



New Jersey Schools Insurance Group  
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## **Board of Trustees Meeting of March 17, 2021 Executive Director Report**

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NJSIG released the much anticipated budgetary guidance on March 4th at NJSIG's annual Broker meeting. Despite all the uncertainty and chaos in the market with COVID-19 and natural disasters, we project that our combined overall guidance across all lines would be up less than one percent, if the Board implements my proposed rate recommendations on our retained risk, i.e., our self-insured retention (SIR), or the portion of risk that NJSIG holds in-house. Although we issued rate guidance based on the information we had from the reinsurance and excess carriers at that time, Willis Re, NJSIG's reinsurance broker, continues to negotiate with the reinsurance and excess carriers to obtain the best rates, with the best available coverage. We remain hopeful that rates ultimately improve from the guidance we issued.

Since receiving permission from the New Jersey Department of Banking and Insurance (DOBI) to return approximately \$3.3 million in member contributions to NJSIG members with workers' compensation and auto liability coverage in the 2019/2020 policy year, we have been working hard to get our systems ready to issue refund credits or checks. We expect letters and emails to be going out to members in the next week or so advising the exact amount each member can expect. Client Relations representatives also have a list of the amounts of each member's refund if brokers and members are eager to find out what they can expect. By default, members will receive their refund in the form of a credit towards their next payment; however, refund checks will be issued to any member that requests their refund in that form.

Having waded through the process of providing this COVID-19 relief, we are better prepared to begin to address refunds for the future. We are hoping to implement a plan soon to make regular returns of member contributions, as older policy years with positive surplus are closed out. While this refund program is still in the planning phases, I believe that once implemented, it will provide members with a useful tool in exercising greater agency in stabilizing year over year rate fluctuations. This can help achieve our goal of overall rate stability year over year.

The prime differentiator between NJSIG and a commercial insurer is the fact that NJSIG does not operate for-profit. As a school board insurance group, our goal is to collect just the right amount of contributions to cover our members' claims; no more and no less. If NJSIG does not collect sufficient contributions to cover all losses, then we would need to issue supplemental assessments. Conversely, if we collect too much, we need to refund that to the members. As predicting the future is an imperfect science, implementing a regular refund program creates a reliable mechanism by which NJSIG can return member contributions that are in excess of those needed to cover the claims.

Respectfully Submitted,

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