

# WELCOME

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**2023 Gloucester, Salem, Cumberland  
Counties Municipal Joint Insurance  
Fund**

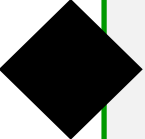
**Annual Planning Retreat  
July 25<sup>th</sup> & 26<sup>th</sup>, 2023**

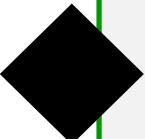
**Paul A. Forlenza, MGA  
Executive Director**



# HOUSEKEEPING

## This is Your Program

- 
- Sign in
  - Retreat Binders
  - Breaks and Returns

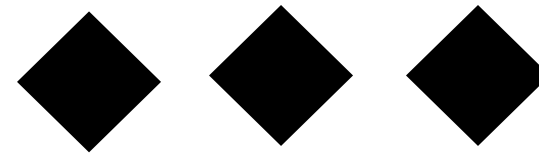
- 
- Cell Phones off Please
  - Conversations to a Minimum
  - Online Survey Sent Thursday

**Online Copy of Retreat Handbook:**  
**<https://tricojif.org/trico-retreat-digital-binder/>**

# 2022 RETREAT EPILOGUE



July 27<sup>th</sup> & 28<sup>th</sup>, 2022



# 2022 RETREAT EVALUATION

	Excellent	Good	Fair	Poor	No Response
Facilities	13	13	3	0	0
Relevance	11	14	3	0	0
Overall	12	14	2	0	0



	Excellent	Good	Fair	Poor	No Response
Retreat Length	7	16	6	0	0
Time of Year	8	14	5	1	0

	Retreat Handbook
Online Version	12
Hardcopy	15

# LIKES AND DISLIKES

## LIKED MOST

- Social Media
- Covering multiple topics
- OPRA
- Social Interaction with JIF staff and other municipal officials
- Explanation of current difficulties
- PTSD & Cyber sessions
- Venue was great
- Material presented was great
- Overall organization of the Retreat



## LIKED LEAST

- First day too long – Do we need a second ½ day?
- Cannot think of anything
- Some presentations were too in-depth
- I am satisfied with it
- Some speakers needed a microphone
- The food, too many carbs at lunch make it hard to stay awake
- Print on the slides/screen too small
- Not very detailed on some topics

# FUTURE TOPICS

- More Cyber
- Cannabis
- Health & Wellness Topics
- The claims process
- Workers Compensation focusing on specific protocols – how to get to MMI
- More on PTSD
- Safety enforcement
- Records retention/destruction

