



New Jersey Schools Insurance Group
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Board of Trustees Meeting of January 13, 2021 Executive Director Report

The NJ Department of Banking and Insurance (DOBI) preliminarily responded to NJSIG's request for permission to immediately perform an initial partial refund of workers' compensation and auto liability member contributions for the 2019/2020 fiscal year with a question as to whether NJSIG had received any premium relief from its excess or reinsurers. I informed DOBI that to date, none of our excess or reinsurers have provided NJSIG with any premium relief. We have also checked in with our reinsurance broker team at Willis Towers Watson, and we do not expect any such reimbursement to be coming from the reinsurers. Although we are eager to return to our members a portion of their 19-20 contributions in light of the decreased claim activity attributable to the COVID-19 school shutdowns, apparently our reinsurers are not. I followed up with DOBI on January 6, 2021 by email and phone, but I have not received a response to date. Should DOBI respond positively to NJSIG's request, Accounting and IT will be prepared to issue either COVID-19 credits or COVID-19 checks to NJSIG members promptly.

NJSIG is currently in the midst of obtaining quotes for reinsurance and excess insurance for the 2021/2022 policy year. Willis Re, NJSIG's current insurance broker, has indicated that the market for reinsurance and excess insurance continues to "harden," which is a term of art in the insurance industry that generally means insurance rates are increasing, and available insurance capacity is decreasing. Similar to last year when I received this indication, I have directed Willis Re to aggressively market NJSIG's lines of business to reinsurance and excess insurance so as to ensure we are able to obtain the necessary coverage for our membership at acceptable rates.

To this end, we have met with over a dozen London, Bermuda, and domestic based property excess and reinsurers to market NJSIG's program over the last two months. I have found these meetings provide significant value, since they help to maintain relationships that can potentially make a difference in terms of rates. These meetings also give us an opportunity to highlight our strengths as an organization. The feedback from the London market has generally been that we will be facing an increase, but it is likely to be in line with the kind of increase that we saw last year on the property line

of coverage. We also received feedback that many other groups with worse claims experience and in different risk categories will be facing more significant increases. By meeting with the excess and reinsurers, we were able to have good discussions about why we feel NJSIG's members have a favorable risk profile compared to other types of organizations. Although our members were spared from significant hurricane damage this season, natural disasters worldwide, as well as the uncertainty surrounding COVID-19 business interruption claims in the commercial market have contributed to overall hardening of the market. Thus, I do anticipate property reinsurance rates rising this year.

We also provided notice to the landlord at NJSIG's Marlboro office that NJSIG will not be renewing its lease. We will be placing any unwanted office furniture on municibid.com to sell. If we are not successful on municibid.com, we have contacted a service provider that can liquidate the furniture for NJSIG. The goal is to vacate the premises by the end of the current lease term.

Last year, I made it my goal to hear from all of NJSIG's stakeholders, including trustees, members, brokers and employees to hear how NJSIG is meeting their expectations, and where the organization has opportunities to improve. To that end, I conducted a meeting with NJSIG's sub-fund administrators last January which was very helpful in understanding how NJSIG can better serve of members risk management needs. For that reason, I have decided to conduct this feedback session on an annual basis, and the next annual sub-fund administrator meeting is planned for the end of the month. And as usual, we will host a virtual broker meeting at the beginning of March to give budgetary guidance with respect to 2021/2022 rates. Although I would like to provide that information sooner, the first week of March is really the earliest we can feasibly do so, since that is the earliest we can expect to have rate information from our actuaries and the reinsurance markets.

Respectfully Submitted,

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