

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

**RPA, a Division of Gallagher  
6000 Sagemore Drive, Suite 6203  
Marlton, New Jersey 08053**

**OPEN SESSION MINUTES**

**Friday, October 4, 2019**

**I. MEETING CALLED TO ORDER**

The meeting of the School Pool for Excess Liability Limits Joint Insurance Fund (SPELL) was held at the Arthur J. Gallagher Risk Management Services Offices on Friday, October 4, 2019 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  
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**

Robert Wachter, Jr., Mt. Laurel Twp. BOE, Secretary – BCIP JIF

**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  
Rose Wang Chin, Woodstown-Piles Grove, Alternate Trustee – GCSSD JIF

**2018-2019 Alternate Trustees absent**

Kim Robinson, Mainland Regional High School, Alternate Trustee – ACCASBO JIF  
Chris Rodia, Westville/Woodbury Heights, Alternate Trustee – GCSSD JIF

**District Personnel present**

No one

**District Personnel absent**

John Serapiglia, Jr., Passaic County Manchester – SE JIF  
Karen Yeamans, Nutley – SE JIF

**Fund Professionals present**

Craig H. Wilkie, Sr. Program Administrator – RPA, a division of Gallagher  
Scott C. Tennant, Sr. Program Strategist– RPA, a division of Gallagher  
Bradford Hoffman, Director of Program Administration – RPA, a division of Gallagher  
Jennifer Fox, Sr. Account Manager – RPA, a division of Gallagher  
Louis J. Greco, Esquire, Fund Solicitor  
Lorraine Verrill, CPA, Fund Treasurer – Verrill & Verrill, LLC  
Annette Reap, Recording Secretary

**IV. APPROVAL OF MINUTES**

*Motion* by Ms. Bratty, second by Mr. Veneziani, to approve the Minutes of the May 23, 2019 meeting of the SPELL JIF. All in favor. Motion carried.

**V. ADOPTION OF AMENDED BUDGET**

Mr. Hoffman noted that the amended budget contained final adjustments to the reinsurance that were discussed in May and the addition of the Margate BOE in ACCASBO as of July 1<sup>st</sup>.

*Motion* by Ms. Bratty, second by Mr. Smurlo, to adopt the 2019-2020 Amended Budget, as presented and included in the agenda. All in favor. Motion carried.

**VI. PROFESSIONAL REPORTS**

**A. Accountant/Treasurer**

Ms. Verrill reviewed the June through September, 2019 Bill Lists and Cash Reconciliation Reports for May through August, 2019 found in the agenda. She noted that, in July, she was able to obtain a CD at 3% interest rate for one year.

Mr. Wilkie pointed out that on Page 16 of the agenda, the item should read “gift” for mold Seminar, not “golf.” He explained that the SPELL purchases the attendee gifts, but is reimbursed by the three local funds. He did not want any confusion over this item.

*Motion* by Mr. Smurlo, second by Ms. Bratty, to approve the Bill Lists and Treasurer’s Reports. All in favor. Motion carried. Ms. Bratty abstained from the July 2019 Bill List.

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

*Motion* by Mr. Kaz, second by Ms. Bratty, to go into closed session at 10:04 am.

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

*Motion* by Mr. Veneziani, second by Ms. Bratty, to return to open session at 10: 29 am.

**PROFESSIONAL REPORTS - CONTINUED**

**B. Attorney**

*SAM Claims* – Mr. Greco referred to the change in the statute of limitations on sexual abuse claims that goes into effect on December 1, 2019. There is a fear that it could lead to a number of older sexual abuse allegations. He suggested retaining counsel that has experience in dealing with these claims. He explained that a great part of the work is not only trying to reconstruct the timeline with witnesses, etc.,

but determining what insurance coverages were in effect during the time frame. He noted that it is possible that a claim could pre-date the existence of the JIFs and we could be in a position where the JIF would have to potentially defend against one of these cases. Some discussion followed.

