

**BURLINGTON COUNTY MUNICIPAL JOINT INSURANCE FUND
HAINESPORT TOWNSHIP MUNICIPAL BUILDING
1 HAINESPORT CENTRE, RTE 537
HAINESPORT, NEW JERSEY**

December 12, 2017

OPEN SESSION MINUTES

A special meeting of the Burlington County Municipal Joint Insurance Fund (BURLCO JIF) was held at the Hainesport Township Municipal Building, 1 Hainesport Centre, Rte. 537, Hainesport, New Jersey, Tuesday, December 12, 2017 at 3:00PM, prevailing time. Chair Keller, **Springfield**, presiding. The meeting was called to order at 3:00PM.

FLAG SALUTE

STATEMENT OF COMPLIANCE WITH OPEN PUBLIC MEETING ACT

Notice of this meeting was given by: (1) sending sufficient notice herewith to the *Burlington County Times*, Mt. Holly, NJ, and to the *Courier Post*, Cherry Hill, NJ; (2) filing advance written notice of this special meeting with the Clerks/Administrators of all member municipalities of the Burlington County Municipal Joint Insurance Fund; and (3) posting notice on the public bulletin boards of all member municipalities of the Burlington County Municipal Joint Insurance Fund.

ROLL CALL

Rich Wolbert, **Beverly City**
Glenn McMahon, **Chesterfield Twp.**
Paula Kosko, **Hainesport Twp.**
Mike Fitzpatrick, **Mansfield Twp.**
Kathy Burger, **Medford Twp.**
John Gural, **Palmyra Borough**
Dennis Gonzalez, **Pemberton Twp**
Meghan Jack, **Riverside Twp.**
J. Paul Keller, **Springfield Twp.**
Doug Cramer, **Tabernacle Twp.**
James Ingling, **Wrightstown Borough**

Absent Fund Commissioners were:

Amanda Somes, **Bass River Twp.**
Grace Archer, **Bordentown City**
Mike Theokas, **Bordentown Twp.**
Jeff Hatcher, **Delran Twp.**
Mike Templeton, **Delanco Twp.**
Gene DiFilippo, **Edgewater Park Twp.**
Patrice Hansell, **Fairfield Twp.**
Richard Brook, **Florence Twp**
Mike Mansdoerfer, **Lumberton Twp**
Meredith Tomczyk, **Mt. Laurel Twp**
Mary Picariello, **North Hanover Twp.**

Donna Mull, **Pemberton Borough**
David Matchett, **Shamong Twp.**
Kathy Hoffman, **Southampton Twp.**
Maria Carrington, **Westampton Twp.**
Maryalice Brown, **Woodland Twp.**

Those also in attendance were:

Paul Miola, *Executive Director, AJG Management Services, Inc*
Paul Forlenza, *Deputy Executive Director, AJG Risk Management Services, Inc.*
David S. DeWeese, *Esquire, Fund Solicitor, The DeWeese Law Firm, P.C.*
Ed Cooney, *Underwriting Manager, Conner Strong & Buckelew*

Also present were the following Risk Management Consultant agencies:

AJM Insurance
Hardenberg Insurance Group
Insurance Agency Mgmt....*arrived 3:06*

Absent Risk Management Consultant agencies:

CBIZ Benefits & Insurance Services
Conner Strong & Buckelew
EJA/Capacity Insurance

These minutes do not necessarily reflect the order in which some items were discussed.

CONDUCT OF MONTHLY MEETING

Motion by Ms. Jack, seconded by Mr. Cramer, to allow that this Special meeting to be conducted by the Fund Commissioners present with all matters to be decided upon by a combined majority vote of all the Fund Commissioners. All in favor. Motion carried.

Presentation by Pemberton Township

Mr. Powell, Hardenbergh Insurance Group, Risk Management Consultant for Pemberton Township introduced himself to the Committee and thanked them for their time.

He explained that Mr. Gonzalez had contacted him earlier this year to discuss the JIF EPL Coverage, the status of a number of claims that were submitted, the poor communication he was experiencing with the Adjusters, and the lack of assistance from Legal Counsel in regards to those claims he has been experiencing.

Mr. Powell noted that he then contacted the Executive Director's office and shared Pemberton's concerns with them as well, and to see if any other options for EPL coverage were available. He further stated that he had discussions with the Underwriting Manager, Mr. Cooney, regarding Pemberton's concerns.

