



Atlantic County
Municipal Joint
Insurance
Fund
Established in 1987
South Jersey Communities Securing Their Future


WELCOME

2023 Atlantic County Municipal
Joint Insurance Fund
Annual Planning Retreat
October 18th & 19th, 2023


Paul A. Forlenza, MGA
Executive Director

www.acmjif.org






HOUSEKEEPING



- Sign in
- Retreat Binders
- Breaks and Returns
- Cell Phones off Please
- Conversations to a Minimum
- Online Survey to be sent by Friday

Online Copy of Retreat Handbook:
<https://acmjif.org/acm-retreat-digital-binder/>



This is Your Program

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2023 PLANNING RETREAT

Approved for the Following Contact Hours:

I. Municipal Finance Officers

- a.) 4.0 Hours – Office Management & Ancillary Subjects
- b.) 1.0 Hours – Information Technology

II. Registered Municipal Clerk

- a.) 4.0 Hours – Professional Development
- b.) 1.0 Hours – Information Technology

III. Certified Public Works Manager

- a.) 4.0 Hours – Management
- b.) 1.0 Hours – Information Technology

IV. Certified Tax Collector

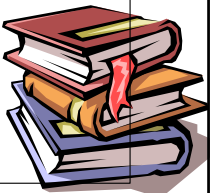
- a.) 4.0 Hours – General/ Secondary
- b.) 1.0 Hours – Information Technology

V. Qualified Purchasing Agent

- a.) 4.0 Hours – Office Admin./General Duties
- b.) 1.0 Hours – Information Technology

** Certificates will be available for those who need the CEU's*
** Please complete a Course Evaluation*

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2023 RETREAT EPILOGUE




October 19th & 20th, 2022

2022 RETREAT EVALUATION

	Excellent	Good	Fair	Poor	No Response
Facilities	14	16	0	0	0
Relevance	16	13	1	0	0
Overall	13	17	0	0	0

	Excellent	Good	Fair	Poor	No Response
Retreat Length	14	13	1	0	0
Time of Year	16	13	0	1	0

	Retreat Handbook
Online Version	51
Hardcopy	17




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LIKES AND DISLIKES

LIKED MOST

- Agenda items
- Breakout Groups
- Listening to the member concerns
- Ability to network
- Variety of topics
- Vehicle repair challenges
- Meeting people & other Clerks
- I learned a few things
- Afternoon snacks



LIKED LEAST

- Chairs were very uncomfortable
- Sessions that did not engage the audience
 - That it wasn't virtual
 - Not understanding a few speakers
- Time out of the office
- Prefer long tables, not round
- Didn't have the handouts
- The scheduled seemed rushed

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FUTURE TOPICS

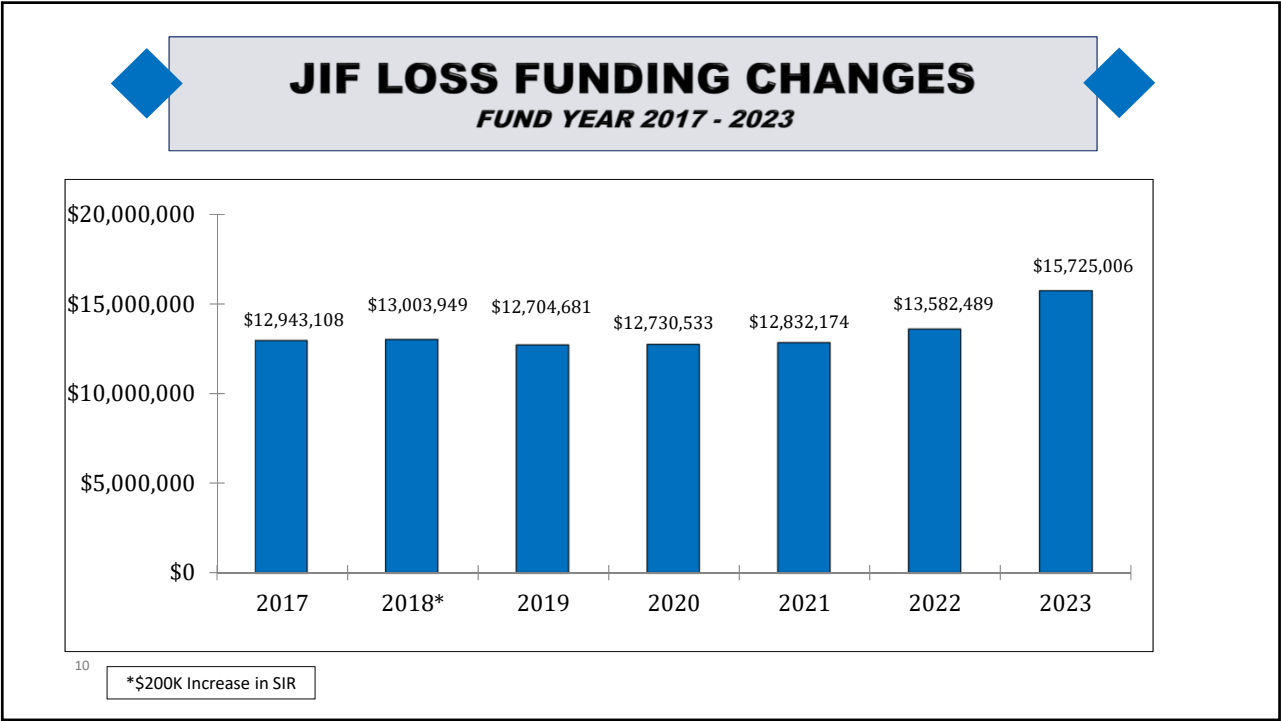
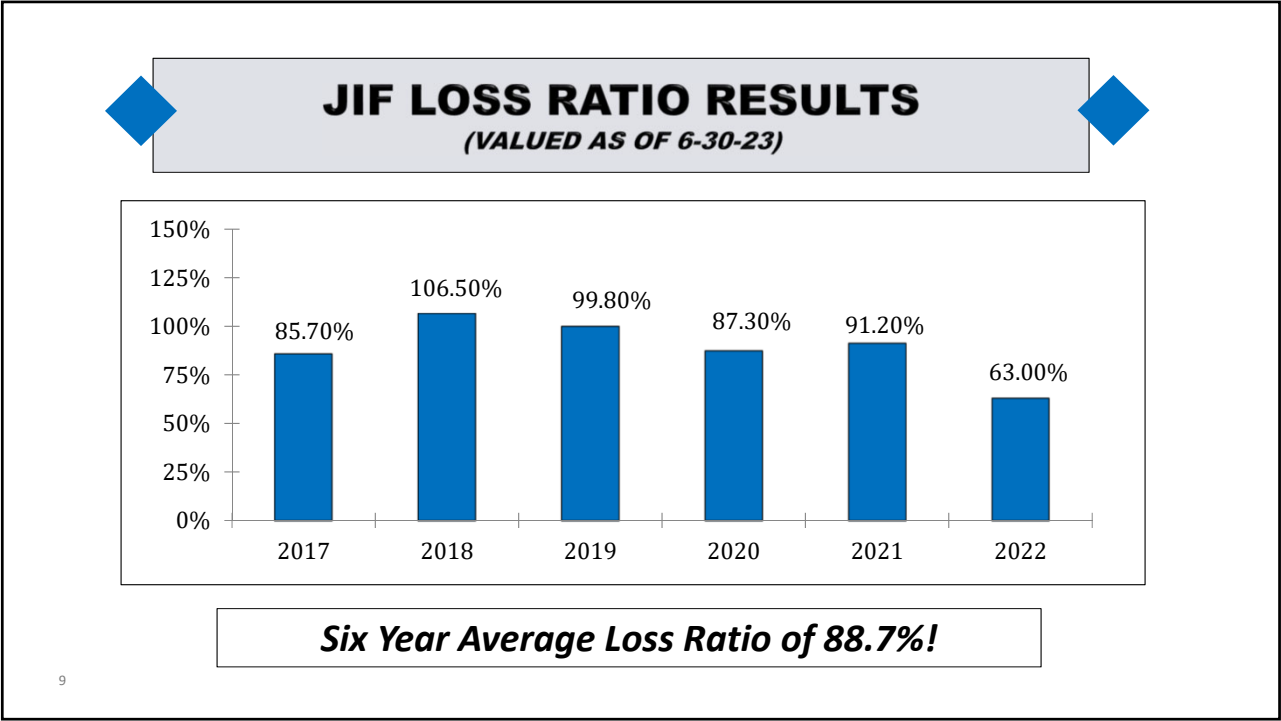
- More on recreational marijuana as we move forward
- More on workers compensation & OSHA
- Relevant information about the JIF
- Third party bodily injury claims
- More on safety related topics & how to engage your employees
- Fund Commissioner expectations/engagement at meetings