Mr. Tennant clarified by giving an example of which coverages would be involved. He explained that ELL coverage is a claims made policy where the claim needs to be made and occur during the policy period. Mr. Tennant advised that the JIF has an unlimited retro date. Discussion followed. This change to legislation is happening state by state. Mr. Tennant stressed the importance of contacting his office to come out and explain the process if a district receives one of these claims.

*Conflict Attorney* – Mr. Wilkie explained how matters are handled if Mr. Greco has a conflict. As a normal course of action, any attorney needs to determine if there is a conflict. Mr. Wilkie advised that Dave DeWeese is serving that roll for the SPELL JIF. Mr. DeWeese is the solicitor for the ACM, BURLCO and TRICO JIFs.

C. Student Accident Program Report – No Report

D. *Executive Director/Underwriting Manager Summary*

1. Executive Director

*2019-20 New Members* – Mr. Wilkie advised that the SPELL JIF welcomed new member, Margate City BOE, on July 1, 2019 to the ACCASBO JIF. At this time, they will participate in all lines of coverage, except workers' compensation. Their workers' compensation coverage is through Diploma JIF until 2021.

*2020-21 Membership Renewal* – Mr. Wilkie reported that there are 28 districts within the local owner group funds that are up for membership renewal on July 1, 2019. They are broken down as follows: ACCASBO - 6 districts, BCIP - 17 districts and GCSSD - 5 districts. Renewal Resolutions have been received from 3 districts. Renewal documents were sent out to all renewing districts in the beginning of September.

*NJSIA Workers' Compensation Conference* – **MOTION REQUESTED** – Mr. Wilkie stated that the New Jersey Self-Insurers' Association held their spring conference on May 8-10, 2019 in Atlantic City. It was attended by 23 Claim Coordinators and School Business Administrators from the SPELL JIF: 9 from ACCASBO, 11 from BCIP and 3 from GCSSD. The results of the attendee survey are included in the agenda. A recommendation to approve the expense of sending attendees to the 2020 spring conference is requested.

*Motion* by Ms. Bratty, second by Mr. Kaz, to approve the SPELL funding the expense for members to attend the 2020 NJSIA Workers' Compensation Conference. All in favor. Motion carried.

*Environmental Management Seminar* – **MOTION REQUESTED** – Mr. Wilkie advised that the 7<sup>th</sup> Annual Environmental Management Seminar was held on Wednesday, July 17, 2019. There were approximately 198 attendees from 77 School Districts (16 ACCASBO, 27 BCIP, 11 GCSSD and 23 Non-member Districts). The response was very positive from attendees regarding the presentations. Included is a summary of the attendee survey, along with a copy of the agenda. CEU credits were again available for first time attendees. A recommendation to approve holding the program again in Fund Year 2020-21 is requested.

*Motion* by Mr. Kaz, second by Ms. Bratty, to hold the annual Environmental Management Seminar again in July, 2020.

*2019 Mold Seminar Follow-Up Survey for EHRIP Services-Update* – Mr. Wilkie reported that, as a result of the Mold Seminar, a survey was sent to all members on July 19, 2019. In total, 23 School Districts

responded. The EHRIP initiative was created to help reduce environmental risk among member school districts by providing a qualified consultant's third party evaluation and examination of the members' physical plant, HVAC systems and operational capacity to respond to mold concerns. The results of the survey will be utilized to identify trends within the SPELL JIF and how to best address the issues. Participation in the program is 100% voluntary, and will be initially funded by the SPELL JIF.

Joe Biluck has reached out to those districts who were interested. To date, only one district has met with Mr. Biluck, but it is early in the process. Mr. Wilkie just wanted to provide an update to the Trustees.

*Cyber Security Symposium* – **MOTION REQUESTED** – Mr. Tennant provided a handout of the meeting minutes from the SPELL IT/Cyber Committee meeting held on October 3, 2019.

