

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND  
OPEN MINUTES  
JANUARY 11, 2018  
SCOTCH PLAINS, NJ  
8:00 AM**

Meeting of Fund Commissioners called to order by Chair James Gildea. Open Public Meetings notice read into record.

**PLEDGE OF ALLEGIANCE** –Chairman Gildea led Commissioners in the Pledge of Allegiance.

**ROLL CALL OF 2017 FUND COMMISSIONERS:**

James Gildea, Chair	Town of Westfield	Present
Judy Sullivan, Secretary	Township of Bedminster	Present
Megan Champney	City of Summit	Present
Alexander Mirabella	Township of Scotch Plains	Present
Tom Atkins	Borough of Watchung	Present
Bruce McArthur	Township of Bernards	Present
Lorene K. Wright	Township of Harding	Present

**EXECUTIVE COMMITTEE ALTERNATES:**

Joseph Carty	Borough of Far Hills	Absent
James Debbie	Borough of Mountainside	Absent
Michael Sullivan	Borough of Bernardsville	Absent

**ALTERNATE FUND COMMISSIONERS:**

Sheila Tweedie	Borough of Far Hills	Present
Sean McCarthy	Township of Bernards	Absent
Sandra Jones	Borough of Bernardsville	Absent

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Admin	PERMA Risk Management Services <b>Cathleen Kiernan, Nancy A. Ghani</b>
Attorney	DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer <b>Stephan Davis, Esq.</b>
Claims Service	Qual-Lynx <b>Catherine Lambe, Anthony Jones</b>
Safety Director	J.A. Montgomery <b>Brian Maitland</b>
JIF Underwriting Manager	Gallagher Bollinger, Inc. <b>Jack Dibble, Terri Giglio</b>
MEL Underwriting Manager	Conner Strong & Buckelew <b>Edward Cooney</b>
Managed Care Provider	FMCO <b>Mary Bresadola, Bruce Nash</b>
Treasurer	<b>Ralph Maresca</b>

**ALSO PRESENT:**

Craig Sutherland, Meeker Sharkey & Hurley Agency  
Hallee Cramer, Meeker Sharkey & Hurley Agency  
Rich Duthie, Pinnacle Risk Solutions  
Matt Morris, Amalgamated General Agency

**MINUTES:** Open and Closed Minutes of November 9, 2017. Commissioner Atkins noted a minor change; the last page of the minutes should indicate that the next meeting is January 11, 2018.

**MOTION TO APPROVE OPEN & CLOSED MINUTES FOR NOVEMBER 9, 2017 AS AMENDED:**

Moved: Commissioner Mirabella  
Second: Commissioner McArthur  
Vote: Unanimous

**CORRESPONDENCE:**

NONE

**MOTION TO ADJOURN SINE DIE MEETING:**

Moved: Commissioner Gildea  
Second: Commissioner Sullivan  
Vote: Unanimous

Executive Director called the 2018 reorganization meeting of the Suburban Municipal Joint Insurance Fund to order and asked for a roll call of 2018 Fund Commissioners.

**ROLL CALL OF FUND COMMISSIONERS:**

James Gildea	Town of Westfield	Present
Judy Sullivan	Township of Bedminster	Present
Megan Champney	City of Summit	Present
Alexander Mirabella	Township of Scotch Plains	Present
Tom Atkins	Borough of Watchung	Present
Bruce McArthur	Township of Bernards	Present
Lorene K. Wright	Township of Harding	Present
James Debbie	Borough of Mountainside	Absent
Sheila Tweedie - Alternate	Borough of Far Hills	Present
Michael Sullivan	Borough of Bernardsville	Absent

**ELECTION OF CHAIRPERSON, SECRETARY, FIVE MEMBER EXECUTIVE COMMITTEE AND EXECUTIVE ALTERNATES.** Executive Director said the Suburban JIF conducts meetings as a Board of Fund Commissioners rather than Executive Committee when quorum is achieved. Executive Director said the nominations were opened for Chairperson, Secretary and five member executive committee and executive alternates.

Commissioner Gildea provided the following nominations for 2018:

**MOTION TO NOMINATE COMMISSIONER JUDY SULLIVAN-BEDMINSTER AS CHAIR AND COMMISSIONER MEGAN CHAMPNEY-SUMMITT AS SECRETARY AND;**

**MOTION TO NOMINATE COMMISSIONER ALEXANDER MIRABELLA-SCOTCH PLAINS TOWNSHIP, TOM ATKINS-BOROUGH OF WATCHUNG, COMMISSIONER**

**BRUCE MCARTHUR-TOWNSHIP OF BERNARDS, COMMISSIONER LORENE WRIGHT-HARDING TOWNSHIP AND COMMISSIONER JAMES GILDEA-TOWN OF WESTFIELD AS FIVE MEMBER EXECUTIVE COMMITTEE AND;**

**MOTION TO NOMINATE COMMISSIONER JOSEPH CARTY AS ALTERNATE #1, COMMISSIONER JAMES DEBBIE AS ALTERNATE #2 AND COMMISSIONER MICHAEL SULLIVAN-BERNARDSVILLE AS ALTERNATE #3:**

Moved: Commissioner Gildea  
Second: Commissioner Atkins  
Vote Unanimous

**HEARING NO OTHER NOMINATIONS FOR CHAIR, SECRETARY, EXECUTIVE COMMITTEE OR ALTERNATES, MOTION TO CLOSE NOMINATIONS AND CONFIRM ELECTIONS:**

Moved: Commissioner Gildea  
Second: Commissioner Atkins  
Roll Call Vote 8 Ayes – 0 Nays

**FUND ATTORNEY ADMINISTERED OATH OF OFFICE TO THE FUND COMMISSIONERS.**

**RESOLUTION 1-18 FUND PROFESSIONAL APPOINTMENT AND PROFESSIONAL SERVICE AGREEMENTS:** Enclosed in the agenda with the reorganization resolutions was Resolution 1-18 which confirms the board's decision to award professional service agreements in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. Seq. for fund years 2018, 2019 and 2020. Executive Director said the Resolution has been updated to reflect the 2018 compensation amounts, as well as, formatted to include the estimated 3-year contract amount as per a recent NJ Local Finance Board Notice.

