

# **MORRIS ESSEX INSURANCE GROUP**

## **RE-ORGANIZATION LUNCHEON MEETING**

**THURSDAY, JUNE 15, 2017  
11:45 AM**

**CAFE NAVONA  
147 Route 46  
Rockaway, NJ 08886**

**(973) 627-1606**

**[www.caffenavona.com](http://www.caffenavona.com)**

The New Jersey Open Public Meetings Act was enacted to ensure the right of the public to have advance notice and to attend the meetings of public bodies at which any business affecting their interest is discussed or acted upon. In accordance with the provisions of the act, the Morris Essex Insurance Group approved this meeting date at its organization meeting of June, 2016

**RSVP IF YOU CANNOT ATTEND**

**MORRIS ESSEX INSURANCE GROUP**  
THURSDAY, JUNE 15, 2017

**AGENDA**

I. Roll Call

II. March 16, 2017 Minutes page 5

- **MOTION TO APPROVE THE MINUTES OF MARCH 16, 2017**

MOVED:  
SECOND:  
VOTE:

III. Treasurer's Report page 8

- **MOTION TO APPROVE THE TREASURER'S REPORT FOR MARCH THROUGH MAY 31, 2017 AND BILLS LIST**

MOVED:  
SECOND:  
VOTE:

IV. 2017 ReOrganization Meeting

A. Nominations for Trustees for 2017-2018

Candidates:

1. Douglas Pechanec
2. Liz George
3. Cheryl Nardino
4. Catarina Bilotta
5. Vanessa Wolsky
6. Susan Young
7. Michael Halik
8. Alternate #1
  - John Esposito
9. Alternate #2
  - Cathy Jenisch

Other Nominations:

- **Motion to Approve (7) Trustees and (2) Alternates for July 1, 2017 through June 30, 2018**

MOVED:  
SECOND:  
VOTE:

**B. Officers for 2017 – 2018**

**2<sup>nd</sup> Year of 2 Year Term:**

**Liz George, Chairperson**

**Vanessa Wolsky, Vice Chairperson**

**Cheryl Nardino, Secretary**

- **Motion to approve Liz George, Chairperson, Vanessa Wolsky, Vice Chairperson and Cheryl Nardino, Secretary from July 1, 2017 through June 30, 2018**

**MOVED:**

**SECOND:**

**VOTE:**

**C. Appointment of Fund Professionals and Service Contracts for 2017-2018**

**page 10**

**Executive Director – Burton Agency Inc.**

**Treasurer – Jon Rheinhardt**

**Actuary – O’Neil Consulting Services**

**Auditor – Nisivoccia & Company**

**Safety – Aero Environmental**

**Claims Administrator – Inservco**

**Defense Attorney – John Tort, Esq.**

**First MCO (Network/Repricing & Case Management)**

**Safe Schools Safety Program**

**Chilton – Post Offer Medical Exams**

- **Motion to Approve Renewal of Fund Professionals/Service Contracts 2017-2018 AS PER RESOLUTION IN AGENDA**

**MOVED:**

**SECOND:**

**VOTE:**

**D. 2017-2018 WC Assessments and Budget (to be distributed at the meeting)**

**E. 2017-2018 Insured Assessment (to be distributed at the meeting)**

- **Motion to Approve 2017 WC and Insured Assessments**

**MOVED:**

**SECOND:**

**VOTE:**

**F. Adoption of Meeting Dates 2017-2018**

**page 11**

**G. Adoption of the 2017 Cash Management & Investment Policy**

**page 12**

**H. Adoption of 2017 Fiscal Management Plan**

**page 16**

- I. Adoption of 2017 Risk Management Plan page 18
- J. Adoption of 2017 Worker's Compensation Coverage Policy page 28
  - **Motion to Move F through J .....**
    - MOVED:
    - SECOND:
    - VOTE:
  
- V. Executive Director's Report page 36
  - A. Workers Compensation, Paid and Reserved
  - B. Return of Surplus – Eligible to be Returned
  - C. Year End Comments
  
- VI. Willis/John Moore
  - A. Review of Insured Program
  
- VII. Safety Committee
  - A. Report of Joint Playground Safety Seminar
  
- VIII. Old Business
  
- IX. New Business
  
- X. Meeting Adjourned



**MORRIS ESSEX INSURANCE GROUP  
MINUTES  
BOARD OF TRUSTEES MEETING  
March 16, 2017**

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The March 16, 2017 Board of Trustees meeting of the Morris Essex Insurance Group was called to order 12:00 Noon, by the Chairperson, Liz George, at Café NaVona in Rockaway, NJ.