A meeting was held at the Hardenbergh offices with Mr. Gonzalez, Mr. Miola, Mr. Forlenza, and Mr. DeWeese (via phone), to address Mr. Gonzalez's concerns and, if not possible, to see if Pemberton Township could secure their own EPL Coverage outside the JIF Program.

Mr. Gonzalez then addressed the membership. He thanked them for their time, and reiterated his understanding that Pemberton Township has an obligation to the JIF based on the Township's execution of the Indemnity & Trust and Agreement and will absolutely comply with the results of today's meeting. He then explained in greater detail his dissatisfaction with the current carrier, stating he saw no value in the coverage provided, as he feels they do not handle cases properly, deny coverage if possible, and won't work with the Township in regards to the logistics of a case. He then provided detailed examples on three (3) settled claims that he felt were not handled correctly. He stated that he believes that the carrier was solely functioning on their own behalf.

Mr. Gonzalez completed his presentation by stating that he doesn't feel the Township of Pemberton is well represented by the current carrier, and does not trust, or have any faith in the lawyers and adjusters the carrier assigns to the cases. Mr. Gonzalez stated that he feels it is his obligation, on behalf of Pemberton Township, to let the membership know of these concerns, and doesn't understand why a member town cannot purchase this coverage elsewhere as it is simply "pass through" coverage.

Mr. DeWeese stated that in the claims for Pemberton Township that Mr. Gonzalez cited where coverage has been denied, he has been advocating for coverage on behalf of Pemberton Township, as he does with every member. He explained that in this particular claim, coverage was denied due to the allegations in the complaints, as well as the fact there are no demands for damages in any of the complaints. He noted he was able to convince Summit Risk to take the amended complaints to the carrier and had the carriers Coverage Counsel review each complaint as they came in for coverage, and they found in each instance there was no coverage.

Mr. DeWeese noted there is a 4th and 5th amended complaint that have not been submitted yet, and he has suggested to Mr. Gonzalez those should be submitted as there may be new allegations in those 4th and 5th amended complaints that could trigger coverage. However, as it stands now, the Coverage Counsel has issued written opinions, which has been communicated to the Township, that there is no coverage on the current complaints as there are no damage components.

A discussion ensued in regards to what could be done to help rectify this situation with Pemberton Township. Mr. Keller reiterated the complaints from Pemberton Township seem to be settlement and coverage issues. Mr. Forlenza stated Pemberton Township would like to move only their EPL/POL Coverage out of the current program to another carrier; however, the JIF Bylaws state (he referenced excerpts included in the agenda) that all members participate in all major lines of coverage offered by the JIF. In addition, the Indemnity & Trust Agreement which is executed by a member upon joining the JIF, and then again each time a member renews their membership in the JIF, indicates that the member will participate in all major lines of coverage. Mr. Forlenza noted that he believes Pemberton Township's position is that the EPL/POL Coverage is not really a major line of coverage and is simply coverage provided as a "pass through" to the member. Mr. Forlenza noted his concern in allowing a member to leave the JIF for any line one line of coverage. He warned against the possible negative impact on the Fund if towns are able to start to seek alternative carriers outside of the JIF for different lines of coverage.

He reiterated that the Fund operates effectively and efficiently and is financially sound due to everyone's participation in the program for all lines of coverage. He explained that the Department of Insurance wrote the regulations requiring all towns to participate in all lines of coverage to help the Funds to become financially stable and stop "adverse selection".

Mr. Keller questioned the performance issues Mr. Gonzalez feels are lacking with the current carrier. Mr. DeWeese stated he believes he has tried to work with Mr. Gonzalez in addressing his concerns. Mr. Keller asked if other members have similar complaints. Mr. DeWeese stated that during the years with the current carrier, there has only been one incident where a member of another JIF completely disagreed with the carrier's position in regards to settling a claim. In that situation, the carrier wrote a check to the City in the amount the claim could have settled for and took over defense of the case. They went to trial and lost horribly. Mr. DeWeese believes in all other cases it has been able to work with the carrier and the town on how to defend the case. Mr. DeWeese stated certain lawyers are chosen by the carrier for certain cases due to their expertise on specific issues.