Resolution 1-18 listed the following appointments for 2018:

Administrator	PERMA Risk Management Services Cathleen A. Kiernan, Executive Director Joseph Hrubash, Deputy Executive Director David Grubb, Deputy Executive Director
Attorney	Stephen Davis, Esquire
Treasurer	Ralph Maresca
Actuary	The Actuarial Advantage
Auditor	Suplee, Clooney & Company
Internal Auditor	Russo & Associates LLC
Underwriting Manager	Gallagher Bollinger
Safety Director	J.A. Montgomery Risk Control Services
Claims Administrator	Qual-Lynx
Managed Care	First Managed Care Option
Asset Manager	Wilmington Trust - <i>Appointed March 1, 2016 through December 31, 2018</i>
Banking Manager	Investors Bank - <i>Appointed March 1, 2016 through December 31, 2018</i>

**RESOLUTION 2-18 ESTABLISHING A FISCAL MANAGEMENT PLAN:** Resolution submitted designating Official Depositories and approving a Cash Management Plan; authorizing Signatories on Administrative Accounts; and authorizing Signatories on Claim Accounts; establishing a rate of interest for delinquent assessments; and certifying Approval Officer for all Fund expenses. Executive Director said the resolution would be noted that the additional Fund Commissioner signatory would be Commissioner Bruce McArthur.

**RESOLUTION 3-18 ESTABLISHING PUBLIC MEETING PROCEDURES:** Resolution presented establishing 2018 Meeting Dates as the second Thursday of every month at 8:00 am in the Scotch Plains Municipal Building (including January of 2019); designating the official newspaper as Star Ledger; and designating the MEL's webpage [www.njmel.org](http://www.njmel.org) and the Fund's webpage [www.smjif.org](http://www.smjif.org) for official notices. Executive Director said resolution denotes that a meeting is not scheduled for the months of August and December.

**RESOLUTION 4-18 ESTABLISHING FUND RECORDS PROGRAM:** Resolution presented establishing a formal records retention program for Fund year 2018.

**RESOLUTION 5-18 RISK MANAGEMENT PLAN:** The 2018 Risk Management Plan prepared by the MEL Underwriting Manager was included in the agenda for review.

**MOTION TO ADOPT RESOLUTIONS 1-18 through 5-18:**

Moved:	Commissioner Atkins
Second:	Commissioner Gildea
Roll Call Vote:	8 Ayes - 0 Nays

Resolutions Made Part of Minutes.

**COMMITTEE APPOINTMENTS:** The Fund has four standing committees. Included in the agenda was a listing of the standing committees from 2017. Fund Commissioners are encouraged to volunteer to serve in the upcoming year.

**EXECUTIVE DIRECTOR:**

**REPORT:** Monthly report submitted to Fund Commissioners including monthly Fast-track Accident Frequency, Fast-track Financial report, Fixed Income Portfolio Summary, Claim Activity Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage, MEL Loss Ratio Report and the Monthly and Annual Regulatory Checklist.

Executive Director referred to the Financial Fast Track as of November 30, 2017 and said the fund's statutory surplus stands at \$2.9 million. Executive Director referred to the Lost Time Accident Frequency (LTAF) as of November 30, 2017 and said the JIF is running a rate of 1.52 as compared to 1.80 at the same time last year. Executive Director said the overall MEL/JIF rate is 1.59 and highlighted that this is 1<sup>st</sup> time the LTAF is below 2.0 since this tracking report began in 1991.

Executive Director referred to the POL/EPL Compliance Report and said this year marks the 2-year cycle in which members are asked to update their personnel policies, as well as, ensure training for managers/supervisors, police command staff and non-supervisory employees is completed. Executive Director said more information will be distributed in March.

In response to Commissioner Atkins, Executive Director said the online Elected Officials seminar is expected to be made available on/about February 1<sup>st</sup>.

**RCF 2018 REORGANIZATION MEETING:** The Residual Claims Fund's 2018 Reorganization meeting was held on January 3, 2018 at 10:30 a.m. at the Forsgate Country Club; enclosed in the agenda was a copy of Commissioner Gildea's report.

**EJIF 2017 NOVEMBER MEETING & 2018 REORGANIZATION MEETING:** The EJIF met on November 15, 2017 during the NJSLOM Convention and the 2018 Reorganization meeting was held on January 3, 2018 at 10:50 a.m. at the Forsgate Country Club; enclosed in the agenda were copies of Commissioner Gildea's reports of both meetings.

**MEL 2017 NOVEMBER MEETING & 2018 REORGANIZATION MEETING:** The MEL met on November 15, 2017 during the NJSLOM Convention and the MEL 2018 Reorganization meeting was held on January 3, 2018 at 11:15 am in the Forsgate Country Club; enclosed in the agenda were copies of Commissioner Gildea's reports of both meetings.

Commissioner Gildea said MEL Commissioners Robert Landolfi and Paul Shives stepped down from the MEL – either due to retirement or new opportunities – and were honored at the meeting for their years of service. Executive Director said they were two of the longest serving JIF Commissioners and charter Commissioners of their respective Joint Insurance Funds.

**MEL MOBILE APPLICATION:** Executive Director said the MEL updated its website (njmel.org) and launched a mobile application in November. Members are encouraged to download the mobile application and register for a “role(s)”. The MEL will use the mobile application to issue “push alerts” based on municipal and authority roles. By registering for a “role(s)”, you will be able to limit alerts to information meaningful to you. Enclosed in the agenda was a copy of material mailed to members in November providing instructions to download and register.

**CYBER TASK FORCE:** Executive Director said the MEL's Cyber Task Force has been working on Minimum Standards for Cyber Security. The MEL will provide some reimbursement of cyber liability claim deductibles for members who are compliant. Task Force met on December 4<sup>th</sup> for its final review of the standards. A copy of the MEL Cyber Risk Management Plan, which was emailed to members is posted to the MEL website and was also enclosed in agenda. The Cyber Task Force will be meeting to develop its 2018 objectives.

