

**CENTRAL JERSEY JOINT INSURANCE FUND
MEETING MINUTES
January 18, 2017
RUTGERS VISITOR CENTER, PISCATAWAY, NJ**

**MEETING OF THE EXECUTIVE COMMITTEE CALLED TO ORDER AT 11:00
A.M.**

OPEN PUBLIC MEETING STATEMENT READ INTO RECORD

ROLL CALL OF THE 2016 EXECUTIVE COMMITTEE

Robert Landolfi, Township of Woodbridge	Present
Joseph Criscuolo, Piscataway	Present
Robert Vornlocker, Township of Franklin	Present
Nancy Costa, Township of Hillsborough	Present
Daniel Frankel, Borough of Sayreville	Present
William Northgrave, Township of Edison	Absent
Colleen Connolly, Borough of Belmar	Absent
Michael Gross, City of South Amboy	Present

ALSO PRESENT:

Jeremy Solomon, Bob Smith & Associates
Richard Lorentzen, Treasurer
Raven Williams, Township of Franklin
Donna Setzer, Qual Lynx
Tony Jones, Qual Lynx
Kathy Kissane, Qual Lynx
Stephen McNamara, Qual-Lynx
Jay McManus, North American Insurance Management
Amy Pieroni, North American Insurance Management
Brian Erlandsen, BGIA
David McHale, JA Montgomery Risk Control
Don Ruprecht, JA Montgomery Risk Control
Natalie Dougherty, JA Montgomery Risk Control
Bert Baron, WCTC – Beasley Media
Ilene Laursen, Conner Strong & Buckelew
Joseph Hrubash, Conner Strong & Buckelew
Brad Stokes, Perma
Karen Read, Perma
Rachel Chwastek, Perma

MINUTES: November 21, 2016 Open Minutes

MOTION TO APPROVE MINUTES FOR NOVEMBER 21, 2016

Moved: Commissioner Criscuolo
Second: Commissioner Gross
Vote: Unanimous

CORRESPONDENCE: None

MOTION TO ADJOURN SINE DIE MEETING

Moved: Commissioner Gross
Second: Commissioner Criscuolo
Vote: Unanimous

The Chairman then turned the meeting over to the Executive Director to lead the reorganization meeting.

REORGANIZATION

ELECTION OF CHAIRPERSON, VICE CHAIR, SECRETARY AND EXECUTIVE COMMITTEE

ROLL CALL OF THE 2017 EXECUTIVE COMMITTEE

Robert Landolfi, Township of Woodbridge	Present
Joseph Criscuolo, Piscataway	Present
Daniel Frankel, Borough of Sayreville	Present
Robert Vornlocker, Township of Franklin	Present
Nancy Costa, Township of Hillsborough	Present
William Northgrave, Township of Edison	Absent
Colleen Connolly, Borough of Belmar	Absent
Michael Gross, City of South Amboy	Present

MOTION TO OPEN THE FLOOR FOR 2017 NOMINATIONS:

Moved: Commissioner Criscuolo
Second: Commissioner Gross
Vote: Unanimous

The Executive Director advised included in the agenda was the Nominating Committee Report.

MOTION TO NOMINATE THE RECOMENDATIONS FROM THE NOMINATING COMMITTEE REPORT FUND YEAR 2017:

Moved: Commissioner Criscuolo

Second: Commissioner Gross
Vote: Unanimous

MOTION TO CLOSE NOMINATIONS AND CONFIRM ELECTION OF THE BOARD AS PRESENTED BY THE NOMINATING COMMITTEE FOR FUND YEAR 2017:

Moved: Commissioner Criscuolo
Second: Commissioner Gross
Vote: Unanimous

The Oaths of Office for all Commissioners were then administered.

The Chair asked for the Executive Directors Reports:

EXECUTIVE DIRECTOR'S REPORT - Executive Director advised the reorganization resolutions were included in the agenda to be approved by the Commissioners, and briefly described each resolution for approval.

Kathy Kissane requested Resolution 4-17 be amended to remove John McSorley of Qual-Lynx as he has retired.

MOTION TO ADOPT RESOLUTIONS 1-17 THROUGH 9-17

Moved: Commissioner Gross
Second: Commissioner Costa
Vote: 6 Ayes, 0 Nays

The Executive Director advised that a list was prepared of the established Committee Appointments and was in the agenda.

The Chairman advised he left the committees as they were last year and if any of the Commissioners would like to change anything to inform him or the Executive Director.

RESIDUAL CLAIMS FUND 2017 REORGANIZATION MEETING: The Residual Claims Fund's 2017 Reorganization meeting was held on January 4, 2017 at the Forsgate Country Club. A copy of Chairman Landolfi's report on the meeting was included in the agenda.

The Fund should confirm its 2017 representative to the Residual Claims Fund.

MOTION TO ELECT ROBERT LANDOLFI AS THE CENTRAL JERSEY JOINT INSURANCE FUND'S 2017 REPRESENTATIVE TO THE MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND.

Moved: Commissioner Criscuolo
Second: Commissioner Gross
Vote: 6 Ayes, 0 Nays

E-JIF 2017 REORGANIZATION MEETING: The E-JIF's 2017 Reorganization meeting was held on January 4, 2017 at the Forsgate Country Club. A copy of Chairman Landolfi's report on the meeting was included in the agenda.

The fund should confirm its 2017 representative to the Environmental Joint Insurance Fund.

MOTION TO ELECT ROBERT LANDOLFI AS THE CENTRAL JERSEY JOINT INSURANCE FUND'S 2017 REPRESENTATIVE TO THE ENVIRONMENTAL JOINT INSURANCE FUND.

Moved: Commissioner Criscuolo
Second: Commissioner Gross
Vote: 6 Ayes, 0 Nays

MEL 2017 REORGANIZATION MEETING: The MEL's 2017 Reorganization meeting was held on January 4, 2017 at the Forsgate Country Club. A copy of Chairman Landolfi's report on the meeting was included in the agenda.

The Fund should confirm its 2017 representative to the MEL Joint Insurance Fund.

MOTION TO ELECT ROBERT LANDOLFI AS THE CENTRAL JERSEY JOINT INSURANCE FUND'S 2017 REPRESENTATIVE TO THE MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND.

Moved: Commissioner Criscuolo
Second: Commissioner Gross
Vote: 6 Ayes, 0 Nays

The Executive Director then congratulated the Chairman, as he will also chair the MEL and the EJIF.

2017 Assessments - 1st Installment Billings - The Executive Director reported the first installment billings were mailed out last month and were due back by January 15th.

Elected Officials Training - This year's elected officials training program will focus on "Ethics for Governmental Officials". As in the past, the MEL will reduce each member's 2017 liability claims premium by \$250 for each municipal elected official and authority commissioner who completes the course by May 1, 2017. The Fund will be scheduling sessions in the coming months. The MEL is making available an on-line training program for elected officials to earn the training credit. The Fund office will be sending out instructions on this training option.

2017 Budget: In accordance with the regulations, the budget adopted by the Fund has been advertised in the Fund's official newspaper. In addition, PERMA has sent the budget to member municipalities and will file the same with the State.

