

**NEW JERSEY CYBER RISK MANAGEMENT FUND**

**OPEN MINUTES**

**November 26, 2024**

**VIA TELECONFERENCE – 3:30 PM**

Chairwoman Tozzi called the meeting to order and read the statement of compliance open public meeting act.

**ROLL CALL OF 2024 FUND COMMISSIONERS**

Joy Tozzi - Chair	East Windsor - Mid-Jersey JIF	Absent
Adam Brewer - Secretary	Pequannock Township – Morris JIF	Present
Megan Champney	City of Summit- Suburban Municipal JIF	Present
Jim Gant	Sea Girt Borough – Monmouth JIF	Present
Joseph Wolk	Borough of Mount Ephraim- Camden JIF	Present
Bernard Rutkowski	Toms River MUA - NJUA JIF	Absent
Marc Schrieks	Lodi Borough – South Bergen JIF	Present
James Pacanowski	Ventnor City, Atlantic JIF	Absent
Ted Preusch	Upper Saddle River - Bergen JIF	Present
Meghan Jack	Riverside Twp- Burlco JIF	Absent
Casey Wagner	Woodbridge - Central JIF	Present
Matthew Martin	Hopewell Township BOFC – FIRST JIF	Absent
Matthew von der Hayden (Alt)	Stafford Township – Ocean JIF	Present
Frank Elenio	Ridgefield Borough – PAIC JIF	Present
Susan Danson	Maple Shade - PMM JIF	Present
John Clarke	Princeton Housing Authority- NJPHA JIF	Present
James Ulrich	Clark Township – NJSI JIF	Present
Vincent Quatrone	Little Falls – Suburban Metro JIF	Present
Michael Razzo	Pittman Borough - Trico JIF	Absent

**PROFESSIONALS PRESENT:**

Executive Director/Admin.	PERMA Risk Management Services <b>Joseph Hrubash, Cate Kiernan</b>
Deputy Executive Director	Risk Program Administrators <b>Paul Forlenza</b>
Planning Consultant	Risk Loss Managers <b>Barbara Murphy</b>
Claims Adjustor	CB Claims LLC <b>Chris Botta, Esq.</b>
Attorney	Dorsey & Semrau <b>Sue Sharpe, Esq., Frederick Semrau, Esq.</b>
Underwriting Manager	Conner Strong & Buckelew <b>Edward Cooney</b>
Treasurer	<b>Chuck Cuccia</b>
Auditor	Nisivoccia <b>Bud Jones</b>

**ALSO PRESENT:**

Joe Criscuolo - East Brunswick, Central JIF Alternate  
Brian Lau, D2 Cyber Security  
Katie Walters, Conner Strong & Buckelew  
Jonathon Tavares, Conner Strong & Buckelew  
Charles Casagrande, Danskin Agency  
John Casagrande, Danskin Agency  
Kelly Machu, PEGAS  
Don Sciolaro, PIA  
Robin Racioppi, Acrisure  
Hallee Cramer, Risk Strategies  
Mathew T. McArow, GJEM-Otterstedt Insurance Agency, Inc.  
Pauline Kontomanolis, Perma Risk Management Services  
Steve Sacco, Perma Risk Management Services  
Robyn Walcoff, Perma Risk Management Services  
Zareena Majeed, Perma Risk Management Services  
Sandra Cantwell, Perma Risk Management Services

**MINUTES:** Included in the agenda were the open minutes of October 17, 2024.

**MOTION TO APPROVE OPEN MINUTES FOR OCTOBER 17, 2024:**

Moved: Commissioner Schrieks  
Second: Commissioner Clarke  
Vote: 12 Yay, 0 Nays, 1 Abstains (Commissioner Champney)

**CORRESPONDENCE:** None

**EXECUTIVE DIRECTOR REPORT:**

**Public Hearing 2025 Budget:** Executive Director said the Board introduced a 2025 proposed budget totaling \$6,735,071 representing a 4.09% increase in October. Member JIFs were provided with a notice of the public hearing along with the proposed budget and budget was published in designated newspapers and posted to Fund website. Executive Director said the Underwriting Manager was able to provide a renewal quote representing a reduction of 6.6% from 2024 and 8.5% less than budgeted for 2025. As a result, \$211,683 has been moved from the excess insurance line and moved to the loss fund contingency line. In addition, Underwriting Manager was able to negotiate an increase in the Cyber Crime & Utility Fraud sub-limit from \$100,000 to \$250,000 on each of the 19 primary JIF policies. The 2025 Assessments are also listed in the agenda.

Secretary Brewer asked for motion to open the Public Hearing.

**Motion to open the Public Hearing.**

Moved: Commissioner Schrieks  
Second: Commissioner Ulrich  
Vote: Unanimous

Secretary Brewer asked for comments or questions concerning the 2025 budget. Hearing none, he asked for a motion to close the Public Hearing.

