

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
OPEN MINUTES MEETING – JUNE 11, 2014
HANOVER TOWNSHIP MUNICIPAL BUILDING
12:00 PM**

Meeting of Fund Commissioners called to order by Chairman Rheinhardt. Open Public Meeting Notice read into records. Chairman Rheinhardt led Commissioners in the Pledge of Allegiance.

ROLL CALL OF EXECUTIVE COMMITTEE:

Jonathan Rheinhardt	Borough of Wharton	Present
William Close, Secretary	Town of Sparta	Present
Robert Kalafut	Borough of Madison	Present
Ralph Blakeslee	Borough of Netcong	Absent
Michael Guarino	Township of Denville	Present
Greg Poff	Rockaway Township	Present
Brian McNeilly	Borough of Stanhope	Present

ROLL CALL OF FUND COMMISSIONERS:

Vita Thompson	Township of Andover	Absent
John Dunleavy	Borough of Bloomingdale	Absent
Terry McCue	Town of Boonton	Absent
Barbara Shepard	Township of Boonton	Present
James Lampmann	Borough of Butler	Present
Thomas Ciccarone	Township of Chatham	Absent
Robert Falzarano	Borough of Chatham	Absent
Valerie Egan	Borough of Chester	Absent
Kelley Toohey	Dover Town	Present
Joseph Tempesta	Township of East Hanover	Absent
Francine Paserchia	Borough of Essex Fells	Absent
William Huyler	Borough of Florham Park	Absent
David Boynton	Township of Frelinghuysen	Absent
Kelli Schanz	Township of Hanover	Present
Eric Maurer	Borough of Hawthorne	Present
Robert Elia	Borough of Hopatcong	Present
Daniel O'Dougherty	Borough of Kinnelon	Absent
Perry Mayers	Borough of Lincoln Park	Absent
Neil Henry	Township of Long Hill	Absent
Ellen Sandman	Borough of Mendham	Present
Tim Day	Township of Mendham	Present
Tim Gordon	Township of Millburn	Absent
Victor Canning	Township of Montville	Absent
Scott Thompson	Borough of Morris Plains	Present
Carolyn Rinaldi	Borough of Mount Arlington	Present
Frank Wilpert	Township of Mount Olive	Absent
Robert Tovo	Borough of Mountain Lakes	Absent
Mel Levine	Borough of North Caldwell	Absent
David Hollberg	Township of Pequannock	Present

Darren Maloney	Township of Randolph	Present
Scott Heck	Borough of Ringwood	Present
Sheila Seifert	Borough of Rockaway	Absent
Terri Lyons	Township of Washington	Present
Adam Brewer	Township of West Caldwell	Present
Cathy Shanahan	Township of West Milford	Absent

2014 FUND COMMISSIONER ALTERNATES:

Maryann Frodella	Township of Andover	Absent
Sherry Gallagher	Borough of Bloomingdale	Present
Cynthia Oravits	Town of Boonton	Absent
James Kozimor	Borough of Butler	Absent
Deborah King	Township of Chatham	Absent
Michael Mariniello	Borough of Chatham	Absent
Steven Ward	Township of Denville	Absent
Marge Verga	Dover Town	Absent
Kenneth Huelbig	East Hanover Township	Present
Patricia Visco	Borough of Florham Park	Absent
Joseph Giorgio	Township of Hanover	Absent
Jennifer Scully	Borough of Hawthorne	Absent
Donna Mollineaux	Borough of Kinnelon	Present
James Burnet	Borough of Madison	Absent
Alex McDonald	Township of Millburn	Absent
June Uhrin	Borough of Morris Plains	Absent
June Hercek	Borough of Montville	Absent
Michelle Reilly	Borough of Mountain Lakes	Absent
Andrew Cangiano	Borough of Mt. Arlington	Absent
Sean Canning	Township of Mount Olive	Present
William Marsala	Borough of Ringwood	Absent
John Doherty	Borough of Rockaway	Absent
Joseph Fiorella	Township of Rockaway	Absent
Michele Landtau	Township of Sparta	Absent
Dana Mooney	Borough of Stanhope	Absent
Andrew Coppola	Township of Washington	Absent
David Young	Borough of Wharton	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator

PERMA Risk Management Services
James J. Kickham

Attorney/Litigation Management

Dorsey & Semrau, Esq.
Fred Semrau, Esq.

