



1-888-NJ Pool 1

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 March 15, 2017 Claim Report

❖ October 31, 2016 to February 28, 2017 CLAIM ACTIVITY

Workers' Compensation

Total pending work comp cases as of October 31, 2016	2463
New work comp cases months from October 31, 2016 to February 28, 2017	1973
Total work comp cases months from October 31, 2016 to February 28, 2017	4436
Total <u>closed</u> work comp cases from October 31, 2016 to February 28, 2017	(1866)

Total Pending Work Comp Cases as of February 28, 2017 2570

Property / Liability

Total new property-liability reports as of October 31, 2016	668
New property-liability cases from October 31, 2016 to February 28, 2017	535
Total property-liability cases from October 31, 2016 to February 28, 2017	1203
Total <u>closed</u> property-liability cases from October 31, 2016 to February 28, 2017	(563)

Total Property-Liability Cases as of February 28, 2017 640

Office Totals

Total pending cases as of October 31, 2016	3131
Total new reports from October 31, 2016 to February 28, 2017	2508
Total cases from October 31, 2016 to February 28, 2017	5639
Total <u>closed</u> cases from October 31, 2016 to February 28, 2017	(2429)

Total Pending Cases as of February 28, 2017 3210



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■PENDING BY ADJUSTER TITLE

Job Title	February
Legal Claim Examiners 1	180
Claim Examiners 9	1619
Senior Claim Representatives 4	667
Claim Representatives 9	744
Totals	3131

Work Load Standards

Medical Claim Assistants - to 125 Files

Legal Claim Examiners - to 200 files

Claim Examiners - to 200 files

Senior Claim Representatives - to 175 files

Claim Representatives - to 150 files

■OCTOBER - FEBRUARY - CLAIMS ACTIVITY

The total number of new claims for this period was 2508. The four-month average of 627 is down slightly from November 2016 (631). The new claims volume is in line with results in previous years for the late fall early winter months. The overall pending 3210 is up slightly (1%) from the prior month calculated which was November 2016. Our workers' compensation incoming was 494 on average over the last four months which is down 6% from the October 2016 result. Property and liability claims at 134 as a per month average is up 22% from the October 31, 2016. This result appears to be driven by schools being in session at least two months as incidents are reported more heavily as the school year progresses. The property liability pending count contains one Hurricane Sandy claim which is in litigation.

■CLAIMS PERSONNEL

Theresa Brewer, previously a Senior Claim Representative, was promoted to a vacant Claim Examiner position in January. Brian Malawski was hired as a Claims Representative and Neil Marek joined the Group as a Claims Examiner.

Revised: 3/6/17



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■SELECTED SELF-AUDIT RESULTS

	RATING		PERCENT
	Satisfactory	Unsatisfactory	
Reporting & Communication	408	53	88%
Direction	627	49	92%
48 Hour Contact	313	56	84%
Investigation	146	32	82%*
TOTALS	1494	190	88%*

The preceding results are reflected in the overall claims analysis report for 18 individuals. Individual results were 93%, 95%, 90%, 95%, 83%, 86%, 89%, 90%, 95%, 90%, 92%, 90%, 96%, 75%, 89%, 92%, 85%, and 95%. Notable improvements were made in the areas of Reporting and Communication, and Direction.

■FRAUDULENT CHECK

A review of 200 checks was completed for November through February to determine if any were fraudulent. No internal or external problems were found.

■ACCOUNT VISITATIONS AND INSTALLATIONS

November 4, 2016 MOCSSIF Sub Fund Meeting attended by Tony Ruggeri, Claim Manager
Woodbridge Board of Education Claim Review

December 2, 2016 Perth Amboy Board of Education Claim Review was conducted by
Tony Ruggeri, Claim Manager and Michael Weiner, Claim Examiner

December 14, 2016 South Jersey Claim Meeting attended by Tony Ruggeri, Claim Manager
and Joan Madden, Claim Supervisor
Pennsauken Board of Education Claim Review was conducted by
Karen Olsen, Claim Supervisor

January 11, 2017 Perth Amboy Board of Education installation conducted by Ellen Shaw,
Claim Supervisor

January 18, 2017 East Windsor Board of Education Claim Review was conducted by
Ellen Shaw, Claim Supervisor

January 20, 2017 Cherry Hill Board of Education Claim Review was conducted by
Karen Olsen, Claim Supervisor

