Andrew M. Cuomo
Governor

New York State Insurance Fund

GENERAL SESSION AGENDA
BOARD OF COMMISSIONERS' REGULAR MONTHLY MEETING
WEDNESDAY, MARCH 18, 2020, 10:00 A.M.

1. MOTION

   TO ACCEPT THE PROPOSED MINUTES OF THE FEBRUARY 19, 2020 BOARD MEETING

2. STANDING REPORT(S)

   A. REPORT OF EXECUTIVE DIRECTOR & CEO ERIC MADOFF

   B. REPORT OF GENERAL ATTORNEY TANISHA EDWARDS

3. REPORT OF STANDING COMMITTEE(S)

   A. INVESTMENT COMMITTEE: CHAIRMAN KENNETH THEOBALDS

      1) **RESOLUTION**: INVESTMENT POLICY STATEMENT DURATION LIMITS (TENTATIVE)

   B. PROPERTY & ADMINISTRATIVE SERVICES COMMITTEE: CHAIRMAN KENNETH THEOBALDS

4. MOTION

   TO ACCEPT THE WRITTEN REPORTS AS SUBMITTED

5. EXECUTIVE SESSION (IF NECESSARY)

6. ADJOURN

PROPOSED MINUTES OF THE REGULAR MEETING
OF THE COMMISSIONERS OF THE STATE INSURANCE FUND
HELD ON WEDNESDAY, FEBRUARY 19, 2020 AT 10:00 A.M.
AT 199 CHURCH STREET, 12TH FLOOR BOARD ROOM, NEW YORK, NEW YORK 10007

PRESENT

Board
Kenneth Theobalds, Chairman
Barry Swidler, Vice Chair
Sean Graham
Alexis Thomas [1]
Bhakti Mirchandani
Louis Roberti [2]
Dennis Kessler
Charles MacLeod
Navneet Kathuria
Ryan Delgado [3]
Nathaalie Carey, *ex officio*

1 *not present at the February 19 Board Meeting*
2 *participated via webcast from White Plains*
3 *participated via webcast from Albany*

Executive Staff
Eric Madoff, Executive Director & CEO
Shirley Stark, Deputy Executive Director & COO
Joseph Mullen, Deputy Executive Director
Gregory Francis, Chief Investment Officer
Melissa Jensen, Director of Exec Project Management Office
Patricia Albert, Asst. Deputy Executive Director
Patricia Carroll, Director of Administration
Peter Cusick, Deputy Counsel & Asst. Secretary to the Board
Timothy Koester, Actuary
William Gratrix, Chief Financial Officer

Additional Staff / Attendees
Allan Simpson, Director of Accounting Operations
Christina Conroy, Assistant Controller
Kristina Markwica, Head of Disability Insurance Benefits Unit
James Fiedler, Managing Attorney
JoAnne Madigan, Mgr. of Financial Planning and Analysis
Steve Bell, Director of Underwriting

Chairman Theobalds presided. A quorum was announced and present throughout the meeting.

1. Minutes of the January 15, 2020 Regular Board Meeting

Upon motion by Commissioner Kessler, duly seconded by Commissioner MacLeod, the Board unanimously voted that the minutes of the January 15 regular Board meeting be accepted and filed as the official minutes of the Board of Commissioners. The vote: Commissioner Delgado – yes; Commissioner Kathuria – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Mirchandani – yes; Commissioner Graham – yes; Vice Chair Swidler – yes; Chairman Theobalds – yes.

2. Standing Report(s)

Report of Executive Director & CEO Eric Madoff

Executive Director & CEO Eric Madoff spoke to the commissioners on NYSIF efforts to improve the NYSIF premium audit procedures. Mr. Madoff introduced Deputy Executive Director Joseph Mullen to discuss the most recent improvement to the premium audit process, the Post Audit Statement. Mr. Mullen explained that this statement outlines the findings of the audit, including any changes to their premium. He reported that this initiative has been well received so far.

NYSIF Quarterly Report – 2019 4th Quarter & Year-end Report

Following the report of Joseph Mullen, Executive Director and CEO Eric Madoff introduced William Gratrix, NYSIF's Chief Financial Officer, to present the 4th quarter financial results.

Mr. Gratrix commenced this presentation by introducing NYSIF Controller Allan Simpson, manager of Financial Planning and Analysis Joann Madigan and Assistant Controller Christina Conroy, all of whom lead the NYSIF financial reporting and analysis team.

The Board received highlights pertaining to NYSIF's 4th quarter preliminary results from NYSIF's Chief Financial Officer William Gratrix; Chief Investment Officer Gregory Francis, Director of Policy Holder Services Joseph Mullen, Assistant Deputy Executive Director Patricia Albert, and Director of Exec Project Management Office Melissa Jensen.