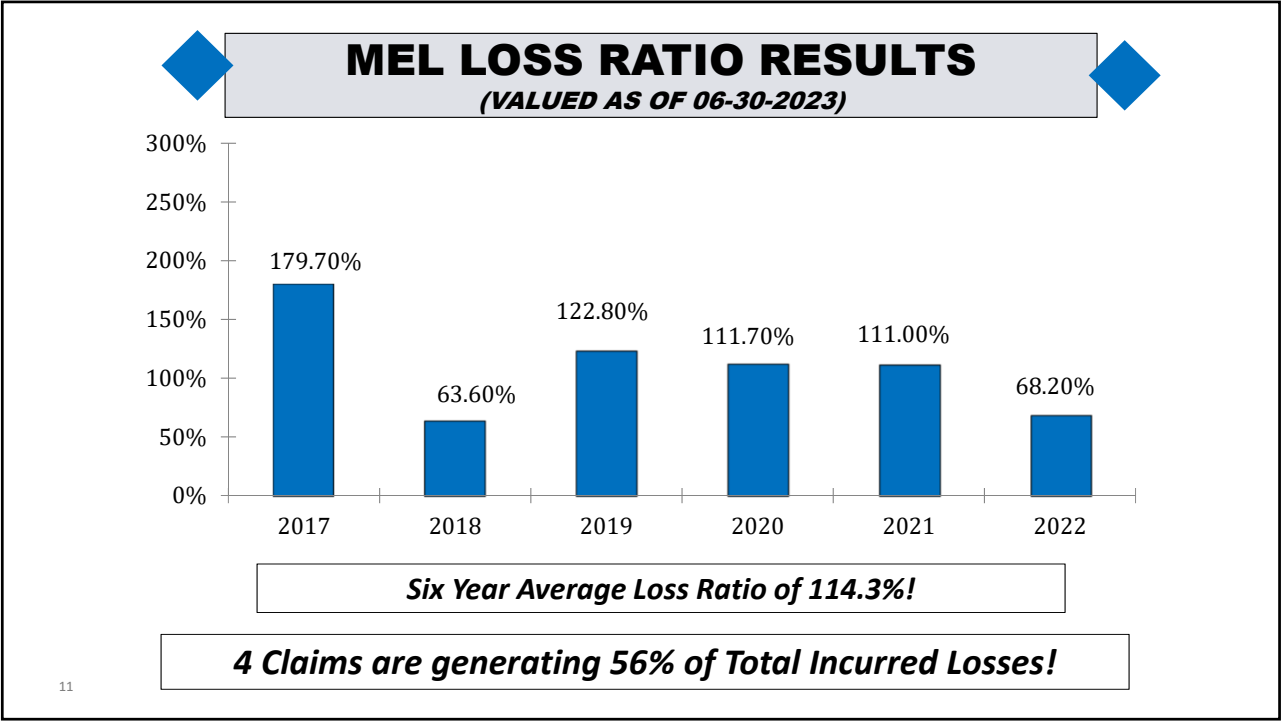
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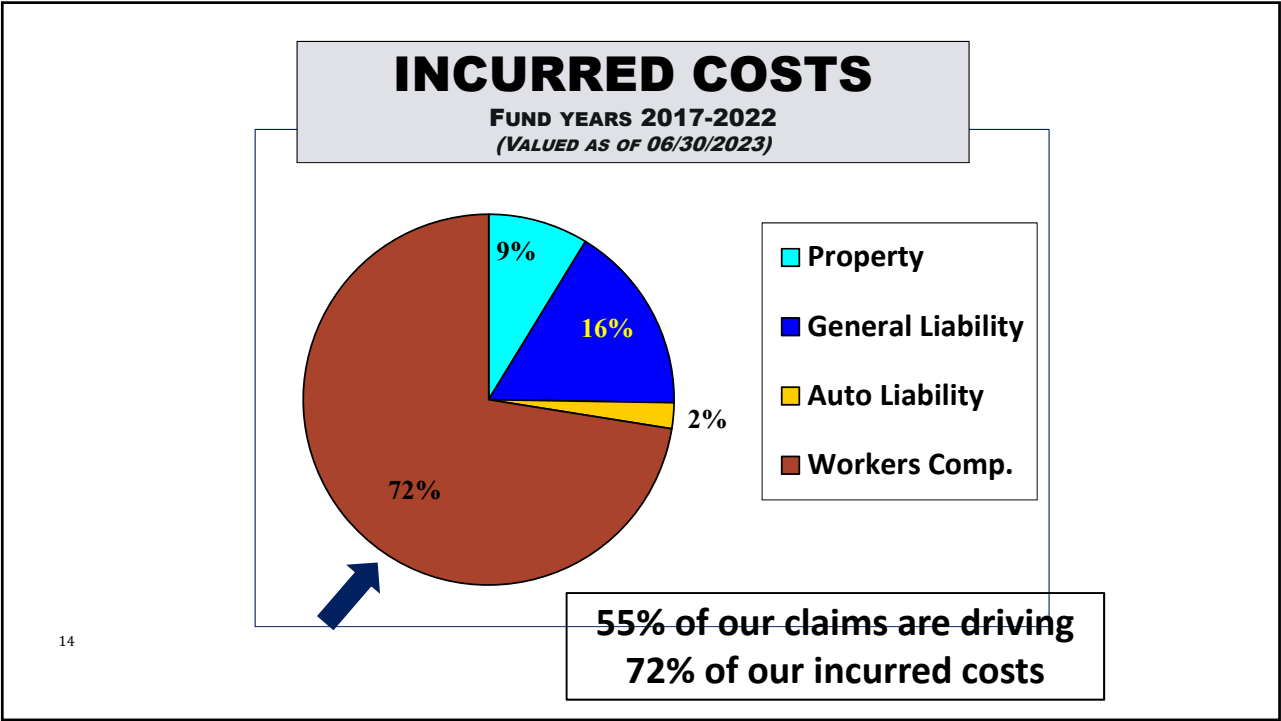
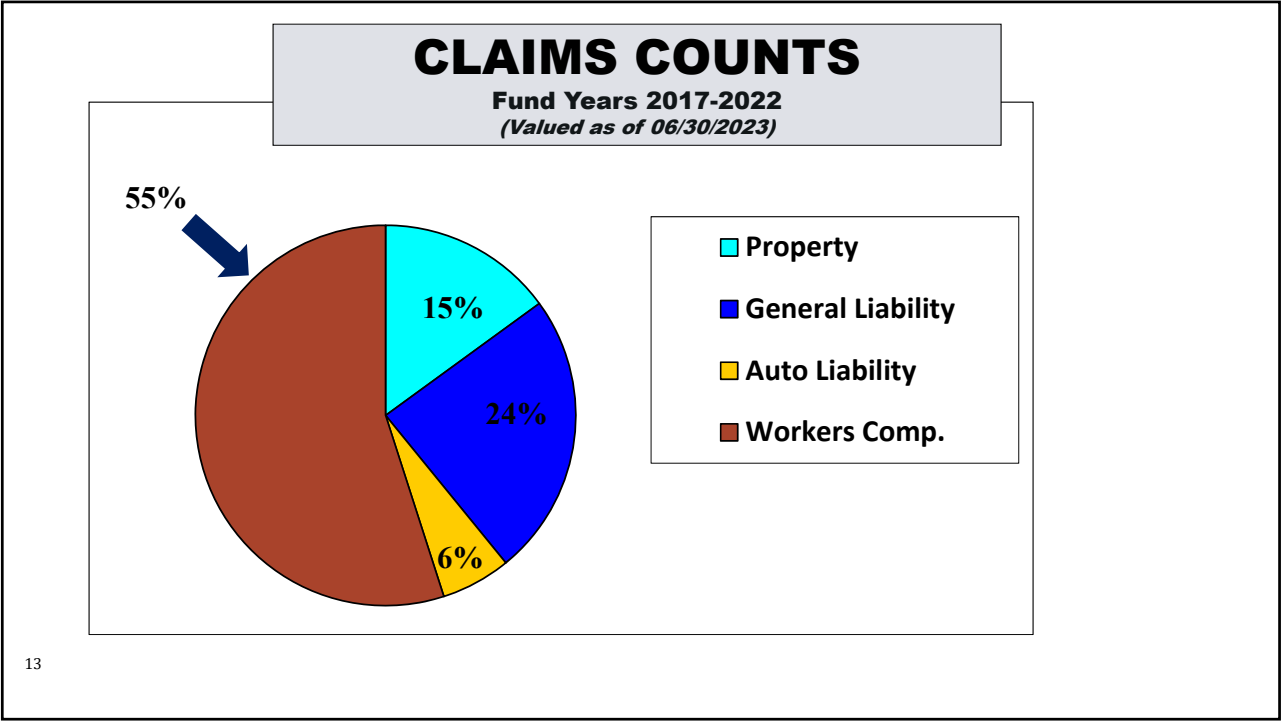
HOW WE DO'IN...

