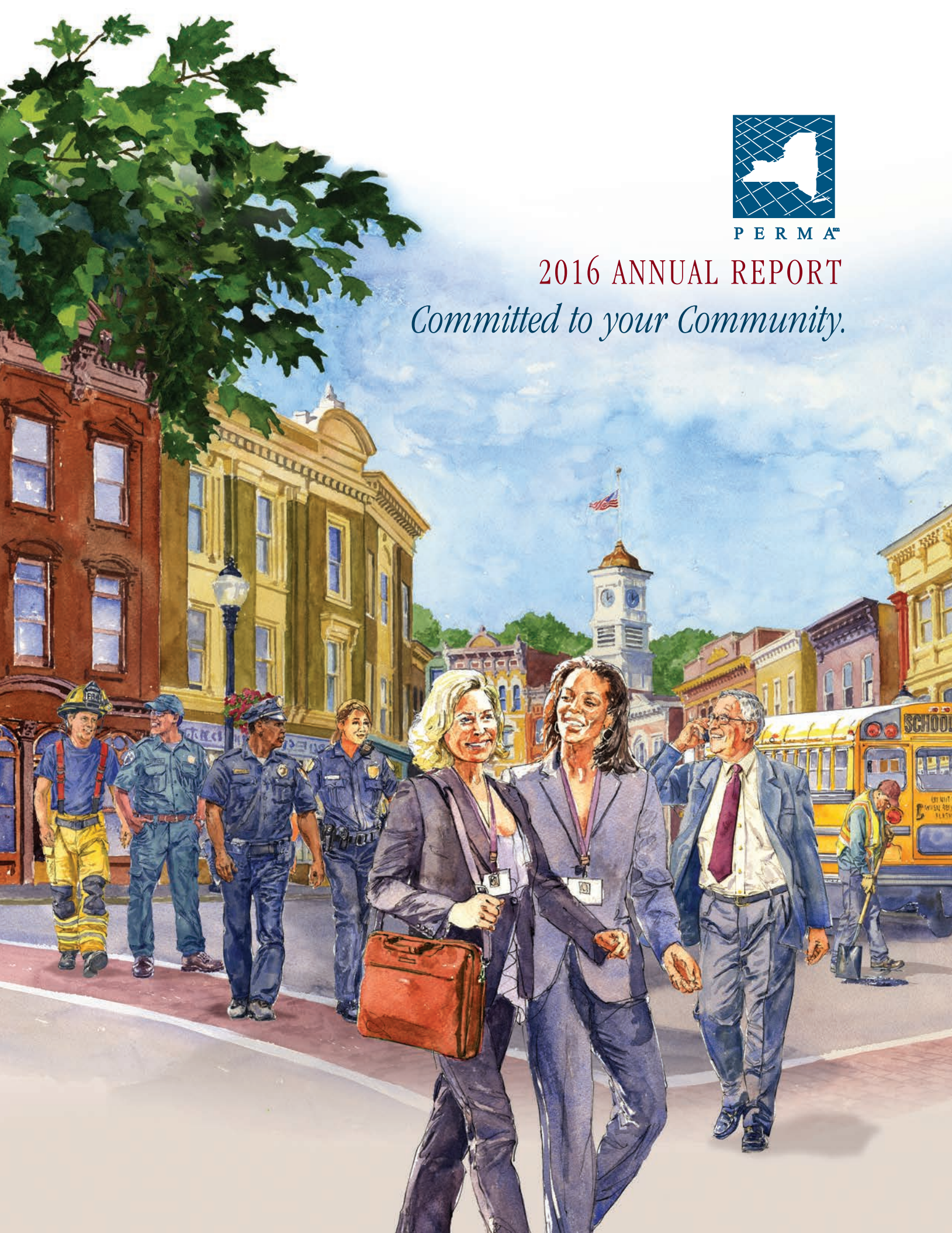




PERMA™

2016 ANNUAL REPORT

Committed to your Community.



2016 ANNUAL REPORT *a message from the executive director*



Fiscal year 2016 (FY16) found PERMA at a high point in its evolution. In our finances, our member services, and our commitment to technology that supports all operations, the association has grown in quality, breadth, and depth.

I am pleased to share an overview of our improvements during FY16.

PERMA's net position increased by \$3.74 million during the fiscal year that ended May 31, 2016. This increase occurred despite flat investment income and brought to \$25 million the total increase accrued from fiscal year 2013 through fiscal year 2016. With the cumulative deficit now at \$13.2 million, PERMA is two years – and \$18.9 million – ahead of the original 10-year Surplus Recovery Plan adopted in 2010.

New business, excellent member retention, and improved claims experience make for strong growth. Net earned contributions increased by \$2.8 million, or 5.4 percent, while loss and loss adjustment expenses decreased by \$2.7 million, or 6.5 percent. To put this in a larger perspective, from fiscal year 2013 through 2016, net earned contributions have increased by \$11.5 million, or 26.1 percent, while loss and loss adjustment expenses increased at a much slower pace: \$4.6 million, or 13.4 percent.