**ROLL CALL OF TRUSTEES:**

**CHAIRPERSON**

Liz George	WASHINGTON TWSP	PRESENT
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**VICE CHAIR**

Vanessa Wolsky	HANOVER TWSP	PRESENT
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**SECRETARY**

Cheryl Nardino	VERONA	PRESENT
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Susan Young	MCS of TECHNOLOGY	ABSENT
Doug Pechanec	WEST MORRIS REG	PRESENT
Catarina Bilotta	ED SERVICES OF MO CO	PRESENT
Michael Halik	NORTH CALDWELL	PRESENT

**Alternate #1**

John Esposito	LONG HILL TWP BOARD	PRESENT
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**Alternate #2**

Catherine Jenisch	DOVER BOARD	PRESENT
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**MEMBERS**

JASON M. BOHM	ROSELAND BOARD	PRESENT
PETER CAPRIO	GLEN RIDGE BOARD	ABSENT
MELISSA KIDA	WEST ESSEX REGIONAL	PRESENT
CAROLINA RODRIGUEZ	MINE HILL BOARD	PRESENT
THOMAS KRYGER	MENDHAM TWSP	ABSENT
TONYA FLOWERS	MT. ARLINGTON BOARD	ABSENT
DANIEL BORGIO	MT. LAKES BOARD	ABSENT
GARY LANE	MADISON BOARD	ABSENT

**FUND PROFESSIONALS PRESENT**

<b>EXECUTIVE DIRECTOR</b>	<b>Debra Ginetto</b>
<b>TREASURER</b>	<b>Jon Rheinhardt</b>
<b>INSERVCO</b>	<b>Nancy Fowlkes</b>
<b>SAFETY</b>	<b>Michael Berta</b>
<b>FIRST MCO</b>	<b>Kelly Royce</b>
<b>WILLIS</b>	<b>John Redmond</b>
<b>AUDITOR</b>	<b>Bud Jones</b>
<b>ATTORNEY</b>	<b>John Tort</b>

**OTHERS PRESENT**

**Angelo Vilardi, Superintendent, ESC**  
**Sue Sorbera, MCS of Technology**

**MOTION TO APPROVE THE MINUTES OF THE December 8, 2016  
BOARD OF TRUSTEES MEETING**

<b>MOVED:</b>	<b>Catarina Bilotta</b>
<b>SECOND:</b>	<b>Michael Halik</b>
<b>VOTE:</b>	<b>UNANIMOUS</b>

**MOTION TO ACCEPT THE TREASURER'S REPORT AND BILLS LIST FOR  
December 2016 through February 2017**

<b>MOVED:</b>	<b>Doug Pechanec</b>
<b>SECOND:</b>	<b>Catarina Bilotta</b>
<b>VOTE:</b>	<b>UNANIMOUS</b>

**MOTION TO ACCEPT THE DECEMBER 31, 2016 INTERIM AUDIT  
PREPARED BY OUR TREASURER AND TO FILE WITH THE DEPARTMENT  
OF BANKING AND INSURANCE**

<b>MOVED:</b>	<b>Doug Pechanec</b>
<b>SECOND:</b>	<b>Catarina Bilotta</b>
<b>VOTE:</b>	<b>UNANIMOUS</b>

**EXECUTIVE DIRECTOR'S REPORT**

The Executive Director reported on the Paid and Reserved Claims in the Agenda. Still holding 61% Potential Return average for years 2008-2015. 14-15 year (2) claims were re-opened. Last 7 years including through February 2017 are excellent to date. Payroll Audit for 2015-2016 has been completed and additional assessments are due by April 30, 2017. 2017-2018 Draft WC Assessments were emailed to everyone. Overall Budget for WC is 1% higher than last year. Average upfront discount is 36%. All the BOE in the 1 year renewal tier have renewed for 3 years. Cyber Claims Brief issued by Willis was distributed and discussed.