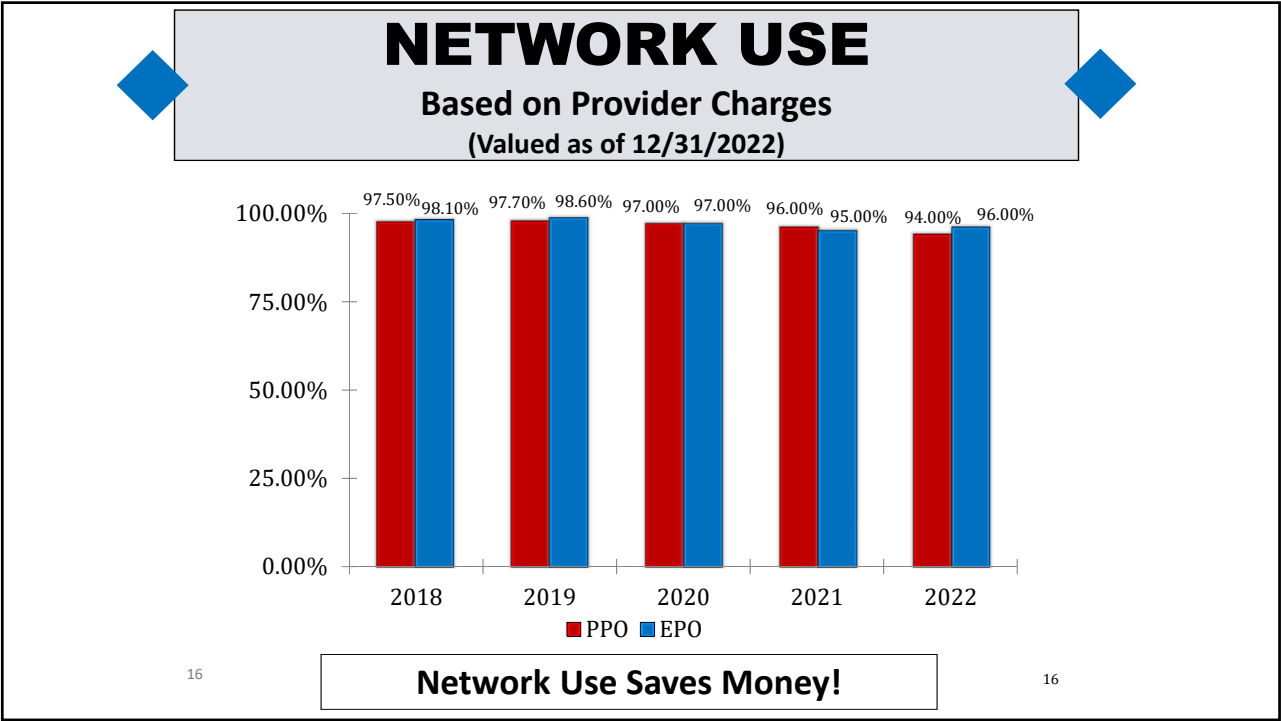
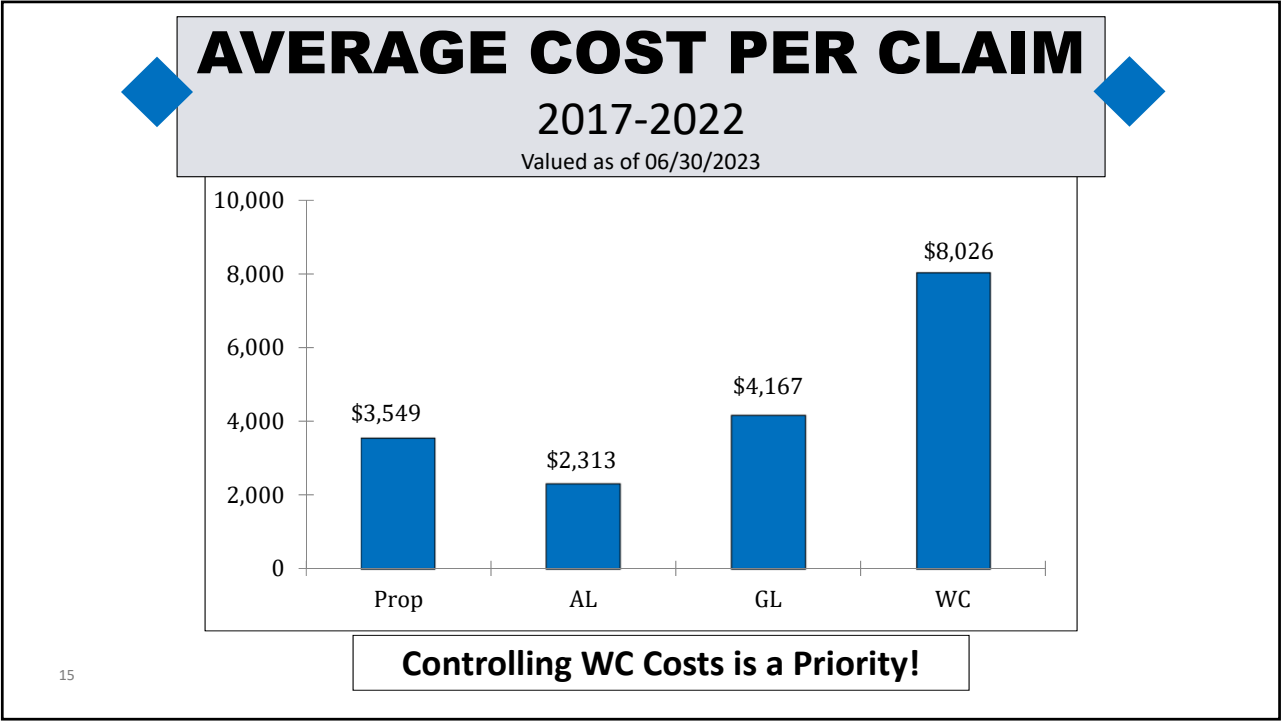


