



New Jersey Schools Insurance Group

6000 Midlantic Drive Suite 300 North
Mount Laurel, New Jersey 08054
(609) 386-6060 • FAX (609) 386-8877
www.njsig.org

Board of Trustees Meeting of October 24, 2017 Executive Director's Report

NJSIG's participation at the New Jersey School Boards Association Conference was a successful departure from prior year practices. NJSIG presented three seminars, offered the opening remarks at the Leadership Breakfast and attended the NJSBA reception. As sponsors of the coffee breaks and the electronic conference brochure, NJSIG was prominently displayed to the conference attendees. Feedback received so far has been overwhelmingly positive. Lauren Schilling works tirelessly to present NJSIG in the best way at the conference, and her efforts assure that our participation in the event is professional, useful and beneficial for Members and prospective Members.

After a long and compliant process of establishing new banking and investment advisory relationships, Trustees are now tasked with deciding how to best invest NJSIG assets. The rising interest rate environment affords another opportunity to reduce Member costs. Wilmington Trust will present recommended options for Trustee considerations, each of which offer the likelihood of improved investment income.

Trustees are also presented with recommendations for approving Sub-fund Administrator contracts. This includes some recommendations to decline some submissions as non-responsive. This necessitates another round of RFPs. Although following the selection committee's advice elongates the process into January, and requires a special Board meeting, NJSIG will get the services its members need and have contracts in place for up to five years for this important function. Our own history strongly validates the sub-fund model, and the RFP process and results should withstand any measure of fair and informed scrutiny.

The reinsurance marketing process has been under way since July, but now shifts into a very active period. Meetings are scheduled in London and in South Carolina where the Underwriting Manager, Executive Director and Willis will meet with twenty or more potential reinsurers in each setting. This year we are employing the services of a new reinsurance specialty team out of the Willis Atlanta office and sophisticated new disaster modeling tools that will yield the best results in a difficult reinsurance environment. 2017 has been a year of significant insured losses from natural catastrophes that are expected to cause higher reinsurance pricing globally. Of course, reinsurance costs represent a major component for next year's pricing. NJSIG



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enters the discussions better prepared and equipped than ever before, and expects relatively favorable results. Actuary Willis Towers Watson will address next year's pricing this evening, which is subject to the reinsurance negotiation results.

NJSIG continues efforts to identify and hire the best talent for perpetuating operations in the best interests of the Members. Underwriting and Claims Department candidates are now being interviewed. An internal candidate was transferred to support data analytics in I.T. And we are very pleased to announce the addition of Beth Ferlicchi effective in December. Beth brings new capabilities to NJSIG Loss Control efforts with her experience in employment litigation and real estate/land use law. Our Members continue to face challenges in employment practices and environmental matters, and Beth's expertise will offer valuable support in mitigating those loss exposures. NJSIG's I.T. Department is underway with another significant initiative to modernize the information management system. We expect the initiative to result in operational efficiencies across all disciplines in the organization.

New Jersey Schools Insurance Group made great strides in product improvements, cost reduction and organizational compliance over the past three years. We are not slowing down, and I believe the best days for service to our Members are yet to be.

Respectfully Submitted,

William Mayo

William Mayo, CPCU, ARM
Executive Director