**NISIVOCCIA & COMPANY**

Bud Jones reviewed the Return of Surplus for 2017. MOTION TO APPROVE RETURN OF SURPLUS IN THE AMOUNT OF \$937,202 FOR 2017, PENDING THE DEPARTMENT OF BANKING AND INSURANCE APPROVAL AND OUR ACTUARY

MOVED: Michael Halik  
SECOND: Catarina Bilotta  
VOTE: UNANIMOUS

**FIRST MCO**

Reports were emailed to each member before the meeting. Kelly gave her report on savings and that there are 16 claims being medically managed.

**SAFETY COMMITTEE REPORT**

Joint Playground Safety Seminar scheduled for March 30<sup>th</sup> 9:00 AM to 1:00 PM at Washington Twp BOE, lunch will be served

**OLD BUSINESS**

**NEW BUSINESS**

PRIMA Conference, June 5<sup>th</sup> to 8<sup>th</sup>  
MEIG sends up to 2 Members

**MOTION TO ADJOURN MEETING**

MOTION: Michael Halik  
SECOND: Catarina Bilotta  
VOTE: UNANIMOUS

MEETING ADJOURNED: 1:30 PM

**REPORT OF THE TREASURER OF THE BOARD OF DIRECTORS**  
**MORRIS ESSEX INSURANCE GROUP**  
**FOR THE PERIOD: March 1, 2017 through May 31, 2017**

		Cash Report			
		Beginning Cash	Cash Receipts	Cash	Ending Cash
		Balances		Disbursements	Balances
<b>Operating Funds:</b>					
Valley Bank (Investment)	(5266)	11,231,005.62	56,251.84	236,273.08	11,050,984.38
New Jersey Cash Management	(5171)	70,538.57	106.79		70,645.36
Subtotal		11,301,544.19	56,358.63	236,273.08	11,121,629.74
<b>Imprest Accounts:</b>					
Valley Bank (Operating Clearing)		-	40,998.53	40,998.53	-
Valley Bank (Claims)		-	195,274.55	195,274.55	-
Total All Accounts		<u>\$ 11,301,544.19</u>	<u>\$ 292,631.71</u>	<u>\$ 472,546.16</u>	<u>11,121,629.74</u>

Prepared and Submitted by:

\_\_\_\_\_  
 Jon Rheinhardt, Treasurer

\_\_\_\_\_  
 Date



**MORRIS ESSEX INSURANCE GROUP**

**BILL LIST**

From:           **March 1, 2017**

To:               **May 31, 2017**

CLAIM CHECKS:		<u>Check #</u>	<u>Amount</u>
12/13/2016	Inservco Processed Claims	1803 - 1828	12,320.05
12/28/2016	Inservco Processed Claims	1829 - 1861	17,356.57
1/11/2017	Inservco Processed Claims	1862 - 1913	80,224.01
1/23/2017	Inservco Processed Claims	1914 - 1964	11,170.05
2/10/2017	Inservco Processed Claims	1965 - 2016	40,966.61
2/21/2017	Inservco Processed Claims	2017 - 2063	33,237.26
	Subtotal (Claims)		<u>195,274.55</u>

OPERATING CHECKS:			
3/7/2017	Atlantic Health System	1024	780.00
3/7/2017	FMCO	1025	10,323.08
3/7/2017	Inservco	1026	16,399.25
3/7/2017	Jon Rheinhardt	1027	1,314.75
5/9/2017	Atlantic Health System	1028	520.00
5/9/2017	DocuSafe	1029	23.62
5/9/2017	FMCO	1030	10,323.08
5/9/2017	Jon Rheinhardt	1031	1,314.75
	Subtotal (Operating)		<u>40,998.53</u>
	Grand Total all Payments		<u><u>236,273.08</u></u>



# MORRIS ESSEX INSURANCE GROUP

## RESOLUTION RENEWING PROFESSIONAL CONTRACTS AND SERVICE CONTRACTS FOR FUND YEAR 2017-2018

The Morris Essex Insurance Group Professional Contracts and Service Contracts expire on June 30, 2017.