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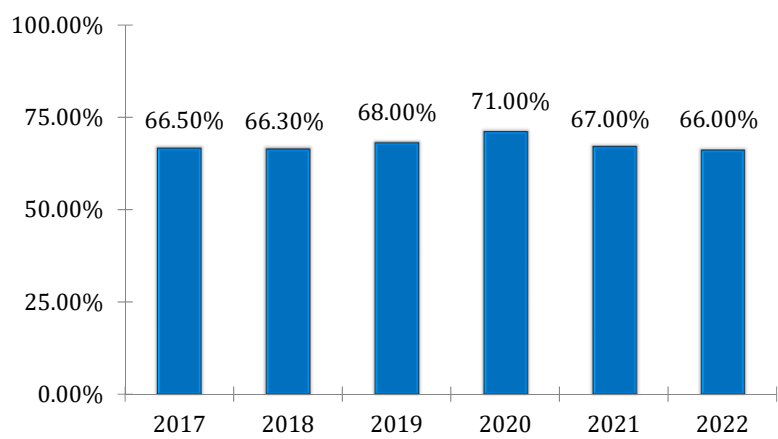






PERCENTAGE OF SAVINGS

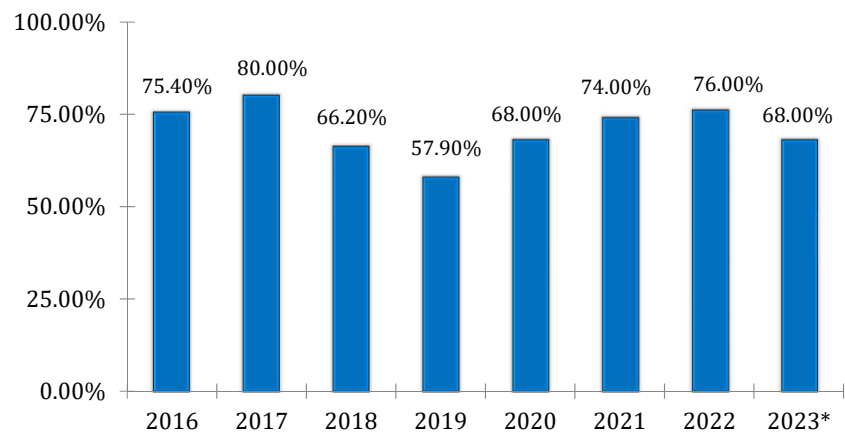
(VALUED AS OF 12/31/2022)



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Significant Savings Through Bill Repricing

TRANSITIONAL DUTY DAYS



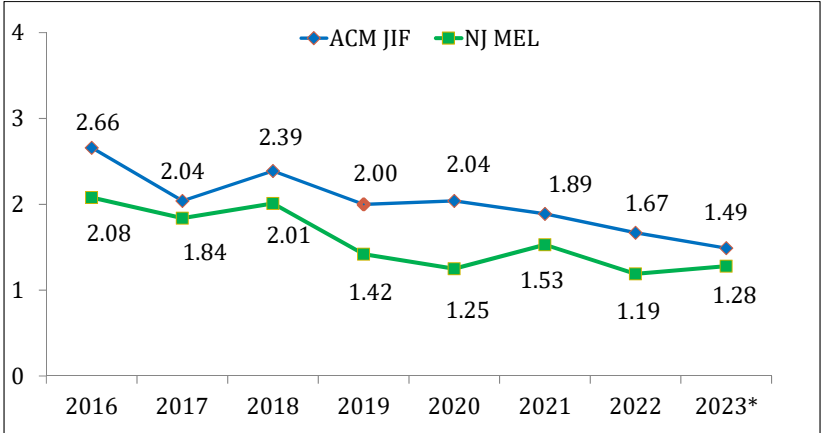
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Use of Transitional Duty Saves Money!

• Through 8/30/2023

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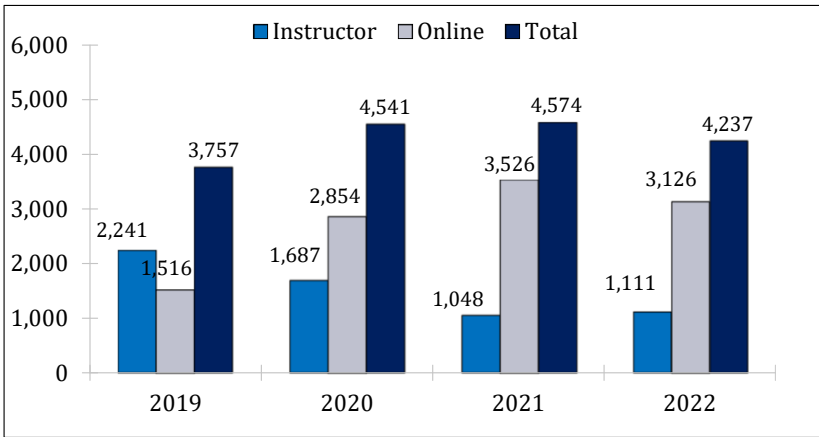
LTAf RESULTS



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

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• Through 7/31/2023

EMPLOYEES TRAINED Instructor Led vs. Online Training



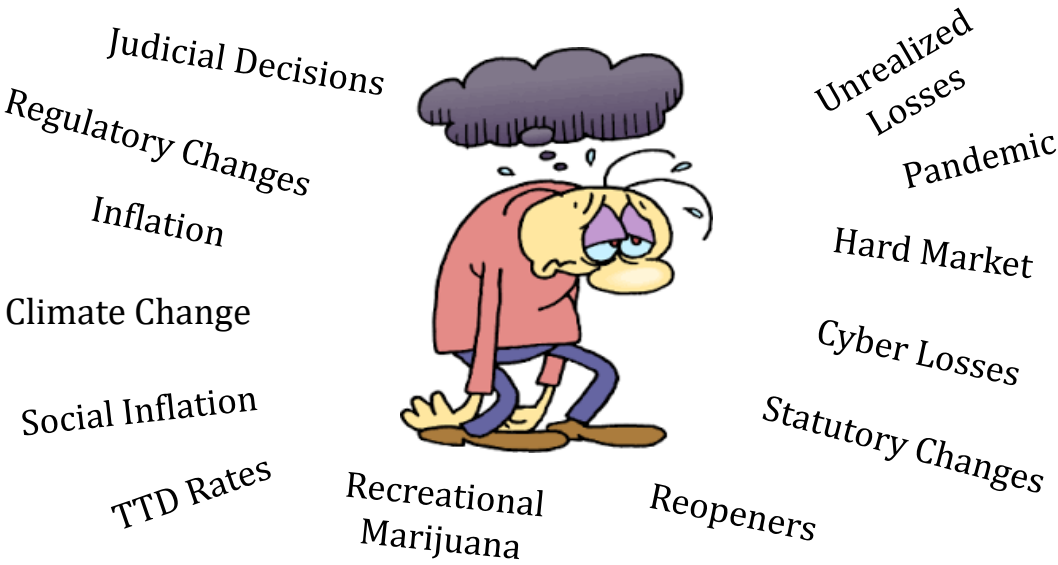
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SO WHAT IS DRIVING OUR BUDGET?



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THE PERFECT STORM



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STATUTORY CHALLENGES

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



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IMPACT OF STATUTORY CHANGES – WORKERS' COMPENSATION

- Statutory Coverage Required
- Pandemic COVID 19
 - Over 8,700 claims & \$24.7 million in MEL Incurred costs
 - Over 1,250 claims & \$2.5 million in ACM Incurred costs
- Firefighters Cancer Presumption
 - 43 claims and \$1.489 million in incurred costs for MEL members
 - Eight (8) claims and over \$150,000 in incurred costs for ACM Members



Valued As of 6/30/2023

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IMPACT OF REGULATORY CHANGES – WORKERS’ COMPENSATION

- **Pension Offset Directive**
 - 168 claims with \$34.474 million in incurred costs in the MEL
 - 15 claims with \$2.1 million in incurred costs for ACM JIF members
- **Increases in the TTD Rate**
 - 13.4% increase since 2021



Valued As of 6/30/2023

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ADDITIONAL CHALLENGES WORKERS’ COMPENSATION

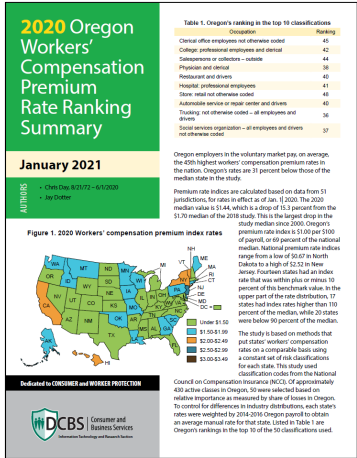
- Claim Re-Openers:
 - 336 claims and over \$51.356 million in incurred costs for MEL members
 - 127 claims and over \$11.62 million in incurred costs for ACM JIF members
- Expanding Definitions:
 - Who’s covered
 - Injuries deemed compensable
 - Medical procedures & Services
 - Increasing PPD rate table