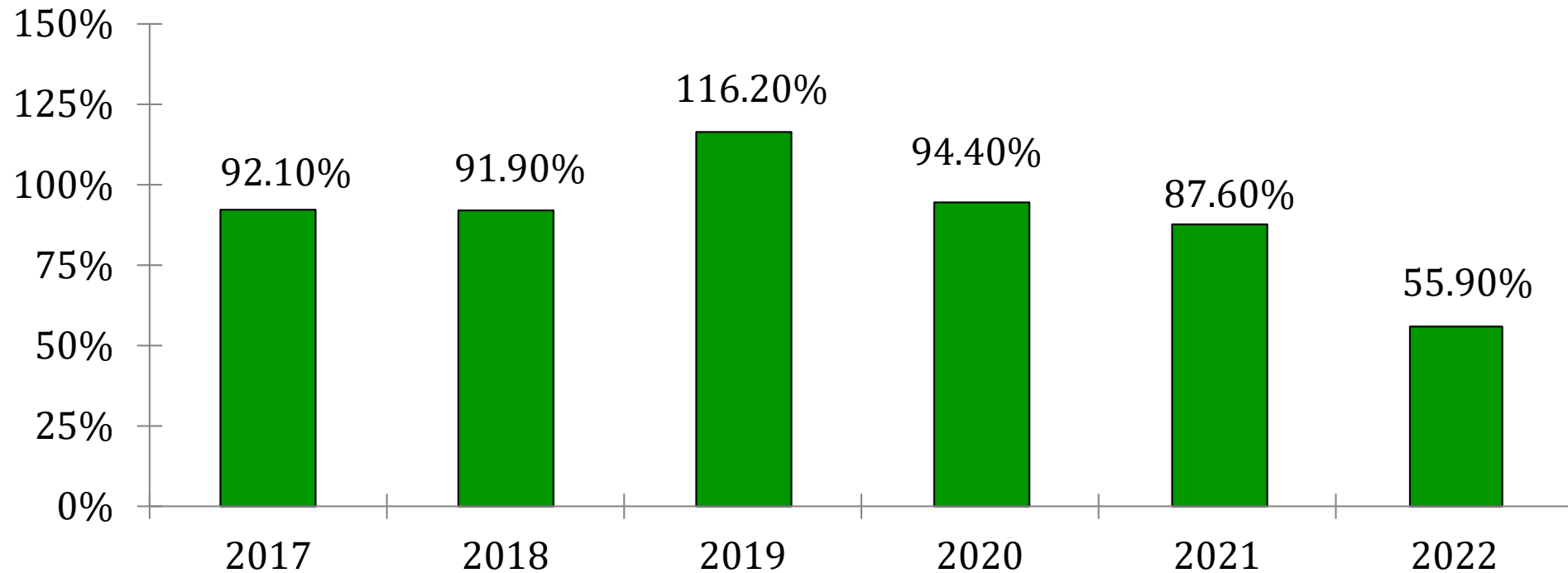


# HOW WE DO'IN...



# JIF LOSS RATIO RESULTS

*(VALUED AS OF 3-31-2023)*

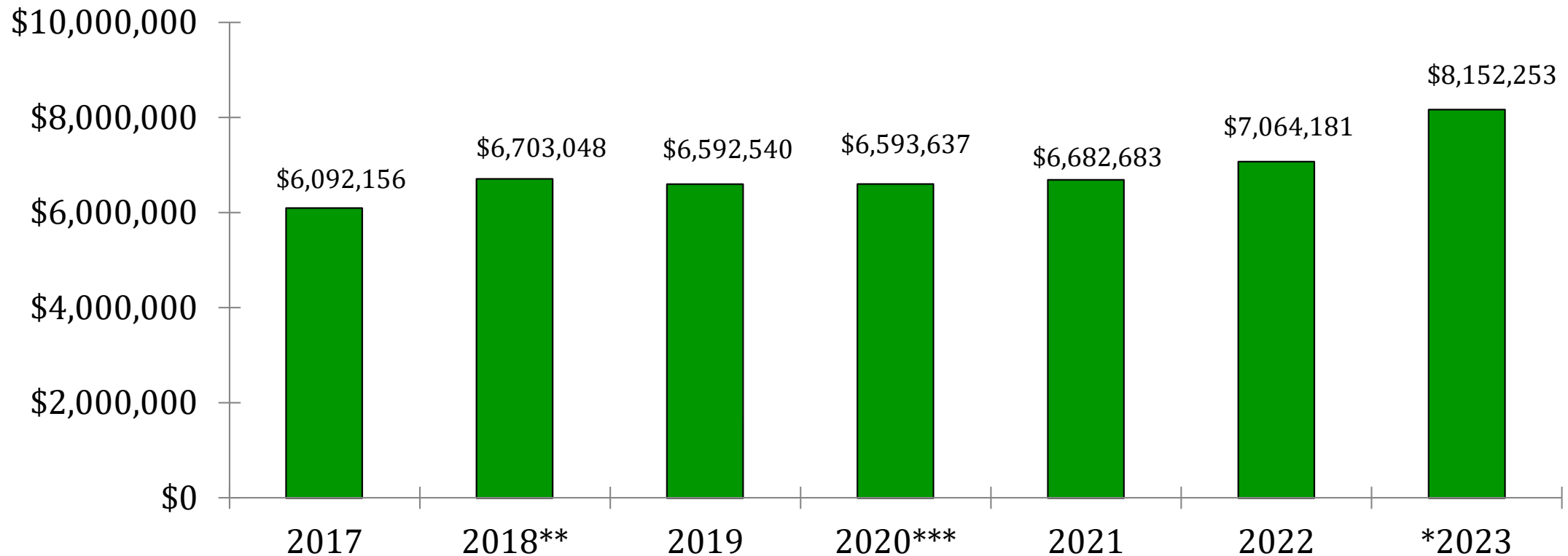


***Six Year Average Loss Ratio of 89.2%!***



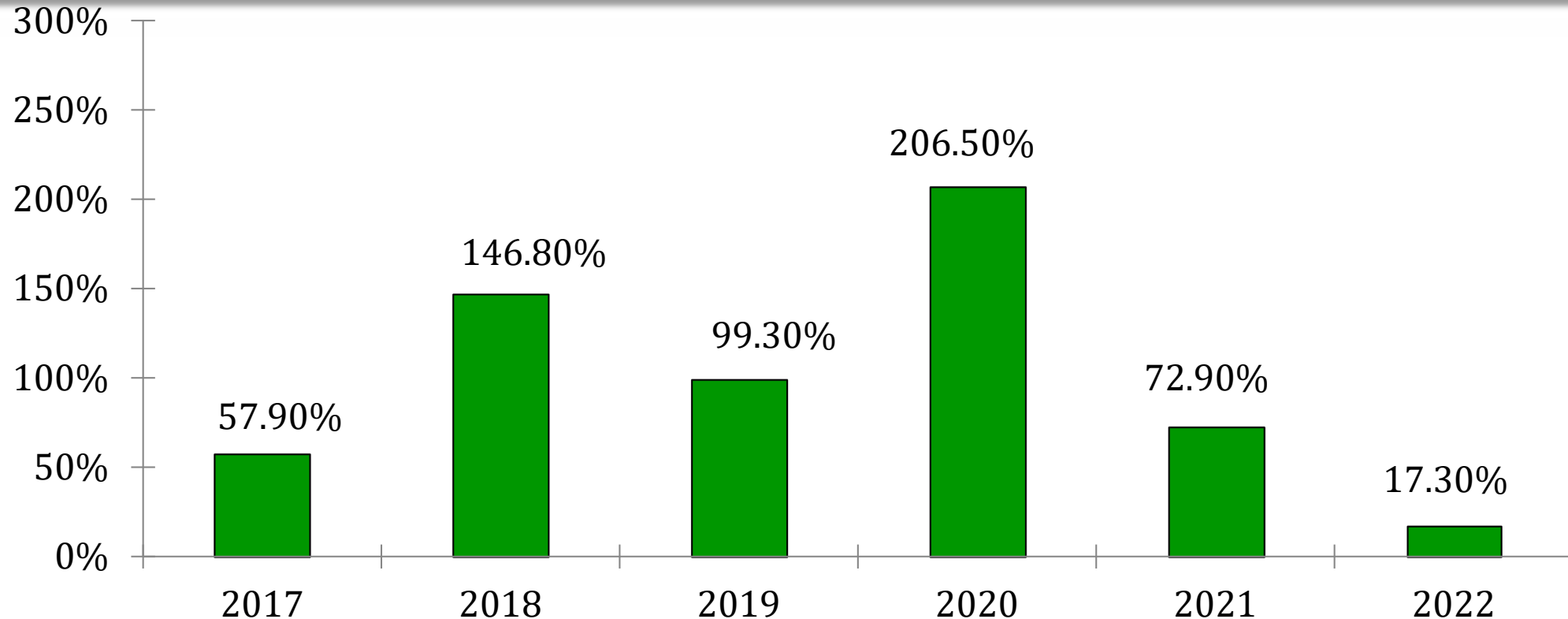
# JIF LOSS FUNDING CHANGES

*FUND YEAR 2017 - 2023*



# MEL LOSS RATIO RESULTS

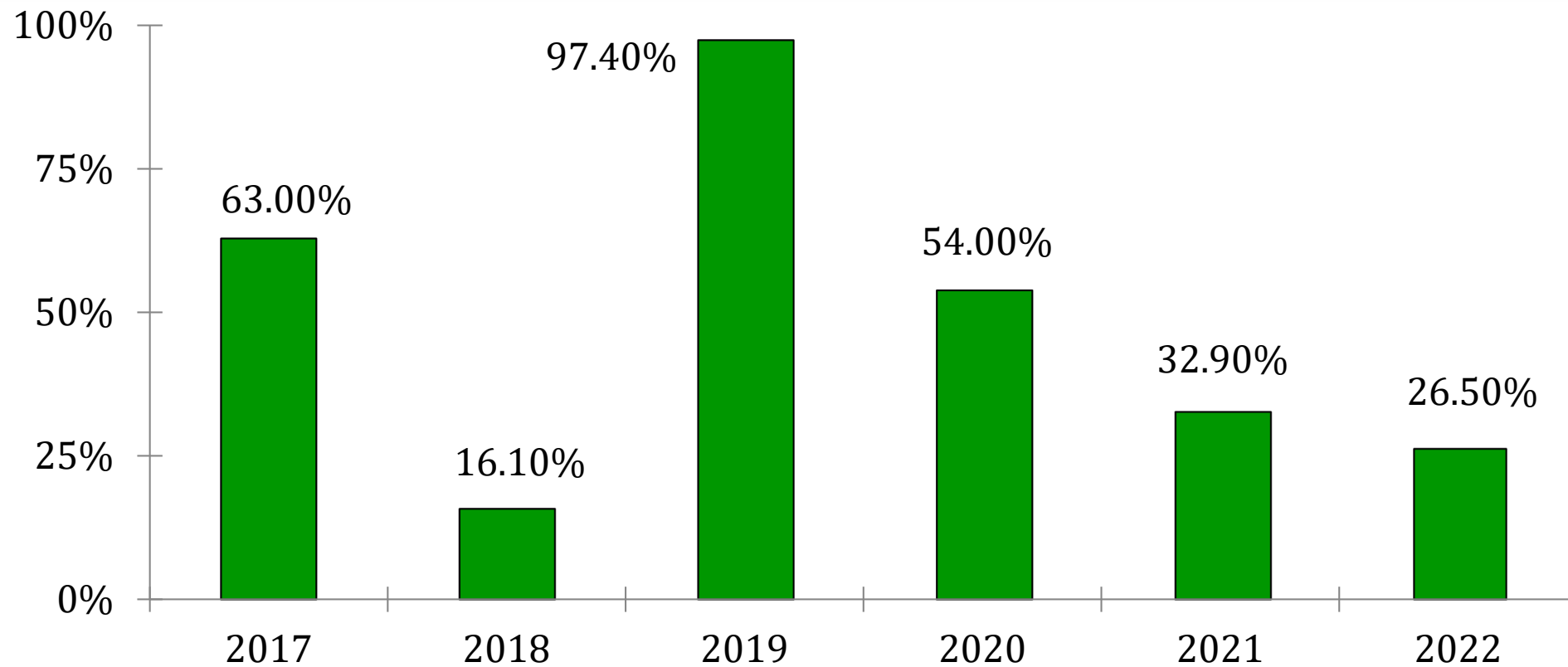
*(VALUED AS OF 3-31-2023)*



***Six Year Average Loss Ratio of 99%!***  
***5 Claims Account for 60.2% of the Incurred Losses!***

# EPL LOSS RATIO RESULTS

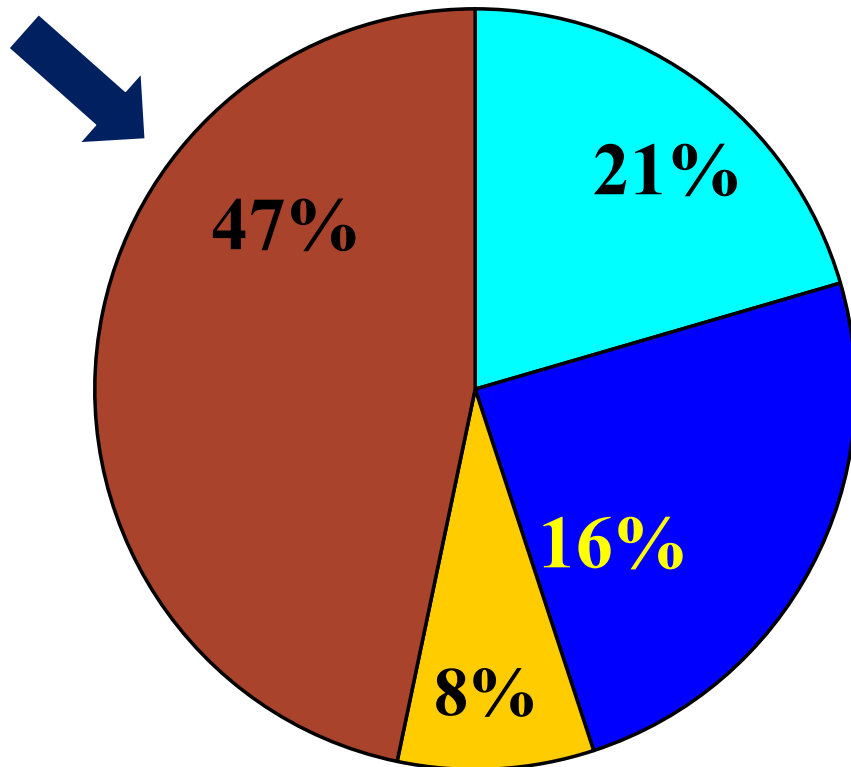
*(VALUED AS OF 3-31-2023)*



***Six Year Average Loss Ratio of 47.1%!***

# CLAIMS COUNTS

FUND YEARS 2017-2022  
(VALUED AS OF 3/31/2023)

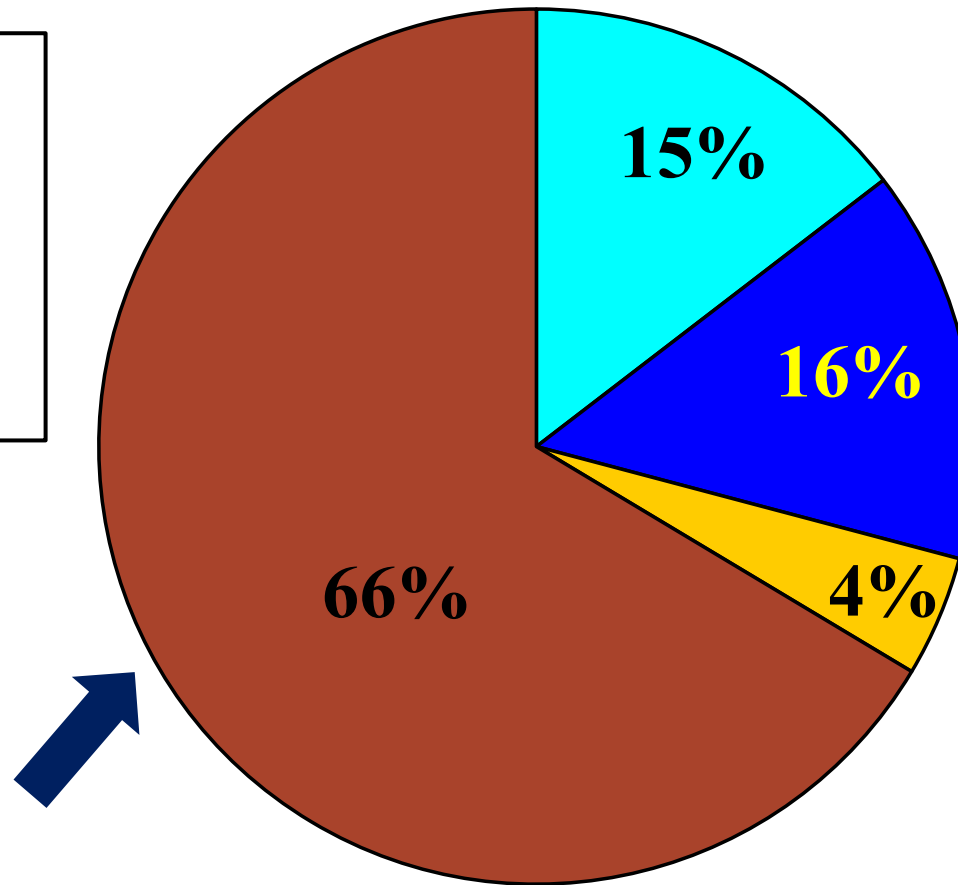


- Property
- General Liability
- Auto Liability
- Workers Comp.

# INCURRED COSTS

FUND YEARS 2017-2022  
(VALUED AS OF 3/31/2023)

47% of our claims  
are driving  
66% of our  
incurred costs



- Property
- General Liability
- Auto Liability
- Workers Comp.

