

***School Pool for Excess Liability Limits  
Joint Insurance Fund  
SPELL JIF***

**Teleconference Meeting via Zoom**

**Friday, February 11, 2022 – 1:00 pm**

**OPEN SESSION MINUTES**

**I. MEETING CALLED TO ORDER**

The meeting of the School Pool for Excess Liability Limits Joint Insurance Fund (SPELL) was held remotely on Friday, February 11, 2022 at 1:03 p.m., with Thomas Grossi, Greater Egg Harbor RHSD, Chairperson, presiding.

**II. STATEMENT OF COMPLIANCE WITH THE OPEN PUBLIC MEETING ACT**

Notice of this meeting was given by sending sufficient notice herewith to newspapers recognized by owner groups; filing advance written notice of this meeting with each member and their members districts; and by posting notice on the public bulletin boards of all municipalities served by the member districts of each owner group.

**III. Roll Call**

**2021-2022 Trustees present**

Thomas P. Grossi, Greater Egg Harbor RHSD, **Chair**– ACCASBO JIF  
Richard J. Kaz, Jr., Northern Burlington County RSD, **Vice Chair** – BCIP JIF  
Robert F. Wachter, Jr., Mt. Laurel Twp BOE, **Secretary** – BCIP JIF  
Christopher Veneziani, Folsom BOE, Trustee– ACCASBO JIF  
Joseph Collins, Elk Twp School District, Alternate Trustee – GCSSD JIF  
Donna Contrevo, Gateway Regional/National Park – GCSSD JIF

**2021-2022 Trustees absent**

**None**

**2021-2022 Alternate Trustees present**

Chandra Anaya, Egg Harbor Twp SD, Alternate Trustee – ACCASBO JIF  
Dr. Diane Fox, Middle Township BOE – ACCASBO JIF  
Michael Colling, Medford Lakes SD, Alternate Trustee – BCIP JIF  
Kathleen Huder, Lindenwold BOE, Alternate Trustee – BCIP JIF  
Chris Rodia, Westville/Woodbury Heights, Alternate Trustee – GCSSD JIF  
Scott Campbell, Greenwich Township, Alternate Trustee – GCSSD JIF

**2020-21 Alternate Trustees absent**

**None**

**District Personnel absent**

Lameka Augustin, Passaic County Manchester Regional BOE– SE JIF  
David DiPisa, Nutley BOE– SE JIF

**Fund Professionals present**

Bradford Hoffman, Director of Program Administration - RPA, a division of Gallagher  
Craig H. Wilkie, Sr. Program Administrator – RPA, a division of Gallagher  
Scott C. Tennant, Sr. Program Strategist– RPA, a division of Gallagher  
Jennifer Fox, Sr. Account Manager – RPA, a division of Gallagher  
Megan Matro, Marketing Specialist- RPA, a division of Gallagher  
Patrick J. Madden, Esquire, Fund Solicitor  
Danielle Colaianne, Program Manager – Student Accident Program  
Lorraine Verrill, CPA, Fund Treasurer – Verrill & Verrill, LLC  
Tracy Lopez, PERMA, Inc.  
Annette Reap, Recording Secretary

**IV. APPROVAL OF MINUTES**

*Motion* by Ms. Anaya, second by Mr. Wachter, to approve the Minutes of the October 1, 2021 and November 22, 2021 special meeting of the SPELL JIF. All in favor, with the exception of Dr. Fox, who abstained from the October 1, 2021 Minutes. Motion carried.

**V. PROFESSIONAL REPORTS**

**A. Accountant/Treasurer**

Ms. Verrill reviewed the October, 2021 through January 2022 Bill Lists and Cash Reconciliation Reports for September, 2021 through January 2022 found in the agenda.

*Motion* by Mr. Veneziani, second by Ms. Huder to approve the Bill Lists and Treasurer's Reports. All in favor. Motion carried.

Ms. Verrill left the meeting at 1:08 pm.

**B. Attorney**

Mr. Madden discussed his report contained in the agenda on two recent court decisions that could have implications for JIF claims, but neither is earth-shattering. The first case involves expansion of the Tort Claims Act Notice Provisions. The Supreme Court ruled that a mother's claim was derivative of the son's estate's claim and, therefore, timely filed.