2017 Safety Incentive Program Resolution: This a reminder for our membership to pass the applicable resolution adopting the 2017 Safety Incentive Program and to provide a copy of the Resolution to the Fund Office.

Inclement Weather Procedure: As a reminder, PERMA has instituted a procedure for Commissioners to confirm whether or not a meeting has been canceled. The Executive Director will discuss with the Fund Chairman if the meeting should be canceled. In the event of an early morning or evening meeting(s), PERMA will provide a recorded message indicating the status of the meeting. The recorded message can be obtained by calling the Fund's main number (201) 881-7632 at any time of the day or night. For meetings that occur during the course of normal business hours, meeting status can be obtained by utilizing the same number.

2017 MEL & MR HIF Educational Seminar – The 7th annual seminar is scheduled for Friday April 21, 2017 at the National Conference Center. The seminar qualifies for an extensive list of Continuing Education credits including CFO/CMFO, Clerks, Public Works, Insurance Producers, Purchasing Agents, TCH Water Supply, Wastewater, RPPO and QPA. There is no fee for employees and insurance producers associated with the MEL and MR HIF Members as well as personnel who work for service companies that are engaged by MEL member JIFS and HIFS. Included in the agenda was the registration form.

Pro-Forma Monitoring Reports: Monthly report submitted to Fund Commissioners including Monthly Fast-track Accident Frequency, Fast-Track Financial report, Claim Activity Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage and the Monthly and Annual Regulatory Checklist. The Executive Director reported the fund currently has a surplus of \$3,442,446, all JIF members are in full compliance with the EPL/POL Program and the JIF sits 4th in the state for loss time accident frequency at 1.53.

The Executive Director then thanked the fund for PERMA's reappointment, asked if there were any questions and concluded his report.

Reports Made Part of Minutes.

TREASURER: The Treasurer, Mr. Richard Lorentzen, presented the Bill's List.

RESOLUTION 29-16 DECEMBER 2016 VOUCHER PAYMENTS

2015	\$ 40,972.36
2016	\$ 406,043.67

RESOLUTION 30-16 SUPPLEMENTAL DECEMBER 2016 VOUCHER PAYMENTS

2016	\$ 4,375.00
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RESOLUTION 10-17 JANUARY 2017 VOUCHER PAYMENTS

2016	\$ 5,110.67
2017	\$ 964,334.07

RESOLUTION 11-17 JANUARY 2017 SUPPLEMENTAL VOUCHER PAYMENTS

2016 \$ 293.75

**MOTION TO ADOPT RESOLUTIONS 29-16, 30-16, 10-17 AND 11-17
APPROVING THE VOUCHER PAYMENT LISTS, AS SUBMITTED:**

Moved: Commissioner Criscuolo
Second: Commissioner Frankel
Roll Call Vote: 6 Ayes, 0 Nays

Voucher Lists, Treasurer Report & Investment Portfolio Reports Made Part of Minutes.

CLAIMS/ MANAGED CARE:

CLAIMS – Claims Manager Kathy Kissane reported the Claims Committee reviewed the PAR's for January today and in December via conference call. Claims Manager respectfully requested a motion to ratify the PAR's that were approved by the Claim Committee via conference call in December and the PAR's that were submitted to the Claims Committee today for January. Ms. Kissane thanked the Committee for the reappointment for 2017.

PAYMENT AUTHORIZATION REQUESTS: Executive Committee reviewed payment authorization requests presented by Claims Service in December and January. Claims Review Committee reviewed and recommended as submitted.

**MOTION TO RATIFY DECEMBER CLAIMS APPROVE PAYMENT
AUTHORIZATION REQUESTS FOR JANUARY CLAIMS PRESENTED IN
EXECUTIVE SESSION BY QUAL-LYNX:**

Moved: Commissioner Criscuolo
Second: Commissioner Frankel
Roll Call Vote: 6 Ayes, 0 Nays

MANAGED CARE:

CLAIMS – Donna Setzer reported savings was at 60% with a network penetration of 96%. Ms. Setzer noted that in November, network penetration was 100%. Ms. Setzer thanked the Committee for the reappointment for 2017.

UNDERWRITING MANAGER

LIST OF CERTIFICATES ISSUED – Mr. Joseph Hrubash advised 5 certificates were issued 11/26/2016 to 12/21/2016. He then advised that the underwriting team has

advised purchasing optional excess cyber liability limits from Beazley, to sit on above XL Catlin's cyber coverage. The coverage information was included in the agenda, was discussed and the Commissioners decided to purchase Beazley's option 4, outlined in the agenda.

MOTION TO APPROVE THE CYBER LIABILITY OPTION 4:

Moved:	Commissioner Criscuolo
Second:	Commissioner Frankel
Roll Call Vote:	6 Ayes, 0 Nays

Commissioner Criscuolo suggested once all towns have trained their employees that the Fund request a discount from the cyber policy provider.

The Executive Director advised the agenda included two bulletins, MEL 17-01, advising that the coverage bulletins for the MEL are not accessible on the website and MEL 17-02, an overview of the marketing effort for the 2017 Property and Casualty Renewal.

List of Certificates and 2017 Cyber Coverage Options made part of the minutes.

SAFETY DIRECTOR: - David McHale advised the Safety Director's report was included in the agenda. The report included a list of loss control activities for the month of November and December. The agenda also included two safety bulletins; Managing Slip & Fall Risks During Winter Months and the new online program Smart Moves to avoid Falling Down. Mr McHale advised the 2017 SIP Resolution should be adopted by each member by the end of March. Mr. McHale also advised the MSI has a cyber security program that covers basic precautions for all employees that utilize computers. He asked if there were any questions and then concluded his report.

MARKETING MANAGER: – Marketing Manager thanked the commission for the reappointment of Reliance and are excited for the upcoming year and the potential new member pool that will be accessible.

RISK MANAGERS: NONE

OLD BUSINESS: NONE

NEW BUSINESS: NONE

PUBLIC COMMENT: NONE

MOTION TO ADJOURN

Moved:	Commissioner Costa
Second:	Commissioner Vornlocker
Vote:	Unanimous

Meeting adjournment at 11:27 a.m.

Prepared by Rachel Chwastek, Assisting Secretary for

Daniel Frankel, Secretary

RESOLUTION NO. 1-17

CENTRAL JERSEY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

**CERTIFYING THE ELECTION OF
CHAIRPERSON, VICE CHAIRPERSON AND SECRETARY**

BE IT RESOLVED, by the Governing Body of the Fund that the following persons have been elected as Chairman, Vice Chair and Secretary:

Chairperson _____
Vice Chairperson _____
Secretary _____

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson and Secretary shall serve through 2018 Reorganization or until their successors shall be elected and qualified.

ADOPTED: *this day before the Governing Body,*

RESOLUTION NO. 2-17

CENTRAL JERSEY JOINT INSURANCE FUND

(Hereinafter referred to as the "FUND")

APPOINTING CERTAIN PROFESSIONALS AND SERVICE ORGANIZATIONS

WHEREAS, the Central Jersey Joint Insurance Fund (hereinafter the Fund) requires the services of certain professionals and service organizations for the 2015, 2016 & 2017 Fund years.