# AVERAGE COST PER CLAIM

**2017-2022** (VALUED AS OF 3/31/2023)

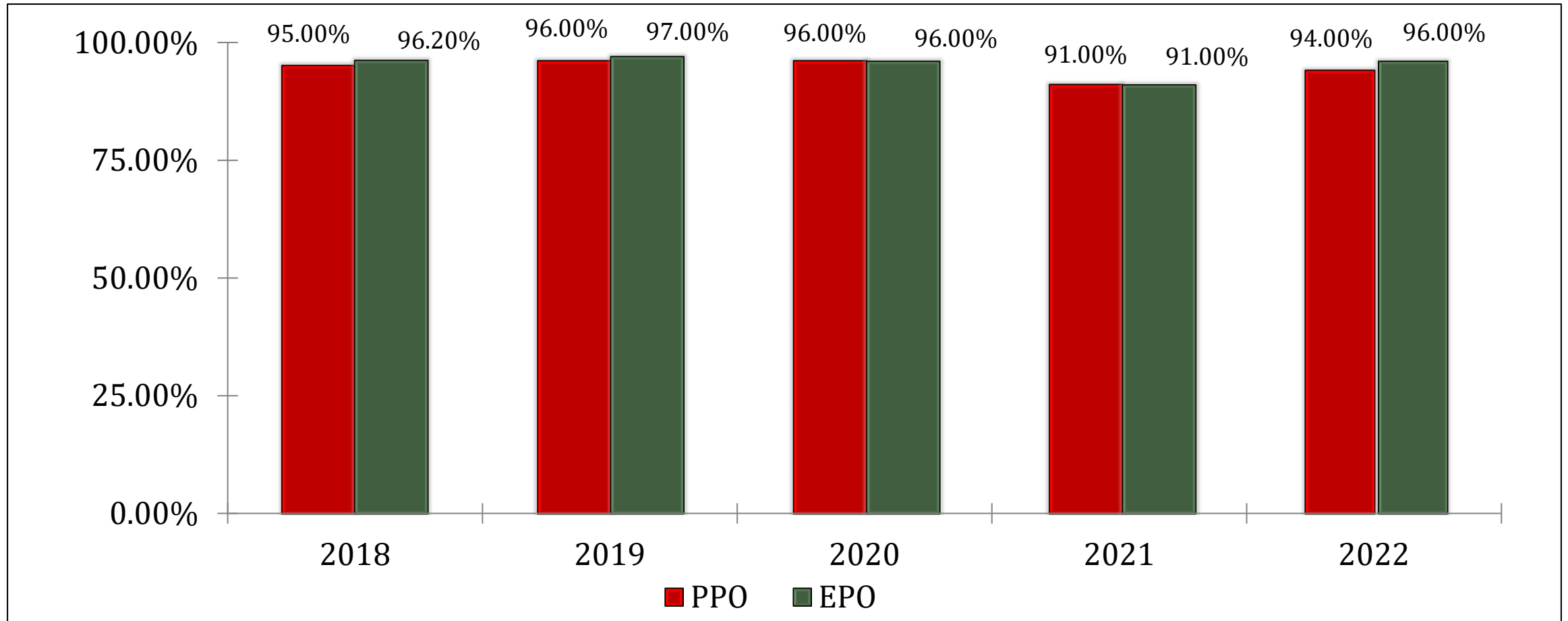


**Controlling WC Costs is a Priority!**

# NETWORK USE

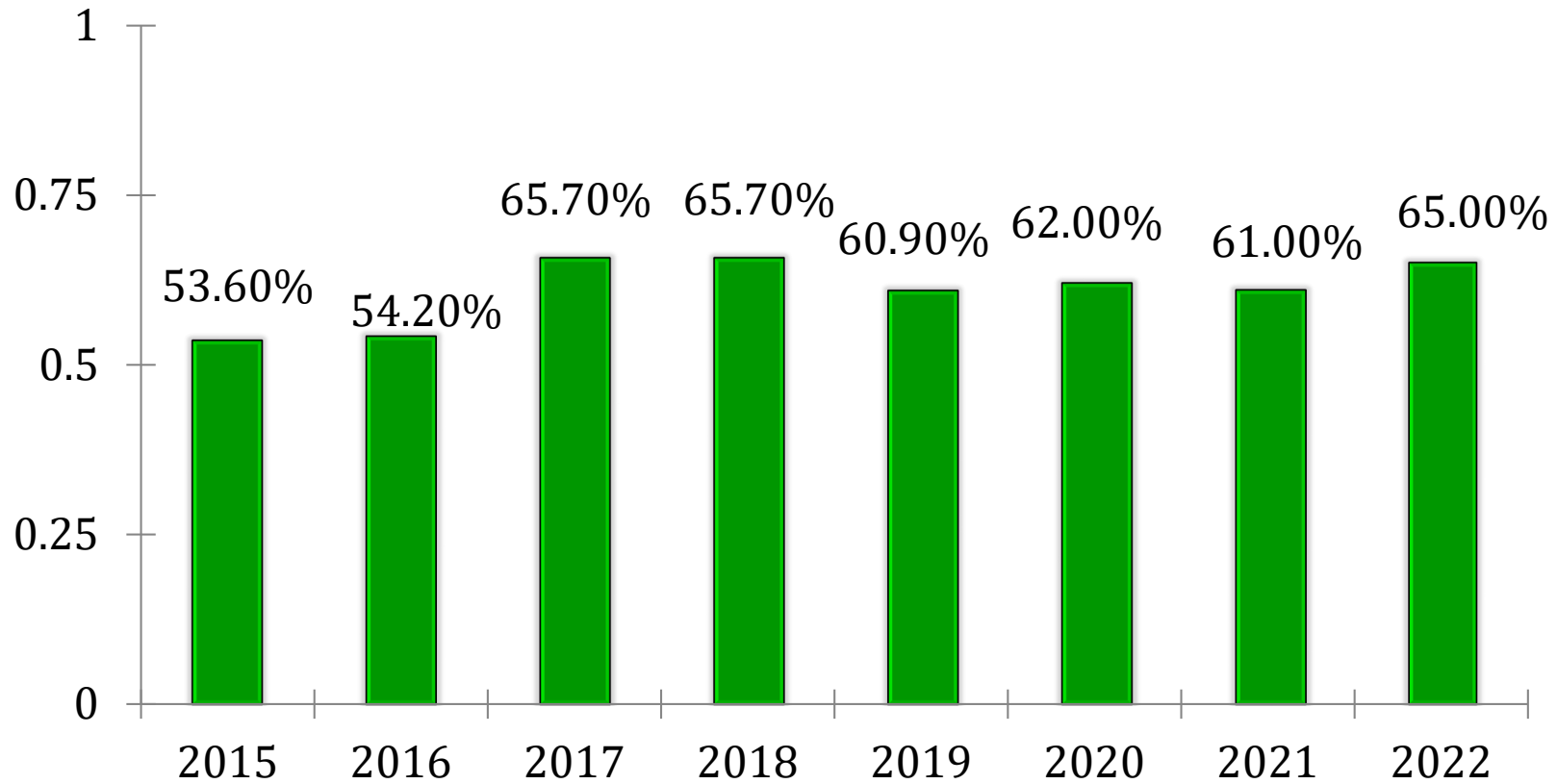
## BASED ON PROVIDER CHARGES

*(Valued as of 12/31/22)*



**Network Use Saves Money!**

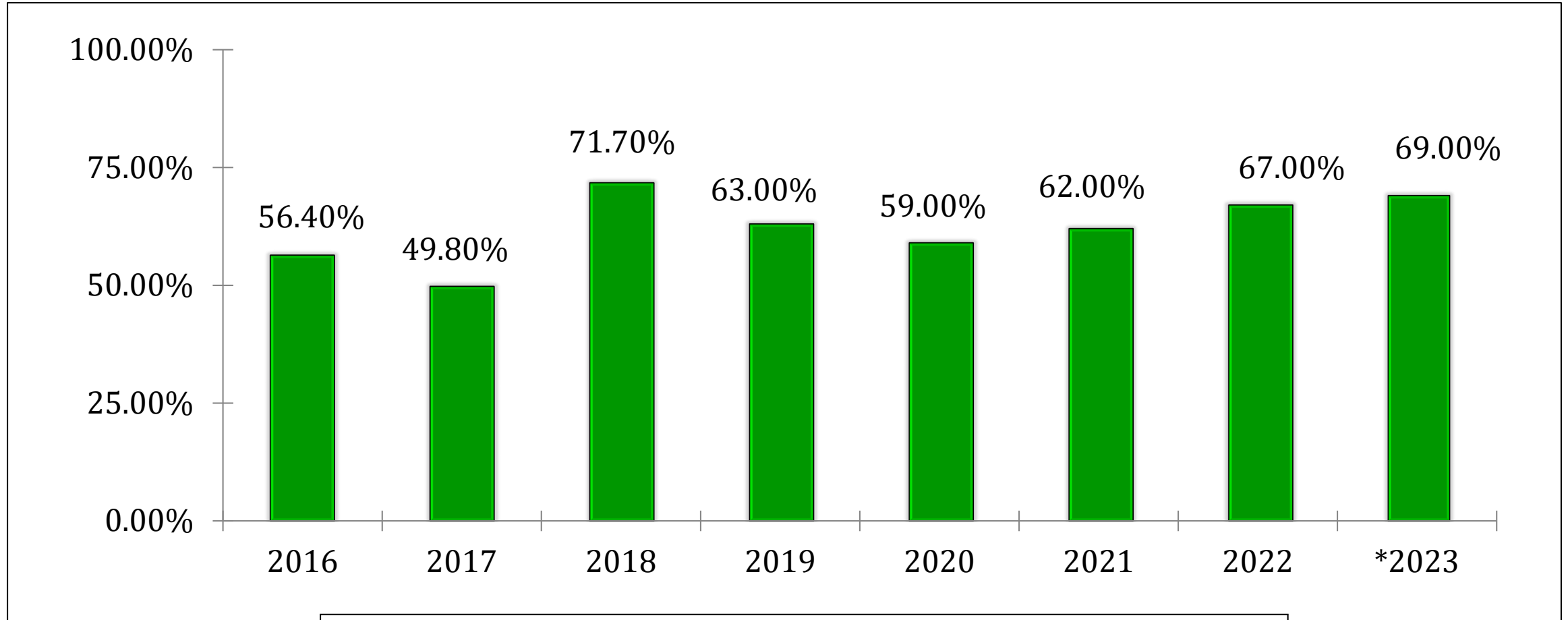
# PERCENTAGE OF SAVINGS (VALUED AS OF 12/31/2022)