Underwriting Manager

Conner Strong & Buckelew
Cathy Dodd

Safety Director

J.A. Montgomery Risk Control
John Zengel

Treasurer

Grace Brennan

Liability Claims Service

D&H Alternative Risk Solutions, Inc.
Paul Messerschmidt

Workers Compensation
Claim Service

Qual-Lynx
Robert Fox

Managed Care

FMCO
Anchulee Carranza

Auditor

Nisivoccia LLP
Bud Jones

ALSO PRESENT:

Karen Waters, IMAC Insurance Agency, LLC
Dave Sgalia, Henry O. Baker
John Whitley, Skylands Risk Management
Frank Covelli, PIA
Dave Vozza, The Vozza Agency
Patricia Esposito, Marsh USA, Inc.
James Kickham, PERMA
Cate Kiernan, PERMA
Jaine Testa, PERMA
Stephen Sacco, PERMA

APPROVAL OF MINUTES -

May 14, 2014 Open & Closed minutes:

MOTION TO APPROVE OPEN & CLOSED MINUTES OF MAY 14, 2014

Motion:
Second:
Vote:

Commissioner Poff
Commissioner Day
12 Ayes, 0 Nays, 9 Abstentions

(Commissioners Close, Guarino, McNeilly,
Lampmann, Schanz, Elia, Hollberg, Heck,
Thompson)

CORRESPONDENCE – REINSURANCE AND EXCESS POLICES: The MEL’s 2014 excess and reinsurance policy documentation has been filed with the Department of Banking and Insurance. Correspondence dated June 4, 2014 from Conner Strong & Buckelew to Department of Banking & Insurance was distributed to commissioners.

MONTHLY COMMITTEE REPORTS:

Committee Reports:

Membership Committee, Greg Poff, Chair, Rockaway Township No report.

Finance Committee, Robert Kalafut, Chair, Madison Borough – Finance Committee met prior to the JIF meeting to review the 2013 audit. Chairman Kalafut reviewed the report and the fund’s operating revenue is \$14, 989,848 with total operating expenses at \$15,549,524. The operating loss of \$559,676 is offset by the changes in investment in the fund’s joint venture with the MEL, RCF and EJIF funds plus investment income. The change in net position for 2013 was positive at \$71,758. Chairman Kalafut commented further that the Fund’s statutory surplus is down to from approximately \$8 million in 2008, adding the Fund has used surplus to fund the Police Accreditation Grant Program. Chairman Kalafut cautioned that surplus should not go below \$3 million. He added that the Finance Committee established protocols for retaining surplus to protect the Fund.

Bud Jones, auditor from Nisivoccia LLP, presented his report and said the Fund is in a good financial position with a year-end statutory surplus of \$4,773,687. Auditor further noted the report did not include any recommendation and said the recommendation in last year’s audit has now been resolved.

Chairman Rheinhardt noted that if the surplus becomes less than \$3 million the fund might consider eliminating programs such as the Police Accreditation, where grants amount to approximately \$250,000 per year.

Coverage Committee, Michael Guarino, Chair, Denville Township- The Committee met on June 3rd to review proposed revisions to the JIF’s Crime Policy which came about as a result of the Ameripay claim situation. Minutes of the Coverage Committee’s meeting were distributed to commissioners. The MEL Technical Writer’s memorandum summarizing the changes - which are cosmetic and/or for clarification was distributed to commissioners. Committee recommended the board adopt the revised policy. Executive Director said, following the situation with Ameripay a few years ago, the JIF and MEL made immediate changes to the Crime Policies. Coverage Committee went on to review the remainder of the policy to tighten the language. Executive Director added that revised policy resembles the policy found in the current commercial market.

**MOTION TO ADOPT THE 2014 JIF CRIME POLICY
AS RECOMMENDED BY THE COVERAGE COMMITTEE:**

Motion: Commissioner Guarino
Approved: Commissioner Day
Vote: unanimous

Safety Committee, Frank Wilpert, Chair, Mt. Olive Twp. –A listing of member’s Safety Incentive Program achievements for 2013 was distributed to commissioners. PERMA is working with Grainger to produce the award certificates. Chester Borough was the Best Overall winner of members with less than 50 employees and Chatham Borough was the best overall winner of members with greater than 50 employees.

Safety Task Force Committee, Chief Scott Thompson, Chair, Borough of Morris Plains. – Chairman Thompson said the next five towns in September program are ready to proceed and three towns have already committed for September 2015. Chairman Rheinhardt noted that Commissioner Thompson is retiring and introduced Acting Chief Jason Coomb from Morris Plains who will be replacing Commissioner Thompson. He thanked the Chief for his efforts in managing the Police Accreditation program originally started by Chief Spiers.

Contract Review Committee, Ralph Blakeslee, Chair, Borough of Netcong – Committee met on June 2nd to view a demonstration of a software program to manage a town’s certificate of insurance requirements of the vendors they contract with. Chairman Rheinhardt said the program would eliminate some of the administrative work required to manage vendor insurance requirement; including automatic prompts for renewal certificates Committee recommended a 3-6 month pilot program (free of charge) with Netcong, Wharton, West Milford, East Hanover and Sparta participating. Minutes of the Rules and Contracts committee June 2nd were distributed to commissioners.