WHEREAS, the FUND appointed Fund Professionals – noted below – to three year terms commencing on January 1, 2015 and ending on December 31, 2017, at its January 21, 2015 Reorganization Meeting in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. Seq.;

NOW, THEREFORE BE IT RESOLVED, by the FUND's Board of Commissioners that the contracts for the following professionals be re- appointed for Fund Year 2017:

- I. *PERMA Risk Management Services* is hereby appointed as **Executive Director & Administrator**, Joseph Hrubash as Executive Director and Bradford Stokes as Deputy Director and Rachel Chwastek as Account Manager and all as agents for process of services, and shall serve at a fee of \$552,093.00.
- II. *Jeremy Solomon* is hereby appointed as **Fund Attorney** and shall serve at a fee of \$43,290.00 annually and as **Litigation Manager** to be reimbursed at the rate of \$118, not to exceed \$24,993.37 annually.
- III. *Richard Lorentzen* is hereby appointed as **Fund Treasurer** and shall serve at an annual fee of \$17,126.00.
- IV. *Hodulik and Morrison* is hereby appointed as **Fund Auditor** and shall serve at a fee not to exceed \$36,596.00 which includes administrative costs.
- V. *Qual-Lynx* is hereby appointed as the **Claims Service Organization** and shall serve for an annual amount not to exceed \$493,526.00 for TPA services and to adjust all claims for current and prior Fund Years.
- VI. *Qualcare* is hereby appointed as the **Managed Care Provider** and shall serve for an annual amount not to exceed \$173,116.00 for managed care services and to adjust all claims for current and prior Fund Years.
- VII. *The Actuarial Advantage* is hereby appointed as **Actuary** for the Fund and shall be appointed and qualified at an annual amount not to exceed \$33,031.00.
- VIII. *JA Montgomery Risk Control* is hereby appointed to provide **Loss Control Services** to the Fund and shall serve at a fee \$126,331.00.

- IX. *Reliance Insurance Group* is hereby appointed **Marketing Manager** for the Fund and shall each serve at an annual fee of \$124,349.00.
- X. *Wilmington Trust* is hereby appointed **Asset Manager** for the Fund - 05% of the market value of the Fund's invested assets.
- XI. *Investors Bank* is hereby appointed as **Banking Manager** at an earning rate based on a combined average balance of \$20,000,000 of participating joint insurance funds.
- XII. *John Geaney of Capehart & Scatchard* is hereby appointed **Workers' Compensation Litigation Management** for the Fund and shall serve at an annual fee of \$20,400.00.
- XIII. *Russo & Associates* is hereby appointed **Payroll Auditor** for the Fund and shall serve at a fee of \$434.00 for calendar years towns; a fee of \$601.17 for fiscal year towns and \$233.61 per town for position headcounts.

All Professionals and service organizations appointed pursuant to this resolution shall serve in accordance with professional services contracts.

ADOPTED: *this day by the Fund Commissioners,*

RESOLUTION NO. 3-17

CENTRAL JERSEY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

ESTABLISHING PUBLIC MEETING PROCEDURES

WHEREAS, the FUND must establish meeting procedures for Fund Year 2017, and

NOW, THEREFORE BE IT RESOLVED, by the Fund Commissioners of the FUND that:

- I. The Fund Commissioners shall conduct Public Meetings at the Piscataway Township Municipal Building to conduct the official business of the FUND on the third Wednesday of every month at 2:00 p.m. for the with the exception of November **which will be held on Monday, November 20, 2017.**
- II. The Fund's Claims Committee shall meet the same day and location as the Public Meetings at 1:30 p.m..
- III. The following is hereby designated the official newspaper (s) of the Fund:

Home News Tribune

In addition, the Central JIF's webpage is designated for official notices.

- IV. The FUND Secretary or designated assistant shall provide notice of any and all meetings, including special or emergency meetings, to each official newspaper and shall issue all official notices required to be published in at least one of the official newspapers.

ADOPTED: *this day by the Fund Commissioners,*

RESOLUTION NO. 4-17

CENTRAL JERSEY JOINT INSURANCE FUND
(hereafter referred to as "THE FUND")

ESTABLISHING A FISCAL MANAGEMENT PLAN
FOR THE 2017 FUND YEAR

WHEREAS, THE FUND is duly constituted as a Municipal Joint Insurance Fund, as permitted under the laws promulgated by the State of New Jersey, (N.J.S.A. 40A-36, et seq.); and

WHEREAS, THE FUND is subject to the requirements contained within the Local Fiscal Affairs Law (N.J.S.A. 40A-5, et seq.); and

NOW, THEREFORE BE IT RESOLVED, THE FUND's Fund Commissioners that:

- I.** The following financial institutions are hereby declared as THE FUND's Official Depositories for 2017:
- a) Investors Bank
 - b) Wilmington Trust

- II.** All funds for Administrative Expenses, Reinsurance, Dividends and Miscellaneous Expenses, shall be withdrawn from the Official named Depository (ies) by check, which shall bear the signatures of at least two (2) of the following persons, duly authorized pursuant to this Resolution, except for those checks in excess of \$100,000 for which at least three (3) authorized signatures shall be required:

- III.** All funds for Claims payments shall be withdrawn from the Official Depository (ies) by check, which shall bear the signatures of at least two (2) of the following persons, duly authorized pursuant to this Resolution, with the exception of those checks in the amount of \$100,000 or more, in which instance, the Fund Treasurer, Chairman, and Secretary or designated Commissioner shall also be a signatory.

Ann L. Noble, Qual-Lynx
Dave Ruber, Qual-Lynx
Alice Lihou, Qual-Lynx
Joy DiPatri, Qual-Lynx
Janet Buggle, Qual-Lynx

- IV.** The Cash and Investment Policy attached herewith, shall be adopted.
- V.** The rate of interest assessed by the Fund, for delinquent assessments shall be ten (10) percent per annum, from the due date for any such assessment with a grace period for the first (1st) assessment installment paid to be January 15, and the second (2nd) assessment installment paid to be July 15.

- VI.** Certifying and Approval Officer for all FUND expenses shall be the FUND's Executive Director and/or the Account Manager so designated by the Executive Director.

- VII.** FOR WIRE TRANSFERS - that the FUND does hereby require that Investors Bank obtain voice confirmation prior to executing wire transfers to external accounts from the Fund Treasurer.

ADOPTED: *this day before the Fund Commissioners*

RESOLUTION NO. 5-17

CENTRAL JERSEY JOINT INSURANCE FUND

(hereafter referred to as the "FUND")

ESTABLISHING A FUND RECORDS PROGRAM

WHEREAS, the FUND must establish a formal record retention program for the 2017 Fund Year.

NOW, THEREFORE BE IT RESOLVED, by the FUND's Fund Commissioners that:

ESTABLISHING A FUND RECORDS PROGRAM

WHEREAS: The FUND must establish a formal record retention program for the 2017 fund year.

NOW, THEREFORE BE IT RESOLVED, by the FUND's Governing Body that:

I. _____, **Fund Secretary**, is hereby designated as custodian of the FUND records, which shall be kept at the office of the Fund Administrator, located at 401 Route 73 North, Marlton, NJ 08053.

II. The Account Manager designated by the Executive Director is hereby appointed as **Assistant Fund Secretary**.

III. The records of the FUND shall be retained in accordance with the municipal records retention schedule as promulgated by the New Jersey Division of Archives and Records Management, and/or otherwise specified by the New Jersey Department of Insurance and Community Affairs.