***Significant Savings Through Bill Repricing***

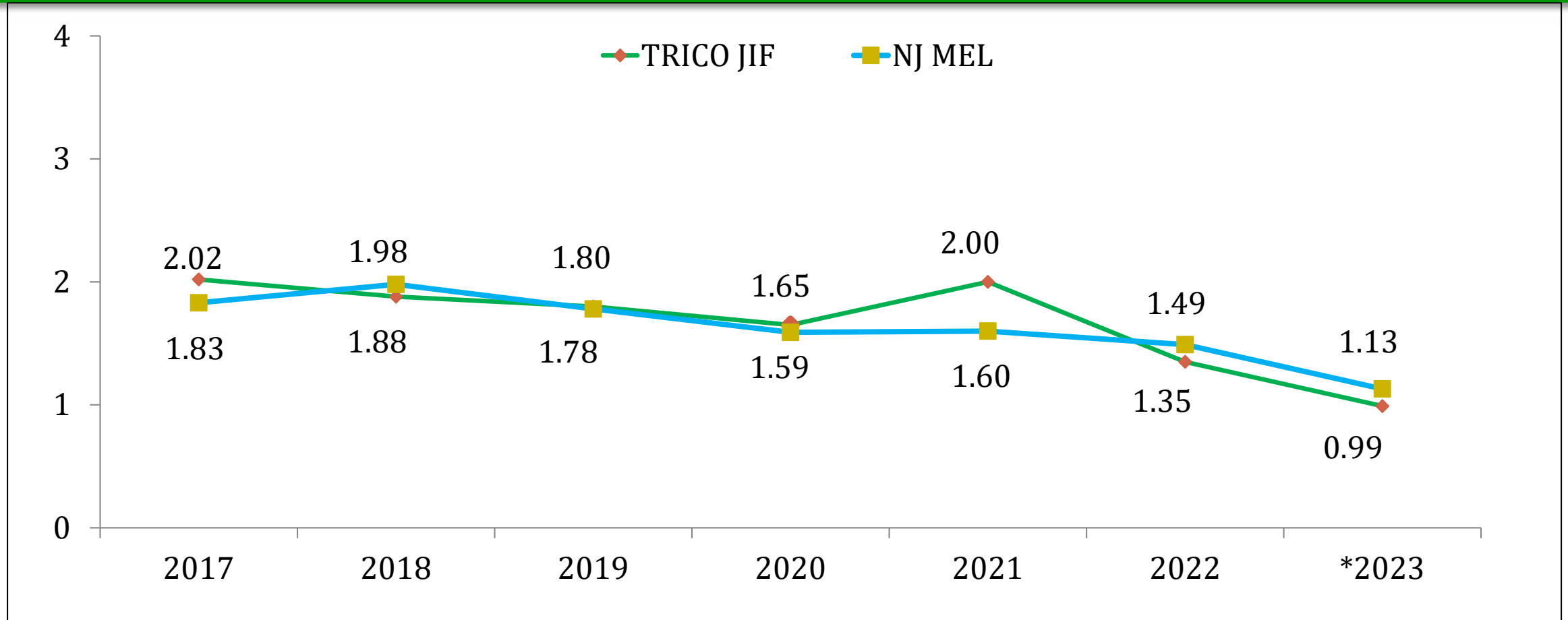


# TRANSITIONAL DUTY DAYS



**Use of Transitional Duty Increasing?**

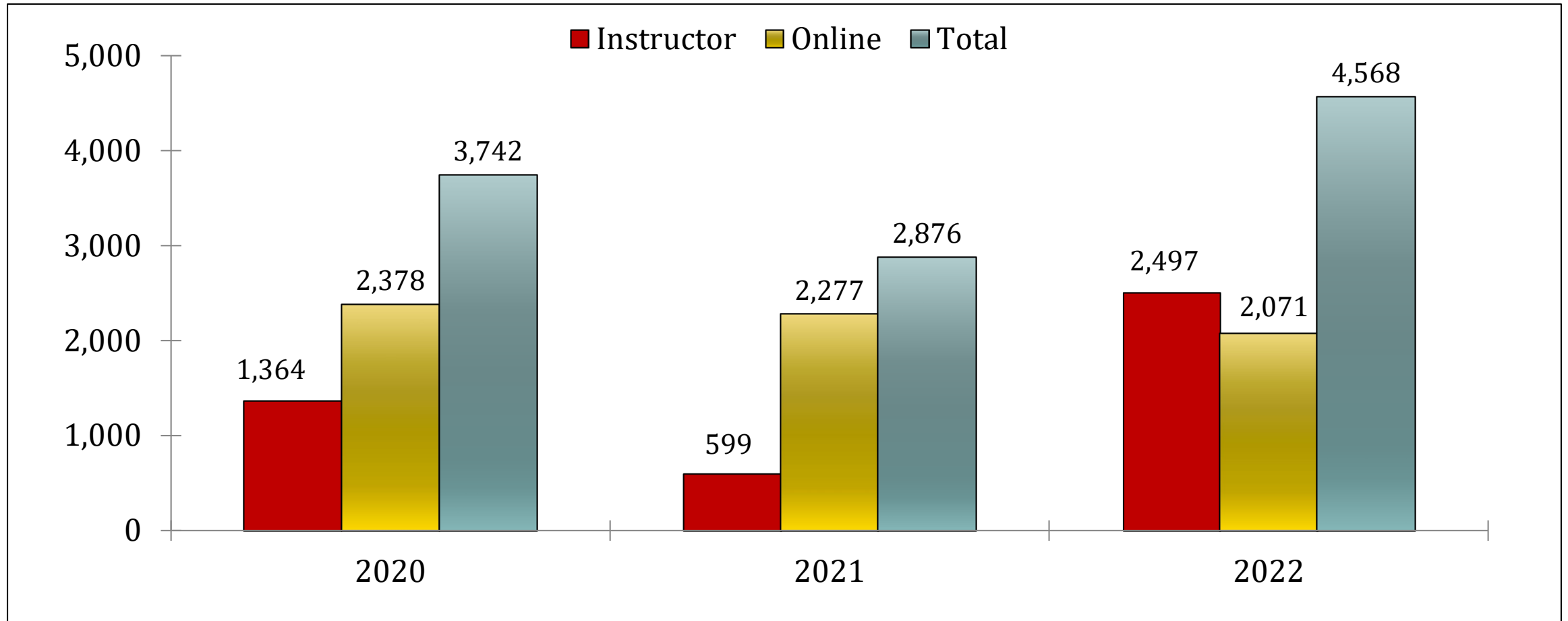
# LTAf RESULTS



• Through 4/30/2023

**Increased Use of Transitional Duty  
has a positive impact on the LTAf Rate**

# EMPLOYEES TRAINED INSTRUCTOR LED VS. ONLINE TRAINING



**Safety Training is Trending Up!**

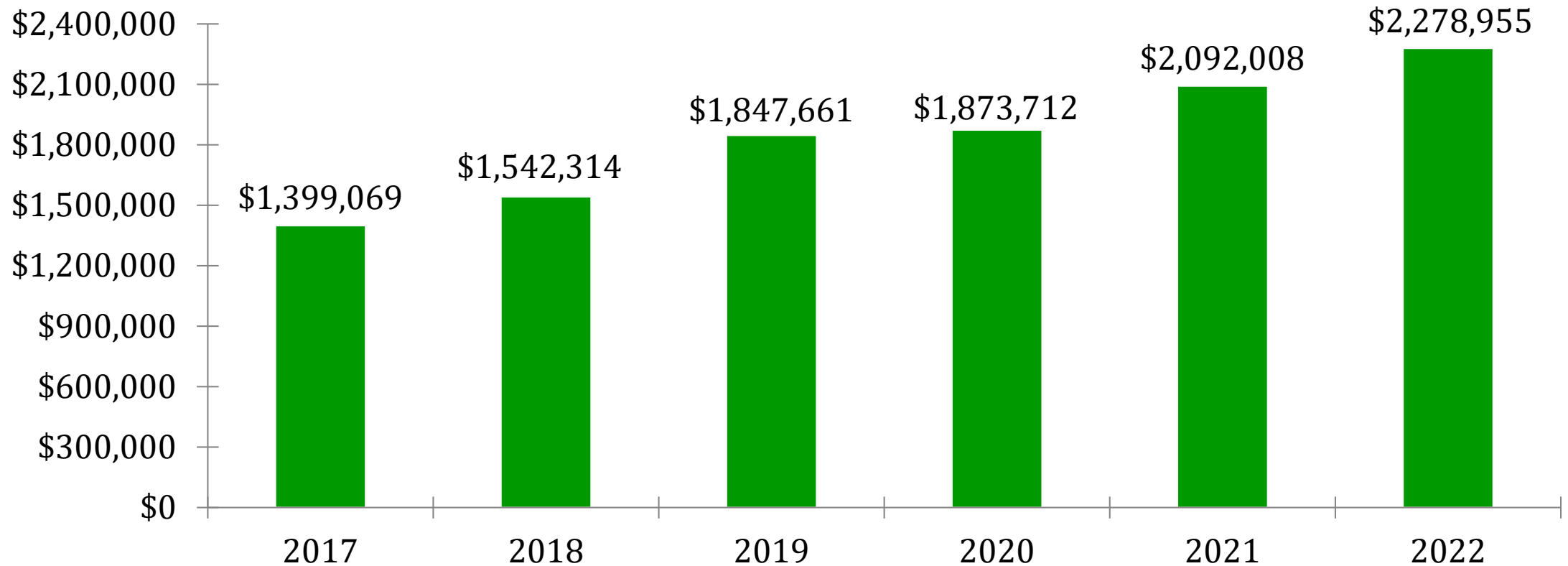
# A STRONG BOTTOM LINE

HISTORICAL OPERATING RESULTS AS OF  
(3/31/2023)

## Gloucester, Salem, Cumberland Counties Municipal JIF Historical Operating Results Summary All Fund Years For the Period Ended March 31, 2023

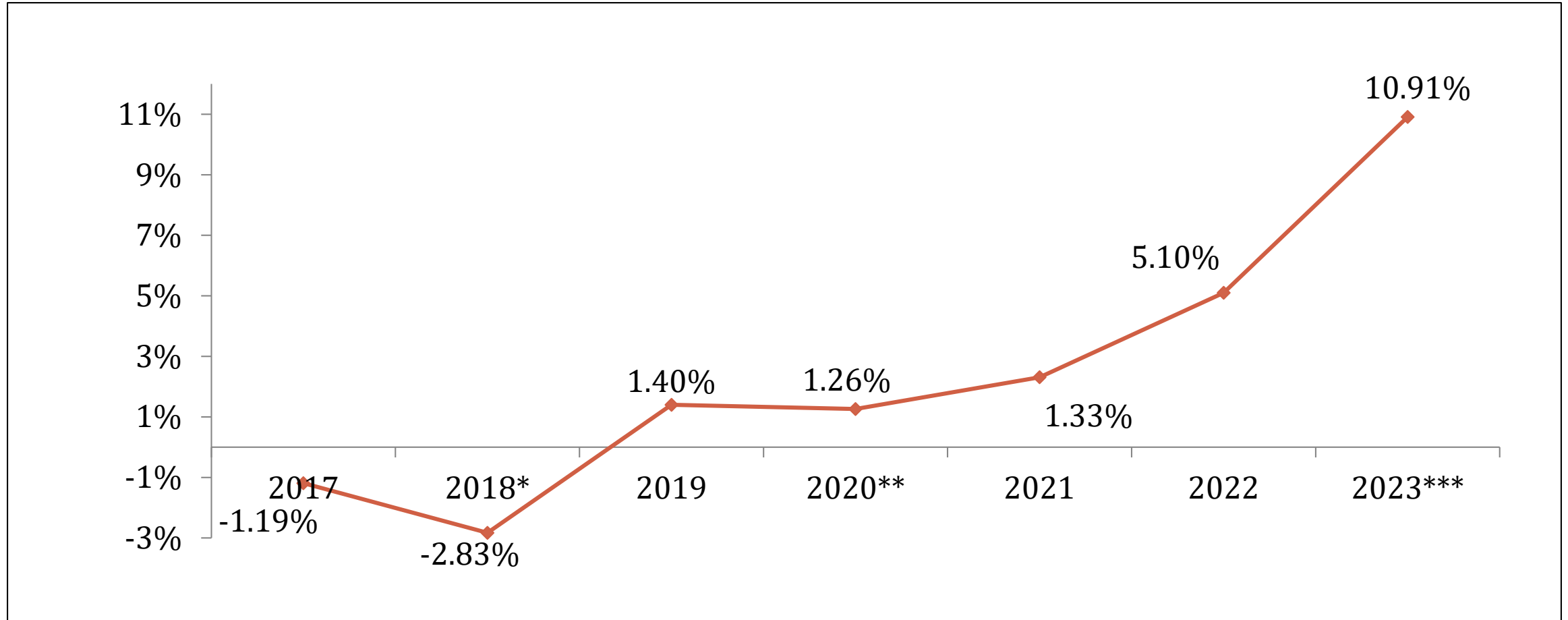
	Total
Earned Contributions & MEL / RCF Dividends	\$293,111,151
Closed MEL Surplus Transfer Balances	2,479,771
Claims Paid (Net of Subrogation)	(98,283,070)
Excess Recoveries	211,230
Excess Insurance Premiums Paid	(84,794,652)
Operating Expenses Paid	(54,143,365)
MEL Supplemental Assessments - Paid	(1,025,097)
Residual Claims Fund Premiums Paid	(15,640,821)
Residual Claims Fund Supplemental Assessments - Paid	(379,960)
<b>Total Payments</b>	<b>(254,055,735)</b>
<b>Position After Expenses</b>	<b>41,535,187</b>
Investment Income (realized)	11,308,628
Transfers	-
Return of Surplus	(24,631,321)
<b>CASH POSITION</b>	<b>28,212,495</b>
Investment Income (unrealized)	(2,180,892)
Case Reserves	(7,313,166)
IBNR Reserves	(5,341,169)
MEL Supplemental Assessments - Not Paid	(891,500)
Residual Claims Fund Supplemental Assessments - Not Paid	(53,530)
Residual Claims Fund Supplemental Assessments - Future FY	(481,773)
<b>Net Current Surplus/(Deficit)</b>	<b>11,950,465</b>