In the second case, the Supreme Court reversed the Superior Court's finding that employee's injuries did not arise out of and in the course of claimant's employment. The Supreme Court upheld that the claimant's injuries were compensable under the Worker's Compensation Act.

**C. Student Accident Program Report**

Ms. Colaianne discussed her report included in the agenda. She stated that renewal negotiations have concluded and the program will remain with Hartford through BMI with a flat renewal. Ms. Colaianne referred to premium history provide which showed how it has been allocated throughout the program. Finally, a listing of the benefits summary through Hartford effective July 1, 2022, which remains unchanged.

Mr. Wilkie advised the Trustees that Ms. Colaianne took over for Ms. Ridolfino, who has retired, on February 1, 2022 and is now handling the Student Accident Program. She is the JIF's point of contact at Hardenbergh. The Chair welcomed Ms. Colaianne.

D. Executive Director/Underwriting & Finance Director Report

1. UNDERWRITING & FINANCE DIRECTOR

*Financial Performance Update* – Mr. Hoffman provided an owner group performance overview. He will be meeting with each of the JIF's finance committees, which covers most of the SPELL Trustees, in the next month when the audits are reviewed and the SPELL information will be incorporated. At the next SPELL meeting, Mr. Hoffman will do a quick summary of the SPELL's financials. He thanked the Trustees for their patience.

*Initial Budget Outlook 2022-2023* – Mr. Hoffman reviewed a handout that was provided giving an initial budget outlook for 2022-2023. He advised that the finance committees will be meeting in the next month and the initial budgets for each of the owner groups will be discussed and premium allocation strategy process will be reviewed. He has provided a worst-case scenario with and wants to be able to be firm with those numbers.

*Reinsurance & Excess Insurance-Market Conditions/Concerns/Outlook* – Mr. Hoffman referred to his handout which provides a detailed look that is very conservative relative to projections. He noted that there is a big bottom line percentage increase but it is worst-case scenario across the board, based on some market conditions that still exist and some adjustments that need to be made within the budget. The first page shows reinsurance coverages, with Great American for the most part, everything is mostly a worst-case 5% across the board. Mr. Hoffman thinks this is good news because the property market has been very difficult the last 2-3 renewals and that market seems to be coming back relatively stable. The JIF losses have been relatively stable as well.

Mr. Hoffman noted a large increase in the Annual Aggregate Deductible Corridor. As a reminder, Great American offered the JIF program a \$950K premium savings if the JIF would take on a \$1M aggregate corridor deductible. Anything over the \$250K SIR, no matter where it falls in the line of coverage, is the SPELL's responsibility. The benefit is the initial premium savings and savings if there aren't many excess losses. It is a risk-transfer mechanism that gives SPELL the ability to potentially save money in the long run. There have been significant dollars for reinsurance costs and Mr. Hoffman did not want to push that expense down to the owner groups. This budget fully funds the aggregate corridor layer. Property claims are not included in the aggregate corridor. Mr. Grossi reiterated that the first year it was added to program was 2016-17 and it was a good strategy. Mr. Hoffman agreed that the SPELL was definitely ahead in this regard. Mr. Grossi asked any Trustees who were new or didn't understand to ask questions, because it was very important. Mr. Hoffman will provide information on what the corridor looks like from year to year and what the losses are that are impacting that layer at next meeting.

*Group Purchase Coverages-Market Conditions/Concerns/Outlook* - Mr. Hoffman reviewed group insurance coverages. He noted that in Boiler & Machinery coverage, Travelers is adding an endorsement that imposes significant limits so he is checking to see if other carriers are adding this endorsement and may market this coverage. Mr. Tennant explained that the endorsement excludes cyber as a claim with regard to boiler & machinery. It eliminates a cyber event where someone has hacked into HVAC controls and taken over system.