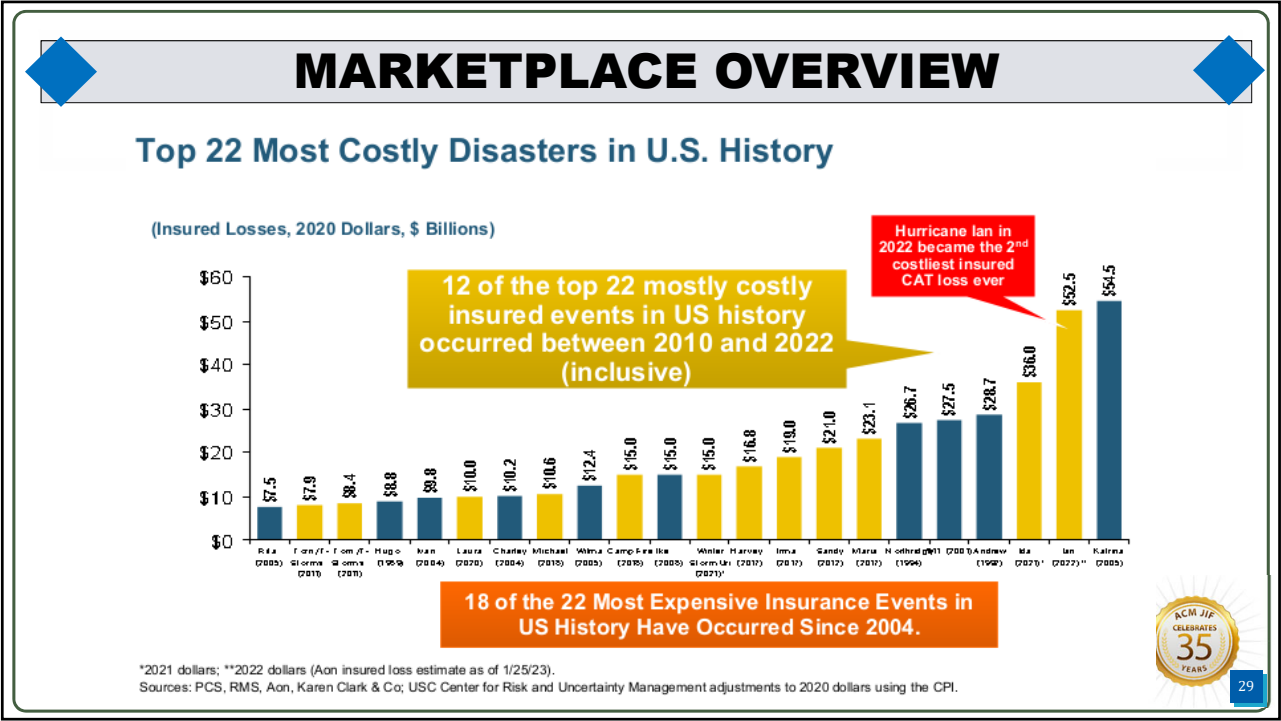


Valued As of 6/30/2023

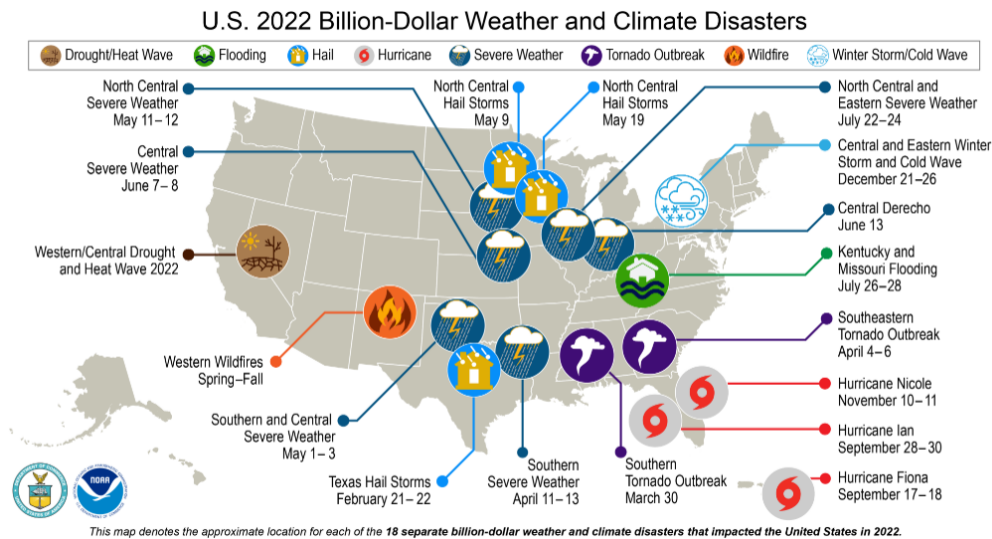
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MARKETPLACE OVERVIEW – WORKERS' COMPENSATION

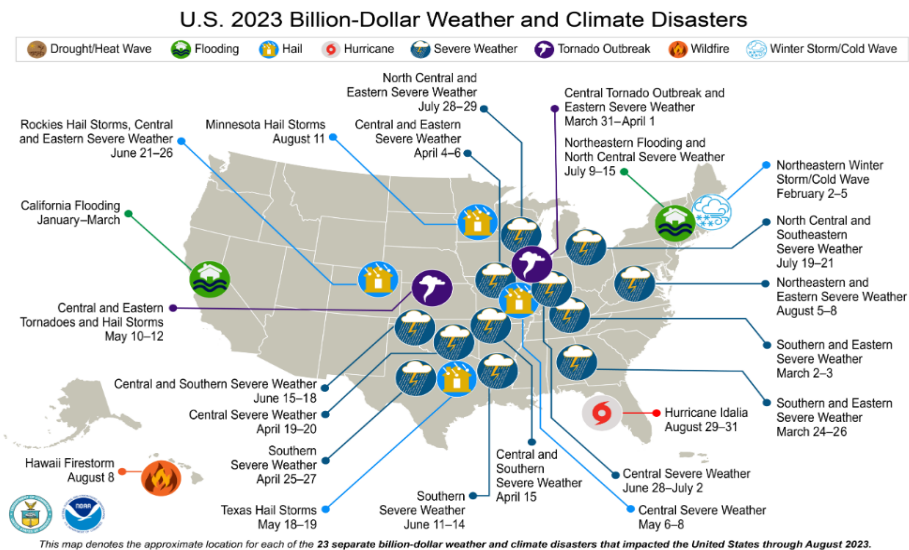




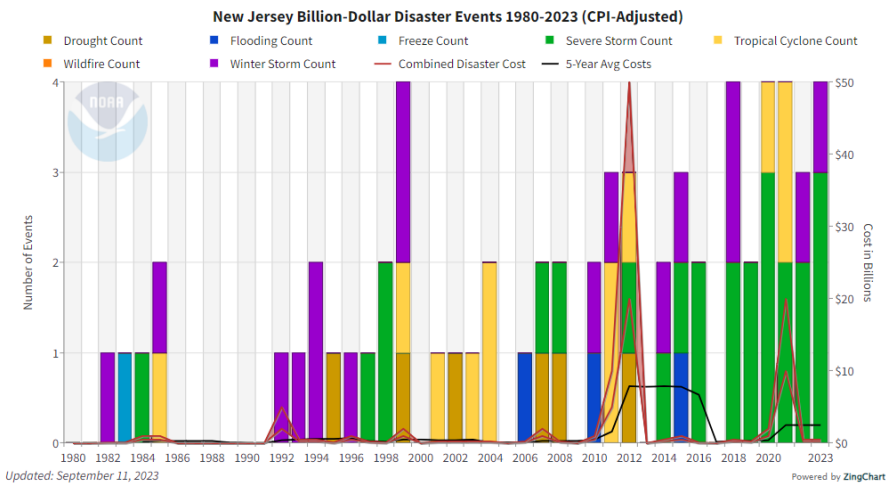
MARKETPLACE OVERVIEW - PROPERTY



MARKETPLACE OVERVIEW - PROPERTY



MARKETPLACE OVERVIEW – PROPERTY NEW JERSEY



Between 1980 and 2022, 24 Severe Storm, 12 Tropical Cyclone, 17 Winter Storm, 3 Flooding, 6 Drought, and 1 Freeze billion-dollar disaster events affected New Jersey (CPI-adjusted).