He highlighted the following:

- The first symposium was a good start and the committee agreed it should be an annual event. A recommendation to approve holding the program again in Fund Year 2020-21 is requested.
- The Committee discussed the need for a Cyber Incident Response Plan template.
- Convergence was discussed. Almost everything now in educational institutions has a cyber-component, cyber risk and training component.
- Article for NJASBO magazine that would be distributed at the November JIF meetings. He stressed the importance of being pro-active.
- Aging equipment risk – should be on an asset replacement schedule.
- Cyber Audits – recognize the need for a person to assess organizational capacity to manage cyber risks and provide training.

*Motion* by Mr. Kaz, second by Mr. Smurlo, to hold the Cyber Security Symposium again in 2020 with a budget of \$25,000.00. All in favor. Motion carried.

Mr. Colling requested that the mold seminar and the cyber symposium not be scheduled back-to-back, if possible.

*Motion* by Mr. Kaz, second by Mr. Smurlo, to approve the SPELL IT/Cyber Committee to conduct a search process to identify a possible IT Risk Assessment and Training Consultant to the SPELL JIF. All in favor. Motion carried.

*Boiler Operator Refresher Training* – Mr. Wilkie reiterated that Mr. Geitz was very unhappy with the level of training provided by Traveler's. The program was booked for 2 sessions, 3 hours each. The morning session was a little over an hour and the afternoon session was under an hour. Mr. Geitz plans to develop an in-house training with Mr. Biluck.

*SPELL Joint Retreat* – **MOTION REQUESTED** – Mr. Wilkie referred to the results of the attendee survey for each day of the Joint Retreat are included in the agenda packet, as well as a copy of the retreat program. He is making a recommendation to approve holding a joint retreat again in September, 2020. Mr. Wilkie reported that the planning committee (Ms. Bratty, Mr. Colling and Mr. Veneziani) will visit The Grand Hotel on October 24<sup>th</sup>, as an alternative venue in Cape May for the annual SPELL Joint Retreat. The Survey results raised concerns with the quality of food and service at Congress Hall this year. Suggested dates are September 23-25, 2020.

*Motion* by Ms. Bratty, second by Mr. Colling, to hold the SPELL Joint Retreat on September 23-25, 2020. All in favor. Motion carried.

*Safety Director Services* – **MOTION REQUESTED** – Mr. Wilkie recapped that the Safety Director's relationship is with the three local funds and not the SPELL, and those contracts cover Mr. Geitz and Mr. Weber to perform work for the JIFs. Also per those contracts, Mr. Geitz has the ability to hire

subcontractors, but it does not set any rates for fees. This would be the first step for Mr. Geitz to hire a subcontractor to help him develop programs as needed, such as the Boiler Operator training. Mr. Wilkie wants Mr. Geitz to have a relationship with the SPELL so that the SPELL JIF owns the safety programs that are developed,

*Motion* by Mr. Kaz, second by Ms. Bratty, to approve safety consulting rates ranging from \$50 to \$200 per hour per the agreements with the ACCASBO, BCIP and GCSSD JIFs.

*STOPIT/WeTip* – Mr. Wilkie discussed concerns with WeTip's communication to member districts. The Executive Director's office will schedule a meeting with STOPIT, who has currently entered into a partnership with WeTip, to address the issue, as well as improve services. He noted that he knows people like WeTip, and want to keep offering it. Mr. Veneziani asked if WeTip provided any reports. Mr. Kaz explained that WeTip changed their policies and practices, but never communicated it. Mr. Tennant explained that WeTip and STOPIT merged because WeTip offered the 24/7/365 reporting capacity that STOPIT didn't have. Issues with WeTip discussed.

*AGRIP* – Mr. Wilkie advised that membership dues for AGRIP in the amount of \$1,364.00 were recently paid for the SPELL JIF. The Fall Conference is October 6-9 in Cleveland, Ohio. Cherie Bratty and Tom Grossi are attending, along with Mr. Hoffman and Ms. Fox of his office.

*NJSBA Fall Conference* – Mr. Wilkie confirmed that the SPELL JIF will have an Exhibit Booth at the Fall Conference on October 22-23, 2019 in Atlantic City. The Booth Location is #484, the same as last year.