Legal Review Committee, William Close, Chair, Sparta—No report.

Claims Committee, William Close, Chair, Sparta – Committee scheduled met on June 9th and reviewed 11 Workers’ Compensation Claims totaling Payment Authority Requests of \$580,622.30 and 3 Property Claims totaling Payment Authority Requests of \$ 85,758.50. One Worker’s Compensation PAR was removed by the TPA for the month.

EXECUTIVE DIRECTOR/ADMINISTRATOR:

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, public officials/employment practices compliance, deductibles & co-insurance levels and regulatory checklist.

Executive Director reviewed the Claims Management Report and noted the property loss ratio for 2014 is at 75% compared to 22% this time last year. This is a result of property losses due to the hard winter and noted the overall loss ratio for this year is at 26% as compared to 14% in April 2013. He said the Fund is reporting a deficit for Fund Year 2014 – again reflecting a difficult winter. Executive Director said the actuary has posted a strong IBNR for Fund year 2014. As the year develops, it will likely improve.

Audit Report as of December 31, 2013 –the Auditor’s Report as of December 31, 2013 was distributed to commissioners. Bud Jones, auditor from Nisivoccia LLP met with the Finance Committee and presented the Audit Report during the Finance Committee report. Following the presentation and approval of the report, both Resolution 14-14 and Group Affidavit were executed. The Actuary’s Valuation Report was also included as part of the audit.

Motion to Approve Year-End Financials as of December 31, 2013 as Presented, Adopt Resolution 14-14 and execute the Group Affidavit indicating that members of the Executive Committee have read the General Comments Section of the Audit Report

Motion: Commissioner Guarino
Approved: Commissioner Close
Vote: unanimous

Employment Practices Program: In order to maintain current deductibles and co-payment provisions, members were required to update their EPL Programs and submit the checklist to the Fund office. Account Manager said the report in the agenda reflected several outstanding members but that we expect that those members will have their checklist filed shortly. The exception is the three new members who are granted a longer period to complete their program.

Residual Claims Fund – The RCF met on June 4, 2014. Chairman Rheinhardt’s report on the meeting is enclosed.

The RCF board adopted a Resolution accepting the transfer of member JIF’s Fund Year 2010. Resolution 15-14 authorizing the transfer of the Morris JIF’s 2010 claim liabilities to the RCF – was approved as part of the consent agenda.

EJIF- EJIF met on June 4, 2014. Commissioner Wilpert's report on the meeting was distributed to commissioners. In addition to the report is a flyer on an EJIF seminar regarding compliance of environmental regulations typically encountered by municipalities and utility authorities. Administrators, Clerks, Plant Operators and DPW Directors are urged to attend.

MEL JIF – The MEL met on June 4, 2014. Chairman Rheinhardt's report on the meeting was distributed to commissioners. Chairman said the audit report was reviewed. Chairman Rheinhardt also said the MEL is collaborating with Rutgers University on a "train the trainer" crossing guard safety program. Chairman noted further that Joseph Hrubash has transitioned to PERMA and has been appointed as Assistant Executive Director for the MEL and Tom Nolan of Conner Strong has been appointed as Underwriting Manager.

Police Accreditation: The next five member departments to begin the police accreditation process have been identified as: Boonton Town, Chester Borough, Lincoln Park, Long Hill and Pequannock. The Rodgers Group will start the next phase in September. Resolution 16-14 was approved in the consent agenda.

Financial Disclosure Form: Perma has provided all Fund Commissioners with the PIN they need to complete their Financial Disclosure filing for the Morris JIF. Members that did not file were sent a follow-up email and the Account Manager explained the filing process again. The deadline for filing is June 13th.

2015 Renewal Applications – Online Underwriting Database: As previously reported, the MEL contracted with Exigis to develop an online underwriting database for members and/or their risk managers to add/amend schedules online thereby eliminating the annual paper Renewal Application process. Currently, the MEL's underwriting data is being uploaded to the online database and will be reviewed for accuracy. Members will be able to access and review or change data online at all times and run reports as needed.

Seminars are being scheduled throughout the state to train Risk Management Consultants and Fund Commissioners on the new program. This seminar will be combined with the Underwriting Managers review of the 2014 property program and reporting requirement changes that will be implemented for the 2015 property program. A seminar in Morris County will be scheduled approximately the second or third week in July. Employees that will be responsible to maintain schedules are encouraged to attend as well as their risk managers.

Executive Director said that he property program changes have come about because of losses due to Hurricane Sandy and noted that the property carrier, Zurich has emphasized the necessity for all properties to be scheduled. Properties not scheduled will be subject to lower limits.

