Board of Trustees Meeting of October 25, 2016
Executive Director's Report

I am pleased to report that New Jersey Schools Insurance Group finished the year in strong financial condition. The Comptroller will report in detail about the results. In general, reserves were strengthened, surplus improved and is back into compliance with National Association of Insurance Commissioner's risk based capital guidelines. Considering that NJSIG incurred a $16 million balance sheet adjustment due to new accounting regulations (GASB 68), the Group is in remarkably healthy financial shape.

NJSIG continues to work toward contract compliance, and has virtually completed RFP processes for Banking, Reinsurance Broker and Investment Advisor and Claims System Support Services. Initiatives are under way to complete RFP's for managed care services, certain claims services, and auditing services.

Legislation is proposed to permit Joint Insurance Funds to invest in certain government issued bonds offering potentially higher rates of return than the current available investment returns.

A resolution supporting the proposed legislation is contained in Actions Items supporting the proposed legislation. As I have been reporting to you for months, the severely limited investment options pose a significant threat to the long-term health of JIF's.

NJSIG continues to push for meaningful operational efficiencies. Predictive modeling for Workers' Compensation claims is in place, enabling NJSIG to identify and triage those claims indicating a statistical propensity for increased severity. The Information Technology Manager's report includes information for the recommended change over to Origami from Stars claims systems. The proposed provider offers NJSIG the ability to further scale the claims system to include the Underwriting system on an integrated platform. These changes will promise meaningful improvements in service delivery and cost reductions.

Respectfully Submitted,

William Mayo

William Mayo, CPCU, ARM
Executive Director