



P E R M A

2017 ANNUAL REPORT



Committed to your Community.

2017 ANNUAL REPORT *a message from the executive director*



Fiscal year 2017 was, categorically, the best year in PERMA's 35- year history.

Not only was \$14.5 million earned in net income, completely eliminating PERMA's \$13.2 million cumulative deficit, but the program also thrived by continuing to provide exceptional service and value at every opportunity.

The experienced personnel provided by our administrator, Northeast Association Management Inc., increased in both size and experience. The data-based risk management department now boasts two professionals that specialize in public safety and public works. The claims department is staffed with skilled claim adjusters who carry low caseloads and are fully licensed. And PERMA's in-house nurse case managers expedite recovery and minimize disability days for injured employees.

Services offered also increased through stronger online presence with enriched risk management training options, an updated website, and the addition of an annual conference Facebook page.

The annual meeting, fall conference, various regional trainings, and printed and online communications are all designed to educate members and help develop a safe workplace. I challenge you to find a better product and value.

The overwhelming factor in PERMA's financial turnaround is the improvement in claims loss experience.

In FY17, loss and loss adjustment expenses were \$37.0 million, 5 percent less than the prior year. Over the last two fiscal years, loss and loss adjustment expenses have decreased \$4.6 million, or 11 percent, while contributions have increased by \$6.2 million, or 12 percent.

Strong cash flow due to increasing contributions and lower claim payments contributed to long-term investments rising. Investment income was \$6.2 million - \$1.8 million above budget. Net cash flow was \$15.1 million in FY17, the third consecutive year exceeding \$14.0 million. And long-term investment and cash balances ended the year at \$161.8 million, \$21 million greater than last year. As PERMA's investment portfolio continues to rapidly grow, even relatively modest rates of return add significant investment income to surplus.

With PERMA fully eliminating its cumulative operating deficit in fiscal year 2017, the next critical financial objective is to develop a surplus growth plan that ensures long-term financial stability and safeguards against risk exposure. As of May 31, 2017, PERMA has a modest \$1.3 million net position. Management's goal is to rapidly grow surplus through disciplined underwriting, high member retention, new business, customized risk management, and superior claims handling. In the upcoming year, we will present to the Board of Directors various options for targeted benchmark surplus levels.

As PERMA begins fiscal year 2018, we will continue to maintain our membership base with improved products and services. We will continue to aggressively market the program while maintaining our underwriting discipline. We will continue to grow surplus and improve the financial strength of the organization.

Plans for the program for FY18 continue the PERMA tradition of innovation and responsiveness to member needs. New member requirements for safety coordinators and committees will necessitate risk management staff providing increased trainings, claims analysis, and program guidance. An online member portal is in active planning, with access targeted for Spring 2018. Educational webinars are being more extensively promoted, and a new conference, aimed at managers and administrators, will tour New York in early Fall.

PERMA continues its steady growth and we see nothing but a positive future for the organization and the community we've built together.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Van Dyk". The signature is fluid and cursive, written over a light-colored rectangular background.

Jeff Van Dyk, AIC
Executive Director

Balance Sheets May 31, 2017 and 2016

Assets	2017	2016
Current assets		
Cash and cash equivalents	\$7,818,559	\$17,276,890
Contributions receivable	-	20,385
Accrued interest receivable	525,564	420,399
Investments, at fair value	12,776,649	4,179,882
Other assets	853,561	830,061
Total current assets	<u>21,974,333</u>	<u>22,727,617</u>
Non-current assets		
Investments, at fair value	141,209,474	119,562,800
Reinsurance recoverable on paid claims	3,397,663	4,399,357
Other assets	561,867	561,867
Capital assets, being depreciated	4,192,826	4,556,775
Capital assets, not being depreciated	1,400,000	1,400,000
	<u>150,761,830</u>	<u>130,480,799</u>
Total assets	<u>\$172,736,163</u>	<u>\$153,208,416</u>
Liabilities and Net Position		
Current liabilities		
Reserve for unpaid loss and loss adjustment expense, net	\$31,665,000	\$31,138,000
Unearned contributions	19,702,385	20,962,407
Accounts payable and accrued expenses	1,197,659	875,588
Total current liabilities	<u>52,565,044</u>	<u>52,975,995</u>
Non-current liabilities		
Reserve for unpaid loss and loss adjustment expense, net	118,973,831	113,497,690
Total non-current liabilities	<u>118,973,831</u>	<u>113,497,690</u>
Total liabilities	<u>171,538,875</u>	<u>166,473,685</u>
Net position		
Investment in capital assets	5,592,826	5,956,774
Unrestricted	(4,395,538)	(19,222,043)
Total net position	<u>1,197,288</u>	<u>(13,265,269)</u>
Total liabilities and net position	<u>\$172,736,163</u>	<u>\$153,208,416</u>

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended May 31, 2017 and 2016**

	2017	2016
Operating Revenues		
Net earned contributions	\$58,922,002	\$55,492,139
Other income	457,182	344,849
Total operating revenues	<u>59,379,184</u>	<u>55,836,988</u>
Operating Expenses		
Provision for loss and loss adjustment expenses, net	36,999,711	38,935,124
Management fees	8,192,459	7,813,368
Agent commission expenses	2,911,570	2,836,201
Depreciation expense	599,720	629,066
Other general and administrative expenses	2,413,854	1,937,335
Total operating expenses	<u>51,117,314</u>	<u>52,151,094</u>
Operating gain	8,261,870	3,685,894
Non-Operating Revenues		
Net investment income	6,200,687	50,846
Total non-operating revenues	<u>6,200,687</u>	<u>50,846</u>
Change in net position	14,462,557	3,736,740
Net position, beginning of year	(13,265,269)	(17,002,009)
Net position, end of year	<u>\$1,197,288</u>	<u>(\$13,265,269)</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, 2017

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Senior Director, Data Analytics

Genie Mayo, RN, CCM, LNCC
Director, Medical Services

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. NEAMI was acquired by York Risk Services Group in 2017.