Executive Director's Report Made Part of Minutes.

TREASURER:

The Treasurer noted that the second installment billings are ready and will be mailed out to members.

The following June 2014 bills list was included for approval on the consent motion as Resolution 17-14.

JUNE 2014

2013	\$32,986.66
2014	\$106,996.70
Total	\$139,983.36

CLAIMS PAYMENT AND IMPREST TRANSFERS AS OF APRIL 2014:

CLOSED	\$0.00
2010	\$97,703.25
2011	\$68,270.66
2012	\$95,014.23
2013	\$173,063.54
2014	\$248,854.15
TOTAL	\$682,905.83

Treasurer's Report Made Part of Minutes.

ATTORNEY: Fund Attorney said he is still working on a "best practices" guidelines for volunteer organizations and expects to include something in the July agenda.

UNDERWRITING MANAGER:

CERTIFICATES OF INSURANCE: List of certificates was included in the agenda. 52 certificates were issued during May.

Certificates List made part of minutes

SAFETY DIRECTOR:

Safety Director said a Seasonal Employee Orientation will be held on June 20th in Hanover Township. He further noted the new online driver training course from the MEL Safety Institute: "Attention and Distraction" as important course in the

consequences of distracted driving and driving safety. Executive Director said summer seasonal employees are subject to PEOSHA guidelines and are required to receive training if their duties are the same as regular employees and would require training.

Safety Director's Report Made Part of Minutes.

MANAGED CARE:

Managed Care Provider's Report Made Part of Minutes

MOTION FOR EXECUTIVE SESSION FOR CERTAIN SPECIFIED PURPOSES: PERSONNEL- SAFETY & PROPERTY OF PUBLIC LITIGATION:

Motion: Commissioner Day
Second: Commissioner Heck
Vote: Unanimous

MOTION TO RETURN TO OPEN SESSION:

Motion: Commissioner Elia
Second: Commissioner Day
Vote: Unanimous

MOTION TO APPROVE CLAIM AUTHORITY PAYMENTS AS PRESENTED IN EXECUTIVE SESSION, EXECUTIVE DIRECTOR'S REPORT, RESOLUTION 15-14 TRANSFERRING THE MORRIS JIF 2010 LIABILITIES TO THE RCF, RESOLUTION 16-14 POLICE ACCREDITATION PROGRAM, RESOLUTION 17-14 APPROVING THE JUNE BILLS LIST, RESOLUTION 18-14 ADOPTING REVISED RISK MANAGEMENT PLAN, TREASURER'S REPORTS, ATTORNEY'S REPORTS, UNDERWRITING MANAGER'S REPORTS - MONTHLY CERTIFICATES, SAFETY DIRECTOR'S REPORTS, AND MANAGED CARE PROVIDER'S REPORTS

Moved: Commissioner Guarino
Second: Commissioner Maurer
Vote: Unanimous

NEW BUSINESS:

Chairman Rheinhardt presented a clock to Commissioner Ellen Sandman who has accepted a position as Administrator in Parsippany. Commissioner Sandman thanked everyone for their support over the years and said she was proud to be part of the organization and the municipal administration profession.

PUBLIC COMMENT:

None

MOTION TO ADJOURN:

Moved:	Commissioner Canning
Second:	Commissioner Brewer
Vote:	Unanimous

Meeting Adjourned: 12:35 PM

Jaine Testa, Assisting Secretary

For

William Close, Secretary

Date prepared: June 30, 2014

Resolution No. 14-14

**Resolution of Certification
Annual Audit Report for Period Ending December 31, 2013**

WHEREAS, N.J.S.A. 40A:5-4 requires the governing body of every local unit to have made an annual audit of its books, accounts and financial transactions, and

WHEREAS, the Annual Report of Audit for the year 2013 has been filed by the appointed Fund Auditor with the Secretary of the Fund as per the requirements of N.J.S.A. 40A:5-6 and N.J.S.A. 40A:10-36, and a copy has been received by each member of the EXECUTIVE COMMITTEE, and

WHEREAS, the Local Finance Board of the State of New Jersey is authorized to prescribe reports pertaining to the local fiscal affairs, as per R.S. 52:27BB-34, and

WHEREAS, the Local Finance Board has promulgated a regulation requiring that the EXECUTIVE COMMITTEE of the Fund shall, by resolution, certify to the Local Finance Board of the State of New Jersey that all members of the EXECUTIVE COMMITTEE have reviewed, as a minimum, the sections of the annual audit entitled:

General Comments
and
Recommendations

and

WHEREAS, the members of the EXECUTIVE COMMITTEE have personally reviewed, as a minimum, the Annual Report of Audit, and specifically the sections of the Annual Audit entitled:

General Comments
and
Recommendations

as evidenced by the group affidavit form of the EXECUTIVE COMMITTEE.

