

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

**Teleconferencing Meeting via WebEx**

**OPEN SESSION MINUTES**

**Friday, June 26, 2020**

**I. MEETING CALLED TO ORDER**

The meeting of the School Pool for Excess Liability Limits Joint Insurance Fund (SPELL JIF) was held remotely on Friday, June 26, 2020 at 10:00 a.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**

**2019-2020 Trustees present**

Thomas P. Grossi, Greater Egg Harbor RHSD, Chair – ACCASBO JIF  
Cherie Bratty, Upper Deerfield Township School District, Vice Chair – GCSSD JIF  
Robert Wachter, Jr., Mt. Laurel Twp. BOE, Secretary – BCIP JIF  
Joseph Smurlo, Egg Harbor City School District – ACCASBO JIF  
Richard J. Kaz, Jr., Northern Burlington County RSD – BCIP JIF  
Joseph Collins, Elk Township School District – GCSSD JIF

**2019-2020 Trustees absent**

None

**2019-2020 Alternate Trustees present**

Christopher Veneziani, Folsom BOE, Alternate Trustee – ACCASBO JIF  
Michael Colling, Medford Lakes SD, Alternate Trustee – BCIP JIF  
Diana Schiraldi, Eastern Camden County RSD, Alternate Trustee – BCIP JIF  
Chris Rodia, Westville/Woodbury Heights, Alternate Trustee – GCSSD JIF

**2019-2020 Alternate Trustees absent**

Kim Robinson, Mainland Regional High School, Alternate Trustee – ACCASBO JIF  
Rose Wang Chin, Woodstown-Pilesgrove, Alternate Trustee – GCSSD JIF

**District Personnel present**

Chandra Anaya, Egg Harbor Township SD – ACCASBO JIF

**District Personnel absent**

John Serapiglia, Jr., Passaic County Manchester – SE JIF  
Edward Appleton, Nutley – 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  
Louis J. Greco, Esquire, Fund Solicitor  
Lorraine Verrill, CPA, Fund Treasurer – Verrill & Verrill, LLC (left at 10:08 am)  
Annette Reap, Recording Secretary

**IV. APPROVAL OF MINUTES**

*Motion* by Mr. Colling, second by Mr. Veneziani, to approve the Minutes of the May 28, 2020 meeting of the SPELL JIF. All in favor, with the exception of Ms. Anaya and Ms. Bratty, who abstained. Motion carried.

**V. BUDGET HEARING**

A. *Motion* by Mr. Kaz, second by Ms. Bratty, to open the Budget Hearing to the public.

B. *Motion* by Mr. Kaz, second by Ms. Bratty, to close the Budget Hearing to the public.

*Motion* by Mr. Kaz, second by Ms. Schiraldi, to adopt the 2020-2021 Budget, provided as a handout. All in favor. Motion carried.

**VI. PROFESSIONAL REPORTS**

A. *Accountant/Treasurer*

Ms. Verrill reviewed the June 2020 Bill List and Cash Reconciliation Report for May 2020 found in the agenda.

*Motion* by Ms. Bratty, second by Mr. Kaz, to approve the June Bill List and May Treasurer's Report. All in favor. Motion carried.

Ms. Verrill left the meeting at 10:08 am.

B. *Attorney* – No Report.

C. *Executive Director/Underwriting Manager Summary*

1. Underwriting and Finance Director

*2020-2021 Renewal Negotiations/Proposal Presentation – MOTION REQUESTED*

Mr. Hoffman reviewed the 2020-2021 SPELL JIF Program Renewal Summary provided via email and also shared on screen, which he noted is an abbreviated version of what is normally presented. He reviewed each item in detail. The program structure is the same with regard to limits. Mr. Hoffman explained that because the insurance market continues to be hardening dramatically it has extended the renewal negotiation process with most carriers. The market has been hardening for the last 18 months and COVID-19 accentuated that process.

Mr. Hoffman reported that, despite the percentage increases predicted, the SPELL's 20-year partnership with Great American continues to be a favorable relationship. He advised that the overall limit that Great American is willing to extend is changing from \$20M to \$15M. The \$5M difference has been secured with Genesis to maintain the \$20M limit. Safety National remains on the statutory excess layer on the workers' compensation. It is good news that workers' compensation is flat in light of other market conditions.

The Crisis Protection Program is replacing Violent Malicious Acts and Disaster Management Services. Mr. Hoffman advised that both elements of coverage will remain and be greatly enhanced by the broader coverage program.

Mr. Hoffman noted a significant change under the Educator's Legal Liability coverage. Historically, the SPELL JIF coverage has been full prior acts, with no retro date. Effective 7/1/2020, a retro date of 7/1/2009 will be added. This change is in response to the both the overall market place and, acutely, New Jersey and SAM legislation enacted with respect to the Reviver Law. He opined that being able to carry full prior acts for as long as the SPELL did in the market is somewhat unique and it goes back to the relationship the SPELL has had with Great American / Selective.

