



New Jersey Schools Insurance Group
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Board of Trustees Meeting of May 24, 2022

Executive Director Report

We have concluded our negotiations for the 22/23 renewal and underwriting has been busy testing out our systems to ensure a smooth quoting process. Considering all of the craziness and uncertainty going on in the market, I am pretty happy with where our rates ended up. We are looking forward to getting quotes out to our members and possible new members as quickly as we can.

As you know, the Department of Banking and Insurance approved our request to return \$6.3 million of workers' compensation contributions to our members with workers' compensation coverage in the 2020/2021 policy year. This refund is about double last year's COVID-19 refund. We are so excited to be providing these credits to our members. We are working on some adjustments to our accounting system, but anticipate a mid-July delivery date for refund checks and credits should be reflected on invoices after renewal.

In the fall, the Board tasked me with building a cyber program that met our members' needs better than the 2021/2022 cyber program. I am pleased to report that we have been able to accomplish that by taking some of the risk on this line in house; for next year's program, the members deductibles will be much more reasonable. However, in order to qualify for the lowest deductibles, members must have four cyber security controls in place at the time of the loss. We have been messaging these controls to our members over the last year in order to prepare our members for this change. Those cyber security controls criteria are:

1. Each member software, service and device accessed by the perpetrator at the time of the incident, event or related incidents or events giving rise to a claim or loss was protected by at least one layer of multi-factor authentication at the time of the incident, event or related incidents or events giving rise to a claim or loss;
2. Each member device accessed by the perpetrator at the time of the incident, event or related incidents or events giving rise to a claim or loss was protected

by endpoint protection at the time of the incident, event or related incidents or events giving rise to a claim or loss;

3. Each member employee that unintentionally committed an act that enabled the incident, event or related incidents or events giving rise to a claim or loss to occur had received information technology security awareness and training within one year of the date on which the incident, event or related incidents or events giving rise to a claim or loss occurred; and,
4. The member maintained daily data backups that were air-gapped from a network connection at the time of the incident, event or related incidents or events giving rise to a claim or loss, and the member had successfully performed a test recovery from these data backups within six months preceding the incident, event or related incidents or events giving rise to a claim or loss.

We recognize that this may be burdensome for our members to implement all at once, but these controls are necessary in order to have a sustainable program at reasonable deductibles. We think of these cyber controls as the new seat belt, or car seat, or bike helmet; in our global, connected world, these safety features are just the basics of what is now required to keep our systems and data protected. We have not asked anything of our members that we have not already put in place internally at NJSIG.

To give our members possibly a little more time to implement these cyber security controls, we are not requiring that everything be in place right at the time they are submitting their cyber applications. But if a member has a cyber incident during the policy period, we will assess whether these cyber controls were in place at the time of the breach, and that will dictate what deductible applies.

Chief Financial Officer, Michele Carosi and I met with the finance committee on May 19th to discuss NJSIG's budget for the 2022/2023 fiscal year, which will be presented as a first reading later in the meeting.

The end of our fiscal year is approaching and several Trustee terms are expiring on June 30, 2022. We will address Trustee terms at the June meeting as a sort of reorganization meeting, and we should begin discussing retreat topics then as well. I propose July 13, 14, 20, or 21, 2022 as possible dates for our retreat.

Respectfully submitted,
Jill Deitch, Esq.
Executive Director
New Jersey Schools Insurance Group