Mr. Hoffman reported that cyber coverage is going to be an issue for everyone. This market is in significant distress and carriers and capacity are leaving the market. Public entities are often targeted and there are insufficient securities in place. This coverage has been placed through RPS

and he is confident in their efforts, but pricing in this market is going to be very difficult. Mr. Hoffman referred to a recent article that he will email to the Trustees that explains that cyber pricing is up an average of 130% in the fourth quarter. Mr. Tennant discussed a webinar that the SPELL will be holding to walk members through completing the cyber application. The Administrator's office is working the STARR and it will require a second cyber application to be completed. A two hour Q & A session with the underwriter and the broker so that district IT people can discuss the questions on the application and what they really mean in order to eliminate any confusion. The webinar will be recorded so that it can be watched later at your discretion.

Mr. Tennant reminded that the policy is a claims-made form and the application is key to the coverage. Districts do not want to be in a position where they need to file a claim and they've made a representation that may be incorrect and could jeopardize the claim. He advised that there is also a 3<sup>rd</sup> application from Cowbell Insurance Company to get a series of 93 individual offers for cyber insurance. It must be done because presently the program puts small districts with a \$250K deductible with 50% co-insurance for a cyber event. Mr. Tennant explained that the JIF needs to explore all of the options available to maximize cyber insurance for all members, given their circumstance. He knows it is going to be inconvenient for everyone, but it is absolutely necessary in order to obtain the best possible outcome for everyone. Mr. Hoffman noted that attending the seminar is a time commitment, but important to get those questions answered correctly.

Mr. Colling asked how long until it is unsustainable to have this line of coverage or the market is no longer available? Mr. Tennant explained that when there is a claim, there are a series of providers that you must have access to get you through this process and understand all the laws. You can never separate yourself from the service-need aspect of it. Mr. Kaz asked if the insurance companies were going to require that the districts do more to be eligible for the coverage. Mr. Hoffman said that most of those things are already requirements and the application process delineates that. In the current year coverage, the deductible level varies depending on what the district has in place in the way of security. Mr. Tennant said the days of relying on insurance as your fix or remedy are over. Further discussion over the cyber application and coverage.

*Enhanced SPELL JIF Bundled Risk Management Services – Proposed Budget Funding -* Administrative Matter Defense Program raised from \$1500 to \$2500 reimbursement. The contract with Public School Works has changes in the pricing and scope of fees. It is a three year process and the SPELL is in year two.

Mr. Hoffman reported that overall the SPELL budget is projected mostly for a 2% increase. Mr. Tennant will address the line items that we are looking to fund. Cloudburst is working to create an ERM system that will integrate into the SPELL website. A number of reports now exist but would like to take it to a real enterprise capacity where exposure data, historic exposure data can be obtained. Designed to help districts help themselves very efficiently. Mr. Tennant explained that printing reports requires an investment per month and also have to purchase cloud storage to warehouse data.

Cyber Risk Management Initiatives – Mr. Tennant explained a few years ago the SPELL incurred \$85K for deep dive studies of only two districts. This service is very expensive and doing two districts per year is not feasible. How does the SPELL help districts decide what to do next? The plan is to hire a vCISO or, virtual cyber information security officer, who is trained very specifically in that discipline who can interact with district IT people and help them understand what's the

highest priority, what those costs look like and what kinds of options you have to resolve those issues. Mr. Tennant said that Enquiron presented at the January JIF meetings. All members have access to the cyber side of the house through Enquiron where there is phishing testing and its free. Districts can have as many people have access to Enquiron as they need.

Risk Management Services Initiative – Mr. Tennant discussed seminar development for Title 9, HIG, SAM and mold and how to investigate those types of claims.

Coverage Counsel – Mr. Tennant reported that currently there are two coverage matters that the SPELL is involved in right now. He explained that the SPELL owns its coverage documents and if they are challenged, it is their duty and obligation to defend it. The Reinsurer agrees to reinsure the coverage documents that are owned by the SPELL. It has become apparent that it is wise to annually fund it so that we are not trying to find that money when it is needed, in some other line.

*Resolution 2021-13 Approving Transfers*-**MOTION REQUESTED** – Motion by Ms. Anaya, second by Mr. Veneziani to approve transfers as outlined in Resolution 2021-13. All in favor. Motion carried.