IV. Each fund professional and service organization shall have the duty and obligation to maintain such records as are entrusted to him/her and to relinquish such records to the Fund Secretary upon termination of services or otherwise upon request.

V. Each fund professional and service organization shall have the duty and obligation to maintain such records as are entrusted to him/her and to relinquish such records to the Fund Secretary upon termination of services or otherwise upon request.

Records and files not required to support current operations, but which must otherwise be retained, shall be stored in the record retention facility, located at Allstate Archives, 24 Beckwith Avenue, Paterson, New Jersey. The FUND's Executive Director shall coordinate the archive process and shall insure that all records are properly indexed and accessible.

ADOPTED: *this day before the Fund Commissioners*

RESOLUTION NO. 6-17

CENTRAL JERSEY JOINT INSURANCE FUND
(hereafter referred to as the "FUND")

APPOINTING APPROVED COUNSEL

WHEREAS, the Central Jersey Joint Insurance Fund is responsible for providing a defense to certain claims brought against its members in accordance with the Fund's coverage documents; and

WHEREAS, in order to appoint defense counsel, a law firm must be on the approved counsel list of the Central Jersey Joint Insurance Fund to defend any members of the Fund; and

WHEREAS, the Central Jersey Joint Insurance Fund Joint Insurance Fund appoints firms to the panel in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. Seq.;

WHEREAS, responses were received in the Fund office,

WHEREAS, the law firms attached to this resolution have been proposed as Counsel for the Central Jersey Joint Insurance Fund for the year 2017.

NOW, THEREFORE BE IT RESOLVED, by the Fund Commissioners of the Central Jersey Joint Insurance Fund that the law firms attached to this resolution be and the same are hereby appointed as the approved counsel for the Central Jersey Joint Insurance Fund for the year 2017.

BE IT FURTHER RESOLVED by the Fund Commissioners of the Central Jersey Joint Insurance Fund that the following fee schedule for Defense Attorney's for 2017 is established:

1. Third Party Liability Rates: Partners – \$150/hour; Associates – \$135/hour
2. Workers Comp Rates: Partners - \$140/hour, Associates - \$125/hour
3. Paralegals - \$75/hour for both

BE IT FURTHER RESOLVED that the Chairperson and Secretary of the Central Jersey Joint Insurance Fund are hereby authorized to execute this resolution;

CENTRAL JERSEY JOINT INSURANCE FUND

RESOLUTION 7-17

**CENTRAL JERSEY JOINT INSURANCE FUND
(hereinafter the "Fund")**

Risk Management Plan

ESTABLISHING THE 2017 PLAN OF RISK MANAGEMENT

BE IT RESOLVED by the Fund's governing body that the **2017** Plan of Risk Management shall be:

- 1.) **The perils or liability to be insured against.**
 - a.) The Fund insures the following perils or liability:
 - **Workers' Compensation** including Employer's Liability, USL&H and Harbor Marine/Jones Act.
 - **General Liability** including Police Professional Liability, Employee Benefits Liability, Quasi Municipal Organization Liability, Garage Keeper's Liability, Failure to Supply (water and electricity), Riot, Civil Commotion or Mob Action, Good Samaritan, Disinfecting Agents Release Hazard, and Skateboard Facility.
 - **Automobile Liability** including PIP and uninsured/Underinsured Motorists Coverage.
 - **Blanket Crime** including public employee dishonesty; forgery or alteration; theft, disappearance and destruction; robbery and safe burglary; and computer fraud with funds transfer. Excludes Statutory Positions.
 - **Property** including Boiler and Machinery
 - **Public Officials and Employment Practices Liability**
 - **Volunteer Directors & Officers Liability**
 - **Cyber Liability**
 - b.) The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL).

- **Excess Workers' Compensation**
- **Excess General Liability**
- **Non-Owned Aircraft Liability**
- **Excess Auto Liability**
- **Optional Excess Public Officials & Employments Practices Liability**
- **Optional Excess Liability**
- **Excess Property including Boiler and Machinery**
- **Crime** including (1) **excess public employee coverage**, (2) **excess public officials coverage** where the Statutory Positions coverage is insured commercially for primary coverage and (3) coverage for **Statutory Positions** insured on a primary basis with MEL (where approved).
- c.) **Environmental Impairment Liability** Coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund (i.e. E-JIF.)

2.) **The limits of coverage.**

- a.) **Workers' Compensation** limits.
 - The Fund covers \$300,000 CSL.
 - The MEL covers excess claims to the following limits.
 - Workers' Compensation - statutory
 - Employer's Liability - \$6,700,000 in excess of the Fund's \$300,000
 - USL&H – Included in workers Compensation
 - Harbor Marine/Jones Act - Included in employers liability
 - Incidental Foreign Workers Compensation - included
 - Communicable Disease Coverage - included
- b.) **General Liability** limits.

- The Fund covers \$300,000 CSL.
- The MEL covers excess liability claims as follows:
 - General Liability - \$4,700,000 CSL excess the Fund's \$300,000. The \$3,250,000 excess \$1,750,000 layer is subject to a \$3,250,000 per member local unit annual aggregate limit.
 - Police Professional - included in the MEL's excess General Liability limits.
 - Employee Benefits Liability - included in the MEL's excess General Liability limits.
 - Good Samaritan Liability - included in the MEL's excess General Liability limits.
 - Quasi Municipal Organization Liability. (Non-profit organizations included by a member local unit in the town's insurance program.)
 - Emergency Service Units and Auxiliaries - included in the MEL's excess General Liability limits.
 - Other - \$4,700,000 CSL excess of the Fund's \$300,000. The \$3,250,000 excess \$1,750,000 layer is included in the MEL's excess General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.
 - Garage Keeper's Liability - \$1,700,000 CSL excess of the Fund's \$300,000. The \$250,000 layer excess of \$1,750,000 is included in the MEL's excess General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.
 - Failure to Supply Liability - \$4,700,000 CSL excess of the Fund's \$300,000. The \$3,250,000 excess of the \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess of \$1,750,000 per member local unit annual aggregate limit.
 - Riot, Civil Commotion or Mob Action - \$4,700,000 CSL excess of the Fund's \$300,000. The \$3,250,000 excess of the \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess of \$1,750,000 per member local unit annual aggregate limit.
 - Dams (Class III and IV – Low Hazard) - \$4,700,000 CSL excess of the Fund's \$300,000. The \$3,250,000 excess of the

\$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess of \$1,750,000 per member local unit annual aggregate limit.

- Dams (Class I and II – High Hazard) - \$700,000 CSL excess of the Fund's \$300,000.
- Subsidence Property Damage Liability- \$3,450,000 CSL excess of the Fund's \$300,000. The \$2,000,000 layer excess of \$1,750,000 layer is included in the MEL's General Liability and is subject to a \$2,000,000 “all members” annual aggregate limit excess of the \$1,750,000 each occurrence. There is no bodily injury liability sub-limit for subsidence.
- Sewer Back Up - \$3,450,000 CSL excess of the Fund's \$300,000. The \$2,000,000 layer excess of \$1,750,000 layer is included in the MEL's General Liability and is subject to a \$2,000,000 “all members” annual aggregate limit excess of the \$1,750,000 each occurrence. There is no bodily injury liability sub-limit for sewer back-up.
- Disinfecting Agents Release Hazard - \$700,000 CSL excess of the Fund's \$300,000.
- Skateboard Facilities - \$4,700,000 CSL excess of the Fund's \$300,000. The \$3,250,000 excess of the \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess of the \$1,750,000 each occurrence. (Requires Fund approval)

c.) **Automobile Liability** limits.