**RISK MANAGEMENT INFORMATION/OPERATING SYSTEM (RMIS):** The MEL awarded a contract to Origami Risk to provide the online underwriting and claims database; anticipated launch date is early January 2018. This past summer marked the last renewal utilizing the Exigis program. Executive Director said the system will remain locked as the data is transitioned to the new platform and verified.

Executive Director said once data verification is complete, then the new platform will be made available to members to amend their schedules. Executive Director said the fund office is working with Origami on developing a user training, which will be webinar based and can be supplemented with classroom training if necessary. Executive Director said once the underwriting function is operational then implementation of the claims system will begin.

**2018 ASSESSMENTS:** The 2018 assessments were mailed out via certified mail on 12/15/17, as well as, emailed to Fund Commissioners and Risk Managers. As a reminder, first installment payments are due to Treasurer, Ralph Maresca, by January 31, 2018; Summit and Scotch Plains are due by February 15, 2018.

**2018 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 has filed the same with the State.

**INCLEMENT WEATHER PROCEDURE:** A procedure has been instituted for Commissioners to confirm whether a meeting has been cancelled. The Executive Director will talk to the Chair to determine if a meeting should be cancelled. In the case of an early morning or evening meeting, PERMA will leave a message, which can be obtained by dialing the Fund's main number (201) 881-7632. For meetings that occur during normal business hours, meeting status can also be obtained by dialing the Fund office.

Executive Director's Report Made Part of Minutes.

**TREASURER:**

**VOUCHER LIST:**

**CONFIRMATION DECEMBER 2017 PAYMENTS**

Closed Years: \$44,786.22  
Fund Year 2017: \$371,509.07  
**Total: \$416,295.29**

**CONFIRMATION DECEMBER 2017 SUPPLEMENTAL PAYMENTS**

Fund Year 2017: \$6,098.55  
**Total: \$6,098.55**

**JANUARY 2018 VOUCHER PAYMENTS, RESOLUTION 6-18**

Fund Year 2017: \$515.30  
Fund Year 2018: \$442,970.42  
**Total: \$442,970.42**

**CONFIRMATION OF CLAIMS PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS FOR MONTHS OF NOVEMBER 2017:**

Fund Year 2017	28,561.08
Fund Year 2016	190.16
Fund Year 2015	73,920.77
Fund Year 2014	17,786.22
Fund Year 2013	0.00
<b>TOTAL</b>	<b>\$120,458.23</b>

**MOTION TO CONFIRM DECEMBER 2017 PAYMENTS AND ADOPT RESOLUTIONS 6-18 APPROVING JANUARY BILLS LIST AND APPROVE CONFIRMATION & CERTIFICATION OF NOVEMBER 2017 CLAIM TRANSFERS AS SUBMITTED:**

Moved: Commissioner McArthur  
Second: Commissioner Gildea  
Roll Call Vote: 8 Ayes-0 Nays

Voucher List and Treasurer's Report Made Part of Minutes.

**ATTORNEY:**

**REPORT:** Included in the agenda was a report of appellate decisions impacting municipalities.

Fund Attorney's report noted that legislation allowing joint insurance funds to seek broader investment opportunities was pending the Governor's signature for approval; brief discussion ensued on the status and any follow-up information will be provided at the next meeting.

Monthly Report Made Part of Minutes.

**JIF UNDERWRITING MANAGER:**

**REPORT:** Included in the agenda was a report of certificates issued from 11/1/17 to 12/19/17.

Monthly Report Made Part of Minutes.

**MEL UNDERWRITING MANAGER:**

**REPORT:** Included as part of the report was a List of Certificates issued for the period of 10/22/17 to 11/21/17 and 11/22/17 to 12/22/17.

Monthly Report Made Part of Minutes.

**MANAGED CARE:**

**MONTHLY REPORT:** Included in the agenda was the November 2017 report submitted by FMCO. Managed Care Provider said the total provider billed amount for year end was \$720,122, was re-priced to \$336,955 for a total savings of 53% and a PPO penetration of 83%.

Monthly Activity Report Made Part of Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** Included in the agenda was the November December 2017 report noting the activities/trainings, MSI classes and a Safety Director bulletin.

Monthly Report Made Part of the Minutes.

**CLAIMS:**

**REPORT:** Claims Administrator said they have Payment Authority Requests to present during Closed Session. Executive Director said Catherine Lambe would now be the Account Manager servicing this JIF.

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

Moved: Commissioner Atkins  
Second: Commissioner Gildea  
Roll Call Vote: Unanimous

**PAYMENT AUTHORIZATION REQUESTS:** Executive Committee reviewed payment authorization requests presented by Claims Service in Executive Session.

**MOTION TO RETURN TO OPEN SESSION:**

Moved: Commissioner Atkins  
Second: Commissioner Gildea  
Roll Call Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUEST  
PRESENTED IN EXECUTIVE SESSION BY QUAL-LYNX:**

Moved: Commissioner Gildea  
Second: Commissioner Mirabella  
Roll Call Vote: 8 Ayes - 0 Nays

**OLD BUSINESS:**

**ACKNOWLEDGEMENT:** Commissioner Akins thanked Commissioner Gildea for his leadership as Chair this past year and is looking forward to this year with Commissioner Judy Sullivan as Chair. Commissioner Gildea thanked the Board, said he also looks forward to the coming year as well as, serving as MEL, EJIF and RCF representative with Commissioner Champney as alternate representative.

Commissioner McArthur thanked the Executive Director, Deputy Executive Director and Hurley Agency for their efforts and support of Bernards.