WHEREAS, such resolution of certification shall be adopted by the EXECUTIVE COMMITTEE no later than forty-five days after the receipt of the annual audit, as per the regulations of the Local Finance Board, and

WHEREAS, all members of the EXECUTIVE COMMITTEE have received and have familiarized themselves with, at least, the minimum requirements of the Local Finance Board of the State of New Jersey, as stated aforesaid and have subscribed to the affidavit, as provided by the Local Finance Board, and

WHEREAS, failure to comply with the promulgations of the Local Finance Board of the State of New Jersey may subject the members of the EXECUTIVE COMMITTEE to the penalty provisions of R.S. 52:27BB-52 - to wit:

R.S. 52:27BB-52 - "A local officer or member of a local governing body who, after a date fixed for compliance, fails or refuses to obey an order of the director (Director of Local Government Services), under the provisions of this Article, shall be guilty of a misdemeanor and, upon conviction, may be fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than one year, or both, in addition shall forfeit his office."

NOW, THEREFORE, BE IT RESOLVED, that the EXECUTIVE COMMITTEE of the Morris County Municipal Joint Insurance Fund, hereby states that it has complied with the promulgation of the Local Finance Board of the State of New Jersey, dated July 30, 1968, and does hereby submit a certified copy of this resolution and the required affidavit to said Board to show evidence of said compliance.

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON JUNE 11, 2014.

RESOLUTION NO. 15-14
OF THE
MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
TO TRANSFER TO
MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND

WHEREAS, the Municipal Excess Liability Residual Claims Fund was organized pursuant to N.J.S.A. 40A:10-36, et seq., to provide residual risk coverage to its member joint insurance funds; and,

WHEREAS, the Board of Fund Commissioners of the **Morris County Municipal Joint Insurance Fund** determined that membership in the Residual Claims Fund is in the best interest of the member local units and joined the Residual Claims Fund.

NOW, THEREFORE, BE IT RESOLVED that the Board of Fund Commissioners of the **Morris County Municipal Joint Insurance Fund** does hereby resolve and agree to transfer the following residual risks.

<u>Fund Year</u>	<u>Lines of Coverage</u>	<u>Member Fund S.I.R.</u>
2010	WC/GL/AL & PROPERTY	Varies

BE IT FURTHER RESOLVED that the actual transfer of claim liabilities to the Municipal Excess Liability Residual Claims Fund shall be based upon the following formula:

Case Reserves and IBNR as of 6/30/14

**MORRIS COUNTY MUNICIPAL
JOINT INSURANCE FUND**

RESOLUTION 16-14
MORRIS COUNTY JOINT INSURANCE FUND
CONCERNING POLICE ACCREDITATION PROGRAM

WHEREAS, the Morris County Municipal Joint Insurance Fund is duly constituted as a Municipal Joint Insurance Fund pursuant N.J.S.A. 40:A:10 et seq; and

WHEREAS, the Board of Fund Commissioners of the Morris County Municipal Joint Insurance Fund appointed a Safety Task Force to review police related matters; and

WHEREAS, the Safety Task Force Committee has determined that assisting member police departments with the police accreditation process will result in a savings to the Morris County Municipal Joint Insurance Fund; and

WHEREAS, the Safety Task Force Committee recommended member towns applying for accreditation support from the Morris County Municipal Joint Insurance Fund must institute loss control measures on accident investigations, mandatory driver retraining for officers involved in “at fault” accidents and develop a “return to work” protocol for officers involved in a workers’ compensation claim with a loss of four weeks lost time duration.

WHEREAS, The FUND finds it necessary and appropriate to obtain certain professional services and other extraordinary and other unspecifiable services, as defined in the Local Public Contracts Law, (N.J.S.A. 40A-11 et. seq.) for the 2014 Fund Year.

WHEREAS, The Rodgers Group proposes a fee of \$34,000 per agency; and

WHEREAS, the Safety Task Force Committee is recommending the Fund accept five additional agencies applying for the accreditation incentive program, and

NOW, THEREFORE, BE IT RESOLVED by the Fund Commissioners of the Morris County Municipal Joint Insurance Fund that it does hereby resolve and authorize the additional funding of said costs for five additional designated agencies to participate in a LEIP as referenced herein; and

NOW, THEREFORE BE IT FURTHER RESOLVED by the Fund Commissioners of the Morris County Municipal Joint Insurance Fund that it does award a professional service agreement to The Rodgers Group - at a fee of \$34,000 per agency for the period of September 1, 2014 through December 31, 2015.