On this 15 day of June 2017 by the Trustees of the Morris Essex Insurance Group, the following list of Professionals and Service Organizations will be retained on the *same terms and conditions as in the current agreements*, with the compensation shown, for the period beginning July 1, 2017 and ending June 30, 2018:

Executive Director – Burton Agency Inc.	(\$56,500)
Actuary - O'Neil Consulting	(\$6,700)
Treasurer – Jon Rheinhardt	(\$15,777)
TPA – Inservco (3 Year Contract – (2017 - \$67,564, 2018 - \$67,564, 2019 - \$68,916)	(\$67,564)
Safety – AERO Environmental	(\$17,909)
John Tort, Esq. (\$155 Partner per hr, \$80 Paralegals)	
Nisiovocchia & Company (Auditor) All Services	(\$19,500)
First MCO (Managed Care and Network Re-pricing)	(\$123,877)
Safe Schools Safety Program	(10,500)
Chilton – Post Offer Exams (per exam)	(\$295)

The Executive Director is hereby directed to prepare new agreements for the Professionals which is consistent with this Resolution.

On Motion by Trustee \_\_\_\_\_

Seconded by Trustee \_\_\_\_\_

Voting: \_\_\_\_\_

## MORRIS ESSEX INSURANCE GROUP

Office of the  
Executive Director  
Phone (201) 664-0310  
Fax (201) 664-0107

44 Bergen Street  
PO Box 270  
Westwood, NJ 07675

TO: MEIG MEMBERS

FROM: Debra Ginetto, CIC  
Office of the Executive Director

DATE: June 15, 2017

RE: MEETING DATES 2017-2018

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Below are the meeting dates for MEIG for the Fund year **2017-2018**.

In accordance with the Open Public Meeting Act we ask you to post a copy of this notice on your public bulletin board.

The luncheon meetings will be held at 11:30 AM, at Caffe NaVona on the dates indicated below,

**Thursday, October 12, 2017**  
**Thursday, December 7, 2017**      **Wed Dec 5th**  
**Thursday, March 15, 2018**  
**Thursday, June 14, 2018 (Reorganization Meeting)**

**\*\*\*REMINDER\*\*\*** You must attend 3 out of the 4 meetings to be eligible for the 3% discount on renewal.

## MORRIS ESSEX INSURANCE GROUP

### 2017 CASH MANAGEMENT AND INVESTMENT POLICY

#### I. Cash Management and Investment Objectives

The Morris Essex Insurance Group (hereinafter referred to as the POOL) have adopted the following objectives:

- Preservation of capital
- Adequate safekeeping of assets
- Maintenance of liquidity to meet operating needs, claims settlements and dividends
- Diversification of the POOL's portfolio to minimize risks associated with individual investments
- Maximization of total return, consistent with risk levels specified herein
- Investment of assets in accordance with State and Federal Laws and Regulations
- Accurate and timely reporting of interest earnings, gains and losses in each Fund year
- Stability in the value of the POOL's economic surplus

#### II. Permissible Investments

Investments shall be limited to the following:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America
- 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
- Any other Bank holding a current certificate of eligibility from the New Jersey Banking Association, and authorize the Treasurer to invest idle funds periodically, and report investments to the Fund

#### III. Authorized Depositories

In Addition to the above, the POOL 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:



1. *NJ Cash Management Fund*
2. *MBIA CLASS Account*
3. *TD Bank*
4. *Valley National Bank*
5. *Lakeland Bank*
6. *Skylands Bank*
7. *Santander Bank*

**IV. Authority for Investment Management**

The Treasurer is authorized and directed to make investments, through asset managers that may be selected by the Trustees.

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.

**V. Preservation of Capital**

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

**VI. Safekeeping**

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

VII. 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 POOL 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.

VIII. Reporting

Asset managers will submit written statements 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 Pools 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.

IX. Audit

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

X. Cash Flow Projections

Asset maturity decisions shall be funded by cash flow factors payout factors supplied by the Pool's Actuary and reviewed by the Executive Director and the Treasurer.