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

NONE

**MOTION TO ADJOURN:**

Moved: Commissioner Atkins  
Second: Commissioner Mirabella  
Vote: Unanimous

**MEETING ADJOURNED: 8:32 am**

**NEXT MEETING: FEBRUARY 8, 2018**

**SCOTCH PLAINS - 8:00 AM**

Nancy A. Ghani, Account Manager  
for  
MEGAN CHAMPNEY, SECRETARY

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND**

**APPOINTING CERTAIN PROFESSIONALS AND SERVICE ORGANIZATIONS**

**WHEREAS**, the Suburban Joint Insurance Fund (hereinafter the Fund) requires the services of certain professionals and service organizations for the 2018, 2019 & 2020 Fund years; and

**WHEREAS**, NJSA 40a11-15 (6) allows for a contract duration of three (3) years; and,

**WHEREAS**, the Fund resolved to award Professional Service Agreements in accordance with a fair and open process pursuant to NJSA 19:44A-20.4 et. seq.; and,

**WHEREAS**, a notice soliciting proposals was published in the Star Ledger, 2017 issue of the June 30<sup>th</sup> edition and posted on the Suburban Municipal website [www.smjif.org](http://www.smjif.org) under the Public Bids section; and,

**WHEREAS**, responses were received from professional service providers and service organizations as listed below on July 21, 2017 at 2 pm; and,

**WHEREAS**, the Fund's Rules & Contract Committee recommended the award of contracts to the below listed Professional Service Providers and service organizations based on a review of their; responses, experience and prior service provided at the rates established by the Board of Fund Commissioners; and,

**WHEREAS**, the Fund Treasurer has indicated that sufficient funds exist for the award of these contracts in the usual and customary accounts.

**WHEREAS**, the Suburban Joint Insurance Fund Joint Insurance Fund resolved to appoint the Fund Professionals – noted below – to three year terms commencing on January 1, 2018 and ending on December 31, 2020 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** that the contracts for the following professionals be appointed for a three year term (*unless otherwise specified*):

1. **PERMA Risk Management Services as Administrator**, Cathleen A. Kiernan is appointed as **Executive Director**, and Joseph Hrubash and David N. Grubb as **Deputy Executive Directors**, and both as **agents for process of service**. \$540,605.28 is the estimated dollars that will be expended in connection with this contract over its three-year term. The annual amount of \$176,645.30 has been appropriated in the Administration Line Item of the 2018 budget.

2. **Stephen Davis, Esquire as Fund Attorney:** \$194,964.68 is the estimated dollars that will be expended in connection with this contract over its three-year term. The annual amount of \$63,705.95 has been appropriated in the Attorney Line Item of the 2018 budget.
3. **Ralph Maresca as Fund Treasurer:** \$56,352.47 is the estimated dollars that will be expended in connection with this contract over its three-year term. The annual amount of \$18,413.43 has been appropriated in the Treasurer Line Item of the 2018 budget.
4. **The Actuarial Advantage as Fund Actuary:** \$96,555.62 is the estimated dollars that will be expended in connection with this contract over its three-year term. The annual amount of \$31,550.00 has been appropriated in the Actuary Line Item of the 2018 budget.
5. **Suplee, Clooney, et al as Fund Auditor:** \$38,255.00 is the estimated dollars that will be expended in connection with this contract over its three-year term. The annual amount of \$12,500.00 has been appropriated in the Auditor Line Item of the 2018 budget.
6. **Russo & Associates, LLC as Internal Auditor.** \$24,423.30 is the estimated dollars that will be expended in connection with the Internal Auditor Insurance Services contract over its three-year term. The annual amount of \$7,980.43 has been appropriated as the fee not to exceed in the Internal Auditor Line Item of the 2018 budget.
7. **Gallagher Bollinger Inc., as Underwriting Manager:** \$230,261.16 is the estimated dollars that will be expended in connection with the Underwriting Manager contract over its three-year term. The annual amount of \$75,238.91 has been appropriated in the Underwriting Manager Line Item of the 2018 budget.
8. **J.A. Montgomery Risk Control Services as Fund Safety Service Provider:** \$195,265.58 is the estimated dollars that will be expended in connection with the Safety Director contract over its three-year term. The annual amount of \$63,803.94 has been appropriated in the Safety Director Line Item of the 2018 budget.
9. **Qual-Lynx as the Claims Service Organization:** \$625,663.89 is the estimated dollars that will be expended in connection with the Claims Service contract over its three-year term. The annual amount of \$204,438.60 has been appropriated in the Claims Adjuster Line Item of the 2018 budget.
10. **FMCO as the Managed Care Organization:** \$242,037.89 is the estimated dollars that will be expended in connection with the Managed Care Provider contract over its three-year term. The annual amount of \$79,087.01 has been appropriated in the Workers Compensation Claims Fund Line Item of the 2018 budget.

11. **Investors Bank for Banking Manager** at an earnings rate based on a combined average balance of \$20,000,000 of participating joint insurance funds which will earn the federal funds rate less .25% with a floor of .65% and a ceiling of 2.0%. *Appointed March 1, 2016 through December 31, 2018*
  
12. **Wilmington Trust as the Asset Manager** - .05% of the market value of the FUND's invested assets. *Appointed March 1, 2016 through December 31, 2018*

\$6,594.63 is the estimated dollars that will be expended in connection with this contract over its three-year term. \$2,198.21 will be appropriated in 2018 from earnings.

**NOW, THEREFORE, BE IT RESOLVED**, all Professional Service Providers and Service Organizations appointed pursuant to this Resolution shall service the Fund in accordance with the terms and conditions of the Professional Service contracts attached to this Resolution.

**BE IT FURTHER RESOLVED**, that in accordance with NJSA 19:44A-20.7, the decision of the Fund's Board of Fund Commissioners that the procurement process utilized, constitutes a fair and open process, shall be final.

ADOPTED:  
 this day before the Governing Body:

\_\_\_\_\_  
 Chair

\_\_\_\_\_  
 date

\_\_\_\_\_  
 Secretary

\_\_\_\_\_  
 date

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND**  
(hereafter referred to as "THE FUND")  
**ESTABLISHING A FISCAL MANAGEMENT PLAN**  
**FOR THE 2018 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** by the Board of Fund Commissioners that for the 2018 Fund Year:

1. 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.

\_\_\_\_\_ CHAIR  
\_\_\_\_\_ SECRETARY  
\_\_\_\_\_ TREASURER  
\_\_\_\_\_ COMMISSIONER

2. 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.