Chief Financial Officer William Gratrix reported that the net earned premium for 2019 was $2.058 million, down from $2.226 million in 2018. The decline was due to lower loss costs and loss cost multiplier reductions. NYSIF's combined ratio with dividends for the fourth quarter of 2019 increased 5.8 points and 13.6 points for the year. Mr. Gratrix identified three factors which contributed to the increase in the combined ratio: a reduction in earned premium; an increase in the loss ratio; and a dividend ratio increase due to accelerated dividend payments.

Chief Investment Officer Gregory Francis reported that NYSIF's assets increased 26% from $14.7 billion in 2015 to $18.6 billion in 2019. This reflects an annual compounding growth rate for the period of over 5% driven by premium dollars and strong capital markets for most of this period. Over the past year, the book value of the portfolio has grown roughly 6% driven largely by investment returns.

Director of Policy Holder Services Joseph Mullen reported that NYSIF saw a 10.5% decrease in the average premium from 2018 to 2019, which correlates to the 12% rate reduction that occurred in October 2018. Premium retention is decreasing while policy retention has increased over the past four years. Overall, the workers compensation market is profitable for insurance carriers, resulting in a highly competitive market.

Assistant Deputy Executive Director Patricia Albert reported that NYSIF experienced a decrease in reported claims, from 45,000 in 2015 to less than 35,000 in 2019. Ms. Albert highlighted that NYSIF has been successful in incorporating Section 32 settlements as a tool to mitigate costs for NYSIF and our policyholders and provide claimants a lump sum settlement of money and the closure of their case. In 2019, NYSIF settled 6.5% of open inventory with a Section 32. Settlement numbers have increased from 3,200 in 2017 to 5,800 in 2019.

Mr. Gratrix and Melissa Jensen reported to the commissioners on Disability Benefits (DB) and Paid Family Leave (PFL) performance. Mr. Gratrix started his report with an explanation that the Paid Family Leave program started in January 2018, as additional coverage under the Disability Benefits policy. NYSIF disability benefits policyholders were billed for the additional PFL coverage from January 1, 2018, until the renewal date of their policy later in 2018. This resulted in higher written premium in 2018, $75.2 million, than the $58 million in written premium for 2019. Additionally, NYSIF was required by the Department of Financial Services to make a "risk adjustment pool payment" to the in the amount $13.8 million, a payment calculated on the 2018 profitability of the PFL program.

Melissa Jensen reported that in-force policy count and premium for disability benefit policies remained consistent from 2018 to 2019, while noting that over 95% of NYSIF DB policyholders are small employers with fewer than 50 employees. The number of claims filed increased by 4%, however the amount of benefits paid on claims increased by approximately 50% due to increases in the amount of the maximum benefit allowed to a claimant.

The full presentation entitled *"Board of Commissioners- 2019 Results"* is incorporated as part of the February 2019 Board materials.

Report of NYSIF's General Attorney

Mr. Fiedler had no report at this time.

3. Report(s) of Standing Committees

Investment Committee

Chairman Theobalds updated the commissioners on the NYSIF MWBE Symposium which hosted approximately 140 to 150 attendees. The Chairman discussed with the commissioners the goals of the symposium, and congratulated staff on a successful program.

Property & Administrative Services Committee

Chairman Theobalds also reported that the Property & Administrative Services Committee received an update on current real estate projects which would be discussed in executive session.

Budget & Audit Committee

Chairman Theobalds reported that the Budget & Audit Committee held a conference on February 13, at which time the committee received a quarterly internal audit report from NYSIF Director of Internal Audit Wendy Nelson, as well as a review of the financial report which was presented earlier to the commissioners and an update on cybersecurity.

Business Operations Committee

Business Operations Committee Chair Louis Roberti reported that the committee received a report on a particular policyholder which would be addressed in executive session.

Governance & Legal Affairs Committee

Governance Committee Chair Nathaalie Carey advised the commissioners that the Governance Committee will report on the employment of a particular corporation in executive session.

4. Motion to Accept Written Reports

Upon motion by Commissioner Vice Chair Swidler, duly seconded by Commissioner Graham, the Board unanimously voted to accept the written reports as submitted. The vote: Commissioner Carey – yes; Commissioner Delgado – yes; Commissioner Kathuria – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Mirchandani – yes; Commissioner Graham – yes; Vice Chair Swidler – yes; Chairman Theobalds – yes.

5. Executive Session

Upon motion by Commissioner MacLeod, duly seconded by Vice Chair Swidler, the Board unanimously voted to enter Executive Session for a discussion regarding matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation - - specifically this applies to the appointment of a particular corporation to provide construction manager services; and for an ongoing discussion regarding NYSIF's real estate projects. The vote: Commissioner Carey – yes; Commissioner Delgado – yes; Commissioner Kathuria – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Mirchandani – yes; Commissioner Graham – yes; Vice Chair Swidler – yes; Chairman Theobalds – yes.