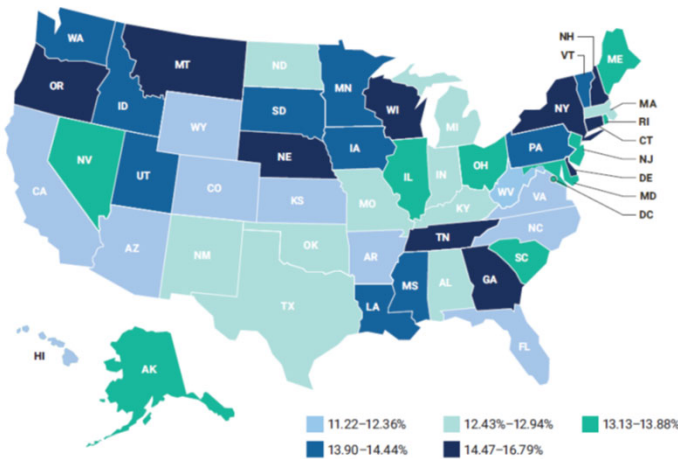
42 years – 63 events

Between 2003 and 2023, 20 Severe Storm, 9 Tropical Cyclone, 8 Winter Storm, 3 Flooding, and 3 Drought billion-dollar disaster events affected New Jersey (CPI-adjusted).

Last 20 years - 43 events

MARKETPLACE OVERVIEW - PROPERTY

Inflation Boosts Reconstruction Costs



* 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
- Nuclear Judgements

■ Judges

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

■ Plaintiff’s Attorneys

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



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HARDENING INSURANCE MARKET - LIABILITY

■ General Liability

- Erosion of Title 59 Immunities
 - Legislative Changes (Statute of Limitation Changes)
 - Judicial Decisions
- Social Media
- Politics
- Low minimum insurance requirements
- Deteriorating infrastructure



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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”

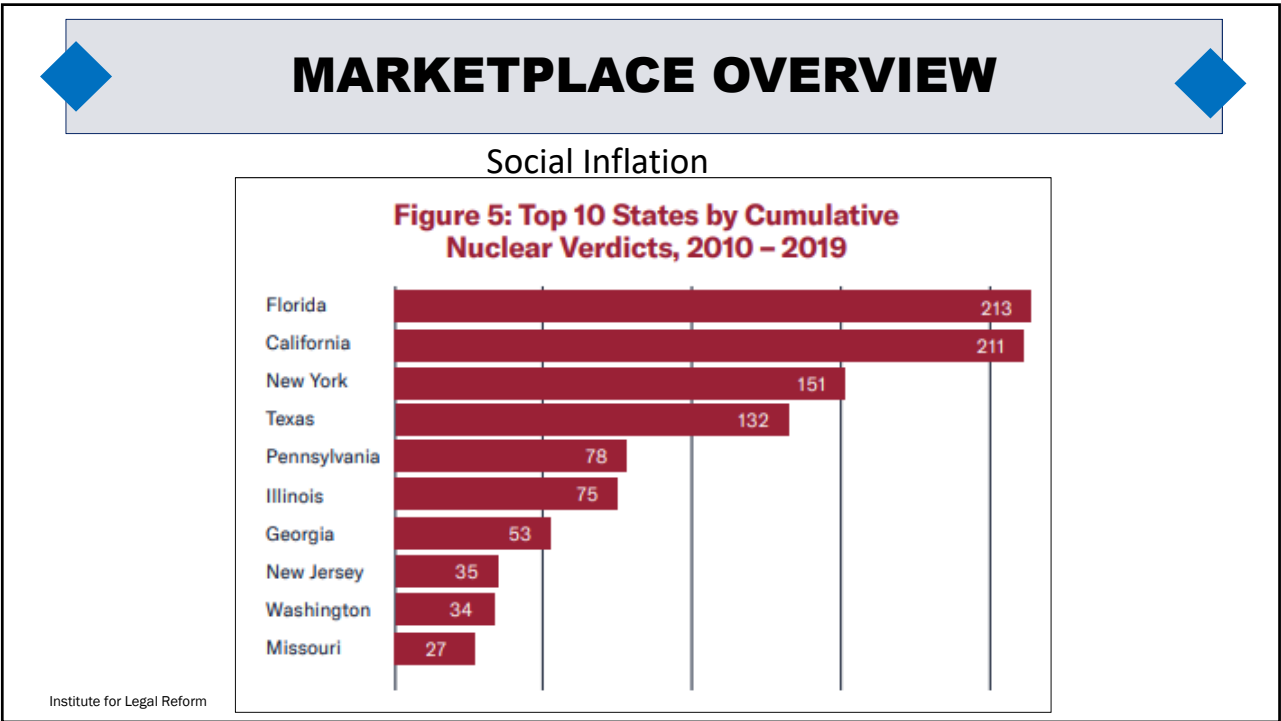
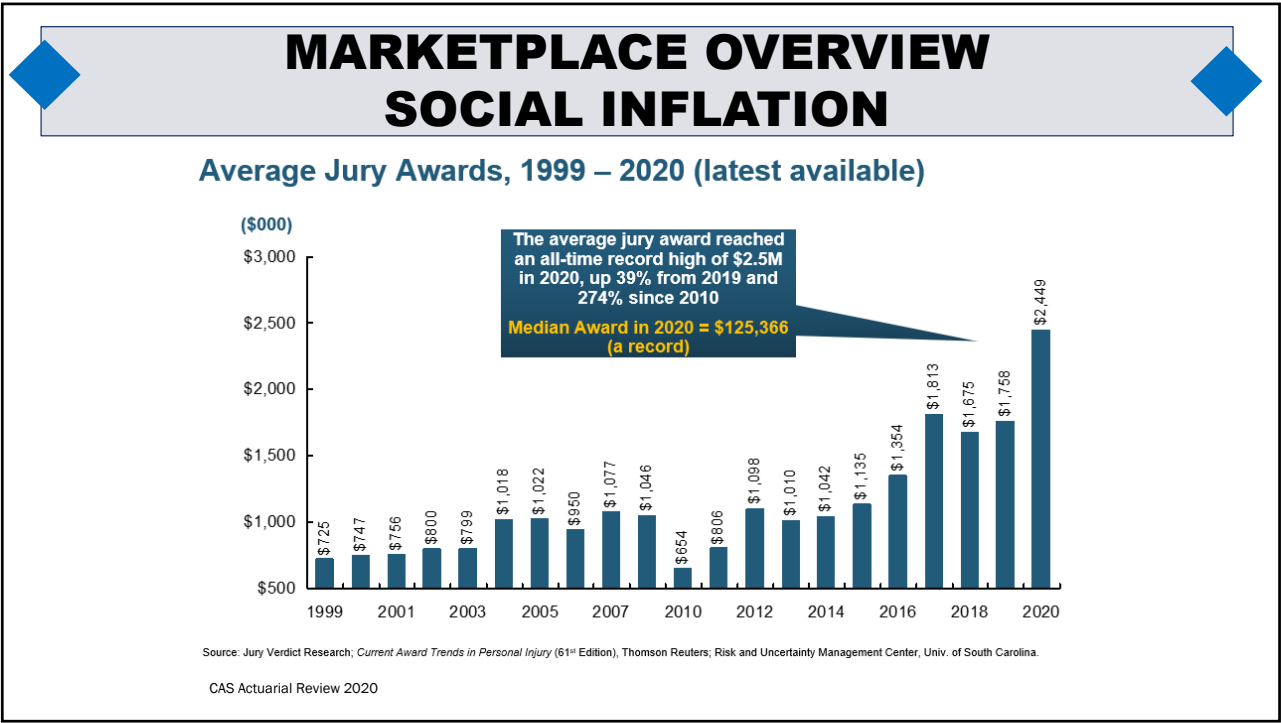
HARDENING INSURANCE MARKET – SOCIAL INFLATION