Ralph Maresca, Treasurer  
Dave S. Ruber, Qual-Lynx  
Alice H. Lihou, Qual-Lynx  
Janet Buggle, Qual-Lynx

3. 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.
4. The Cash and Investment Policy attached herewith, shall be adopted.
5. 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.
6. 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.
7. In accordance with the MEL's Retrospective Rating Program, the FUND does hereby transfers the aggregate excess contingency line item collected with 2018 Fund assessments to the Aggregate Loss Fund Contingency Account.

ADOPTED:  
this day before the Board of Fund Commissioners:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
date

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND  
2018 CASH MANAGEMENT AND INVESTMENT POLICY**

1.) **Cash Management and Investment Objectives**

The Suburban Municipal Joint Insurance Fund (hereinafter referred to as the FUND) objectives in this area are:

- a.) Preservation of capital.
- b.) Adequate safekeeping of assets.
- c.) Maintenance of liquidity to meet operating needs, claims settlements and dividends.
- d.) Diversification of the FUND's portfolio to minimize risks associated with individual investments.
- e.) Maximization of total return, consistent with risk levels specified herein.
- f.) Investment of assets in accordance with State and Federal Laws and Regulations.
- g.) Accurate and timely reporting of interest earnings, gains and losses by line of coverage in each Fund year.
- h.) Where legally permissible, cooperation with other local municipal joint insurance funds, and the New Jersey Division of Investment in the planning and execution of investments in order to achieve economies of scale.
- i.) Stability in the value of the FUND's economic surplus.

2.) **Permissible Investments**

Investments shall be limited to the following:

- a) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- b) Government money market mutual funds.
- c) Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- d) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- e) Bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Local Government Services of the Department of Community Affairs for investment by local units.
- f) Debt obligations of federal agencies or government corporations with maturities not greater than ten (10) years from the date of purchase, excluding mortgage backed obligations, providing that such investments are purchased through the New Jersey Division of Investment and are consistent the Division's own investment guidelines, and providing that the investment a fixed rate of interest not dependent on any index or external factors.
- g) Local Government Investment Pools
- h) Repurchase agreements of fully collateralized securities, subject to rules and conditions establish by the N.J. Department of Community Affairs.

No investment or deposit shall have a maturity longer than ten (10) years from date of purchase. At any given time, the Fund's investment portfolio shall conform to the following criteria:

- a) Any bonds or other obligations held by the FUND shall have a minimum long-term investment grade underlying credit rating, or equivalent rating provided by a Nationally Recognized Statistical Rating Organization as outlined by the U.S. Securities and Exchange Commission, with the exception of bonds issued pursuant to the Municipal Qualified Bond Act, which may have an underlying credit rating below investment grade so long as the Municipal Qualified Enhanced Rating is investment grade, or equivalent rating provided by NRSO.
- b) A minimum of thirty-five (35) percent of aggregate total par amount of bonds and other obligations shall have a minimum long-term, underlying credit rating of AA-, or equivalent rating by an NRSRO.
- c) The aggregate par amount of bonds or other obligations with a long-term underlying credit rating below A-, or equivalent rating by an NRSRO, shall not exceed thirty (30) percent of the aggregate total par amount of bonds, investments and other obligations held by the Fund.
- d) The aggregate par amount of bonds or other obligations with maturities longer than five (5) years shall not exceed sixty (60) percent of the aggregate total par amount of bonds, investments and other obligations held by the FUND.

Any exception to or deviations from the above criteria must be approved by the New Jersey Division of Local Governmental Services and the New Jersey Division of Investment.

3.) **Authorized Depositories**

In addition to the above, the FUND is authorized to deposit funds in certificates of deposit and other time deposits in banks covered by the Governmental Unit Depository Protection Act, NJSA 17:9-14 et seq. (GUDPA). Specifically authorized depositories are as follows:

Investors Bank

The FUND is also authorized to invest its assets in the New Jersey Cash Management Fund.

4.) **Authority for Investment Management**

The Treasurer is authorized and directed to make investments, with a maturity of three months or longer, through asset managers that may be selected by the Executive Board. Such asset managers shall be discretionary trustees of the FUND.

Their actions and decisions shall be consistent with this plan and all appropriate regulatory constraints.

In executing investments, asset managers shall minimize transaction costs by querying prices from at least three (3) dealers and purchasing securities on a competitive basis. When possible, federal securities shall be purchased directly from

the US Treasury. Transactions shall not be processed through brokerages which are organizationally affiliated with the asset manager. Transactions may also be processed through the New Jersey Division of Investment by the Fund's asset managers.

5.) **Preservation of Capital**

Securities shall be purchased with the ability to hold until maturity.

6.) **Safekeeping**

Securities purchased on behalf of the FUND shall be delivered electronically or physically to the FUND's custodial bank, which shall maintain custodial and/or safekeeping accounts for such securities on behalf of the FUND.

7.) **Selection of Asset Managers, Custodial Banks and Operating Banks**

Asset managers, custodial banks and operating banks shall be retained for contract periods of one (1) year. Additionally, the FUND shall maintain the ability to change asset managers and/or custodial banks more frequently based upon performance appraisals and upon reasonable notice, and based upon changes in policy or procedures.

8.) **Reporting**

Asset managers will submit written statements to the treasurer and executive director describing the proposed investment strategy for achieving the objectives identified herein. Asset managers shall also submit revisions to strategy when justified as a result of changing market conditions or other factors. Such statements shall be provided to the Treasurer and Executive Director. The statements shall also include confirmation that all investments are made in accordance with this plan. Additionally, the Investment Manager shall include a statement that verifies the Investment Manager has reconciled and determined the appropriate fair value of the Funds portfolio based on valuation guidelines that shall be kept on file in the Executive Director's office.

The Treasurer shall report to the Executive Committee at all regular meetings on all investments. This report shall include information on the balances in all bank and investment accounts, and purchases, sales, and redemptions occurring in the prior month.

9.) **Audit**

This plan, and all matters pertaining to the implementation of it, shall be subject to the FUND's annual audit.

10.) **Cash Flow Projections**

Asset maturity decisions shall be guided by cash flow factors payout factors supplied by the Fund Actuary and reviewed by the Executive Director and the Treasurer.