He explained that most carriers are applying a pandemic exclusion, which is not unique to SPELL JIF, but universal. Those elements are still developing. Great American is providing the ability to buy back some coverage, but this is still be evaluated. He referred to an email from Cathy Graeber included in the handout. This coverage element will be finalized by the end of June and is an exclusive offer to SPELL JIF, which again speaks to the long-term partnership between the SPELL JIF and Great American.

Mr. Hoffman stated that property coverage costs increased approximately 55% overall. Page 4 of the handout includes a publication explaining the market over the last 18 months and CAT losses worldwide over last 3 years. The coverage is not diminished, but due to worldwide property market conditions, the premium cost is significantly more.

With regard to Boiler & Machinery coverage, although premiums have remained stable, the State of NJ has bumped up mandatory inspection fees almost 100%.

Mr. Hoffman advised that on the pollution legal liability coverage, the Underwriting Manager's office has worked very hard with Beazley to better clarify the deductible schedule. The premium is flat. Updated information on deductibles, that apply relative to building structure, age, location and otherwise, will be provided when finalized with the carrier.

Mr. Hoffman noted that cyber coverage pricing and deductible options are up significantly because of both market conditions and large losses incurred by the SPELL JIF over the past few years. He explained that the increases are not isolated to New Jersey, but are nationwide and that a massive market correction is occurring. Mr. Tennant explained that claims have helped the carrier to know the JIF much better. A supplemental questionnaire has helped to determine who has a training and asset structure in place that reduces the chance of a loss and those districts will have a lower deductible. He stated that there is value in doing that in terms of the coverage.

Mr. Hoffman referred to pages 7-9 of the handout that included the proposed carrier ratings and admitted status. He explained that AM Best's rating provides the financial strength and viability of the carrier. Pages 10-11 show a detailed breakdown of the SPELL JIF budget by line of coverage. Mr. Hoffman reviewed each line, highlighting specific details in key categories.

Mr. Hoffman reminded the members that the SPELL JIF is entering the fifth year of the aggregate corridor deductible structure with Great American. Moving to this structure allowed the SPELL JIF to retain more funds by assuming a corridor deductible across multiple lines of coverage...money that otherwise would have been paid as reinsurance premium. So far, to date, it has been a very good arrangement for SPELL JIF. Based on underlying claims to date, there has been very little paid and potential loss development into the corridor layer for the applicable fund years. He noted that

for each applicable year the SPELL JIF has assumed an aggregate corridor deductible, the applicable deductible has been fully funded with each applicable fund year's budget. Due to the extreme insurance market conditions facing the SPELL JIF for the 2020-2021 renewal, the aggregate corridor deductible for 2020-2021 will not be fully funded at this time. In order to keep the local owner group budgets stable and member premiums at level projected amounts, a portion of planned funding for the aggregate corridor deductible must be applied to overall reinsurance costs. Mr. Hoffman confirmed with the Board of Trustees that reassessing members for increased fund year 2020-2021 premiums at this time was not an action the SPELL JIF would like to take. The SPELL JIF Board of Trustees agreed that partially funding the aggregate corridor deductible was the most prudent step available at this time. Mr. Hoffman reiterated that based upon the SPELL JIF's experience to date with in the aggregate corridor deductible layer, the SPELL JIF should feel comfortable with the decision at this time. He advised that his office would work with the actuary to determine if there is a need to readjust as actual claims develop over time and manage the unfunded deductible portion accordingly.

Mr. Wilkie informed the members of discussions between Mr. Tennant and Mr. Greco regarding the HR Helpline and limited recovery if there was a loss due to inappropriate legal advice. Mr. Greco stressed that in the case of a serious exposure, the matter should be addressed with the district solicitor in addition to Enquiron.

Mr. Hoffman explained that the budget increase was 1.4%, after removing the new items of additional funding for the Safety Director, to help Mr. Geitz develop his platform and obtain additional help to address the needs of all members, and the one-time line item of \$90K for the SPELL JIF to purchase the claim management system, in light of Mr. Greco's planned retirement.

Mr. Hoffman reviewed the overall coverage structure and budget for the 2020-2021 fund year and formally requested the SPELL JIF Board of Trustees to give their authority to bind the final coverages, subject to any pending items noted that require closing negotiation with the carriers.

Mr. Grossi polled the Trustees regarding the options for the pandemic exclusion previously mentioned by Mr. Hoffman. Mr. Hoffman explained that there were two options: either \$250K or \$400K to buy back coverage on the pandemic exclusion to provide some level of protection to individual members and SPELL JIF. He will be reviewing this matter with Great American and will finalize the added coverage effective July 1, 2020 if it makes sense for the goals discussed to protect SPELL JIF members to the greatest extent possible.

*Motion* by Ms. Bratty, second by Mr. Kaz, granting authority to bind coverage on the final reinsurance program. All in favor. Motion carried.

*2020-2021 Coverage Document Adoption – MOTION REQUESTED*

*Motion* by Ms. Bratty, second by Mr. Kaz, to adopt the 2020-2021 Coverage Document. All in favor. Motion carried.