- The Fund covers \$300,000 CSL for Bodily Injury Liability, Property Damage Liability and PIP.
- The Fund covers \$15,000/\$30,000/\$5,000 for Underinsured/Uninsured Motorists Liability.
- The MEL covers Automobile Bodily Injury and Property Damage Liability claims excess of the Fund's \$300,000 CSL limit in the MEL's excess General Liability limit except that Automobile Liability claims which penetrate the excess of \$1,700,000 layer are not subject to the aggregate limitation.
- The JIF provides PIP limits of \$250,000.
- The MEL does not provide excess PIP or Uninsured/Underinsured Motorist Coverage.

d.) **Non-Owned Aircraft.** The MEL covers \$5,000,000 CSL for Bodily Injury and Property Damage Liability, and \$5,000 medical expense for each passenger.

e.) **Public Officials Liability. (POL)**

- The JIF, 100% commercially insured with QBE Specialty Insurance Company, covers \$2,000,000 in the aggregate on a claims made basis per member municipality for each Fund year subject to a deductible and coinsurance as outlined below. There is a combined POL/EPL \$2,000,000 per member local unit annual aggregate.
- \$20,000 deductible per occurrence, except that a \$75,000 deductible per occurrence applies for member local units with unfavorable loss experience.
- 20% coinsurance of the first \$250,000 of the loss

NOTE: Member local units that qualify based on certain criteria have options to purchase a lower deductible and coinsurance contribution. New members with adverse loss experience may be subject to higher deductible and coinsurance as provided by QBE Specialty Insurance Company

f.) **Employment Practices Liability (EPL)**

- The JIF, 100% commercially insured with QBE Specialty Insurance Company, covers \$2,000,000 in the aggregate on a claims made basis per member municipality for each Fund year subject to a deductible and coinsurance as outlined below. There is a combined POL/EPL \$2,000,000 per member local unit annual aggregate.
- For member local units with approved EPL Loss Control/Risk Management Programs:
 - \$20,000 deductible per occurrence, except that a \$75,000 deductible per occurrence applies for member local units with unfavorable loss experience.
 - 20% coinsurance of the first \$250,000 of the loss
- For member local units without approved EPL Loss Control/Risk Management Programs:
 - \$100,000 deductible per occurrence, except that a \$150,000 deductible per occurrence applies for member local units

with unfavorable loss experience.

- 20% coinsurance (no cap) 1st \$2 million (not imposed against optional limits).

NOTE: Member local units that qualify based on certain criteria have options to purchase a lower deductible and coinsurance contribution. New members with adverse loss experience may be subject to higher deductible and coinsurance as provided by QBE Specialty Insurance Company

g.) **Optional Directors and Officers Liability (D & O) - Fire Companies and Emergency Service Units.**

- The JIF, 100% commercially insured with QBE Specialty Insurance Company Insurance, provides optional \$1 million or \$2 million annual aggregate limits for Fire Companies or Emergency Service Units subject to optional deductibles of \$1,000, \$2,000 or a \$5,000 deductible.

h.) **Property** (effective 12:01 A.M. December 31, 2016) –

The Fund covers **\$100,000** per occurrence (Property & Time Element combined) less applicable member deductibles:

- Flood for locations wholly or partially within 100-year flood zone
- Boiler and Machinery
- Named Storm (Flood & Wind)

The MEL retains and provides excess property coverage at limits of **\$400,000** excess **\$100,000** per occurrence (Property & Time Element combined) except for the following:

- Flood for locations wholly or partially within 100-year flood zone
- Boiler and Machinery
- Named Storm(Flood & Wind)

The MEL serves as the lead agency for the purchase of additional excess property at the following MEL statewide limits and sub-limits:

\$125,000,000	Per Occurrence – Property Damage and Time Element Combined
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\$100,000,000	Aggregate – Earth Movement
\$100,000,000	Aggregate – Flood (includes Storm Surge)
Included	Named Storm
\$10,000,000	Extra Expense
\$750,000	Tenant Relocation Expenses
\$15,000,000	Leasehold Interest
\$15,000,000	Loss of Rents
\$1,000,000	Wind Turbine
Excluded	Power Generating Utilities
\$2,500,000	Computer Systems Damage
Excluded	Contingent Time Element
\$25,000,000	Debris Removal
\$2,500,000	Fine Arts
\$250,000	Fire Department Service Charge
\$250,000	Aggregate – Land and Water Contaminant Cleanup, Removal and Disposal
Excluded	Land Improvements
\$10,000,000	Miscellaneous Personal Property, Outdoor Property
\$10,000,000	Miscellaneous Unnamed Location
\$10,000,000	Off Premises Service Interruption (excludes Utilities)
\$50,000	Asbestos Removal
\$1,000,000	Transit
\$10,000,000	Valuable Papers and Records
\$25,000,000	New Construction and

	Additions
\$5,000,000	Soft Costs
\$1,000,000	Watercraft (Property Damage Only)
\$15,000,000	Vehicles
\$10,000,000	Bridges and Dams
\$10,000,000	Piers, Wharfs, Docks, Boardwalks and Bulkheads
\$10,000,000	Transmission and Distribution Lines <i>1 mile radius for overhead transmission</i> <i>5 mile radius for underground transmission</i>
\$1,000,000	Clogging/Blocking of Pipes
Included	Equipment Breakdown
\$5,000,000	Equipment Breakdown – Ammonia Contamination
\$5,000,000	Equipment Breakdown – Spoilage
Excluded	Earth Movement – Zones 1 and 2
\$2,500,000	Per Location – Flood, Special Flood Hazard Area (SFHA) and Pumping Stations
\$1,000,000	Per Occurrence – Flood, Outside Building or Structure
Excluded	Flood – Buildings on Pilings, Special Flood Hazard Area (SFHA) Zones V, VE and V1-

Excluded	Named Storm – Zones 1 and 2
365 Days	Extended Period of Liability
90 Days	Newly Acquired Property
168 Hours	Earth Movement
120 Hours	Named Storm
Included	Terrorism/TRIA

- **Deductibles**

\$500,000	Per Occurrence (Property Damage & Time Element)
\$50,000	Equipment Breakdown (Property Damage)
\$50,000	Equipment Breakdown (Time Element)
\$500,000	Flood, SFHA – Buildings
\$500,000	Flood, SFHA – Time Element
\$500,000	Flood, SFHA – Contents
\$250,000	Flood, SFHA – Housing Authority/Non-Profit Buildings
\$100,000	Flood, SFHA – Housing Authority/Non-Profit Contents
\$100,000	Flood, SFHA – Housing Authority/Non-Profit Time Element
\$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure, but not defined as Outdoor Property (Property Damage)
\$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure, but not defined as Outdoor Property (Time Element)
1%	Named Storm: Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May (Property Damage)
1%	Named Storm: Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May (Time Element)
\$500,000	Named Storm – Minimum, Per Location (Property Damage & Time Element) Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May
\$1,000,000	Named Storm – Maximum, Per Occurrence (Property Damage & Time Element) Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May

- **Other Special Provisions**

- **Cape May Convention Center**

- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Cape May Convention Center.