## 2. UNDERWRITING AND FINANCE DIRECTOR

*Exposure Renewal Information Update/Timeline* – Mr. Hoffman distributed a handout and provided updates to discussions held in May. He reviewed the 2019-2020 layered property program, noting that the primary layer of \$25M above the \$250K in SIR is split 50/50 between Great American, and now two other carriers, with additional carriers on the layers above \$25M up to blanket limit of \$175M. Mr. Hoffman explained it is the same concept as the JIF spreading risk out, which helps keep pricing fluctuations within a manageable range. He reported that the hardening worldwide property market was driving the overall 24% increase in property pricing, but noted as well that over the last 2-3 prior renewals, rate reductions of 40% were negotiated, so giving back some of those reductions is expected with current market conditions. Mr. Hoffman shared that compared to some of the drastic increases experienced in the property marketplace nationwide for public entities, +24% for SPELL is very reasonable.

Mr. Hoffman reported that, under pollution/environmental, as previously discussed, Beazley has changed the deductible schedule. It is now tiered based on the age of the building, from \$50K to \$250K, regardless of where the mold is located within the building. Mr. Hoffman explained that the coverage continues to be a distressed line in the marketplace due to mold, noting that NJSIG and SAIF no longer offer this coverage. The SPELL renewal premium did not change significantly, however, the new deductible structure will create greater costs for districts experiencing mold events in older structures. The program will continue to be evaluated.

Mr. Hoffman stated that the Cyber Liability limits have been enhanced, basically moving from \$10M to \$15M on the top end and from \$1M to \$2M per claim.

Mr. Hoffman reported that the corridor deductible that was added a few years ago through the Great American package remains the same, however, property is now excluded, which he feels is to the SPELL's benefit because when it does experience large losses, it is usually in property claims. The 2019-2020 corridor deductible, as it has been in prior years, is fully funded within the SPELL budget. Mr.

Hoffman noted as a reminder that Great American greatly reduced the reinsurance premium when the corridor deductible structure was added, allowing the SPELL to potentially retain surplus monies that previously would have been paid as reinsurance premium. Within the corridor structure, if a \$500K loss occurs for example, the local JIF has the first \$250K SIR and the next \$250K would be paid by the SPELL, eroding a portion of the \$1M corridor deductible. Once the corridor is exhausted by a single loss or multiple losses, Great American comes in again excess of the \$250K SIR. The benefit of a corridor deductible is that the potential exists for the SPELL to hold onto the \$1M corridor, or any portion thereof, if the specific loss experience above the \$250K SIR is good because the budgeted monies are retained within the SPELL and earn interest over time. Mr. Hoffman advised that the corridor experience in each applicable fund year is closely tracked and will continue to be reported out at each meeting. As with each individual fund year at the local JIF level, the claims experience needs to be monitored over time as loss experience and reserves claims develop.

Mr. Hoffman distributed a Fall Market Update publication by Gallagher, noting on the first page an article confirming that CAT property markets continue to struggle, per previous discussions. He is confident that the SPELL will be comparatively stable considering its history.

Mr. Hoffman confirmed that the renewal information and budget timeline is on track. He reported that the actuary is looking at the effect the SAM legislation could have on loss funding and there may be a little bump in ELL loss funds. Mr. Hoffman advised that until things develop and actual claims start to appear, he is not concerned that the loss funds will be increased significantly. It is something that has to be monitored over time. The goal is to get the members their worst-case scenario premium numbers by February 15, 2020 for local budget planning purposes.

*Financial Performance Update* – Mr. Hoffman remarked that the audit is underway and he will do the normal review at the February meeting.

#### **IX. MISCELLANEOUS BUSINESS AND PUBLIC COMMENT**

The next meeting of the SPELLJIF is scheduled to be held on Friday, February 7, 2020 at 10:00 a.m. at the Gallagher offices, 6000 Sagemore Drive, Suite 6203, Marlton, NJ 08053.

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

*Motion* by Ms. Bratty, second by Mr. Colling, to adjourn the October 4, 2019 meeting of the SPELL JIF. All in favor. Motion carried by unanimous vote.

The meeting adjourned at 11:21 a.m.

