



New Jersey Schools Insurance Group
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Board of Trustees Meeting of September 15, 2021 Executive Director Report

This school year begins with all NJSIG members returning to in-person instruction. Although there are many reasons to celebrate this return, NJSIG members continue to face difficult decisions and have plenty of challenges to confront. NJSIG is determined to support its members in meaningful ways.

We recently met with all the sub-fund administrators to ensure members are still deriving valuable benefits from sub-fund membership and to discuss the 21/22 renewal challenges in order to strategize plans for the 22/23 renewal. All of the upcoming sub-fund meetings this fall will be virtual. Meetings for the winter and spring will be decided at a later time.

Just as NJSIG's membership is returning to the classroom, NJSIG is returning to the office. Our latest COVID-19 Memorandum, attached, outlines a return to the office for all staff, for a minimum of two days a week.

Ensuring NJSIG's continued productivity was a significant consideration in deciding how many days per week employees should come into the office beginning in September 2021. My main concern with having many employees working remotely for so long is the reduced cohesion of the organization. I am concerned that conversations that spontaneously occurred while we were all together are not happening with so many of us remote. But those conversations are often where our new and best ideas are born. In the long term, losing out on those moments could lead to missed opportunities or reduced productivity.

I understand that different employees may be able to achieve different levels of productivity depending on their work environment. But working 100% remotely reduces the perceived availability of staff members to each other, and this reduces the cohesion, or interconnectedness, of our organization.

I believe that two days per week in the office for all employees will help us to regain that sense of interconnectedness that we may have lost with so many of us being remote, while still limiting the risk of spread of COVID-19 in the workplace. I also think organizational cohesion helps us create a shared sense of purpose. And for NJSIG, as a member-owned and member-controlled organization, it is particularly important that all employees have a strong sense of shared purpose. My overarching goals are always to keep providing our members with the great coverage and service that they have come to expect, while keeping our pricing as cost-effective and stable as we can.

Many employees have expressed an interest in continuing some type of remote work in the future, not related to the COVID-19 situation. I am open to considering whether a partial remote work policy could work for NJSIG in the future. I know some commercial carriers have been doing that for a while, but as a public entity, we would have some different considerations. I plan to reassess the status of operations after September.

Next, at today's meeting, our actuary from Willis Towers Watson is going to present their draft report on NJSIG's Estimated Net liabilities as of June 30, 2021. This report is prepared every year to help guide NJSIG in calculating how much money we will need to cover all of our claims obligations, for all prior years, for all lines of coverage.

Next, our claims activity on the workers' compensation line, from July 2020 to June 4, 2021, was down considerably, presumably as a result of the reduced physical operations of NJSIG's members due to remote and hybrid learning. In light of this, the Board authorized me at the July 2021 meeting to determine a manner in which to return some portion of member contributions.

I intend to send to the NJ Department of Banking and Insurance (DOBI) another request to permit NJSIG to immediately perform an initial partial refund of workers' compensation member contributions for the 2020/2021 fiscal year. This refund would be performed in accordance with N.J.A.C. 11:15-4.21(d) and paid in proportion to the member's participation in the WC fund for 2020/2021. Today, I will recommend that this refund be 10%, approximately \$6,346,945.53, for the workers' compensation line of coverage from July 1, 2020 until June 4, 2021, which is the date that the Governor signed legislation ending the COVID-19 public health emergency.

As I intend to outline in a detailed communication to DOBI, NJSIG is in a sufficiently strong financial position to offer this refund, and our decrease in claims experience supports an immediate return of member contributions on the workers' compensation

line. However, under the school board insurance group regulations (N.J.A.C. 11:15-4.21), initial refunds may not be issued until at least twenty-four months have elapsed from the end of the fiscal year. My letter will request that DOBI forgo the 24-month requirement of N.J.A.C. 11:15-4.21 – similar to last year – so that NJSIG can immediately initiate this member return for the 2020/2021 fiscal year. We will not be able to start issuing these refunds until we get approval from DOBI. I will of course keep you updated on when this request goes out to DOBI and any response that we get back from DOBI.