11.) **Cash Management**

All moneys turned over to the Treasurer shall be deposited within forty-eight (48) hours in accordance with NJSA 40A:5-15.

In the event a check is made payable to the Treasurer rather than the Fund, the following procedure is to be followed:

- a.)* The Treasurer endorses the check to the Fund and deposits it into the Fund account.
- b.)* The Treasurer notifies the payer and requests that in the future any check be made payable to the Fund.

Cash may be withdrawn from investment pools under the discretion of asset managers only to fund operations, claims imprest accounts, or approved dividend payments.

The Treasurer shall escheat to the State of New Jersey checks which remain outstanding for twelve or more months after the date of issuance. However, prior to implementing such procedures, the Treasurer, with the assistance of the claims agent, as needed, shall confirm that the outstanding check continues to represent a valid claim against the FUND.

**RESOLUTION NO: 3-18**

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND  
(hereafter the "FUND")**

**ESTABLISHING PUBLIC MEETING PROCEDURES**

**WHEREAS**, the FUND must establish meeting procedures for Fund Year 2018; and

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

- I.** The Board of Fund Commissioners/Executive Committee shall conduct Public Meetings at the Scotch Plains Municipal Building to conduct the official business of the FUND on the second Thursday of each month at 8AM including the reorganization meeting on January 10, 2019 except August and December.
  
- II.** The following is hereby designated the official newspaper (s) of the Fund: The Star Ledger, Newark, New Jersey 07101. The MEL's webpage is designated for official notices [www.njmel.org](http://www.njmel.org), as well as, the Fund's webpage [www.smjif.org](http://www.smjif.org).
  
- III.** 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;

\_\_\_\_\_  
Chair

\_\_\_\_\_  
date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
date

**RESOLUTION NO. 4-18**

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND**  
(Hereinafter the "FUND")

**ESTABLISHING A FUND RECORDS PROGRAM**

**WHEREAS:** The FUND must establish a formal record retention program for the 2018 fund year.

**NOW, THEREFORE BE IT RESOLVED,** by the Board of Fund Commissioners 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 9 Campus Drive-Suite 216 Parsippany, NJ 07054.
- 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.

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 by the Board of Fund Commissioners

\_\_\_\_\_  
Chair

\_\_\_\_\_  
date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
date

## Resolution 5-18

### Suburban Municipal Joint Insurance Fund (hereinafter the "Fund" or the "Sub Muni JIF")

#### ESTABLISHING THE 2018 PLAN OF RISK MANAGEMENT

BE IT RESOLVED by the Fund's governing body the 2018 Plan of Risk Management shall be:

### Section I – Coverage

#### Insurance Coverages

The following coverages are provided to the Fund's members, effective January 1, 2018:

- Workers' Compensation
- Liability (including optional excess)
- Public Officials Liability / Employment Practices Liability (including optional excess)
- Optional Volunteer Directors & Officers Liability
- Crime
- Non-Owned Aircraft Liability
- Annual Aggregate Stop Loss
- Environmental Impairment Liability
- Cyber
- Property & Equipment Breakdown (effective December 31, 2017)

#### Limits of Coverage

Unless otherwise stated, all limits shown apply less any local member unit's SIRs/deductibles, or excess of 125% of the JIFs' actuarial projected loss funds as respects Annual Aggregate Stop Loss. All references to the "MEL" stand for the "Municipal Excess Liability Joint Insurance Fund". **Please note, the following is a general discussion of the coverages and limits provided via the Fund; however, the actual terms and conditions are defined in the policy documents and all issues shall be decided on such. Please also note, additional coverages, limits and conditions may apply.**

##### 1. Workers' Compensation

- Workers' Compensation: \$250,000
- Employer's Liability: \$250,000
- USL&H, Harbor Marine/Jones Act, Incidental Foreign Workers' Compensation, Communicable Disease: Included
- MEL Excess Limit: Statutory
- Employer's Liability Excess Limit: \$6,750,000

##### 2. Liability (includes General, Automobile, Employee Benefits and Law Enforcement Liability)

- Fund Limit: \$250,000
- MEL Excess Limit: \$4,750,000
  - The \$3,250,000 layer excess of \$1,750,000 is subject to a \$3,250,000 per local member unit annual aggregate (Automobile Liability is not aggregated)
- Sub limits: The following sub limits are part of, and not in addition to, the limits above:
  - Good Samaritan Liability: Included
  - Quasi Municipal Organization Liability: Included (if approved)
  - Fungus or Spores: \$1,000,000
  - Disinfectants Release Hazard Coverage: \$1,000,000
  - Dam and Reservoir: \$5,000,000
    - a. \$5,000,000 per occurrence for any member entity owned dams defined as Class III or IV in New Jersey Administrative Code, Title 7, Department of Environmental Protection, Chapter 20, 7:20-1.8;
    - b. Included for premises owned, occupied or controlled by the member entity on which a dam or reservoir is located, or from the operations conducted on such premises;

- c. \$1,750,000 per occurrence for any member entity owned dam defined as Class I or II in New Jersey Administrative Code, Title 7, Department of Environmental Protection, Chapter 20, 7:20-1.8; and
  - d. \$1,750,000 per occurrence for any Class III or IV member entity owned dam involved with a Class I or II member entity owned dam.
- Sanitary/Storm Water System Sewerage Backup and/or Sanitary System Sewerage Backup, Escape or Release: \$2,750,000 Per Occurrence and \$3,750,000 Annual Aggregate for all member entities
  - Subsidence: \$2,750,000 Per Occurrence and \$3,750,000 Annual Aggregate for all member entities
  - Quasi Entities Coverage:\$5,000,000Per Occurrence (where approved)
  - Skateboard Facilities: \$5,000,000 Per Occurrence (where approved)
  - Riot, Civil Commotion or Mob Action: \$5,000,000 Per Occurrence
  - Failure to Supply Utility: \$5,000,000 Per Occurrence
  - Garagekeepers Liability: \$2,000,000 Per Occurrence
  - New Jersey Personal Injury Protection (NJ PIP): \$250,000
  - New Jersey Uninsured/Underinsured Motorist (NJ UM/UIM): \$15,000 / \$30,000 / \$5,000

**3. Optional Excess Liability Limit**

The MEL offers Optional Excess Liability Limits excess of the MEL Excess Limit.