# DIVIDEND TREND



**Is this Trend Sustainable?**

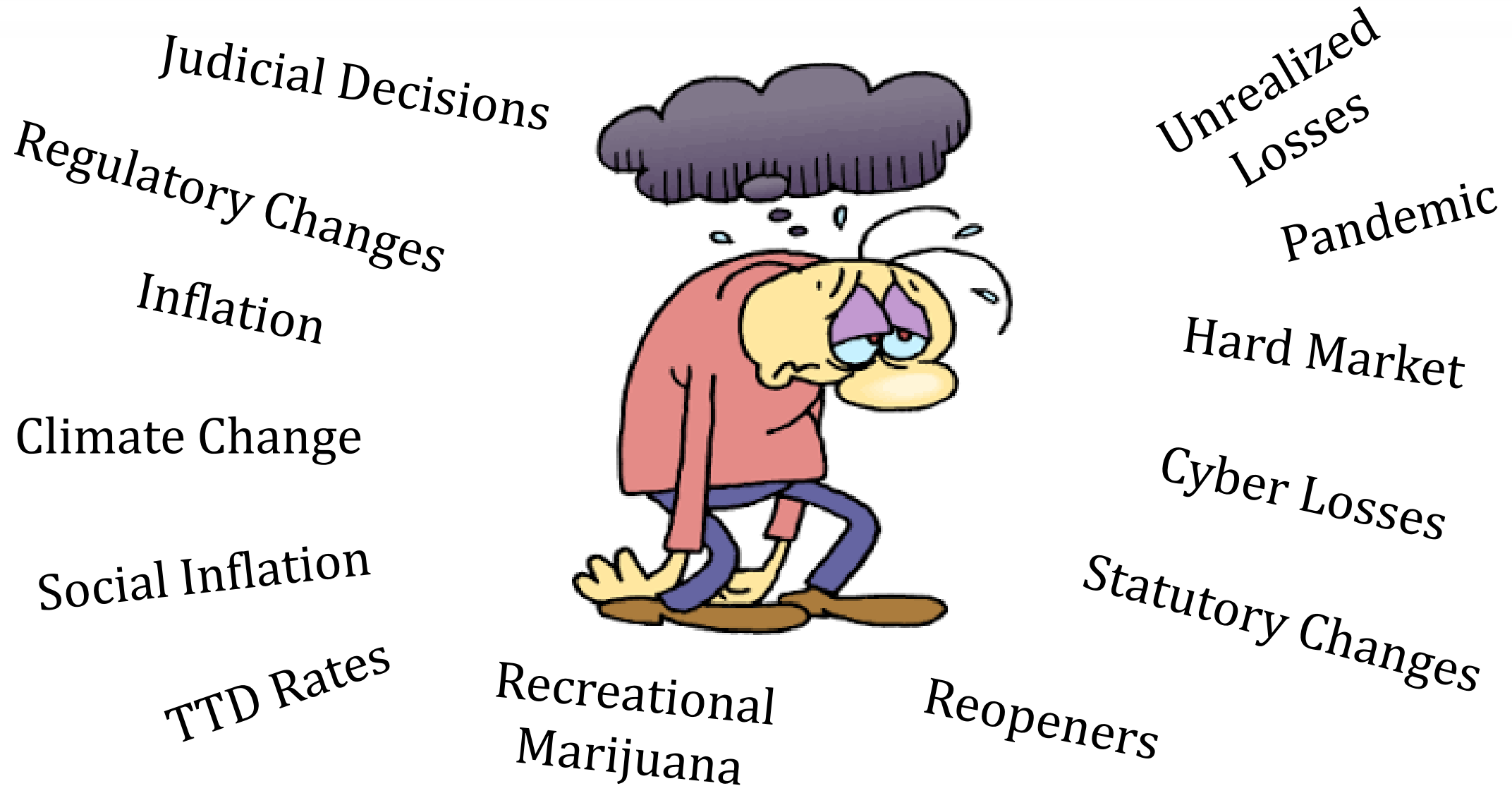
# 7 YEAR BUDGET TREND



# SO WHAT IS DRIVING OUR BUDGET?



# THE PERFECT STORM





# STATUTORY CHALLENGES

- Sexual Abuse & Molestation
- Firefighters Cancer Presumption
- Pandemic
  - COVID eligible for WC Benefits
  - Presumption Standard
- Recreational Marijuana
  - Impact on employee matters?
  - Source of Land Use claims?
  - LEL Claims?



# REGULATORY CHALLENGES

## ■ Pension Offset Impact

- \$13 million Statewide and counting\*
- Twenty One (21) TRICO claims identified with \$4.854 million in incurred losses\*\*

## ■ Increases in the TTD Rate

- 13.4% increase since 2021



\*As of 12/31/2021

\*\* As of 6/30/2023

# INSURANCE MARKET – WORKERS' COMPENSATION

- Statutory Coverage Required
- Pandemic COVID 19
  - Over \$24.7 million in MEL Incurred Losses
  - Over \$1.064 million for TRICO Members
- Firefighters Cancer Presumption

- Expanding Definitions:
  - Who's covered
  - Injuries deemed compensable
  - Medical procedures & Services
- Other Costs:
  - Wage replacement
  - Claim Petitions
  - Re-Openers

# MARKETPLACE OVERVIEW – WORKERS' COMPENSATION

## 2020 Oregon Workers' Compensation Premium Rate Ranking Summary

January 2021

AUTHORS  
• Chris Day, 8/21/72 – 6/1/2020  
• Jay Dotter

Figure 1. 2020 Workers' compensation premium index rates

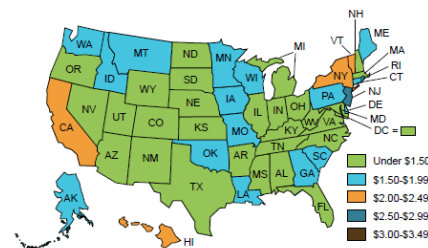


Table 1. Oregon's ranking in the top 10 classifications

Occupation	Ranking
Clerical office employees not otherwise coded	45
College: professional employees and clerical	42
Salespersons or collectors – outside	44
Physician and clerical	38
Restaurant and drivers	40
Hospital: professional employees	41
Store: retail not otherwise coded	48
Automobile service or repair center and drivers	40
Trucking: not otherwise coded – all employees and drivers	36
Social services organization – all employees and drivers not otherwise coded	37

Oregon employers in the voluntary market pay, on average, the 45th highest workers' compensation premium rates in the nation. Oregon's rates are 31 percent below those of the median state in the study.

Premium rate indices are calculated based on data from 51 jurisdictions, for rates in effect as of Jan. 1, 2020. The 2020 median value is \$1.44, which is a drop of 15.3 percent from the \$1.70 median of the 2018 study. This is the largest drop in the study median since 2000. Oregon's premium rate index is \$1.00 per \$100 of payroll, or 69 percent of the national median. National premium rate indices range from a low of \$0.67 in North Dakota to a high of \$2.52 in New Jersey. Fourteen states had an index rate that was within plus or minus 10 percent of this benchmark value. In the upper part of the rate distribution, 17 states had index rates higher than 110 percent of the median, while 20 states were below 90 percent of the median.

The study is based on methods that put states' workers' compensation rates on a comparable basis using a constant set of risk classifications for each state. This study used classification codes from the National

Council on Compensation Insurance (NCCI). Of approximately 430 active classes in Oregon, 50 were selected based on relative importance as measured by share of losses in Oregon. To control for differences in industry distributions, each state's rates were weighted by 2014-2016 Oregon payroll to obtain an average manual rate for that state. Listed in Table 1 are Oregon's rankings in the top 10 of the 50 classifications used.

Table 2. Workers' compensation premium rate ranking

2020 Ranking	2018 Ranking	State	Index Rate	Percent of study median	Effective Date	Percent of 2018 study median
1	3	New Jersey	2.52	175%	January 1, 2020	187%
2	1	New York	2.23	155%	October 1, 2019	181%
3	9	Vermont	2.21	153%	April 1, 2019	123%
4	2	California	2.16	150%	January 1, 2020	169%
5	13	Hawaii	2.08	144%	January 1, 2020	118%
6	8	Connecticut	1.99	138%	January 1, 2020	129%
7	4	Delaware	1.97	137%	December 1, 2019	148%
8	10	Louisiana	1.95	135%	January 1, 2019	121%
9	7	Rhode Island	1.93	134%	August 1, 2019	132%
10	5	Alaska	1.86	129%	January 1, 2020	148%
11	12	Wisconsin	1.74	121%	October 1, 2019	119%
12	11	Montana	1.69	117%	July 1, 2019	119%
13	23	Oklahoma	1.66	115%	January 1, 2020	103%
14	25	Missouri	1.65	115%	January 1, 2020	101%
15	6	Georgia	1.64	114%	July 1, 2019	134%
16	19	Maine	1.62	113%	January 1, 2020	108%
17	28	Minnesota	1.61	112%	January 1, 2020	98%
19	21	Idaho	1.56	108%	January 1, 2020	106%
19	14	South Carolina	1.56	108%	April 1, 2019	115%
20	17	Pennsylvania	1.55	108%	April 1, 2019	109%
21	30	Iowa	1.54	107%	January 1, 2020	96%
22	16	Washington	1.53	106%	January 1, 2020	110%
23	24	South Dakota	1.48	103%	July 1, 2019	102%
24	22	Illinois	1.46	101%	January 1, 2020	106%
26	18	Wyoming	1.44	100%	January 1, 2020	110%
26	27	Nebraska	1.44	100%	February 1, 2019	100%
27	21	Florida	1.41	98%	January 1, 2020	106%
28	27	New Hampshire	1.37	95%	January 1, 2020	100%
29	34	New Mexico	1.34	93%	January 1, 2020	88%
30	29	Alabama	1.33	92%	March 1, 2019	97%
31	19	North Carolina	1.31	91%	April 1, 2019	108%
32	41	Virginia	1.28	89%	April 1, 2019	76%
33	35	Colorado	1.25	87%	January 1, 2020	84%
34	31	Mississippi	1.20	83%	March 1, 2019	91%
35	38	Massachusetts	1.17	81%	July 1, 2018	81%
37	37	Michigan	1.14	79%	January 1, 2020	81%
37	39	Maryland	1.14	79%	January 1, 2020	78%
38	33	Kentucky	1.13	78%	October 1, 2019	89%
39	46	Kansas	1.12	78%	January 1, 2020	68%
40	36	Ohio	1.11	77%	July 1, 2019	82%
41	32	Tennessee	1.09	76%	March 1, 2019	89%
42	44	Nevada	1.07	74%	September 1, 2019	70%
43	40	Arizona	1.05	73%	January 1, 2020	78%
44	42	District of Columbia	1.04	72%	November 1, 2019	74%
45	46	Oregon	1.00	69%	January 1, 2020	68%
46	43	Texas	0.98	68%	July 1, 2019	71%
47	47	Utah	0.85	59%	January 1, 2020	62%
48	48	West Virginia	0.79	55%	November 1, 2019	59%
49	50	Indiana	0.77	53%	January 1, 2020	51%
50	49	Arkansas	0.72	50%	July 1, 2019	53%
51	51	North Dakota	0.67	47%	July 1, 2019	48%