Mr. Keller asked if there were any coverage waiver provisions in the Bylaws. Mr. Forlenza stated that he is unaware of any such provisions in the Bylaws. Mr. Miola agreed. Ms. Jack asked Mr. Gonzalez if he is asking the JIF amend the Bylaws. Mr. Forlenza noted the process to amend the Bylaws is time consuming and probably could not be amended until the middle of next year. In addition, the State has the ability to deny any Bylaw amendments if they feel it will jeopardize the integrity of the JIF. Mr. Forlenza referenced the Bylaws excerpt in the agenda packet stating that the term "major line of coverage" is not defined; however, in his opinion, the EPL/POL Coverage is a major line of coverage, as referenced in the Indemnity and Trust Agreement.

Mr. DeWeese stated that from a legal interpretation of the Bylaws, he believes EPL/POL falls under "major lines of coverage" as this coverage is being purchased in bulk for the JIF, not for individual members. Pricing is based on the bulk purchase rate assuming every municipality with participate in the coverage, even though it is an outside carrier.

Mr. Powell asked if it was possible for Pemberton Township to choose Defense Counsel to represent them in these type cases. He explained that this might help Pemberton Township to feel more comfortable and possibly alleviate some of the difficulties Pemberton is experiencing. Mr. DeWeese stated that as in years past, he will prepare a Resolution for the Reorganizational Meeting in January stating the JIF's recommendations for Assigned EPL/POL Counsel. This will give the carrier a list of recommended attorneys to use; however, ultimately it is the carrier's selection. Mr. DeWeese stated that even though the carrier has been very cooperative in using counsel the JIF recommended in the past, there isn't any way to require the carrier to use these attorneys. Mr. Keller asked if when the time comes to renew coverage with the carrier, is it possible to put in the contract they need to utilize the JIF's recommended attorneys. Mr. Cooney replied to Mr. Keller's question, stating that the JIF/MEL has been working with the carrier's current underwriting team and adjusters for the last seven (7) years and he feels they are a very strong team and very open to any JIF/MEL suggestions. Mr. Cooney stated that he will have a discussion with the carrier in this regard; however, he doesn't believe they would give up their ability to choose counsel. The Committee seemed to feel that was the best answer right now.

Mr. Keller asked about the process to amend the Bylaws should that ultimately be Pemberton's request. Mr. Forlenza explained that the revisions would need to be introduced at a regular JIF meeting, sent to all members for approval within a certain number of days; $\frac{3}{4}$ of the members need to approve it within a certain amount of days, then final approval by the Fund. Once the process is complete, it is sent to the State for approval. Mr. Forlenza stated that in this particular situation, the State might not approve this proposed revision as it is contrary to one of the original state regulations regarding JIF membership provisions.

Mr. Keller stated at this time he feels the best solution is to work with the Fund Solicitor, Summit Risk, and the carrier on the idea of improving the defense counsel assigned to Pemberton

claims. Mr. Gonzalez asked the Committee to please keep discussions going in regards to the concerns expressed and try to come up with a resolution to this situation in a timely manner.

Mr. Forlenza added that he feels an open dialogue between Summit Risk, the Underwriting Manager, and the carrier is a must as we move forward in the New Year.

Mr. Gonzalez then thanked the members for their time and attending today's meeting.

Mr. Keller asked if there were any other comments or questions. Being none, he continued.

MISCELLANEOUS BUSINESS

Next Meeting

Chair Keller noted that the next meeting of the BURLCO JIF will take place on **Tuesday, December 21, 2017 at 4:00 PM** at the Medford Village Country Club, Medford, NJ.

MEETING OPEN TO PUBLIC COMMENT

Motion by Ms. Jack, seconded by Mr. Cramer, to open the meeting to the public. All in favor. Motion carried.

Chair Keller opened the meeting to the public for comment.

Hearing no comments, Chair Keller entertained a motion to close the public portion of the meeting.

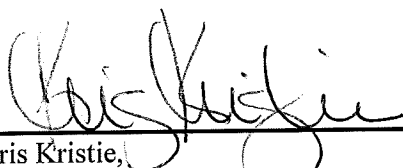
Motion by Ms. Jack, seconded by Mr. Gural, to close the meeting to the public. All in favor. Motion carried.

MOTION TO ADJOURN

Chair Keller entertained a motion to adjourn the December 12, 2017 Special meeting of the BURLCO JIF.

Motion by Ms. Jack, seconded by Mr. McMahon, to adjourn the December 12, 2017 Special meeting of the BURLCO JIF. All in favor. Motion carried.

The meeting was adjourned at 4:00 pm.


Kris Kristie,
Recording Secretary for


MEGHAN JACK, ACTING SECRETARY