PERMA continues to be a standard-bearer for excellence in claims. PERMA's improved claims experience reflects the strong claims department of PERMA's administrator, Northeast Association Management Inc. (NEAMI). In fact, the claims department received a "superior" rating in an outside audit in FY16. The auditor – Bickmore – assigned the claims operation an overall score of 98 on a scale of a 100, and placed the results among the top 3 percent of audits it has conducted across the country.

The risk management program has grown and now includes a full complement of specialized professionals.

In the second full year of PERMA's evolving risk management program, data analysis identified police and public works claims as the program's main cost drivers. To improve this statistic, NEAMI recruited and hired a public safety risk management specialist in fall 2015. And because annual Public Employer Safety & Health (PESH) trainings are among the top risk management services requested by PERMA members, NEAMI promoted from within a risk management consultant to conduct these trainings and perform safety pre-audits.

The data analytics department also completed its initial claim severity report in FY16, with some surprising results.

For instance, the report identified workers in the age range of 45-57 as those most at risk for a serious injury. Working with PERMA's Safety Advisory Committee, led by Edmund Starowicz of the Town of Pittsford, we will collaborate with members to devise risk management strategies to specifically prevent injuries to these workers.

PERMA member services added value throughout the fiscal year. In November 2015, PERMA offered its second annual Fall Educational Conference providing targeted education to first responders. Then, we launched a new *PERMA.org* in early 2016, making it easier for members to report claims and access risk management and administrative information. And throughout the winter and spring, PERMA conducted regional member education programs on a variety of topics including post-traumatic stress disorder and General Municipal Law 207(a) & (c). Finally, PERMA's annual meeting attracted more members than ever, drawn by focused content, premium entertainment, and networking opportunities.

PERMA has survived – and thrived – for more than 30 years. It has done so because it can adapt to its changing environment and to the changing needs of municipalities and their employees. As we enter fiscal year 2017, we do so with strong finances, a stable member base, and a program and people poised to continue the evolution of PERMA over the course of the next 30 years.

Only the support of you, PERMA's 500+ members, makes this possible. We thank you.

Respectfully submitted,

Jeff Van Dyk, AIC
Executive Director

Balance Sheets May 31, 2016 and 2015

Assets	2016	2015
Current assets		
Cash and cash equivalents	\$17,276,890	\$14,511,666
Contributions receivable	20,385	-
Accrued interest receivable	420,399	380,438
Investments, at fair value	4,179,882	7,282,523
Other assets	830,061	802,559
Total current assets	<u>22,727,617</u>	<u>22,977,186</u>
Non-current assets		
Investments, at fair value	119,562,800	104,830,754
Reinsurance recoverable on paid claims	4,399,357	4,290,710
Other assets	561,867	561,867
Capital assets, being depreciated	4,556,775	4,749,856
Capital assets, not being depreciated	1,400,000	1,400,000
	<u>130,480,799</u>	<u>115,833,187</u>
Total assets	<u>\$153,208,416</u>	<u>\$138,810,373</u>
Liabilities and Net Position		
Current liabilities		
Reserve for loss and loss adjustment expense, net	\$31,138,000	\$32,462,000
Unearned contributions	20,962,407	17,920,854
Accounts payable and accrued expenses	875,588	1,395,818
Total current liabilities	<u>52,975,995</u>	<u>51,778,672</u>
Non-current liabilities		
Reserve for loss and loss adjustment expense, net	113,497,690	104,033,710
Total non-current liabilities	<u>113,497,690</u>	<u>104,033,710</u>
Total liabilities	<u>166,473,685</u>	<u>155,812,382</u>
Net position		
Investment in capital assets:		
Unrestricted	5,956,774	6,149,856
	<u>(19,222,043)</u>	<u>(23,151,865)</u>
Total net position	<u>(13,265,269)</u>	<u>(17,002,009)</u>
Total liabilities and net position	<u>\$153,208,416</u>	<u>\$138,810,373</u>

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended May 31, 2016 and 2015**

Operating Revenues	2016	2015
Net earned contributions	\$55,492,139	\$52,648,642
Other income	344,849	316,315
Total operating revenues	<u>55,836,988</u>	<u>52,964,957</u>
Operating Expenses		
Provision for loss and loss adjustment expenses, net	38,935,124	41,646,598
Management fees	7,813,368	7,169,763
Agent commission expenses	2,836,201	2,372,324
Depreciation expense	629,066	566,748
Other general and administrative expenses	1,937,335	1,875,458
Total operating expenses	<u>52,151,094</u>	<u>53,630,891</u>
Operating (loss) gain	3,685,894	(665,934)
Non-Operating Revenues		
Net investment income	50,846	1,834,127
Total non-operating revenues	<u>50,846</u>	<u>1,834,127</u>
Change in net position	3,736,740	1,168,193
Net position, beginning of year	<u>(17,002,009)</u>	<u>(18,170,202)</u>
Net position, end of year	<u>(\$13,265,269)</u>	<u>(\$17,002,009)</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

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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.

PERMA is managed and staffed by Northeast Association Management, Inc.

Public Employer Risk Management Association, Inc. (PERMA), the largest self-insurance pool for public entities in New York State, has been administered by Northeast Association Management Inc. (NEAMI) since 1995. NEAMI, with its staff of approximately 80 professionals, provides claims management services, as well as nurse case management, risk management, coverage underwriting, and general member services.