MORRIS COUNTY
JOINT INSURANCE FUND

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
BILLS LIST**

Resolution No. 17-14

JUNE 2014

WHEREAS, the Treasurer has certified that funding is available to pay the following bills:

BE IT RESOLVED that the Morris County Municipal Joint Insurance Fund's Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

FURTHER, that this authorization shall be made a permanent part of the records of the Fund

FUND YEAR 2013

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000156			
000156	W. W. GRAINGER, INC.	2013 SAFETY INCENTIVE AWARD CERTIFICATES	18,730.00
			18,730.00
000157			
000157	THE RODGERS GROUP, LLC	SPECIALIZED SERVICES - 6/2014 - 8TH INST	14,166.66
			14,166.66
		Total Payments FY 2013	32,896.66

FUND YEAR 2014

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000158			
000158	FRED SEMRAU ESQ.	LITIGATION MANAGEMENT - 06/2014	15,518.91
			15,518.91
000159			
000159	QUAL-LYNX	CLAIMS ADMIN - 06/2014	24,093.84
			24,093.84
000160			
000160	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 06/2014	16,319.89
			16,319.89
000161			
000161	D & H ALTERNATIVE RISK	CLAIMS ADMIN - 06/2014	18,308.01
			18,308.01
000162			
000162	PERMA	POSTAGE FEE 05/2014	93.54
000162	PERMA	EXECUTIVE DIRECTOR FEE 06/2014	21,143.32
			21,236.86
000163			
000163	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING FEE 06/2014	3,131.00
			3,131.00
000164			
000164	FRED SEMRAU, ESQUIRE	ATTORNEY FEE 06/2014	2,167.50
			2,167.50
000165			
000165	GRACE BRENNAN	TREASURER FEE 06/2014	1,945.55
			1,945.55
000166			

000166	CONNER STRONG & BUCKELEW	UNDERWRITING MANAGER - 06/2014	906.00
			906.00
000167			
000167	ALLSTATE INFORMATION MANAGEMNT	DEPT: 417 - ACT & STOR - 04/30/2014	51.98
			51.98
000168			
000168	RUSSO & ASSOCIATES LLC	PAYROLL AUDITOR - 5/30/14	2,096.10
			2,096.10
000169			
000169	VITALE'S DELI	MEETING - 4/30/14 & 5/14/14	1,221.06
			1,221.06
		Total Payments FY 2014	106,996.70

TOTAL PAYMENTS ALL FUND YEARS \$ 139,893.36

RESOLUTION NO. 18-14

(Revised June 1, 2014)

Morris County Municipal Joint Insurance Fund

(hereinafter the "Fund")

ESTABLISHING THE 2014 PLAN OF RISK MANAGEMENT

BE IT RESOLVED by the Fund's governing body that the 2014 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- \$1,700,000 CSL excess of the Fund's \$300,000. The \$250,000 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 - \$1,700,000 CSL excess of the Fund's \$300,000. The \$250,000 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. (Note: 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 XL Insurance, 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. This applies to members that reported 3 or more POL/EPL claims during the period of 2008 to 2012* and incurred a loss ratio greater than 200%.

*The calculation will be based on the most recent five years. Each year thereafter, claims reported during the year that just ended will be added and claims reported during the oldest year will be deleted.
 - 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.

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

- The JIF, 100% commercially insured with XL Insurance, 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. This applies to members that reported 3 or more POL/EPL claims during the period of 2008 to 2012* and incurred a loss ratio greater than 200%.

*The calculation will be based on the most recent five years. Each year thereafter, claims reported during the year that just ended will be added and claims reported during the oldest year will be deleted.

- 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. This applies to members that reported 3 or more POL/EPL claims during the period of 2008 to 2012* and incurred a loss ratio greater than 200%.

*The calculation will be based on the most recent five years. Each year thereafter, claims reported during the year that just ended will be added and claims reported during the oldest year will be deleted.

- 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.

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

- The JIF, 100% commercially insured with XL 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, 2013) –

- The Fund covers \$50,000 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 \$200,000 excess \$50,000 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:

- Policy limit - \$125 million per occurrence for all coverage despite number of locations involved in an occurrence state-wide.
- Named Storm - \$125 million per occurrence (Property and Time Element combined) - (120 Hours)
- Earth Movement - \$75 million annual aggregate (168 hours)
- Flood - \$75 million (annual aggregate) except;
- Flood for locations wholly or partially within 100-year flood zone (SFHA) –
 - \$2.5 million per location building & contents
 - \$1 million all outdoor property
 - \$2.5 million for pumping stations
 - Definition of Flood includes Storm Surge
- Asbestos Cleanup - \$50,000 per occurrence
- Equipment Breakdown - \$125 million
 - Ammonia Contamination - \$5 million
 - Spoilage - \$5 million
- Time Element – included in the policy limit.
 - Time element sub-limits include:
 - Business Interruption – Included (12 Months)
 - Extra Expense - \$10 million
 - Tenant Relocation - \$750,000
 - Leasehold Interest - \$15 million
 - Tenant Prohibited Access- \$1 million (24 Hours)
 - Service Interruption - Included
 - Loss of Rents - \$15 million
 - Delay in Completion -60 days
 - Extended Period of Liability – 365 days
- Utilities Member Owned – Property Damage and Time Element Combined - \$125 million
 - Time Element Pass Through Utilities – Per Policy Sub-limit
 - Time Element Power Generation Utilities - \$30 Million
- Valuable Paper and Records (incl. EDP Media/Software)-\$10 million
- Accounts Receivable - \$10 million
- Increased Construction Cost - \$25 million (Incl. Demolition)
- Transit - \$1 million per occurrence
- Fine Arts - \$2.5 million
- Land and Water Contamination Cleanup (limited) - \$250,000 (annual aggregate) Including removal & disposal
- Decontamination Costs - \$250,000
- Miscellaneous Unnamed Locations - \$10 million
- New Construction & Additions - \$25 million
 - Including soft costs - \$5 million sub-limit
 - 15 Days Delay in Completion
- Computer Systems Damage - \$2.5 million (24 Hours)
- Newly Acquired Locations – \$25 million per location
 - 90 Day Period
- Ingress/Egress - \$5 million (within 1 mile-30 Day Period)
- Debris Removal - \$25 million

- Expediting Expense - \$10 million
- Civil Authority -\$5 million(within 5 miles-30 Day Period)
- Professional Fees including Architects/Engineering Fees - \$1,250,000
- Errors & Omissions - \$10 million
- Miscellaneous Personal Property - \$10 million
 - Includes Outdoor Property - \$10 million
- Watercraft - \$1 million - 32' or less – ACV in not scheduled
- Vehicles - \$15 million (Property Damage only)
- Bridges and Dams \$10 million. (Property & TE combined). Excluded for the Perils of Flood, Named Storm & Earth Movement.
- Piers, Wharfs, Docks, Boardwalks, Bulkheads, Crossovers - \$10 million - Named Peril Only
- Transmission and Distribution Lines - \$10 million (within a 1 mile radius of an insured Location for overhead lines & 5 mile radius for underground lines)
- Clogging/Blocking of pipes - \$1 million
- Off Premises Storage Under Construction - \$250,000
- Fire Department Service Charge - \$250,000
- Deferred Payments - \$1 million
- Land Improvements - \$10 million
- Off Premises Services Interruption - \$10 million
Excluding Utilities – 24 hour qualifying period
- Protection & Preservation of Property-\$10 million (48 Hrs BI)
- Research & Development - \$10 million (12 Hours)
- Impounded Water - \$250,000 (30 days)
- Tenant Prohibited Access - \$1 million
- Soft Costs - \$5 million

*The Morris JIF within its property retention of \$50,000 provides a per occurrence limit of \$50,000 for asbestos cleanup coverage resulting from an insured peril.

FLOOD AGGREGATE NOTE: In no event shall the Zurich primary program aggregate for Flood and/or Surface Water exceed \$50,000,000 in any one policy year. The MEL has an excess flood and earth movement policy on a quota share basis with several insurers that provide a combined limit of \$25,000,000 excess of \$50,000,000. As respects to flood, the limit is excess of the \$50 million Zurich program flood aggregate. It does not drop down over any SFHA sub-limits contained in the Zurich policy such as the \$2.5 million per location sub-limit. The underlying SFHA sub-limits are the maximum amount of limit for those respective locations with loss or damage. This additional limit does not augment or add to any underlying SFHA sub-limits. Please note, however, that loss or damage from flood up to the underlying SFHA sub-limits for that respective location will be part of the \$50 million attachment point.

The total statewide program annual aggregate for the peril of flood (for locations outside & wholly or partially within areas of 100-Year flooding) is \$75,000,000.

- Property Deductibles
 - The standard Member JIF retains and provides \$50,000 per occurrence (Property & Time Element Combined) less member local unit deductibles except for:
 - Flood for locations wholly or partially within 100-year flood zone
 - Boiler and Machinery
 - Named Storm (Flood & Wind)