Dedicated to CONSUMER and WORKER PROTECTION



# INSURANCE MARKET - PROPERTY

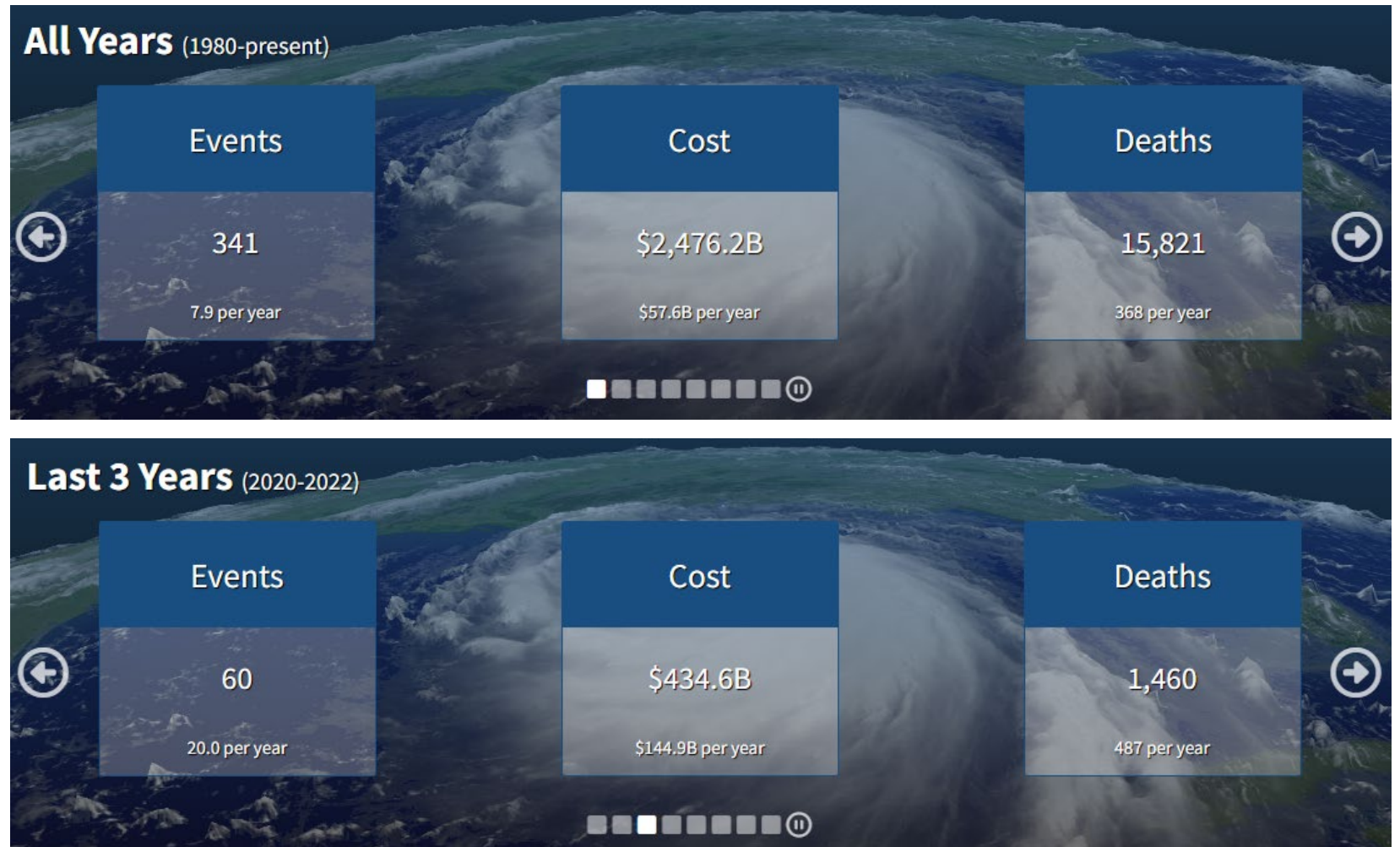
- **Limited Capacity**
- **Limited Coverage**
- **Increasing Rates**
- Reasons:
  - Global Warming
  - Increasing Natural Disasters - Hurricanes, floods, fires
  - Increasing costs of materials & labor



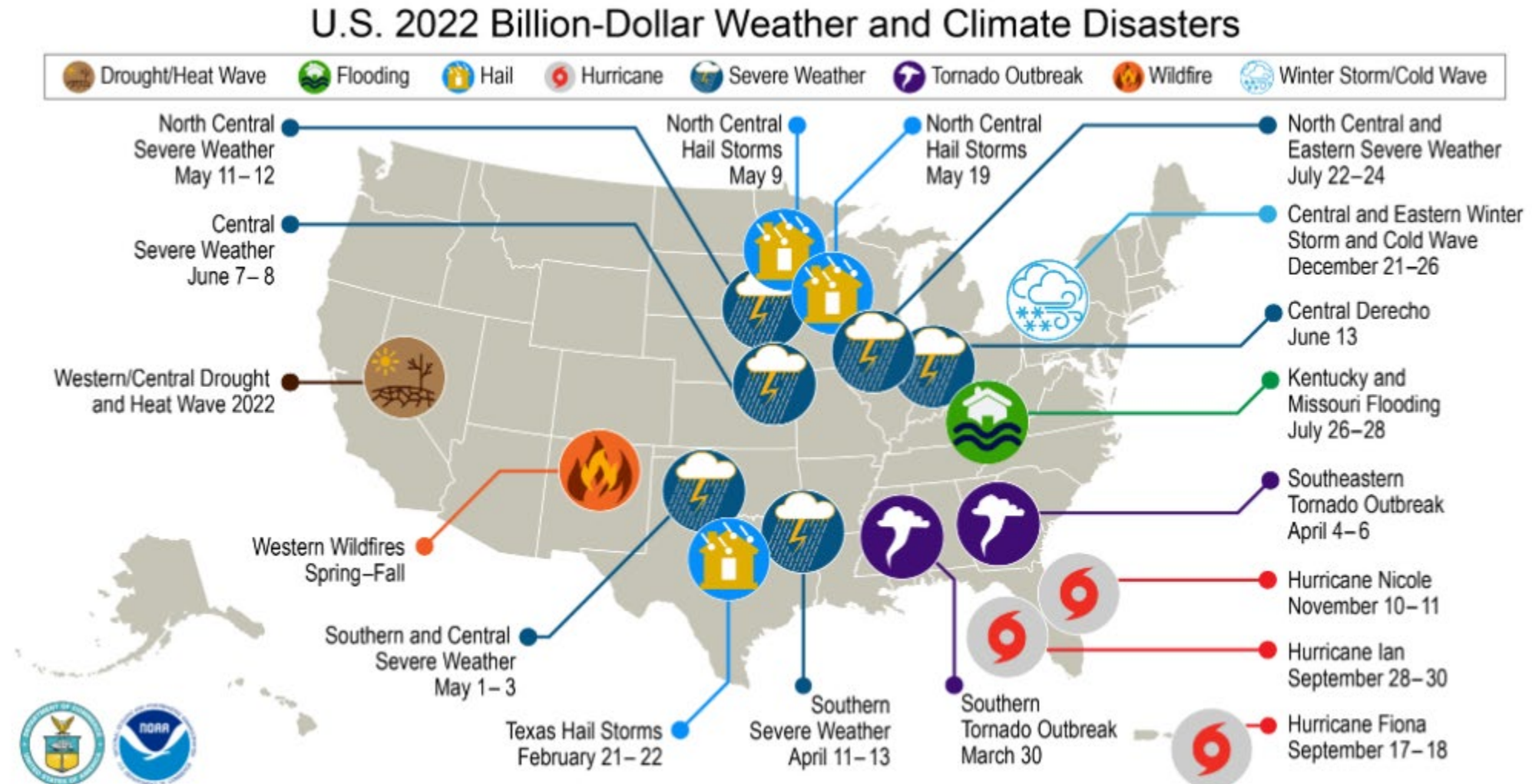


# MARKETPLACE OVERVIEW - PROPERTY

Property  
Focus – Billion  
Dollar CAT  
Events



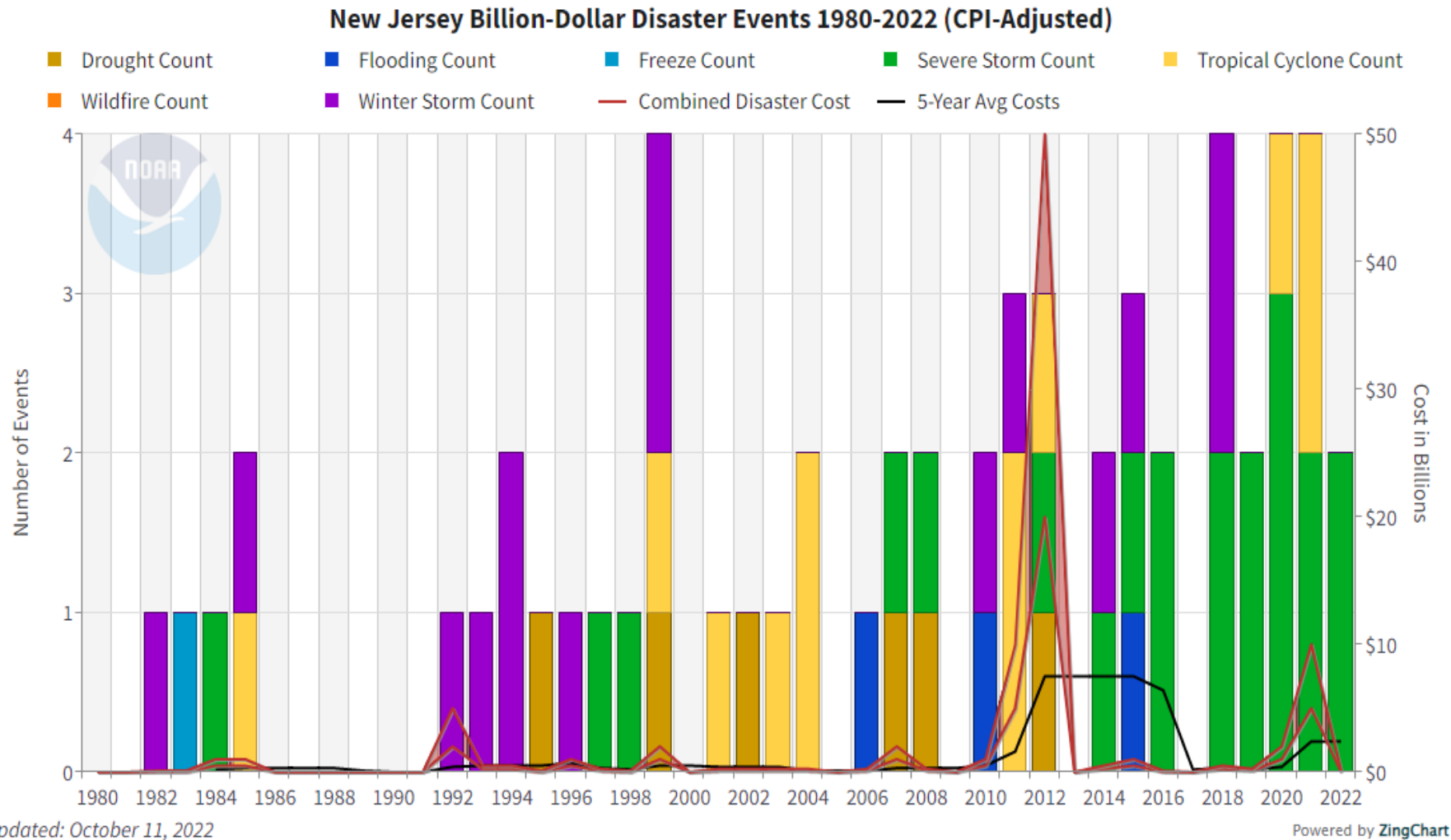
# MARKETPLACE OVERVIEW - PROPERTY



*This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States in 2022.*

# MARKETPLACE OVERVIEW – PROPERTY

## NEW JERSEY



Between 1980 and 2022, 21 Severe Storm, 12 Tropical Cyclone, 15 Winter Storm, 3 Flooding, 6 Drought, and 1 Freeze billion-dollar disaster events affected New Jersey (CPI-adjusted).