## 2. EXECUTIVE DIRECTOR

*2022-2023 Membership Renewal* - Mr. Wilkie reported that there are 23 districts within the local owner group funds that are up for membership renewal on July 1, 2022. They are broken down as follows: ACCASBO - 8 districts, BCIP - 6 districts, GCSSD – 9 districts. All ACCASBO districts have renewed. There is 1 district each in BCIP and GCSSD that still has to renew but Mr. Wilkie doesn't expect any issues.

*Marketing update* – Mr. Wilkie reported that there are a few districts that his office is working with, along with their RMCs, and that will be discussed specifically during the upcoming finance committee meetings and then reported in May.

*Public School Works Contract Update* – **MOTION REQUESTED** – Mr. Wilkie explained that approximately one year ago, Public School Works reached out to increase their charging structure. He has recently received a proposed contract from them which has been provided to the SPELL Trustees for review. Mr. Wilkie advised that he has been back and forth with the contract language and Mr. Madden has helped to facilitate. Mr. Wilkie is recommending moving forward with the new contract. Mr. Kaz asked for specifics. Mr. Wilkie advised that PSW wanted to increase pricing with 30 days' notice and that will now happen after the initial term of 3 years. Mr. Madden discussed a confidentiality clause that was included but is problematic because of being a public entity. PSW has been advised that information will have to be disclosed if an OPRA request is received and PSW can file lawsuit to stop providing the information if they choose to.

**MOTION** by Ms. Huder, second by Mr. Veneziani, to approve the contract with Public School Works for a term of 3 years effective July 1, 2021. All in favor. Motion carried.

*NJSIA Workers' Compensation Conference* - Mr. Wilkie advised that the New Jersey Self-Insurers' Association has rescheduled their conference to May 11-13, 2022 at The Hard Rock in Atlantic City. Once the updated information has been received, it will be sent out to all members.

*SPELL Joint Retreat – MOTION REQUESTED* - Mr. Wilkie reported that a successful in-person retreat was held by the SPELL JIF on September 22-24, 2021 at The Grand in Cape May. The survey results are still coming in, but a preliminary review provided positive feedback. Surveys were sent out after each day and all positive responses across the board were received. Responses as to whether we stay at the Grand or move back to Congress Hall – 60% stay at The Grand, 40% go back to Congress Hall. Mr. Wilkie is looking for approval to move forward with the planning of the 2022 Retreat.

Motion by Mr. Veneziani, second by Mr. Kaz, to approve holding the annual joint retreat at The Grand Hotel in September, 2022. All in favor. Motion carried.

*Power of Professional Conversation Toolkit* – Mr. Tennant will be sharing more about this new tool at the March JIF meetings. He explained it is a great tool for engaging in discussions that are difficult because the conversations are contextualized within an ethical structure. There is no right or wrong and no one is being accused, but it permits a thoughtful exploration of tough issues, such as the relationship between educators and students, particularly the gray areas, which are difficult to discuss.

**VI. MOTION REQUESTED** to go into Closed Session

Motion by Mr. Wachter, second by Mr. Colling, to go into closed session at 1:58 pm.

**VII. MOTION REQUESTED** to come out of Closed Session.

Motion by Mr. Veneziani, second by Mr. Colling, to come out of Closed Session at 2:19 pm.

**VIII. MOTION REQUESTED – Resolution 2021-14** to approve PARs/Items presented in Closed Session.

Motion by Mr. Kaz, second by Ms. Huder, to approve Resolution 2021-14 to approve PARs/Items presented in Closed Session. All in favor. Motion carried.

**IX. MISCELLANEOUS BUSINESS AND PUBLIC COMMENT**

The next meeting of the SPELL JIF is scheduled to be held on **Friday, April 29, 2022** at 10:00 a.m. either virtually via Zoom or at the Gallagher offices, 6000 Sagemore Drive, Suite 6203, Marlton, NJ 08053.

**X. MOTION REQUESTED** to adjourn the meeting

*Motion* by Mr. Wachter, second by Mr. Colling, to adjourn the February 11, 2022 meeting of the SPELL JIF. All in favor. Motion carried by unanimous vote.

The meeting adjourned at 2:21 p.m.

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