- The following limits are the Optional Excess Limits:
  - \$2,000,000 (equals \$7,000,000 total);
  - \$5,000,000 (equals \$10,000,000 total);
  - \$10,000,000 (equals \$15,000,000 total); and
  - \$15,000,000 (equals \$20,000,000 total).

**4. Public Officials Liability / Employment Practices Liability**

Each local member unit is 100% commercially insured with QBE Specialty Insurance Company for \$2,000,000 in the aggregate per member on a claims made basis for each Fund year.

- Deductibles and Coinsurance:
  - \$20,000 is the standard deductible per claim and 20% of the first \$250,000 of the loss is the standard coinsurance, although other deductibles and coinsurances may apply.
  - Local member units may qualify based on certain criteria to have options to purchase a lower deductible and/or coinsurance contribution.
  - Members with adverse loss experience may be subject to higher deductibles and/or coinsurance.
- Optional Wage Coverage: \$50,000 aggregate per member

**5. Optional Excess Public Officials Liability / Employment Practices Liability**

The MEL offers Optional Excess Public Officials Liability / Employment Practices Liability limits excess of the local member units' primary \$2,000,000 Public Officials Liability / Employment Practices Liability policies with QBE Specialty Insurance Company as follows:

- \$1,000,000 (equals \$3,000,000 total);
- \$2,000,000 (equals \$4,000,000 total);
- \$3,000,000 (equals \$5,000,000 total);
- \$4,000,000 (equals \$6,000,000 total); and
- \$8,000,000 (equals \$10,000,000 total).

**6. Optional Volunteer Directors & Officers Liability**

Fire companies and Emergency Service Units have the option of purchasing optional Volunteer Directors & Officers Liability coverage. The coverage is 100% commercially insured with QBE Specialty Insurance Company and applies to the non-firematic/emergency activities of such entity per the following options:

Option	Limit of Liability	Deductible
1	\$1,000,000	\$1,000
2	\$1,000,000	\$2,000
3	\$1,000,000	\$5,000
4	\$2,000,000	\$1,000
5	\$2,000,000	\$2,000
6	\$2,000,000	\$5,000

**7. Crime**

- The Fund provides Crime coverage with a limit of \$50,000 for: Public Employee Dishonesty, Forgery and Alteration, Theft, Disappearance and Destruction, Robbery and Safe Burglary, and Computer Fraud with Funds Transfer Fraud
- The member deductible is \$2,500 No
- MEL Crime
  - MEL Crime Excess: \$950,000 excess of the Fund Crime limit
  - MEL Crime Statutory Position:
    - a. The MEL provides primary 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
    - b. The deductible is \$1,000
  - MEL Crime Excess Public Officials:
    - a. The MEL provides excess employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have not applied or have not been approved for coverage under the MELJIF Statutory Position Program at a limit of \$1,000,000
    - b. The deductible is the greater of the underlying bond/policy in place or the statutory limit required

**8. Non-Owned Aircraft Liability**

- \$5,000,000; and
- Medical Expense for each passenger: \$5,000
- The coverage is 100% commercially insured with Endurance

**9. Annual Aggregate Stop Loss**

- \$1,000,000, subject to sublimits of:
  - \$250,000each occurrence for Workers' Compensation, General Liability, Law Enforcement Liability and Automobile Liability; and
  - \$50,000each occurrence for Property and Crime

**10. Environmental Impairment Liability**

Environmental Impairment Liability is provided to the Fund's local member units by the New Jersey Environmental Risk Management Fund ("EJIF"). Please refer to the EJIF's Plan of Risk Management.

**11. Cyber**

The Fund is 100% commercially insured for Cyber insurance with Indian Harbor Insurance Company (primary insurer) and Beazley (excess insurer) for the following limits:

- Limits:
  - Fund Annual Aggregate: \$16,000,000
  - Third Party, Per Claim: \$10,000,000
  - First Party, Per Claim: \$6,000,000
- Retention, Per Claim: \$10,000

**12. Property & Equipment Breakdown**

- The Fund provides a \$100,000 limit per occurrence (Property & Time Element combined)
- The MEL provides a \$400,000 limit excess of the Fund's limit
- The MEL purchases additional excess property limits, as follows: \$125,000,000, including certain sublimits, including, but not limited, to:
  - Aggregate, Earth Movement: \$100,000,000
  - Aggregate, Flood (includes Storm Surge): \$100,000,000
    - a. Per Location, Special Flood Hazard Area (SFHA): \$52,500,000
  - Named Storm: Included
  - Vehicles: \$15,000,000
- Member deductibles:
  - All Other: \$2,500
  - Equipment Breakdown: \$5,000
  - SFHA Flood :
    - a. Building: \$500,000
    - b. Contents: \$500,000
    - c. Time Element: \$500,000
  - Named Storm (Covered Property in Atlantic, Ocean, Monmouth and Burlington counties east of the Garden State Parkway, and any covered property in Cape May County):

- a. Property Damage: 1% of TIV at location, per occurrence
- b. Time Element: 1% of 12 months gross earnings at location, per occurrence
- c. Minimum, per location: \$500,000
- d. Maximum, per occurrence: \$1,000,000
- e.

### **Amount of Risk to be Retained by the Fund**

Unless otherwise stated, all limits shown apply less any local member unit's SIRs/deductibles.