- **Ocean City Music Pier**

- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Ocean City Music Pier.

- **Bridges & Dams**

- Bridges and dams attached to an insured location, and the relating equipment, are covered, except for Flood, Earthquake and Named Storm.

- **Piers, Wharfs, Docks, Bulkheads and Boardwalks**

- All are covered, including any crossovers, floating docks and the buildings/structures thereon against the perils of fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, watercraft and malicious intent.

- **Utilities**

- The following are covered:
 - Transmission and distribution lines situated beyond 1 mile radius of insured location for above ground transmission.
 - Transmission and distribution lines situated beyond 5 mile radius of insured location for below ground transmission.

- **Outdoor Property**

- Outdoor Property means Covered Property not at an Insured Location and:
 - Outside a permanent building, or not wholly enclosed by walls and a roof; or
 - Inside a moveable container located outside a permanent building.

- Covered for the perils of fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, watercraft and malicious intent.

Retaining Structures

- Retaining structures are only covered if attached to a scheduled location.
- Covered for all perils covered by the policy.

Underground Piping

- Excludes:
 - Underground piping beyond a 1,000 foot radius of a pump station, process plant, metering pit, well or similar operational location, which is owned, leased, used, occupied or intended for use by the member entity;
 - Underground Storage Tanks and associated systems including piping;
 - Underground electric, data voice, digital, fiber optic or similar cable beyond a 1,000 foot radius of an insured location owned by the member entity; and
 - Underground gas pipelines.

Vacant and Historic Property

- Vacant Buildings:
 - Vacant Building: A building containing nothing; being without contents or occupants.
 - Except as noted below, the JIF will only provide “Named Perils” coverage on an “Actual Cash Value” basis for any vacant building.
 - The Underwriting Manager may provide “Replacement Cost” valuation with “All-Risk” coverage for any vacant building after the completion of a satisfactory inspection by

the Underwriting Manager's office and/or the insurers to verify building condition, security of the building, and status of utilities.

- Historic Property:
 - Historic Property: Any property appearing in the local register of Historic Places, National Historic Landmarks Program, or National Register of Historic Places.
 - Cost to replace, repair or restore using the same materials, workmanship and architectural features and details that existed before such loss provided they are available. If any materials or workmanship needed to replace, repair or restore a building or structure are not available, the cost to use materials and/or workmanship that will permit the replacement, repair or restoration of the building to a condition that most closely resembles the condition which existed immediately before the loss occurred will be utilized.
 - If there is an ordinance or law in effect at the time of loss that regulates zoning, land use or construction of a historic building (such as a Historic Preservation Act or other similar regulation), if that ordinance or law affects the repair or rebuilding of the historic building, and if you:
 - ✓ Repair or rebuild the building or structure as soon as reasonably possible, then you will receive Replacement Cost valuation on the damaged and undamaged portions of the building, the cost to demolish and clear the site of the undamaged portion of the building, and the increased cost to repair or rebuild the building to the same general size in accordance with the minimum standards of such ordinance or law;

- ✓ Do not repair, rebuild or replace the building or structure, then you will receive Actual Cash Value valuation on the damaged and undamaged portions of the building, plus the cost to demolish and clear the site of the undamaged portion of the building.
 - With respect to properties that qualify for "National Historic Landmark" status, the Insured shall have the sole discretion as to the means by which said property shall be repaired, rebuilt or replaced, but not to exceed the actual costs which would have been incurred in order to comply with "National Historic Landmark" status requirements.
- i.) **Blanket Crime** - The JIF provides a limit of \$50,000 less the member entity deductible of \$2,500. Coverage includes Public Employee Dishonesty, Forgery and Alteration, Theft, Disappearance and Destruction, Robbery and Safe Burglary, Computer Fraud with Funds Transfer. The MEL provides it's member JIF's **excess public employees coverage** at limits of \$1,000,000 less the member JIF's retention of \$50,000 for Public Employee Dishonesty.
- j.) **Excess Public Officials Crime Coverage** - The MEL provides excess employee dishonesty for those employed positions which are required by law to be individually bonded and where they have not applied and have not been approved for coverage under the MELJIF Statutory Position Program at a limit of \$1,000,000 less a member local units' deductible which is the higher of the following:
- 1) The amount said persons are required by Law to be individually bonded whether or not such individual Bond is in place, or
 - 2) The amount of the individual Bond in place.
- Each member local unit that has not applied for coverage under the MELJIF Statutory Position Bond is required to continue to purchase via the commercial market individual bonds providing primary coverage up to "at least the minimum limit required by law" for those employed positions required by law to be individually bonded.**
- k.) **Crime Statutory Position Coverage** - The MEL provides employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have

applied and have been approved for coverage at a limit of \$1,000,000 per occurrence per position less a member local units' deductible of \$1,000.

- l.) **Optional Excess Liability** - The MEL offers Optional Excess General Liability, including Police Professional Liability, Employee Benefits Liability, Quasi Municipal Organization Liability (Emergency Service Units and Auxiliaries only), and Automobile Liability (not including PIP or Underinsured/Uninsured Motorist Coverage) as follows:
 - o \$2 million CSL and per member local unit annual aggregate excess of \$5 million (auto liability not aggregated).
 - o \$5 million CSL and per member local unit annual aggregate excess of \$5 million (auto liability not aggregated).
 - o \$5 million CSL and per member local unit annual aggregate excess of \$10 million (auto liability not aggregated).
 - o \$10 million CSL and per member local unit annual aggregate excess of \$10 million (auto liability not aggregated).

- m.) **Optional Excess POL/EPL** – The MEL offers optional excess POL/EPL as follows:
 - o \$1 million CSL and per member local unit annual aggregate excess of \$2 million
 - o \$2 million CSL and per member local unit annual aggregate excess of \$2 million
 - o \$3 million CSL and per member local unit annual aggregate excess of \$2 million
 - o \$4 million CSL and per member local unit annual aggregate excess of \$2 million
 - o \$4 million CSL and per member local unit annual aggregate excess of \$6 million

- n.) **Environmental Impairment Liability** - The limits of liability as established in the E-JIF's Plan of Risk Management and coverage documents.

- o.) **Cyber Liability** – The JIF, 100% commercially insured with XL Insurance, provides Third Party coverage including Media Communication, Network Security Liability and Privacy Liability and First Party coverage including Extortion Threat, Crisis Management Expenses and Privacy Notification Costs. The JIF limits of liability are \$5,000,000 each/\$8,000,000 policy aggregate. The limits are JIF wide and shared amongst member local units of the JIF. There is a \$1,500,000 sub-limit each for (1) Privacy Notification Costs, (2) Regulatory Fines/Claims Expenses for Privacy Liability, (3) Extortion Damages for Extortion Threat and (4) Crisis Management Expenses. There is a \$25,000 policy deductible. There is a \$2,000,000 sub-limit each for (1) Privacy

Notification Costs, (2) Regulatory Fines/Claims Expenses for Privacy Liability, (3) Extortion Damages for Extortion Threat and (4) Crisis Management Expenses. There is also a 3rd option at limits of \$5 million each/\$8 million Aggregate and a \$25,000 deductible. There is a \$3,000,000 sub-limit each for (1) Privacy Notification Costs, (2) Regulatory Fines/Claims Expenses for Privacy Liability, (3) Extortion Damages for Extortion Threat and (4) Crisis Management Expenses.