**Motion to close the Public Hearing.**

Moved: Commissioner Elenio  
Second: Commissioner Clake  
Vote: Unanimous

**Motion to adopt 2025 budget and certify assessments.**

Moved: Commissioner Wolk  
Second: Commissioner Elenio  
Roll Call Vote: Unanimous

**Operations Committee:** Executive Director said the Committee met on November 15, 2024. The three topics on the agenda were: 1. review the rating sheets for Cyber Consultant Competitive Contract, 2. Technology E&O coverage and 3. IT Consultant services. Meeting minutes were included in the agenda.

**Cyber Consultant Competitive Contract:** Executive Director said the Committee reviewed the responses from Competitive Contract 24R-01 and completed the rating sheets used to score the responses. The Committee unanimously scored the incumbent, Chertoff Group the highest and recommends awarding the contract to the Chertoff Group at Reorganization.

**Technology E&O:** Executive Director said the Committee reviewed a quote the Underwriting Manager received to provide Technology E&O coverage for members that provide IT services to other public entities. Cyber JIF will purchase the policy but only those members electing the coverage will be billed and only those members will be named insured. Underwriting Manager will follow-up with the 11 members that responded to offer this coverage. In addition, Underwriting Manager will contact all other members to notify that coverage is available and follow up by distributing a bulletin to the members.

**IT Consultant Services:** Executive Director said the Committee was asked to consider contracting an IT consultant to assist members who have not yet obtained Basic compliance level in the Cyber Framework. Recognizing the needs of each JIF differ greatly, and that local consultants are key in engaging with member IT staff, the Committee agreed that consultants should be managed at the JIF level. Some member JIFs are doing this already with some success.

**Banking Best Practices** Executive Director said in the agenda is a notice sent to members concerning the December 3rd webinar focusing on Payee Positive Pay. This practice can help prevent claims from occurring. Fund Treasurer said that the MEL Treasure Matt Laracy, himself and a representative from TD Bank will be presenting this webinar to help members understand the process to set up and implement payee positive pay and hopefully get more people comfortable with the process.

In response to Commissioner Clarke, Fund Treasurer said the resistance appears to be a lack of understanding of the process for handling exceptions. Members submit a list of checks to be processed to the bank. Exceptions only occur when the bank receives checks for payment that are not on the submitted list. Getting set up for the process is key to a smooth implementation. Commissioner Clarke says they use the process and the file to submit is as simple as an Excel file. In response to Executive Director, Fund Treasurer said there are generally no substantial costs to implement payee positive pay.

In response to Commissioner Schrieks, Executive Director said if members elect not to implement payee positive pay, they will not be compliant with Basic Level compliance in the Cyber framework, and thereby will not enjoy a lower deductible and co-pay. Secretary Brewer said there have been discussions in the Operations Committee about how to motivate members to implement and they will continue to discuss how to engage members. Ms. Kontomanolis said that she is seeing some banks begin to charge if you don't participate in payee positive pay, so that may be another incentive.

**League of Municipalities Conference:** Executive Director said there were two separate sessions addressing Cyber Security presented at the League's conference. Underwriting Manager said the response to the two panels on cyber were very positive. The first presentation focused on incidence response and the second panel was a more general holistic cyber. Executive Director said for the first panel in addition to Chairwoman Tozzi, himself

and the Underwriting Manager, a representative from the local FBI office in Newark, as well as 2 representatives from 1st National Bank participated. The presenters offered insights from each perspective.

**Claims Review Committee:** Executive Director said the Claim Review Committee met before the Board meeting to discuss one PAR and no action is recommended to the Board.

**Due Diligence:** Executive Director said the year-to-date change in the Financial Fast Track as of September 30, 2024 is an increase of \$850,389 to surplus, bringing the total to a little over \$2.7 million. Claim payments for 2023 and 2024 are also shown for Commissioners information. The loss ratio report displayed is valued as of October 31, 2024 and is based on current information and could be conservative.

**Next meeting:** Executive Director said the next Cyber JIF meeting is scheduled for Thursday, January 16, 2025 at 3:30 PM via audio / video teleconference and will be the Fund's Reorganization meeting.

**TREASURER:** Treasurer asked for a motion to approve the November 2024 Bills list:

**RESOLUTION 39-24 FOR NOVEMBER 2024 VOUCHERS:**

November 2024	
2024	\$82,983.40
<b>Total</b>	<b>\$82,983.40</b>

**MOTION TO APPROVE RESOLUTION 39-24 NOVEMBER BILLS LIST AS PRESENTED:**

Moved: Commissioner Schrieks  
Second: Commissioner Clarke  
Roll Call Vote: Unanimous

Ms. Kiernan said vouchers would be distributed to Commissioners for meeting attendance compensation and added to the December bills list.

**UNDERWRITING MANAGER:** Underwriting Manager said his team has been discussing what is next for member cyber education in 2025. The new campaigns will mostly focus on what is needed to achieve the Basic level requirements, because this is so much of what they see in claims. As a result of the renewal, his team has received updates on members compliance activities and he reported 40% of the membership has obtained the Basic level of compliance, and he hopes to see that number increase when more members implement payee positive pay. In the Intermediate and Advanced categories, members have 27% and 12% approval respectively. His office intends to move the focus to the Intermediate level in the coming years.

Underwriting Manager said he is pleased with the insurance renewal for next year as they have good quotes on the table with strong rates and were also able to add some enhancements in the coverage overall for social engineering / cybercrime type losses. In response to Executive Director, Underwriting Manager said the sublimit for this line increased from \$100,000 to \$250,000.

**FUND ATTORNEY:** Fund Attorney said he would like to continue to encourage Commissioners to speak to their CFOs and ask if they are currently using or planning to implement payee positive pay. Please encourage CFOs to attend the webinar and learn about this very important step to protect themselves from fraud.

Fund Attorney said as the loss run report gathers more data, the Fund should evaluate those municipalities or members who are compliant and the percentage of claims that they submit.

**NEW BUSINESS:**

None.

**OLD BUSINESS:**

None.

**PUBLIC COMMENT:**

None.

Secretary Brewer said based upon the Claims Committee's recommendation to hold and not recommend any action today, there is no need for a closed session.

**MOTION TO ADJOURN:**

Moved:	Commissioner Schrieks
Second:	Commissioner Wolk
Vote:	Unanimous

**MEETING ADJOURNED:** 3:52 PM

Sandra Cantwell, Assisting Secretary for Adam Brewer, Secretary

# NEW JERSEY CYBER RISK MANAGEMENT FUND BILLS LIST

Resolution No. 39-24

November 2024

**WHEREAS**, the Treasurer has certified that funding is available to pay the following bills:

**BE IT RESOLVED** that the New Jersey Cyber Risk Management Fund’s Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

**FURTHER**, that this authorization shall be made a permanent part of the records of the Fund.

**FUND YEAR 2024**

<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
CB CLAIMS LLC	CLAIMS ADMIN FEE 11/24	2,125.00 <b>2,125.00</b>
QUAL-LYNX	BANKING SERVICES INV QL1264 11/24	500.00 <b>500.00</b>
PERMA RISK MANAGEMENT PERMA RISK MANAGEMENT	POSTAGE 10/24 ADMINISTRATOR FEE 11/24	4.14 10,625.00 <b>10,629.14</b>
THE ACTUARIAL ADVANTAGE	ACTUARY FEE 11/24	2,125.00 <b>2,125.00</b>
ARTHUR J GALLAGHER LLC dba ARTHUR J GALLAGHER LLC dba	DEPUTY ADMINISTRATOR 11/24 LOCAL EXEC DIR. COORD. Q4 24 11/24	4,250.00 7,057.64 <b>11,307.64</b>
RISK & LOSS MANAGERS, INC RISK & LOSS MANAGERS, INC	PLANNING CONSULTANT Q4 2024 LOCAL ED COORDINATOR Q4 2024 11/24	3,825.00 1,477.94 <b>5,302.94</b>
DORSEY & SEMRAU	4TH QTR RETAINER 2024	12,750.00 <b>12,750.00</b>
CHARLES CUCCIA	TREASURER FEE 11/24	2,125.00 <b>2,125.00</b>
PERMA RISK MANAGEMENT SERVICES	LOCAL ED COORD- 12 JIFS Q4 2024	28,053.02 <b>28,053.02</b>
CONNER STRONG AND BUCKELEW	UNDERWRITING MANAGER 11/24	4,250.00 <b>4,250.00</b>
PL SERVICES, LLC AKA PEGAS	LOCAL EXEC.DIRECTOR COORD. Q4 2024	2,527.39 <b>2,527.39</b>
THE CANNING GROUP LLC	QPA SERVICES INV 2024-11	1,250.00 <b>1,250.00</b>
NJ ADVANCED MEDIA	ACCT 100097564-AD 10930570 11/01/24	38.27 <b>38.27</b>
<b>Total Payments FY 2024</b>		<b>82,983.40</b>

**TOTAL PAYMENTS ALL FUND YEARS**

**82,983.40**

Chairperson: \_\_\_\_\_

Attest: \_\_\_\_\_

Dated: \_\_\_\_\_

I hereby certify the availability of sufficient unencumbered funds in the proper accounts to fully pay the above claims.

Treasurer: \_\_\_\_\_