1. **Workers' Compensation:** \$250,000
2. **Liability:** \$250,000
  - NJ Uninsured/Underinsured Motorist: \$15,000 / \$30,000 / \$5,000
  - NJ Personal Injury Protection: \$250,000
3. **Optional Excess Liability Limit:** None
4. **Public Officials Liability / Employment Practices Liability:** None
5. **Optional Excess Public Officials Liability / Employment Practices Liability:** None
6. **Optional Volunteer Directors & Officers Liability:** None
7. **Crime:** \$50,000
  - MEL Crime Excess: None
  - MEL Crime Statutory Position: None
  - MEL Crime Excess Public Officials: None
8. **Non-Owned Aircraft Liability:** None
9. **Annual Aggregate Stop Loss:** 125% of the JIF's actuarial projected loss funds
10. **Environmental Impairment Liability :** None
11. **Cyber:** None
12. **Property:** \$100,000
  - Equipment Breakdown: None
  - SFHA Flood: None
  - Named Storm (Covered Property in Atlantic, Ocean, Monmouth and Burlington counties east of the Garden State Parkway, and any covered property in Cape May County): None
  - No

## **Commercial Insurance / Reinsurance Purchased**

The insurance/reinsurance listed below may contain sublimits, retentions and deductibles in addition to such already stated.

1. **Non-Owned Aircraft Liability:** The Fund purchases this coverage through the MEL from Endurance
2. **Excess Property & Equipment Breakdown:** The Fund purchases this coverage from the MEL
3. **Excess Liability:** The Fund purchases this coverage from the MEL
4. **Excess Workers' Compensation:** The Fund purchases this coverage from the MEL
5. **Excess Crime:** The Fund purchases this coverage from the MEL
6. **Public Officials Liability / Employment Practices Liability:** The Fund purchases this coverage from QBE Specialty Insurance Company
7. **Optional Volunteer Directors & Officers Liability:** The Fund purchases this coverage from QBE Specialty Insurance Company
8. **Cyber:** The Fund purchases this coverage from Indian Harbor Insurance Company and Beazley
9. **Environmental Impairment Liability:** Environmental Impairment Liability: The Fund purchases this coverage from the EJIF
10. **Annual Aggregate Stop Loss:** Annual Aggregate Stop Loss: The Fund purchases this coverage from the MEL

## **The Amount of Unpaid Claims to be Established**

1. 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.
2. 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.

## **The Method of Assessing Contributions to be Paid by Each Member of the Fund**

1. 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.
2. 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.
3. 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.
4. 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.
5. 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. In the event that the Fund adopts a deferred payment plan for an additional assessment, any member leaving the Fund shall immediately pay the Fund the full amount of its share of any deferred supplemental assessment.
6. 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.
7. 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. In the event that the Fund

adopts a deferred payment plan for retrospective premiums, any member leaving the Fund shall immediately pay the Fund the full amount of its deferred retrospective premium..

### **Procedures Governing Loss Adjustment and Legal Expenses**

1. The Fund engages a claims service company to handle all claims, except for the JIF's POL/EPL, Optional Volunteer D&O and Cyber 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.
2. Each member local unit is provided with a claims reporting procedure and appropriate forms.
3. 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.
4. 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.

### **Procedures for the Closure of Fund Years, including the Maintenance of All Relevant Accounting Records**

1. The Fund utilizes the Municipal Excess Liability Residual Claims Fund (RCF) to facilitate the closure of Fund years.
2. 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.
3. 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.
4. 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 withdrawing 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.
5. All dividends from the RCF will be deposited in the closed Fund year account on a member by member basis.
6. The Fund will retain all records in accordance with the Fund's record retention program.

### **Assumptions and Methodology Used for the Calculation of Appropriate Reserve Requirements to be Established and Administered in Accordance with Sound Actuarial Principles**

1. 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.
2. The following is an overview of the two actuarial methods used to project the ultimate losses.
3. 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.
4. 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.

**The Maximum Amount a Certifying and Approving Officer May Approve Pursuant to N.J.A.C. 11:15-2.22**

1. \$10,000
2. \$10,000 for General Liability, Automobile Liability and Workers' Compensation

**The Amount of Emergency Courthouse Authority**

1. \$50,000 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
2. 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 \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_;

\_\_\_\_\_  
JIF Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
JIF Secretary

\_\_\_\_\_  
Date

# SUBURBAN MUNICIPAL JOINT INSURANCE FUND BILLS LIST

Resolution No. 6-18

JANUARY 2018

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

BE IT RESOLVED that the Suburban 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 2017**

<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
THE ACTUARIAL ADVANTAGE	NEW MEMBER REVIEW – LOSS FUNDS WARREN	400.00 <b>400.00</b>
PERMA	POSTAGE – 12/2017	70.29 <b>70.29</b>
ALLSTATE ARCHIVES	ARCHIVE/STORAGE 11/2017	45.01 <b>45.01</b>

Total Payments FY 2017                      \$515.30

**FUND YEAR 2018**

<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
RALPH A MARESCA, JR	TREASURER FEE 01/2018	1,534.45 <b>1,534.45</b>
NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANE/HOSTNG 1/18	75.00 <b>75.00</b>
MUNICIPAL EXCESS LIABILITY JIF	FAITHFUL PERFORMANCE BOND 1ST QTR 2018	1,401.25 <b>1,401.25</b>
MUNICIPAL EXCESS LIABILITY JIF	MEL PROPERTY 1ST QTR 2018	84,221.57
MUNICIPAL EXCESS LIABILITY JIF	MEL 1ST QTR 2018	237,598.57
		<b>321,820.14</b>
MUNICIPAL EXCESS LIABILITY JIF	MSI 1ST QTR 2018	6,557.07 <b>6,557.07</b>
EJIF	1 <sup>ST</sup> INSTALLMENT 2018	67,402.64 <b>67,402.64</b>
THE ACTUARIAL ADVANTAGE	ACTUARY – 1/2018	2,629.00 <b>2,629.00</b>
FMCO	MANAGED CARE – 1/2018	6,590.58 <b>6,590.58</b>
J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES 01/2018	5,317.00 <b>5,317.00</b>

PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 01/2018	14,720.44
		<b>14,720.44</b>
QUAL-LYNX	CLAIM ADJUSTING SERVICES 01/2018	17,036.55
		<b>17,036.55</b>
	Total Payments FY 2018	442,455.12

**TOTAL PAYMENTS ALL FUND YEARS \$442,970.42**

\_\_\_\_\_  
Chairperson

Attest: \_\_\_\_\_ Dated: \_\_\_\_\_  
I hereby certify the availability of sufficient unencumbered funds in the proper accounts to fully pay the above claims.

\_\_\_\_\_  
Treasurer