Optional Individual Self-Insured Retentions – None.

NOTICE: The above description is a general discussion of the coverage and limits provided by the FUND. However, the actual terms and conditions are defined in the policy documents and all issues shall be decided on the policy documents.

- 3.) **The amount of risk to be retained by the Fund.**
- a.) Workers' Compensation (all coverages) - \$300,000 CSL
 - b.) General Liability (all coverages) - \$300,000 CSL
 - c.) Employment Practices Liability – none 100% commercially insured with QBE Specialty Insurance Company.
 - d.) Non-Owned Aircraft - none
 - e.) Automobile Liability
 - o PD & BI - \$300,000 CSL
 - o Underinsured/Uninsured - \$15,000/\$30,000 CSL
 - o PIP - \$250,000 CSL
 - f.) Public Officials Liability – none 100% commercially insured with QBE Specialty Insurance Company.
 - g.) Optional Directors and Officials Liability – none 100% commercially insured with QBE Specialty Insurance Company.
 - h.) Property - \$100,000 per occurrence less member deductibles.
 - i.) JIF Blanket Crime - \$50,000 less member deductible
 - j.) Optional Excess Liability – none provided by MEL

- k.) Environmental Impairment Liability - none other than the risk of a E-JIF assessment.
 - l.) Residual Claims Liability - none other than the risk of a RCF assessment.
 - m.) MEL Crime Policy – none provided by MEL
 - n.) Optional Excess POL\EPL – none provided by MEL
 - o.) Cyber Liability – none 100% commercially insured with XL Insurance
- 4.) **The amount of unpaid claims to be established.**
- a.) The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Fund expects the claims servicing company to set reserves at 85% accuracy. The Fund also establishes reserves recommended by the Fund's actuary for claims that have been incurred but not yet reported so that the Fund has adequate reserves to pay all claims and allocated loss adjusted expense liability.
 - b.) Claims reserves are subject to regular review by the Fund's Executive Director/Administrator, Attorney, Executive Committee and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the Fund.
- 5.) **The method of assessing contributions to be paid by each member of the Fund.**
- a.) By November 15th of each year, the actuary computes the probable net cost for the upcoming Fund year by line of coverage and for each prior Fund year. The actuary includes all budget items in these computations. The annual assessment of each participating municipality is its pro rata share of the probable net cost of the upcoming Fund year for each line of coverage as computed by the actuary.
 - b.) The calculation of pro rata shares is based on each municipality's experience modified manual premium for that line of coverage. The Fund's governing body also adopts a capping formula which limits the increase of any member's assessment from the preceding year to the Fund wide average increase plus a percentage selected by the governing body. The total amount of each member's annual assessment is certified by majority vote of the Fund's governing body at least one (1) month prior to the beginning of the next fiscal year.
 - c.) The treasurer deposits each member's assessment into the appropriate

accounts, including the administrative account, and the claim or loss retention trust fund account by Fund year for each type of coverage in which the member participates.

- d.) If a local unit becomes a member of the Fund or elects to participate in a line of coverage after the start of the Fund year, such participant's assessments and supplement assessments are reduced in proportion to that part of the year which had elapsed.
 - e.) The Fund's governing body may by majority vote levy upon the participating municipalities additional assessments wherever needed or so ordered by the Commissioner of Insurance to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. All supplemental assessments are charged to the participating municipalities by applicable Fund year, and shall be apportioned by the year's assessments for that line of coverage.
 - f.) Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Fund fail to assess funds required to meet its obligations, the chairman or in the event by his or her failure to do so, the custodian of the Fund's assets, shall notify the Commissioner of Insurance and the Director of Community Affairs. Past due assessments shall bear interest at the rate established annually by the Fund's governing body.
 - g.) The Fund has also adopted a loss sensitive retrospective rating plan and has filed the endorsement with the Department of Banking and Insurance and the Department of Community Affairs.
- 6.) **Procedures governing loss adjustment and legal expenses.**
- a.) The Fund engages a claims service company to handle all claims, except for the JIF's POL/EPL, insurance which is handled by Summit Risk Services representing XL Insurance and QBE Specialty Insurance Company. The performance of the claims adjusters is monitored and periodically audited by the Executive Director's office, the Fund attorney, the MEL's attorney's office, as well as the claims department of the MEL's three major liability insurers/re-insurers [i.e. General Re and Munich Re for excess liability, and Safety National for workers' compensation]. Every three years, the MEL's internal auditors also conduct an audit.
 - b.) Each member local unit is provided with a claims reporting procedure and appropriate forms.
 - c.) In order to control workers' compensation medical costs, the Fund has engaged a managed care organization (MCO) whose procedures are integrated into the Fund's claims process.

- d.) To provide for quality defense and control costs, the Fund has established an approved defense attorney panel with firms which specialize in Title 59 matters. The performance of the defense attorneys is overseen by the Fund attorney, as well as the various firms which audit the claims adjusters. The Fund is responsible for providing a defense to certain claims brought against its members and their employees in accordance with the Fund's coverage documents. The law firms appointed the defense panel are assigned to represent the interests of the members and members' employees. It is necessary from time to time for the Fund to impose rules and guidelines on the work conducted by the law firms on the defense panel. Therefore, a condition of inclusion on the defense panel is that all lawyers or law firms who accept defense assignments on behalf of any members of the Fund are prohibited from representing employees or officers of the member towns in any matters involving a member municipality of the Fund as a party or arising out of or related to that employee's or officer's employment with a member of the Fund , except as appointed by the Fund.

7.) **Coverage to be purchased from a commercial insurer, if any.**

The Fund does purchases commercial insurance for the POL/EPL, Volunteer D&O, from QBE Specialty Insurance Company, and Cyber Liability coverage which is purchased from XL Insurance.

8.) **Reinsurance to be purchased.**

The Fund does not purchase reinsurance.

9.) **Procedures for the closure of Fund years, including the maintenance of all relevant accounting records.**

- a.) The Fund utilizes the Municipal Excess Liability Residual Claims Fund (RCF) to facilitate the closure of Fund years.
- b.) Upon the transfer of outstanding liabilities of a Fund year to the RCF, the Fund adopts a resolution closing that year and transfers all remaining assets to the closed Fund year account. This amount is allocated by member local units using the same procedure as is used to calculate a dividend. Each month, interest is credited to the closed Fund year account by member.
- c.) Each year, the Fund's governing body will determine if a dividend is appropriate from the closed Fund year account, and will make application to

the Department of Insurance as appropriate. Further, in the event an open Fund year incurs a deficit, the Fund's governing body will consider an inter-year transfer from the closed Fund year account to offset the deficit. In either case, the dividend or inter-Fund year transfer will be calculated on a member by member basis.