*42 years – 58 events*

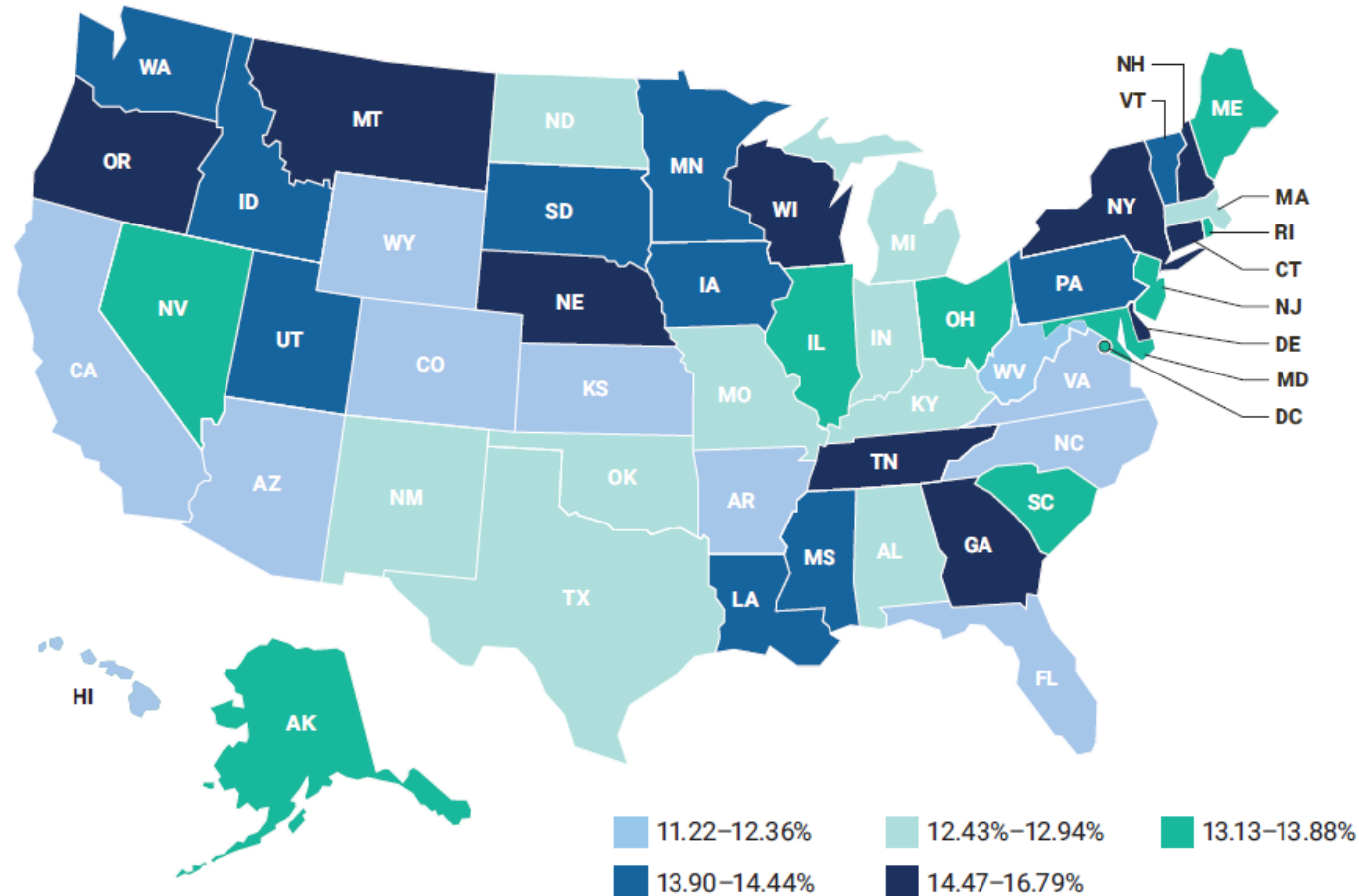
Between 2000 and 2022, 18 Severe Storm, 10 Tropical Cyclone, 6 Winter Storm, 3 Flooding, and 4 Drought billion-dollar disaster events affected New Jersey (CPI-adjusted).

*Last 22 years - 41 events*



# MARKETPLACE OVERVIEW - PROPERTY

## Inflation Boosts Reconstruction



Changes in reconstruction costs by state.

States are grouped in quintiles; each range/color in the legend includes 20% of the total number of states.

\* All rates, percentages, increases, decreases, etc., are calculated as percentage changes from April 2021 to April 2022, unless otherwise noted.

# HARDENING INSURANCE MARKET - LIABILITY

## ■ Jury Decisions

- More & more meritless claims getting a “day in court”
- Increasing awards for minimal cases

## ■ Judges

- Denying Motions for Summary Judgement
- Forcing settlements “to make the claim go away”

## ■ Attorneys

- Increasing hourly rates & “Loadstar”
- Taking meritless cases
- Dragging out cases – Appeals
- Litigation Financing



# HARDENING INSURANCE MARKET - LIABILITY

- **General Liability**

- Erosion of Title 59 Immunities
  - Legislative & Judicial
- Social Media
- Politics
- Low minimum insurance requirements
- Deteriorating infrastructure



# HARDENING INSURANCE MARKET - LIABILITY

## Law Enforcement Liability

- Video of Police & Civilian encounters
- Social Movements - Black Lives Matter & Defund the Police
- Higher levels of standards being implemented
- Not following standard policies & procedures
- A lack of & documentation of training
- Difficulty in getting rid of “bad cops”
- Difficulty in recruiting new police officers



**“What used to be a pool of candidates is now a puddle”**

# **HARDENING INSURANCE MARKET – SOCIAL INFLATION**

## **Rising costs of insurance claims resulting from:**

- Increasing litigation
- Broader definitions of liability
- More plaintiff-friendly legal decisions
- Larger compensatory jury awards

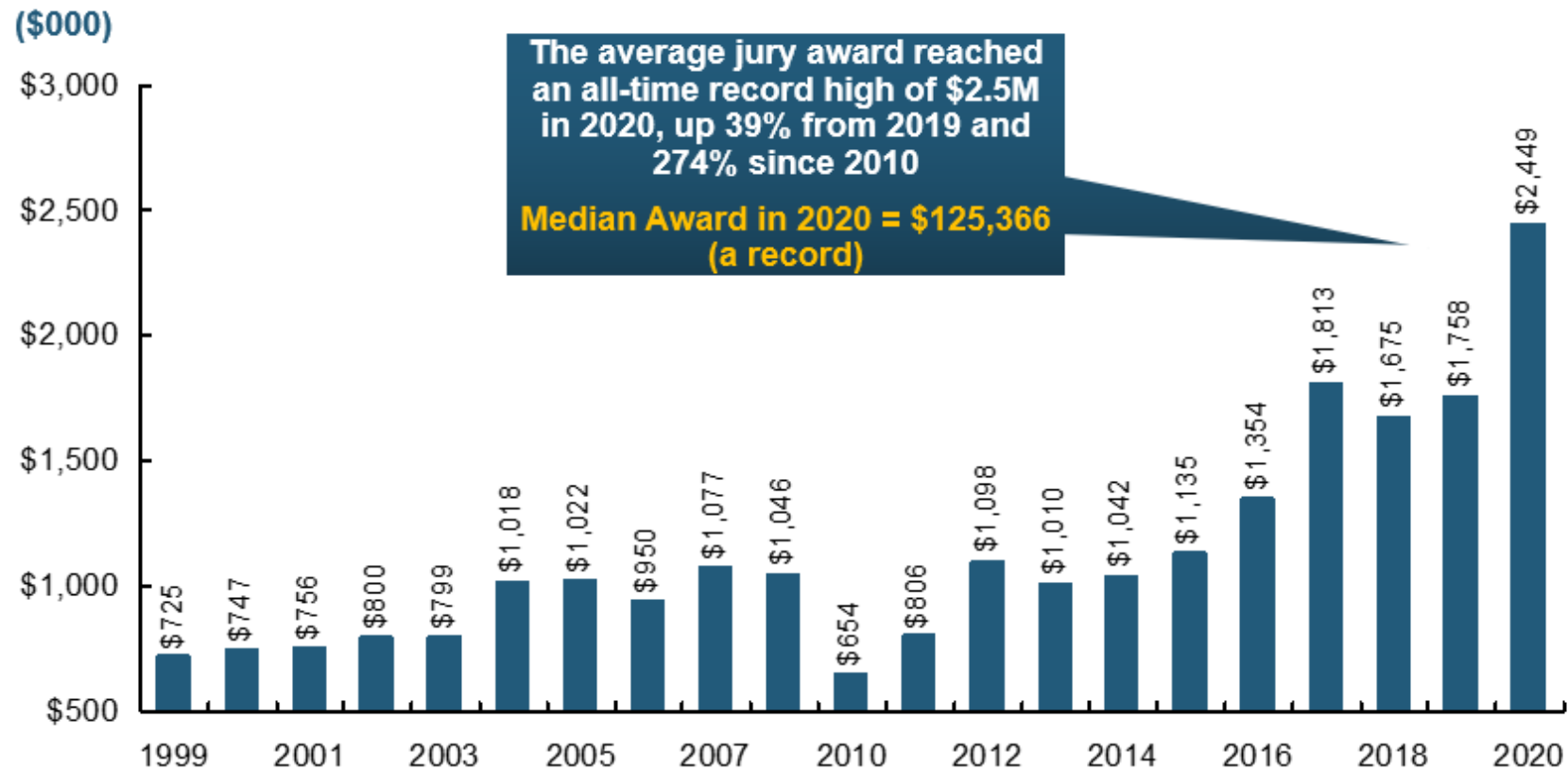


**Social Inflation is a general feeling that someone “needs to pay” when there’s some kind of damage or injury sustained, regardless of negligence**

# MARKETPLACE OVERVIEW

## SOCIAL INFLATION

### Average Jury Awards, 1999 – 2020 (latest available)



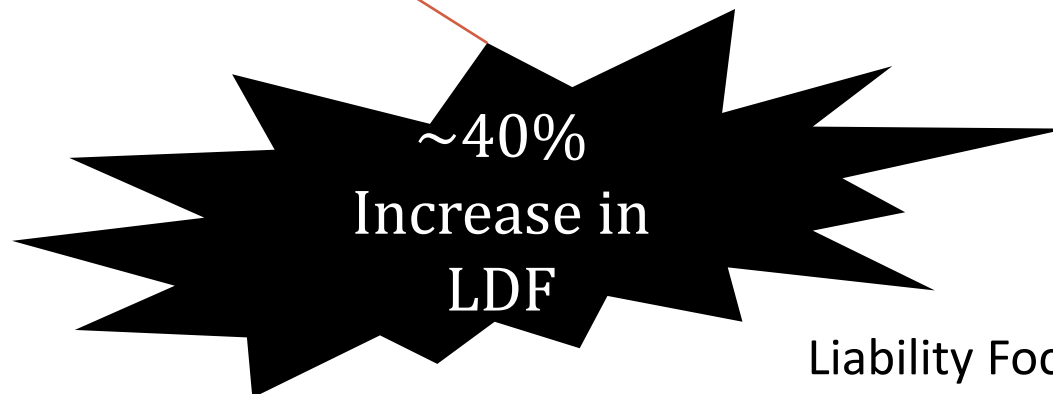
Source: Jury Verdict Research; *Current Award Trends in Personal Injury* (61<sup>st</sup> Edition), Thomson Reuters; Risk and Uncertainty Management Center, Univ. of South Carolina.