6. Report of Executive Session

Assistant Secretary to the Board Peter Cusick reported the following action was taken in Executive Session:

Upon motion by Commissioner Kessler, duly seconded by Commissioner MacLeod, the Board unanimously voted to approve and authorize staff to enter into a contract with Armand Corporation for Construction Manager Services for base building work and tenant fit-up work at 199 Church Street, New York, NY subject to: (i) legal review and execution by staff, and (ii) approval by the New York State Superintendent of Financial Services. The vote: Commissioner Carey – yes; Commissioner Delgado – yes, Commissioner Kathuria – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Graham – yes; Chairman Theobalds – yes.

7. Elections

As Chair of the Governance & Legal Affairs Committee, Commissioner Carey opened the floor for nominations for Chairman and Vice-Chair of the Board of Commissioners. Chairman Theobalds and Vice-Chair Swidler were unanimously re-elected as Chairman and Vice-Chair, respectively.

8. Adjournment of Meeting

Chairman Theobalds closed the meeting and thanked everyone for their participation. The next regular meeting of the New York State Insurance Fund Board of Commissioners will be held on Wednesday, March 18, 2020 at 10:00 a.m. at 199 Church Street, New York City.

Respectfully submitted,

Peter Cusick, Assistant Secretary

ANDREW M. CUOMO
GOVERNOR

NYSIF
New York State Insurance Fund

PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, March 18, 2020. A quorum was present throughout:

> **A motion was made that the minutes of the February 19, 2020 meeting be accepted and filed as the official minutes of the Board of Commissioners.**

Commissioner______________________________provided the motion to approve

Commissioner______________________________seconded the motion

	YES	NO	ABSTAIN
Commissioner Carey			
Commissioner Delgado			
Commissioner Kathuria			
Commissioner MacLeod			
Commissioner Kessler			
Commissioner Roberti			
Commissioner Mirchandani			
Commissioner Thomas			
Commissioner Graham			
Vice Chair Swidler			
Chairman Theobalds			

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Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)

ANDREW M. CUOMO
GOVERNOR

NYSIF
New York State Insurance Fund

PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, March 18, 2020. A quorum was present throughout:

Motion to accept the written reports as submitted.

Commissioner______________________________provided the motion to approve

Commissioner______________________________seconded the motion

	YES	NO	ABSTAIN
Commissioner Carey			
Commissioner Delgado			
Commissioner Kathuria			
Commissioner MacLeod			
Commissioner Kessler			
Commissioner Roberti			
Commissioner Mirchandani			
Commissioner Thomas			
Commissioner Graham			
Vice Chair Swidler			
Chairman Theobalds			

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Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)

Andrew M. Cuomo
Governor

NYSIF
New York State Insurance Fund

RESOLUTION

The following is a resolution considered by the Board of Commissioners of the State Insurance Fund at a meeting held on Wednesday, March 18, 2020. A quorum was present throughout:

> **RESOLVED, that the Board of Commissioners hereby amends and modifies the portion of the New York State Insurance Fund Investment Policy Statement regarding the "WCF Duration Target" as recommended by the NYSIF Investment Committee, staff and NYSIF's Investment Advisor as follows:**
>
> **"WCF Duration Target:**
>
> **For the WCF fixed income portfolio, NYSIF will maintain a strategic asset allocation duration target of eight years +/- 1 year."**

Commissioner____________________________provided the motion to approve

Commissioner____________________________seconded the motion

	YES	NO	ABSTAIN
Commissioner Carey			
Commissioner Delgado			
Commissioner Kathuria			
Commissioner MacLeod			
Commissioner Kessler			
Commissioner Roberti			
Commissioner Mirchandani			
Commissioner Thomas			
Commissioner Graham			
Vice Chair Swidler			
Chairman Theobalds			

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Peter Cusick
Assistant Secretary

Andrew M. Cuomo
Governor

NYSIF
New York State Insurance Fund

PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, March 18, 2020. A quorum was present throughout:

> **A motion was made to proceed into Executive Session for a discussion regarding the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.**

Commissioner______________________________provided the motion to approve

Commissioner______________________________seconded the motion

	YES	NO	ABSTAIN
Commissioner Carey			
Commissioner Delgado			
Commissioner Kathuria			
Commissioner MacLeod			
Commissioner Kessler			
Commissioner Roberti			
Commissioner Mirchandani			
Commissioner Thomas			
Commissioner Graham			
Vice Chair Swidler			
Chairman Theobalds			

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Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)

ANDREW M. CUOMO
GOVERNOR

NYSIF
New York State Insurance Fund

PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, March 18, 2020. A quorum was present throughout:

> **A motion was made to adjourn the Board of Commissioners of the State Insurance Fund regular monthly meeting.**

Commissioner______________________________provided the motion to approve

Commissioner______________________________seconded the motion

	YES	NO	ABSTAIN
Commissioner Carey			
Commissioner Delgado			
Commissioner Kathuria			
Commissioner MacLeod			
Commissioner Kessler			
Commissioner Roberti			
Commissioner Mirchandani			
Commissioner Thomas			
Commissioner Graham			
Vice Chair Swidler			
Chairman Theobalds			

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Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)