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 - LIABILITY

Incurred Change Percent														
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	
1/1/2010 - 12/31/2010	84.69%	11.46%	9.91%	3.04%	-10.62%	0.92%	1.75%	-0.90%	-0.39%	0.13%	0.05%	0.01%	-0.05%	
1/1/2011 - 12/31/2011	48.82%	17.90%	14.12%	7.43%	8.20%	2.88%	0.84%	-0.41%	0.97%	-0.66%	-0.07%	-0.02%		
1/1/2012 - 12/31/2012	30.24%	13.95%	20.69%	10.16%	17.68%	1.45%	1.15%	1.07%	2.67%	1.10%	-0.17%			
1/1/2013 - 12/31/2013	30.33%	10.69%	16.67%	14.16%	18.29%	8.55%	7.25%	-6.35%	-0.09%	0.49%				
1/1/2014 - 12/31/2014	18.14%	15.59%	23.03%	23.26%	7.74%	10.91%	1.67%	-0.01%	-0.32%					
1/1/2015 - 12/31/2015	21.05%	13.57%	22.18%	21.55%	14.50%	-2.18%	5.63%	3.71%						
1/1/2016 - 12/31/2016	21.04%	29.81%	25.67%	10.91%	8.95%	2.59%	1.03%							
1/1/2017 - 12/31/2017	26.52%	19.83%	27.31%	13.42%	7.81%	5.11%								
1/1/2018 - 12/31/2018	26.06%	19.21%	31.09%	8.73%	14.91%									
1/1/2019 - 12/31/2019	24.93%	16.86%	33.73%	24.48%										
1/1/2020 - 12/31/2020	55.96%	35.57%	8.47%											
1/1/2021 - 12/31/2021	59.35%	40.65%												
1/1/2022 - 12/31/2022	100.00%													

Claim Count Change Percent														
Periods	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months	
1/1/2010 - 12/31/2010	83.92%	11.15%	3.09%	0.93%	0.25%	0.49%	0.04%	0.03%	0.01%	0.01%	0.03%	0.01%	0.03%	
1/1/2011 - 12/31/2011	84.66%	11.04%	1.94%	1.10%	0.80%	0.25%	0.13%	0.03%	0.00%	0.01%	0.03%	0.00%	0.03%	
1/1/2012 - 12/31/2012	76.98%	18.12%	2.46%	1.43%	0.67%	0.17%	0.06%	0.02%	0.06%	0.00%	0.04%			
1/1/2013 - 12/31/2013	82.45%	12.47%	2.99%	1.12%	0.58%	0.20%	0.04%	0.08%	0.04%	0.02%				
1/1/2014 - 12/31/2014	84.90%	10.53%	2.44%	1.31%	0.49%	0.17%	0.10%	0.07%	0.00%					
1/1/2015 - 12/31/2015	86.78%	9.64%	2.21%	0.96%	0.15%	0.08%	0.10%	0.07%						
1/1/2016 - 12/31/2016	85.00%	11.65%	2.03%	0.75%	0.22%	0.18%	0.16%							
1/1/2017 - 12/31/2017	82.87%	12.77%	3.33%	0.59%	0.28%	0.16%								
1/1/2018 - 12/31/2018	84.58%	12.44%	2.14%	0.50%	0.34%									
1/1/2019 - 12/31/2019	83.17%	13.83%	2.06%	0.94%										
1/1/2020 - 12/31/2020	84.38%	13.76%	1.86%											
1/1/2021 - 12/31/2021	88.34%	11.66%												
1/1/2022 - 12/31/2022	100.00%													

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									

~40%
Increase in
LDF

Liability Focus - MEL Public Entity Data

HARDENING INSURANCE MARKET – CYBER LIABILITY

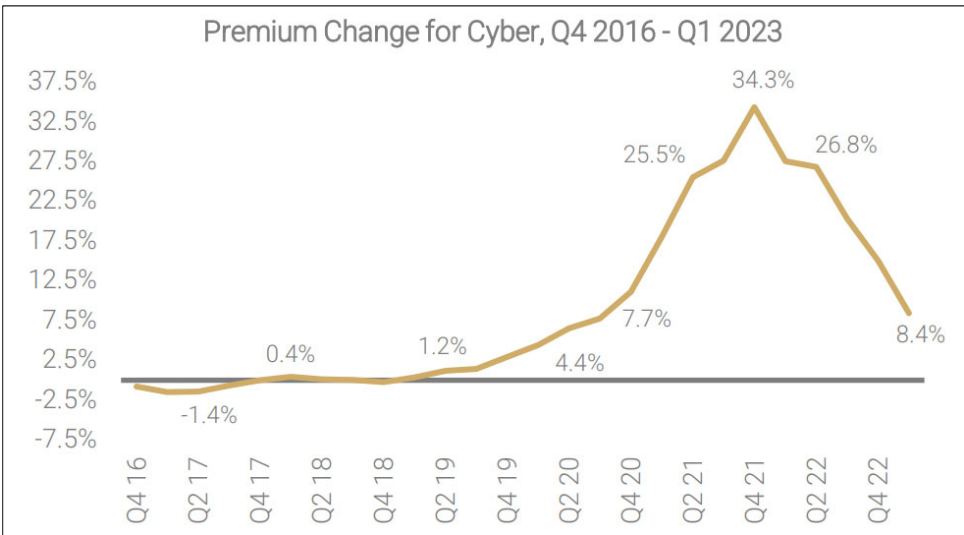
- **Public entities are seen as low hanging fruit**
 - Limited resources to keep up with technology & hiring of IT Professionals
- **Increasing sophistication of cyber attacks**
- **Difficulty in catching/stopping hackers**
- **Cost of data recovery/ransoms**
- **Increasing number of high profile cyber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



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MARKETPLACE OVERVIEW

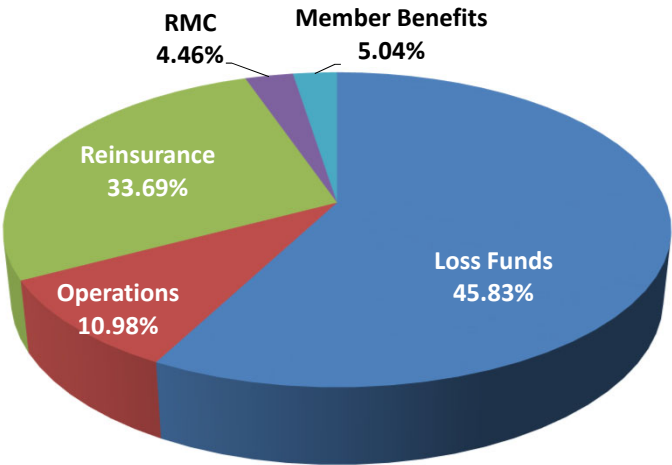
Premium Change for Cyber, Q4 2016 - Q1 2023



CIAB 2022 Q1

ACM JIF BUDGET ALLOCATION

2023 FUND YEARS

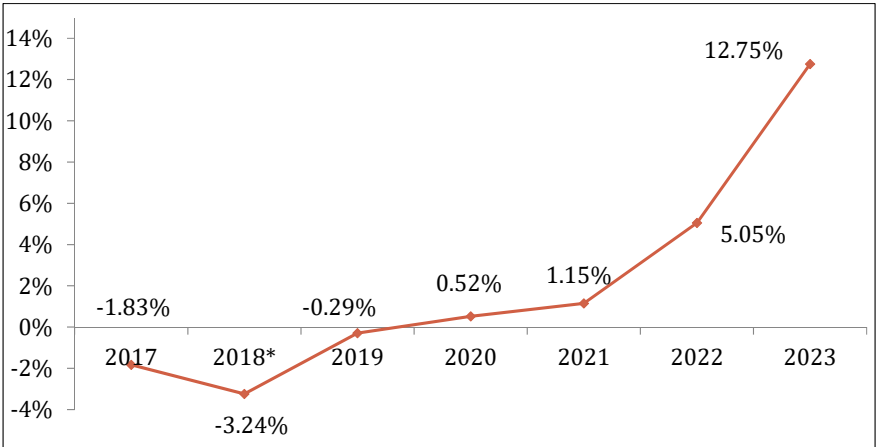


Reinsurance Premiums now account for more that 1/3 of the JIF Budget

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BUDGET TRENDS

Are Budget Increases in Our Future?