**XI. 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 Pool, the following procedure is to be followed:**

- 1. The Treasurer endorses the check to the Pool and deposits it into the Pool account.**
- 2. The Treasurer notifies the payer and requests that in the future any check be made payable to the Pool.**

**The Treasurer shall minimize the possibility of idle cash accumulating in accounts by assuring that all amounts in excess of negotiated compensating balances are kept in interest bearing accounts or promptly swept into the investment portfolio.**

**The method of calculating banking fees and compensating balances shall be documented to the Executive Committee by the Treasurer at least annually.**

**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 POOL.***

**ESTABLISHING A FISCAL MANAGEMENT PLAN**

**FOR THE 2017 FUND YEAR**

WHEREAS, THE MORRIS ESSEX INSURANCE GROUP is duly constituted as a School Board Insurance Pool, as permitted under the laws promulgated by the State of New Jersey, (N.J.S.A. 40A-36, et,seq.); and

NOW, THEREFORE BE IT RSOLVED, THAT THE POOL'S Executive Committee approves the following:

- The following financial institutions are hereby declared as THE POOL'S Official Depositories for 2017
  - *TD Bank, Valley National Bank, Lakeland Bank, Skylands Bank, Santander Bank*
  - *Those banks or institutions identified through the Governmental Unit Depository Protection Act (GUDPA)*
  - *New Jersey Cash Management Fund*
  - *MBIA CLASS Investment Account*
  - *And any other bank holding a current certificate of eligibility from the New Jersey Banking Association, and authorize the Treasurer to invest idle funds periodically, and report investments to the Fund*
- 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:

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Vice Chairperson

Jon Rheinhardt \_\_\_\_\_ Treasurer

- 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:

Nancy Fowlkes  
Staci Ulp

- **The Cash and Investment Policy attached herewith shall be adopted.**

**ADOPTED: this day before the Executive Committee:**

**Chair** \_\_\_\_\_

**Date** \_\_\_\_\_

**Secretary** \_\_\_\_\_

**Date** \_\_\_\_\_

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# **MORRIS ESSEX INSURANCE GROUP**

## **RISK MANAGEMENT PLAN**

**FUND YEAR 2017-2018**

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The purpose of this document is to highlight major coverage's, limits and sublimit afforded through the Morris Essex Insurance Group. This document is not a policy of insurance and in no way modifies, restricts, expands or in any other way changes the coverage's afforded through the Fund. For actual coverage determination, reference must be made to applicable insuring documents and/or insurance policies. All terms and conditions of coverage are as stated in the applicable insuring documents and/or insurance policies.



# MORRIS ESSEX INSURANCE GROUP

## RISK MANAGEMENT PLAN

### FUND YEAR 2017-2018

#### I. Introduction

- A. Morris Essex Insurance Group (MEIG) (herein referred to as the Fund) is a Joint Insurance Fund formed under the provisions of N.J.S.A. 18A:18B-1 et. seq. on July 1, 1984 with 14 Charter Members. As of July 1, 2017 the Fund has 17 Members. The Fund was formed to provide availability of insurance to qualified school districts by offering the best coverage at the lowest possible cost and by providing loss control and improved safety for a safer work environment.
- B. The Fund's objectives include the following:
  - 1. Providing qualified educational facilities with a long term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures.
  - 2. Improved safety and loss control activities and a safer work environment.
  - 3. The benefits of self-insurance while still protecting against the infrequent catastrophic loss.
  - 4. The stability of reinsurance and benefits of group purchase of insurance.
  - 5. Reduced budgets due to the spread of risk resulting in stability of loss costs.

#### II. Criteria for Membership

- A. Each prospective member shall meet the requirements for membership set forth in the Fund's Bylaws.
- B. The prospective member's (5) year claims history must show safety performance consistent with the Fund's objectives and the applicant's physical location and make-up must indicate a likelihood of satisfactory future claim performance.
- C. The Fund has the administrative and financial capability to absorb additional memberships without undue inconvenience or strain; and
- D. All primary and excess insurers for the Fund must approve admission of the prospective member.

#### III. Operational Details

- A. The member local units of the Fund have passed resolutions to become members of this Fund and to authorize the group purchase of primary insurance, excess insurance and re-insurance described herein and to cooperate with each other in safety and loss control activities and to share all expenses of operating the Fund.
- B. Primary insurance and excess liability coverage is provided from commercial insurance companies with A.M. Best Rating of A or better.