*2020-2021 Risk Management Plan* - Mr. Hoffman said that his office would send the 2020-2021 Risk Management Plan and Certificate of Coverage.

*2020-2021 Certificate of Coverage* – Mr. Hoffman stated that the final version of the Certificate of Coverage would be emailed to all districts once determination of all coverages has been made, coverages are bound and policy numbers provided.

2. Executive Director

*2020-21 Membership Renewal* – Mr. Wilkie reiterated that, as reported at the May meeting, all members that were up for membership renewed on July 1, 2020 have renewed, with the exception of Washington Township. Discussion followed.

*Potential Members Update* – Mr. Wilkie reported that two offers were extended to potential new members, but both were declined. He noted that meeting remotely with prospects and having those conversations virtually was challenging. Mr. Wilkie is hopeful that there will be some opportunities next year.

*SPELL JIF Annual Retreat* - Mr. Wilkie made a recommendation to the members to cancel the retreat scheduled for this September in light of the current restrictions. Discussion followed. The members agreed that the annual retreat should be cancelled this year. Mr. Grossi suggested holding a one-day event near end of the year, if possible.

Mr. Wilkie informed the members that the mold seminar invite has been sent out and the invitation for the cyber symposium should be sent by next week. Both events are virtual this year.

**VII. CALL TO ORDER THE ANNUAL REORGANIZATION MEETING**

The annual Reorganization Meeting was called to order at 10:49 a.m.

**VIII. SEATING OF 2020-2021 TRUSTEES AND ALTERNATE TRUSTEES – ADOPTION**

*Motion* by Mr. Kaz, second by Mr. Wachter, to approve Delegates and Alternate Delegates elected by each Owner Group, and listed below, as Trustees and Alternate Trustees, respectively. All voted in favor. Motion carried by unanimous vote.

**IX. Roll Call**

**A. 2020-21 Trustees**

- ☐ Thomas P. Grossi, Greater Egg Harbor RHSD, Trustee – ACCASBO JIF
- ☐ Joseph Smurlo, Egg Harbor City School District – ACCASBO JIF
- ☐ Richard J. Kaz, Jr., Northern Burlington County RSD, Trustee – BCIP JIF
- ☐ Robert F. Wachter, Jr., Mt. Laurel Twp BOE, Trustee – BCIP JIF
- ☐ Cherie Bratty, Upper Deerfield Twp School District – Trustee – GCSSD JIF
- ☐ Joseph Collins, Elk Twp School District - Trustee – GCSSD JIF

**B. 2020-21 Alternate Trustees**

- ☐ Christopher Veneziani, Folsom BOE, Alternate Trustee– ACCASBO JIF
- ☐ Chandra Anaya, Egg Harbor Twp SD, Alternate Trustee – 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
- ☐ Rose Wang Chin, Woodstown-Pilesgrove RSD, Alternate Trustee – GCSSD JIF

**C. District Personnel**

- ☐ John Serapiglia, Jr., Passaic County Manchester Regional BOE– SE JIF

□ Edward Appleton, Nutley BOE– SE JIF

**X. NOMINATIONS – ADOPTION**

A. Election of Officers (Chair, Vice Chair, and Secretary) – Nominations for the 2020-21 Fund Year: Tom Grossi, Chair; Cherie Bratty, Vice Chair; Robert Wachter, Secretary.

*Motion* by Mr. Smurlo, second by Ms. Bratty, to accept and approve the above nominees for SPELL JIF Officers for Fund Year 2020-2021. Upon roll call vote, all voted in favor. Motion carried.

**XI. OATHS OF OFFICE**

Oaths of Office will be provided by emailed. All Oaths of Office should be signed and returned to Ms. Fox.

**XII. 2020-21 Reorganization Resolutions – ADOPTION**

*Motion* by Ms. Bratty, second by Mr. Smurlo, to approve Reorganization Resolutions 2020-01 through 2020-11, listed in the Agenda. Upon roll call vote, all voted in favor. Motion carried.

No items were presented for Closed Session

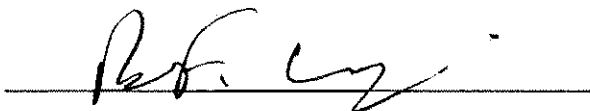
**XIII. MISCELLANEOUS BUSINESS AND PUBLIC COMMENT**

The next meeting of the SPELLJIF is scheduled to be held on Friday, October 2, 2020 at 10:00 a.m. at the Gallagher offices, 6000 Sagamore Drive, Suite 6203, Marlton, NJ 08053.

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

*Motion* by Mr. Wachter, second by Ms. Bratty, to adjourn the June 26, 2020 meeting of the SPELL JIF. All in favor. Motion carried by unanimous vote.

The meeting adjourned at 11:03 a.m.

A handwritten signature in black ink, appearing to read "Robert Wachter", is written over a horizontal line.