- The standard member local unit deductible is \$1,250 per occurrence except for:
 - Flood for locations wholly or partially within 100-year flood zone
 - Equipment Breakdown
 - Named Storm (Flood & Wind)
- Equipment Breakdown coverage is subject to a member local unit \$5,000 deductible per occurrence (Property & Time Element Combined).
- Flood loss and/or surface water for locations with any part of the legal description within a SFHA (wholly or partially within the 100-year flood zone) as defined by the Federal Emergency Management Agency is subject to separate deductibles of \$500,000 each for building damage for municipal buildings, and \$500,000 each building for municipal contents damage and \$250,000 each building damage for housing authority buildings, and \$100,000 each building for housing authorities contents damage or the National Flood Insurance Plans (NFIP) maximum available limits for municipalities and housing authorities respectively, whichever is greater, regardless of whether National Flood Insurance Program coverage is purchased. Vehicles, mobile equipment, pistol ranges and pumping stations are subject to the standard member local unit deductible unless they are not at a Location then the deductible is \$250,000 per occurrence. “Pumping Stations” include “lift stations” and also include “wet wells” that are an integral part of the “pumping station”. The flood loss deductible outside of the SFHA (100-year flood zone) is the standard member local unit deductible. All other property not eligible for NFIP is either defined as Outdoor or addressed elsewhere in the policy.
- “Named Storm” (Wind and Flood)

Locations: As respects to covered property in Atlantic, Ocean, Monmouth, and Burlington Counties located east of the Garden State Parkway and any covered property in Cape May County.

Property Damage 1% of the scheduled location value on file with the Company, per the property insured as of the date of loss, for the Location where the direct physical loss or damage occurred, per occurrence.

Locations: As respects to covered property in Atlantic, Ocean, Monmouth, and Burlington Counties located east of the Garden State Parkway and any covered property in Cape May County.

Time Element 1% of the full 12 months Gross Earnings or Gross Profit values that would have been earned following an occurrence by use of facilities at the Location where the direct physical loss or damage occurred and all other Locations where Time Element loss ensues, per occurrence.

The above Named Storm deductibles are subject to a minimum deductible of \$250,000 for Property Damage and Time Element Combined per Location and maximum deductible of \$1,000,000 per occurrence.

Locations: As respects to covered property in Atlantic, Ocean, Monmouth, and Burlington Counties located west of the Garden State Parkway and any covered property located in the remaining counties, except Cape May County

as noted above. **SEE PAGE 8** (JIF Retention \$50,000; MELJIF Retention \$200,000 XS \$50,000).

- **The definitions of “Named Storm” and “Location” are per the definitions in the MEL policy form with Zurich.** **Named Storm** is defined as any storm or weather disturbance that is named by the U.S. Oceanic and Atmospheric Administration (NOAA) or the U.S. National Weather Service or the National Hurricane Center of the Center or any comparable worldwide equivalent. **Named Storm** includes Storm Surge. **Location** is defined as: (1) as specified in the Schedule of Locations. If not specified in the schedule of locations then : (2) A Location is a building(s) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide; (3) A site tract of land occupied or available for occupancy with tangible property.
 - As respects to the perils of Flood, Earth Movement and Named Storm, if there is an event or series of related events in which more than one of these perils causes direct physical damage to insured property, a single deductible shall apply to these perils involved. The single deductible will not exceed the largest applicable for the perils of Flood, Earth Movement and Named Storm. In the event of a **Joint Loss** (Property and Equipment Breakdown), the higher deductible applies.
 - **Piers, wharfs, docks**, floating docks, boardwalks, buildings, bulkheads, crossovers and/or structures thereon are covered for the perils of fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, and volcanic action, watercraft and malicious intent.
 - **Buildings constructed on pilings** that are located wholly or partially within the Special Flood Zone Hazard (SFHA) designated zones V, VE, V1-30 are excluded except fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, and volcanic action, watercraft and malicious intent.
 - **Bridges and Dams and Equipment relating thereto are not covered for loss** caused by or resulting from Flood, Earth Movement or Named Storm regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or is any other sequence to the loss.
- i.) **Blanket Crime** - The JIF provides a limit of \$50,000 less the member entity deductible of \$1,250. 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 \$1,250.**

- 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 **\$3,000,000** each/**\$6,000,000** policy aggregate. The limits are JIF wide and shared amongst member local units of the JIF. There is a \$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 \$10,000 policy deductible. There are options available at limits of \$3 million each/\$6 million policy aggregate at a \$10,000 deductible. There is a \$1,000,000 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 a \$10,000 policy deductible. There is also an option at limits of \$5 million each/\$8 million Aggregate and a \$25,000 deductible. 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.

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 XL Insurance.
- 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 XL Insurance.
- g.) Optional Directors and Officials Liability – none 100% commercially insured with XL Insurance.
- h.) Property - \$50,000 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.

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 Volunteer D&O and Cyber Liability insurance which is handled by Summit Risk Services representing XL Insurance. 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.

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

The Fund does purchases commercial insurance for the POL/EPL, Volunteer D&O, 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.) 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.

f.) 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.

o 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.**

\$10,000

With the advance approval of the Fund Attorney or Executive Director, the certifying and approving officer may also pay hospital 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 11th day of June, 2014 by the Governing Body:*

MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND