



PERMA

2020 ANNUAL REPORT

Committed to your Community.

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This past fiscal year PERMA initiated several significant changes to enhance and strengthen our service delivery while providing provide new opportunities to the membership. Foremost, it was our first anniversary as an organization for PERMA employees. The membership still receives the same level of commitment using the best strategies and practices employed by the same staff, who has serviced you in the past. What is exciting is we have simplified our operating structure, allowing the PERMA Board of Directors to have greater flexibility and control over our operations and in developing our destiny as an association.

The PERMA's claims handling staff continues to set the benchmark for Worker's Compensation Board (WCB) compliance, exceeding the State average for the timely processing and payment of claims. What sets PERMA apart from other providers is establishing a standard for the number of claims each adjuster manages. This guarantees the Membership that each claim receives a high level of attention by their adjuster, who efficiently manages the entire claims process efficiently to the benefit of the entire pool.

PERMA's overall financial position continues to strengthen as we are projecting another positive fiscal year and an unprecedented low claim development trend. PERMA is better reserved than ever before, as of May 31, 2020 with \$160 million set aside for future claim development, with over \$236 million in total assets and a trending combined surplus of \$51 million - at a time when it may be needed the most. This surplus allows PERMA to absorb the future uncertainty of the long term potential impacts of the COVID-19 pandemic while remaining adaptable and proactive in assisting our Membership with new and innovative approaches in delivering services.

With the new remote environment and demographic changes we see in our Membership, we continue to adjust and improve our communication protocols, offering more online trainings and creating new virtual event platforms to ensure everyone benefits from the information we disseminate. This past year came with a lot of changes.

During a time of uncertainty, we continue to move forward listening to our Members and what they need right now. Whether it is trying to secure personal protective equipment, refunding excess member equity, providing general remote work guidance, together we will continue to move forward. PERMA reaffirms its commitment to our Membership by providing a level of service unmatched by any competing organization in the State, thereby defining what makes us stand apart. We look forward in the coming year to increasing our engagement with our members, partners, industry leaders, and encourage you to participate in all the initiatives we are offering.

Stay safe and be well.

Sincerely,



Jerry Faiella, Interim Executive Director

Balance Sheets May 31, 2020 and 2019

Assets	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$9,451,685	\$9,099,608
Accrued interest receivable	703,727	686,118
Investments, at fair value	19,333,126	22,423,580
Other assets	<u>2,112,641</u>	<u>1,174,892</u>
Total current assets	<u>31,601,179</u>	<u>33,384,198</u>
NON-CURRENT ASSETS		
Investments, at fair value	\$197,578,961	\$177,071,714
Reinsurance recoverable on paid claims	2,293,085	2,512,579
Other assets	561,867	561,867
Capital assets, being depreciated	3,545,224	3,666,115
Capital assets, not being depreciated	<u>1,400,000</u>	<u>1,400,000</u>
	<u>205,379,137</u>	<u>185,212,275</u>
Total assets	<u>\$236,980,316</u>	<u>\$218,596,473</u>
Liabilities and Net Position		
CURRENT LIABILITIES		
Reserve for unpaid loss and loss adjustment expense, net	\$31,149,000	\$31,205,000
Unearned contributions	18,599,093	21,779,620
Accounts payable and accrued expenses	<u>2,438,122</u>	<u>3,146,430</u>
Total current liabilities	<u>52,186,215</u>	<u>56,131,050</u>
NON-CURRENT LIABILITIES		
Reserve for unpaid loss and loss adjustment expense, net	<u>\$133,418,085</u>	<u>\$128,963,488</u>
Total non-current liabilities	<u>133,418,085</u>	<u>128,963,488</u>
Total liabilities	<u>185,604,300</u>	<u>185,094,538</u>
NET POSITION		
Investment in capital assets	\$4,945,224	\$5,066,115
Unrestricted	<u>46,430,792</u>	<u>28,435,820</u>
Total net position	<u>51,376,016</u>	<u>33,501,935</u>
Total liabilities and net position	<u>\$236,980,316</u>	<u>\$218,596,473</u>

Statements of Revenues, Expenses and Changes in Net Position Years Ended May 31, 2020 and 2019

Operating Revenues	2020	2019
Net earned contributions	\$53,682,696	\$56,661,806
Other income	412,444	366,297
Total operating revenues	<u>54,095,140</u>	<u>57,028,103</u>
Operating Expenses		
Provision for loss and loss adjustment expenses, net	31,338,126	34,516,702
Management fees	5,378,843	9,175,027
Agent commission expenses	4,049,134	3,143,638
Depreciation expense	268,627	298,673
Other general and administrative expenses	<u>5,595,012</u>	<u>1,577,596</u>
Total operating expenses	<u>46,629,742</u>	<u>48,711,636</u>
Operating gain	7,465,398	8,316,466
Non-Operating Revenues		
Net investment income	<u>10,408,683</u>	<u>7,179,249</u>
Total non-operating revenues	<u>7,465,398</u>	<u>7,179,249</u>
Change in net position	17,874,081	15,495,715
Net position, beginning of year	33,501,935	18,006,218
Net position, end of year	<u>\$51,376,016</u>	<u>\$33,501,934</u>

Statements prepared by Grant Thornton, LLP. Complete financial statements and accompanying notes are an integral part of the financial statements and are available from PERMA upon request.



P E R M A™

PUBLIC EMPLOYER RISK MANAGEMENT ASSOCIATION, INC.
P.O. Box 12250, Albany, NY 12212-2250

BOARD OF DIRECTORS

As of May 31, 2020

Stephen Altieri, Chair and President
Administrator, Town of Mamaroneck

Beth Hunt, Vice Chair
Treasurer, Hamilton County

Jack Wheeler, Secretary
Manager, Steuben County

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Treasurer, City of Tonawanda

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Cathryn C. Thomas
Administrator, Village of East Aurora

Stephen Acquario
Executive Director, New York State
Association of Counties

Robert Schneider
Executive Director, New York State School
Boards Association

MANAGEMENT STAFF

Jerry Faiella
Interim Executive Director

Nick Gorgjevski
Chief Financial Officer

Karen G. Braman, CISR
Vice President, Member Services

Alfred G. Campney
Senior Vice President, Underwriting & Marketing

Rich Hayes
Director, Claims

PERMA is a non-profit group self-insured workers' compensation provider for municipalities in New York State.

A roster of active members is available to PERMA members upon request. Individual member contributions are underwritten utilizing New York Compensation insurance Rating Board (NYCIRB), recommended loss costs, an experience modification factor (EMF), individual rates and surcharges, and are adjusted as appropriate to fund expected costs, including anticipated losses and administrative expenses. PERMA members benefit from a well-managed investment portfolio, which policy is approved annually by the PERMA Board of Directors.