46 *\$200K Increase in WC & Liability SIR

A STRONG BOTTOM LINE

Atlantic County Municipal Joint Insurance Fund Historical Operating Results Summary All Fund Years June 30, 2023	
	Total
Earned Contributions & MEL / RCF Dividends	\$542,644,785
Closed MEL Surplus Transfer Balances	3,361,239
Claims Paid (Net of Subrogation)	(229,253,990)
Excess Recoveries	696,395
Excess Insurance Premiums Paid	(123,618,130)
Operating Expenses Paid	(87,236,249)
MEL Supplemental Assessments - Paid	(1,218,619)
Residual Claims Fund Premiums Paid	(32,961,120)
Residual Claims Fund Supplemental Assessments - Paid	(813,730)
Total Payments	(474,405,444)
Position After Expenses	71,600,580
Investment Income (realized)	25,249,699.34
Transfers	-
Return of Surplus	(50,109,680)
CASH POSITION	46,740,600
Investment Income (unrealized)	(2,409,101)
Case Reserves	(15,364,556)
IBNR Reserves	(13,863,137)
MEL Supplemental Assessments - Not Paid	(1,140,643)
Residual Claims Fund Supplemental Assessments - Not Paid	(95,646)
Residual Claims Fund Supplemental Assessments - Future FY	(860,809)
Net Current Surplus/(Deficit)	13,096,707

WHAT'S IMPACTING OUR
BOTTOM LINE?
VALUED AS OF 6/30/2023

Since December 31, 2019:

MEL Supplemental Payments:

Reserve – MEL Supplemental Payments:

RCF Supplemental Payments:

Reserve – RCF Supplemental Payments:

Totals:

Unrealized Investment Losses

Total Impact:

\$1,218,619

\$1,140,643

\$ 813,730

\$ 956,455

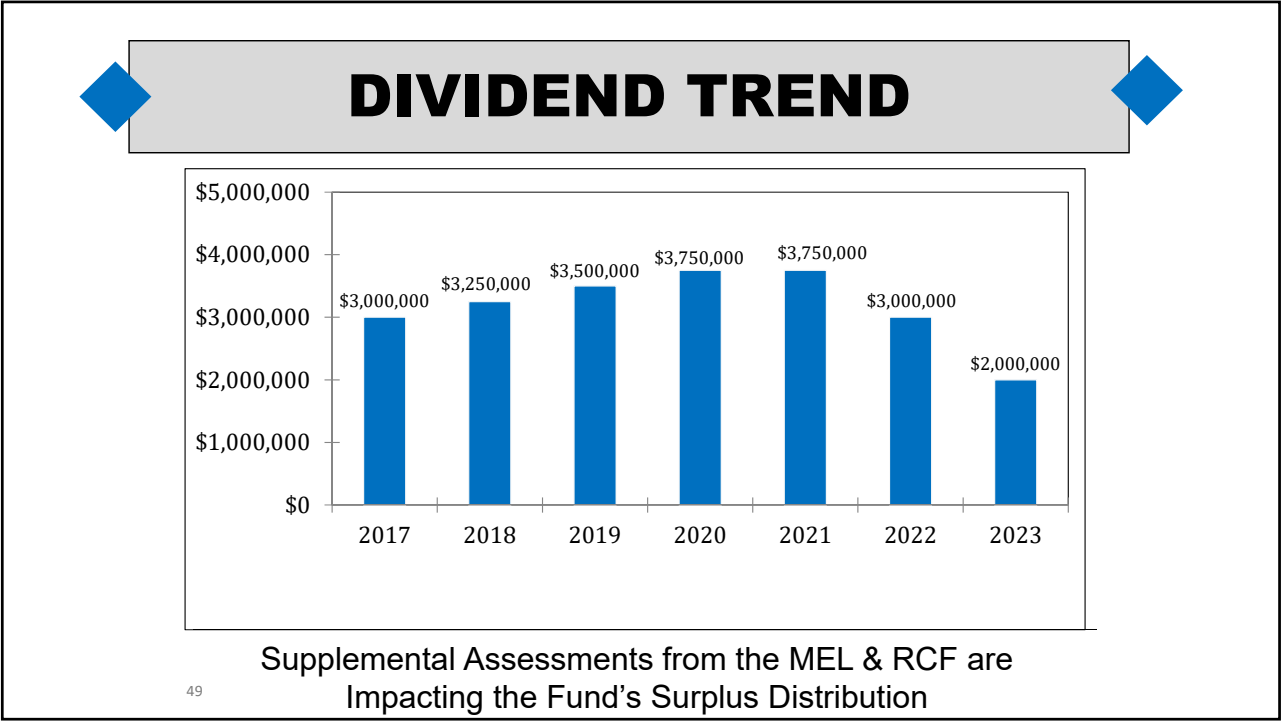
\$4,129,447

\$2,409,101

\$6,538,548

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48



THE REALITIES...

- The ACM JIF has over \$47.6 million in cash
- The MEL has over \$61.7 million in cash
- The RCF has over \$78.0 million in cash

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

Valued as of 6/30/2023

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THIS STORM WILL PASS...



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AN INDICATION OF BETTER TIMES AHEAD?

ATLANTIC COUNTY MUNICIPAL JOINT INSURANCE FUND
Range of Indicated 2024 Loss Funds (000s)

2024 Loss Fund Indications			
Coverage	Low	Central	High
Auto Liability	448	498	573
General Liability	2,437	2,708	3,114
Property	1,297	1,441	1,657
Workers Compensation	10,485	11,650	13,398
Total	14,667	16,297	18,742
Indicated 2023 Loss Funds	13,410	14,898	17,133
Change 2023 to 2024	9.4%	9.4%	9.4%
Budgeted 2023 Loss Funds	15,725		
Change Budgeted 2023 to Indicated 2024 Loss Funds	-6.7%	3.6%	19.2%
Workers Compensation Extra Perils Break Out			
Loss Fund	9,938	11,043	12,699
Pension	547	607	698
Total	10,485	11,650	13,398

*Budgeted loss funds and budgeted extra perils must be greater than \$14,667K and less than \$18,742K for a Statement of Actuarial Opinion that is a Determination of Reasonable Provision.

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THIS MORNING'S AGENDA

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

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

Morning Break

3. First Amendment Audits – Keith Hummel

- What to Know
- How to React

Lunch

CYBER

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THIS AFTERNOON'S AGENDA

4. 2022 Retreat - Where Do We Go From Here?

- Breakout Group Recommendations
- What did we learn?
- How do we use it?

5. E-JIF Proposal – Steve Sacco, Rich Erickson, & Fred Semrau

- Benefits from Membership
 - Services available
 - Coverage
- Cost of Membership
- Is it time to join the E-JIF?

DANGER

HAZARDOUS

CHEMICALS

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Afternoon Break & Executive Meeting

TOMORROW'S AGENDA

6. WC Claims Management Process – Tammy Langsdorf & Karen Beatty

• Proper Reporting of WC Claims

➤ Reporting statistics

• Claims Case Studies

7. Liability Claims Management Process – David DeWeese

• Proper reporting of Liability Claims

• Litigation Management Philosophy

• Claims Case Studies

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Morning Break

Atlantic County
Municipal Joint
Insurance
Fund

Jif

Established in 1987

South Jersey Communities Securing Their Future

Thank you

Paul A. Forlenza, MGA
Executive Director

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