# MARKETPLACE OVERVIEW - LIABILITY

[illegible][illegible]

# LOSS TRIANGLE – LIABILITY (GL, LEL, AL) – NEW JERSEY

Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
2010	0.00000	1.13780	1.11219	1.02746	0.91319	0.98333	1.01849	0.99108	0.99103	1.00132
2011	0.00000	1.36123	1.25182	1.14434	1.03126	1.01112	1.00174	0.98479	1.00885	
2012	0.00000	1.44473	1.43415	1.13501	1.24090	1.01582	1.00879	1.01139		
2013	0.00000	1.34765	1.40192	1.22095	1.28895	1.11341	1.04103			
2014	0.00000	1.84575	1.66130	1.43813	1.06501	1.12903				
2015	0.00000	1.64865	1.64527	1.35753	1.09476					
2016	0.00000	2.42395	1.51306	1.12617						
2017	0.00000	1.73054	1.56209							
2018	0.00000	1.74066								
2019	0.00000									



Liability Focus - MEL Public Entity Data



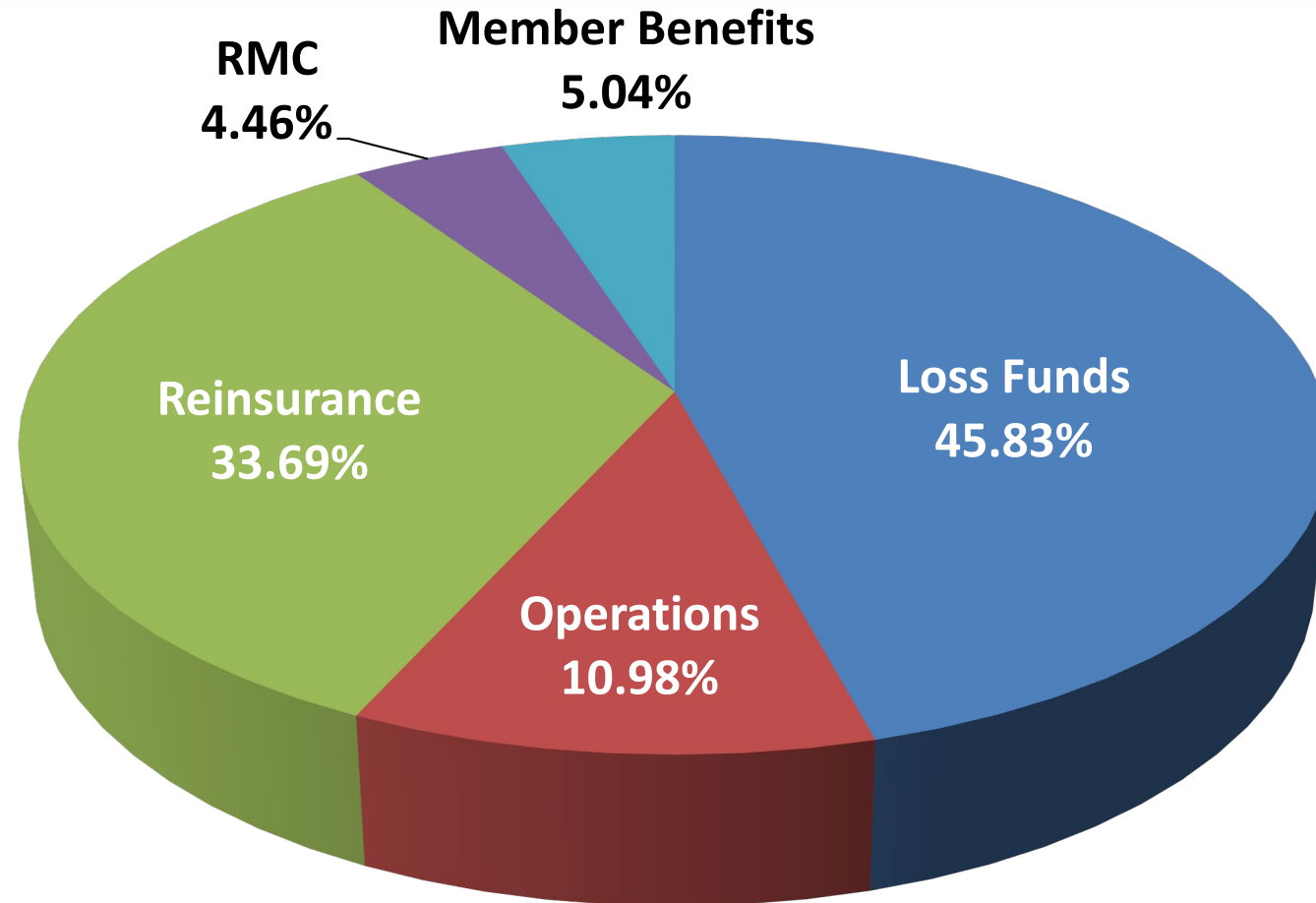
# **HARDENING INSURANCE MARKET – CYBER LIABILITY**

- **Public entities are seen as low hanging fruit**
  - Limited resources to keep up with technology & hiring of IT Professionals
- **Increasing sophistication of cyber attacks**
- **Difficulty in catching/stopping hackers**
- **Cost of data recovery/ransoms**
- **Increasing number of high profile cyber events**
  - Happening in our own backyard!



# TRICO JIF BUDGET ALLOCATION

2023 FUND YEARS

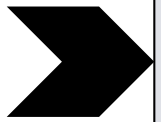


Reinsurance Premiums now account for more that 1/3 of the JIF Budget

# 2022 MEL & RCF - FINANCIALS



- 12/31/2022 MEL Deficit - \$5.7 million\*
- 12/31/2022 RCF Deficit - \$22.2 million\*



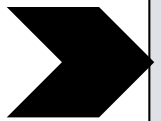
- MEL Game Plan - \$5.0 million surplus position
- RCF Game Plan - Breakeven

# 2022 MEL & RCF FINANCIALS

## TRICO JIF IMPACT



- MEL Additional Assessment - \$16 million\*◇
- RCF Additional Assessment - \$6.8 million◇



- MEL Additional Assessment - \$891,500
  - RCF Additional Assessment - \$535,303
- Total - \$1,426,803

\*Includes MEL Share of the RCF Deficit  
◇Removes Impact of Unrealized Losses

# TRICO JIF - FINANCIAL IMPACT

- TRICO JIF posted their share of the MEL & RCF Deficit to their general ledger at 12/31/2022
  - MEL Deficit charged to the MEL Unencumbered Surplus Account
  - RCF Deficit charged to the Closed Years Account
- TRICO JIF will not be billed in 2023
- TRICO JIF can pay back the deficits over 10 years
- Revaluation will take place each year at 12/31



# TRICO JIF - FINANCIAL IMPACT

- The posting of these deficits does impact the TRICO JIF's overall surplus position
- This is in addition to the impact of Investment Losses on the JIF's surplus position
  - Realized - \$234,508
  - Unrealized - \$1,252,683
  - Total - \$1,487,191\***



# THE REALITIES...

- The 2024 Budget Cycle will be difficult
- The TRICO JIF has over \$28.2 million in cash\*
- The MEL has over \$78.3 million in cash\*\*
- The RCF has over \$80.3 million in cash\*\*

**THE TRICO JIF IS IN MUCH BETTER SHAPE THEN  
MOST JIFS AROUND THE STATE**

\*Valued as of 3/31/2023

\*\*Valued as of 12/31/2022

# THIS STORM WILL PASS...





# AN INDICATION OF BETTER TIMES AHEAD?

## TRICO MUNICIPAL JOINT INSURANCE FUND Range of Indicated 2024 Loss Funds (000s)

2024 Loss Fund Indications			
Coverage	Low	Central	High
Auto Liability	374	415	477
General Liability	1,248	1,387	1,595
Property	988	1,098	1,263
Workers Compensation	4,937	5,486	6,309
Total	7,547	8,386	9,644
Indicated 2023 Loss Funds*	7,363	8,182	9,409
Change 2023 to 2024	2.5%	2.5%	2.5%
Budgeted 2023 Loss Funds 8,175			
Change Budgeted 2023			
to Indicated 2024 Loss Funds	-7.7%	2.6%	18.0%
Workers Compensation Extra Perils Break Out			
Loss Fund	4,680	5,200	5,980
Pension	257	286	329
Total	4,937	5,486	6,309

# THIS MORNING'S AGENDA

## 2. Cyber Risk Management Programs – Kamini Patel, Jerry Caruso, & Ed Cooney



- Status - Employee Training, Phishing, Penetration testing, & Network Scanning
- Cyber Risk Management Plan Compliance
- Understanding & Implementing the Cyber Security Standards

## 3. MEL & RCF Update – Dave Grubb

- Regulatory & Statutory Changes
- New & Expanding Exposures
- The “Hard” Market
- 2024 MEL & RCF Budget Projections



Morning Break

# THIS MORNING'S AGENDA

Morning Break

## 4. Recreational Marijuana – Armando Riccio, Esq.

- The Use of Recreational Marijuana by Employees



Lunch

# THIS AFTERNOON'S AGENDA

## 5. Environmental Risk Management JIF – Rich Erickson

- Revised Storm Water Guidelines
- The Latest on PFAs
- Other E-JIF Initiatives



## 6. First Amendment Audits – Keith Hummel

- What to Know
- How to React



# THIS AFTERNOON'S AGENDA

**Wrap Up & Afternoon Break**

**July Executive Committee Meeting**



# TOMORROW'S AGENDA

## 7. Managing Stress – Debby Schiffer

- How to Better Understand Yourself & Others
- Recognizing Your Sabotaging Thoughts
- Building Your Mental Fitness



## 8. Workers' Comp Claims Management – Tammy Langsdorf & Karen Beatty

- Workers' Comp Claims Studies



# TOMORROW'S AGENDA

**Morning Break**

## **9. Liability Claims Management – David DeWeese, Esq.**

- Litigation Management Philosophy



**Wrap Up & Lunch**

# Thank you!

Paul A. Forlenza, MGA  
Executive Director

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