.	WEBSITE MAINT/HOSTING/DIS RECOV 04/24	175.00
NEW TECH SERVICES, INC.	WEBSITE MAINT/HOSTING/DIS RECOV 02/24	175.00
NEW TECH SERVICES, INC.	WEBSITE MAINT/HOSTING/DIS RECOV 03/24	175.00
		700.00
GANNETT NEW YORK NJ LOCALIQ	A# 1185796 INV 6173896-9770588 1/26/24	23.76
		23.76
	Total Payments FY 23-24	**72,803.86**
	TOTAL PAYMENTS ALL FUND YEARS	**103,253.86**

RESOLUTION NO. 4-24

OF THE

SOUTH BERGEN REGION VII WORKERS' COMPENSATION POOL

TRANSFER OF FUNDS

WHEREAS, N.J.A.C. 11:15-4.21 provides that a FUND may seek approval from the Commissioner of Banking & Insurance to make inter-year fund transfers upon compliance with certain requirements; and

WHEREAS, the FUND has obtained a calculation from its Actuary and Executive Director as to the amount of money which is available for distribution consistent with the aforementioned regulations, and the financial integrity of the FUND; and

WHEREAS, the Board of Directors has determined that it would be in the best interest of the Pool and its participants to make certain transfers;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Bergen Regional VII Workers' Compensation Pool, as follows:

1. Section F of N.J.A.C. 11:15-4.21 provides that the FUND may seek approval for interfund year transfers from any claim fund that has been completed for not less than twenty-four months. Based upon this requirement, surplus monies from Fiscal Years _____, _____ and _____ are eligible for transfer at the discretion of the FUND, the Department of Banking and Insurance and the Department of Community Affairs.

2. The Board of Directors has balanced the interests of the participants in obtaining the benefit of such monies as are available for interfund year transfer against the need for the Pool to protect and preserve its financial integrity. Because the reserve figures and the IBNR figures utilized by the Pool Actuary are conservative, and because the Banking & Insurance Department and the State regulations require a calculation based on the ratio of paid claims to claim reserves creating a margin of error, it is the conclusion of the Board of Directors that $_____ can be transferred from Fiscal Year _____; $_____ can be transferred from Fiscal Year _____ and $_____ can be transferred from Fiscal Year _____.

3. The Board of Directors further resolves to transfer a total of $_____ to Fiscal Year 2025 and $_____ to former members' escrow account.

4. The Executive Director is, therefore, authorized and directed to submit such documents as the regulations require to the Department of Banking and Insurance and the Department of Community Affairs for the approval of the refunds in the amounts set forth above.

5. This authorization is based upon the Audited Financial Statements as of June 30, 2023. The aforementioned refund monies shall be allocated, as required and necessary, from the various loss and contingency funds for the respective years, all in accordance with the Actuary's analysis of available monies.

ADOPTED: ***this day by the Board of Trustees;***