- d.) In the event a member leaves the Fund, the Fund's governing body may assess the member's closed Fund Year account an amount not exceeding three (3) years stranded costs that the Fund incurs as a result of the member's withdraw. Stranded costs are those expenses incurred by the Fund that would otherwise have been paid from the with-drawling member's assessments had the member remained in the Fund.

A member may apply to the Fund's governing body for a return of that member's remaining share of the closed Fund year account when five (5) years have passed since the last Fund year in which the member participated has been closed. The Fund's governing body will decide on the former member's request after evaluating the likelihood of any additional assessments from the RCF.

- e.) All dividends from the RCF will be deposited in the closed Fund year account on a member by member basis.
- g.) The Fund will retain all records in accordance with the Fund's record retention program.

10.) **Assumptions and Methodology used for the calculation of appropriate reserves requirements to be established and administered in accordance with sound actuarial principles.**

- a.) The general approach in estimating the loss reserves of the Fund is to project ultimate losses for each Fund year using paid and incurred loss data. Two traditional actuarial methodologies are used: the paid loss development method and the incurred loss development method. From the two different indications resulting from these methods the Fund Actuary chooses a "select" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or funding requirement.
- b.) The following is an overview of the two actuarial methods used to project the ultimate losses.
 - o Paid Loss Development Method - This method uses historical accident year paid loss patterns to project ultimate losses for each accident year. Because this method does not use case reserve data, estimates from it are not affected by changes in case reserving practices. However, the results

of this method are sensitive to changes in the rate of which claims are settled and losses are paid, and may underestimate ultimate losses if provisions are not included for very large open claims.

- Case Incurred Loss Development Method - This method is similar to the paid loss development method except it uses historical case incurred loss patterns (paid plus case outstanding reserves) to estimate ultimate losses. Because the data used includes case reserve estimates, the results from this method may be affected by changes in case reserve adequacy.

11.) **The maximum amount a certifying and approving officer may approve pursuant to N.J.A.C. 11:15-2.22.**

- \$15,000
- \$25,000 Emergency Court House Authority upon the joint authorization of the Fund Attorney and Executive Director. Whenever this procedure is used, the claim shall be reported to the Commissioners at their next meeting.
- With the advance approval of the Fund Attorney, the certifying and approving officer may also pay provider bills if waiting until after the next regularly scheduled FUND meeting would result in the loss of a discount on such bills. When the certifying and approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.

ADOPTED: *this 18th day of January , 2017 by the Governing Body:*

CENTRAL JERSEY JOINT INSURANCE FUND

RESOLUTION NO. 8-17

**AUTHORIZING THE CENTRAL JERSEY JOINT INSURANCE FUND
TO PAY EXECUTIVE COMMITTEE MEMBERS FOR ATTENDANCE
AT EXECUTIVE COMMITTEE MEETINGS
FOR THE FUND YEAR 2017**

WHEREAS, N.J.S.A. 40A:10-36 permits the creation of a Joint Insurance Fund for local units of government, and

WHEREAS, N.J.S.A. 40:A10-37 permits the Commissioners of the said Joint Insurance Fund to create an Executive Committee for said Joint Insurance Fund, and

WHEREAS, said Statute permits the Commissioners to vote to allow those Commissioners who serve on the Executive Committee to receive up to \$150 per regular Executive Committee Meeting attended,

WHEREAS, any Commissioner serving on the Executive Committee may opt not to be paid and that the amount of the payment would be made to the member municipality,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Central Jersey Joint Insurance Fund as follows:

Each regular and alternate member of the Executive Committee of the Central Jersey Joint Insurance Fund shall receive \$150 per regular monthly Executive Committee Meeting attended by said member.

ADOPTED:

this day before the Governing Body

RESOLUTION NO. 9-17

**RESOLUTION AUTHORIZING THE CENTRAL JERSEY JOINT INSURANCE
FUND'S PARTICIPATION IN THE NEW JERSEY MUNICIPAL EXCESS LIABILITY
JOINT INSURANCE
NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM**

Whereas, the Central Jersey Joint Insurance Fund (hereinafter the "CJIF") is a member of the Municipal Excess Liability Joint Insurance Fund (hereinafter the "MEL")

Whereas, the MEL provides excess property coverage underwritten by Zurich Insurance Company to various member Joint Insurance Funds; and

Whereas, as respects loss or damage caused by or resulting from a "Named Storm", any covered property in Atlantic, Ocean, Monmouth, and Burlington Counties located east of the Garden State Parkway, and any covered property in Cape May County is subject to a Property Damage deductible of 1% of the value per the Schedule of Values for the "Location" where the direct physical loss or damage occurred, per "occurrence"; and

Whereas, as respects loss or damage caused by or resulting from a "Named Storm", any covered property in Atlantic, Ocean, Monmouth, and Burlington Counties located east of the Garden State Parkway, and any covered property in Cape May County is subject to a Time Element deductible of 1% of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the "Occurrence" by use of the facilities at the "Location" where the direct physical loss or damage occurred and all other "Locations" where Time Element loss ensues, per "occurrence"; and

Whereas, the above deductibles (hereinafter the "NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM") are subject to a minimum deductible of \$500,000 for Property Damage and Time Element, combined, per Location, and a maximum deductible of \$1,000,000 per occurrence; and

Whereas, for purposes of this resolution, a "Named Storm" means: Any storm or weather disturbance that is named by the U.S. National Oceanic and Atmospheric Administration (NOAA) or the U.S. National Weather Service or the National Hurricane Center or any comparable worldwide equivalent; and

Whereas, a "Named Storm" also includes "Storm Surge"; and

Whereas, for purposes of this resolution, covered property shall not include vehicles; and

Whereas, the Atlantic, Burlington, Central, FIRST, Mid Jersey, Monmouth, NJPHA, and Ocean JIFs have members subject to this deductible; and

Whereas, the Board of Fund Commissioners of the CJIF recognizes that its members could bear a financial hardship in event of a “Named Storm” as a result of this deductible; and

Whereas, the MEL has agreed to act as a lead agency to administer an agreement between member JIFs subject to this deductible.

Now, Therefore Be It Resolved that the Board of Fund Commissioners of the CJIF resolve to enter into an agreement with other members JIFs subject to the NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM subject to the following provisions:

1. In the event of a covered loss subject to the NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM, the JIFs that are parties to this agreement shall contribute to the total amount of the deductible pro rata based on each JIFs reported values for all properties subject to the NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM. The reported values for all properties subject to the NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM will be established in May of each year; and
2. The first \$5,000 of loss from each member location shall not be subject to this sharing provision; and
3. This sharing provision shall be subject to only insured property at insured locations; and
4. To be eligible for reimbursement under this agreement, the member shall file a claim with FEMA, including any National Flood Insurance Program policies, and the reimbursement under this agreement shall be reduced by the amount of such reimbursement.

Be it further resolved that a copy of this Resolution be provided to the CJIF Executive Director’s office, the CJIF Underwriter, the MEL Executive Director, the MEL Underwriting Office.

This Resolution was duly adopted by the Central Jersey Joint Insurance Fund at a public meeting held on January 18, 2017.

CENTRAL JERSEY JOINT INSURANCE FUND