



New Jersey Schools Insurance Group
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Board of Trustees Meeting of May 16, 2018 Executive Director's Report

Reinsurance renewal costs have been finalized, and are expected to be lower than the expiring premiums. Overall lack of profitability in the property insurance marketplace, coupled with 2017 catastrophe losses in the hundreds of billions of dollars, challenged NJSIG's Underwriting Manager and broker. This outcome is very favorable for NJSIG Members, and is testament to efforts of Kelly Machu and broker Willis Towers Watson. The 2018 reinsurance renewal includes using Bermuda property insurance markets for the first time, changing the boiler & machinery carrier to Chubb after decades with Hartford Steam Boiler Co., and moving to a new environmental liability carrier.

NJSIG has been actively working on school security issues for years, including anonymous crime reporting, sub-fund trainings by Dr. John L. More of Response Law, LLC and the rollout of Collaborative Response Graphics this year. For the renewal, NJSIG will include a coverage enhancement to help members with the cost of demolishing and rebuilding the site of a violent tragedy. This innovative coverage enables NJSIG to offer financial relief to members that commercial insurance would not cover.

Please note in Comptroller Michele Carosi's report and in the financial report the improvement in investment income. John Moore A-4234 legislation broadening NJSIG's investment opportunities passed and awaits the Governor's signature. We will invite Wilmington Trust to the September Board meeting for a review of results and discussion of the best options going forward in light of market developments and new legislation.

Underwriting Manager Kelly Machu provides an update of the reinsurance renewal outcome. She will also provide an update on the renewal process for July 1, 2018. The entire membership comes up for renewal renews July 1st, and five of the seven sub-funds commitments expire. It is a very busy time for Underwriting and we remain optimistic for 2018.

Chief Counsel, Jill Deitch, and her legal team continue to monitor for compliance, and make necessary adjustments as needed. Legal defense has improved while having in-house oversight. Claims payments continue another year of decline. Defense panel counsel shows improvements over the previous year's arrangements.

I.T. Manager, Jeff Cook continues to lead the implementation of an upgraded document imaging system. Beth Ferlicchi from Legal is integrating document retention policies into the system upgrade. Jeff's team continues developing analytic tools to improve efficiencies, support decision making and provide timely, useful business intelligence. Other significant challenges and improvements loom in the next two years, and NJSIG is fortunate to have such capable leadership and skilled staff in I.T.

As we approach the end of the current fiscal year, there is every indication that 2017-2018 will prove to be a successful year for the membership. We are optimistic about the 2018-2019 year and look forward to continuing to improve services and protection for members and to continuing to provide the best value in risk management and insurance to New Jersey public schools.

Respectfully Submitted,

William Mayo

William Mayo, CPCU, ARM
Executive Director