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January 20, 2017	ERIC West Sub Fund Meeting attended by Tony Ruggeri, Claim Manager
February 2, 2017	CAIP Sub Fund Meeting attended by Tony Ruggeri, Claim Manager
February 3, 2017	NJEIF Sub Fund Meeting attended by Tony Ruggeri, Claim Manager
February 7, 2017	Tewksbury Board of Education Claim Review was conducted by Ellen Shaw, Claim Supervisor
February 8, 2017	BACCEIC Sub Fund Meeting attended by Tony Ruggeri, Claim Manager and Jacquie Godfrey, Claims Assistant
February 17, 2017	Vineland Board of Education Installation was conducted by Claims Examiner, Linda Smith
February 22, 2017	ERIC Sub Fund meeting attended by Tony Ruggeri, Claim Manager
February 24, 2017	Settlement Day was held by the law firm of Brown and Connery
March 2, 2017	ERIC North Sub Fund attended by Tony Ruggeri, Claim Manager
March 3, 2017	MOCSSIF Sub Fund Meeting attended by Tony Ruggeri, Claim Manager, Theresa Brewer, Claims Examiner and Neil Marek, Claims Examiner

■ EDUCATION AND TRAINING

On November 17, 2016, our workers' compensation staff attended a webinar on "Dealing with Escalating Medical Costs in NJ Workers' Compensation." On February 28, 2017, a seminar was conducted with our workers' compensation staff regarding "Lost-time Claims and Handling Summer Lost wage Claims."

■ LITIGATION

There are three upcoming trials scheduled for late November, December and early January and two cases to discuss in which we are making settlement authority requests on litigated matters in executive session. All cases have been reviewed by Jill Deitch, Chief Legal Officer and Stephen Tucker, Assistant General Counsel of the legal team.

■ MISCELLANEOUS/

CLAIMS AUDIT

On November 9, 2016, the defense firm of Brown and Connery completed a comprehensive Workers' Compensation Aged Pending file review of our oldest workers' compensation claims in efforts to reduce our aged pending. Open claims were reviewed with dates of loss between 1985 and 2003. This audit resulted in the immediate closure of several claims and a list of claims projected to close by the end of 2017. A total of 60% of our aged pending (claims with a date of loss before 2003) are projected to close.

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We recently had a Subrogation Review completed by the firm of Methfessel and Werbel. February 13, 2017 through February 16, 2017. It was found that on Property, GL and Auto claims we were doing an excellent job in identifying claims and collecting on claims with subrogation potential. In the workers' compensation area, we found some leakage determined to be training related. We will be conducting a comprehensive training session for all adjusters and supervisors in April of 2017. Training material will be provided, including a subrogation checklist so subrogation opportunities are recognized more easily in the future.

INTERNAL CLAIMS AUDIT

In preparation of the 2017 annual claims audit, we contacted firms recommended and firms who had expressed interest in completing our internal claims audit during the past year. Three firms forwarded formal written proposals detailing interest in completing the audit and the method by which they propose to audit the Claims Department. The firms applying were RHB Consulting, LLC, the incumbent; Blackstone Group Inc.; and MCM CPAS and Auditors. After reviewing the details of three proposals, MCM CPAS and Advisors of Louisville, Kentucky, was selected to complete the 2017 Internal Claims Audit. This firm was highly recommended by some of our reinsurers. They specialize in School and Municipality claim audits in New Jersey and throughout the country. They expressed a commitment to do a complete and in depth review of claims policy, procedure, and results. They will be auditing our coverage verification procedure, claim reserving for all lines of business, claim investigation effectiveness, our claims evaluation procedure and will gauge our results against industry best practices. They will interview personnel, review our Claims Department structure, and review the credentials of our staff, facilities and claims systems. We anticipate that this firm will take a very thorough approach to the audit of the claim department evaluating attributes of:

- verifying claims assignment process
- caseload management;
- adherence to company policies;
- timeliness of investigative steps; verify
- receipt of all necessary claim documents;
- timely initial payment or dispute notice;
- initial reserve determination and current reserves adequacy
- disability and medical management;
- use of outside investigators;
- proper authority and supervision based on final claim determination.

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The audit will be done in accordance with consulting standards established by the American Institute of Certified Public Accountants ("AICPA"). MCM will issue a consulting report at the conclusion. This report will include detail findings, root cause analysis, any mitigating recommendations and the potential impact. They will discuss any necessary action plan with management and all team members. They have committed to do a formal on-site claims review on March 29 – 30, 2017, as well as an off-site review following the on-site visit.

WORKERS' COMPENSATION NAVIGATOR

At the winter round of sub fund meetings January through March 2017, we reported the results of the 'Workers' Compensation Navigator' database for 2016 workers' compensation claims. The results were reported for the Group and for the individual sub fund. The severity level of a workers' compensation claim was 'moderate to low' for the Group and the sub funds and evidenced that the Workers' Compensation Navigator as a predictive modeling tool was effective in identifying and segregating the complexity of 2016 workers' compensation claims.

Tony Ruggeri

Anthony Ruggeri, AIC, ARM, INS
Claims Manager