- C. The property, automobile liability and physical damage, general liability, crime and boiler and machinery are purchased from a commercial carrier on a group purchase basis.
- D. The School Board Legal is provided on a primary group purchase basis.
- E. The environmental liability coverage is offered on a primary group purchase basis and is optional.
- F. The excess automobile liability and general liability is provided on a primary group purchase basis.
- G. The Fund is composed of the member Boards as shown in the attached list.
- H. The Fund shall purchase loss control and claims adjustment services.
- I. Workers' Compensation Coverage is provided on a self-insured basis with the purchase of reinsurance in excess of the self-insured retention.

#### IV. Coverage's Provided, Limits of Liability, Self Insured Retentions and Deductibles

##### A. General

The Fund may offer coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles:

- Self- Insurance
- Reinsurance
- Joint Purchase Agreement
- Individual Contracts

##### B. Property

- |  |   |
|--|---|
| 1. Blanket Buildings and Personal Property | As per Blanket limit on file with the Insurance Company <sup>1</sup>  |
| 2. Member Deductible                       | \$5,000 Per Occurrence  |
| 3. Boiler & Machinery                      | \$100,000,000 Property Damage   |
| 4. Flood – Outside Zone A & V or B         | \$5,000,000 Per occurrence/Aggregate/<br>Per Member/\$50,000<br>Deductible per Building/\$50,000<br>Deductible Contents |

**Flood:** Flood Zone B: \$2,000,000 Per Occurrence/Aggregate/Per Member/\$100,000 Deductible Per building, \$100,000 deductible contents per building. Flood Zone A & V \$1,000,000 Per Occurrence/Aggregate/Per Member /\$500,000 Deductible Per Building for Contents and \$500,000 Per Building <sup>2</sup>

<sup>1</sup> Members shall report values annually as required by the Fund and Insurance Company

<sup>2</sup> Flood coverage's for locations within Federal Flood Zone "A" and "V" and "B" shall apply excess of limits available by the National Flood Insurance Association

5. Earthquake	\$5,000,000 Limit Per Member/5% Deductible
C. Comprehensive General Liability, including Employee Benefits Liability	
1. Limit of Liability	\$1,000,000 Per Occurrence/Per Member \$2,000,000 Annual Aggregate
2. Member Deductible	None
3. Sexual Abuse & Molestation	\$1,000,000 Per Occurrence/Per Member / Annual Aggregate
4. Employee Benefits -Claims Made	\$1,000,000/\$2,000,000 Per Member \$1,000 Deductible
D. Commercial Automobile	
1. Automobile Liability	\$1,000,000 Per Occurrence/ Aggregate/Per Member
2. Comprehensive	\$1,000 Deductible
3. Collision	\$1,000 Deductible
E. Environmental (Optional)	
1. Claims Made	Group Aggregate Limit /\$20,000,000 Aggregate Limit per Named Insured: \$3,000,000
2. Deductible	\$15,000
F. Crime <sup>3</sup>	
1. Public Employee Dishonesty	\$500,000 Per Employee/Limit \$5,000 Deductible
2. Forgery or Alteration	\$50,000/\$1,000 Deductible
G. Educator's Legal Liability/Employment Practices Liability	
1. Limit	\$1,000,000 Each Claim \$1,000,000 Aggregate
2. Separate Deductibles	See individual policies for deductibles
➤ School Board Legal	
➤ Employment Practices	
H. Commercial Umbrella	
1. Limit	\$9,000,000
2. Aggregate Limit	\$9,000,000
3. Retention	\$10,000
I. Excess Commercial Umbrella (Optional)	
1. Limit	\$50,000,000 Per Occurrence
2. Group Aggregate Limit	\$50,000,000
J. Workers Compensation <sup>4 **</sup>	
1. WC Limits of Liability	Statutory Benefits as required by the State of New Jersey
2. Employer's Liability	\$5,000,000 Per Occurrence/Aggregate
3. Fund Specific Self-Insured Retention*	\$500,000
4. Fund Aggregate Attachment	\$6,013,104

<sup>3</sup> Statutory bond positions are excluded

<sup>4</sup> All Workers' Compensation Claims shall be subject to managed care



\*As respects to any one loss and/or accident or disease and/or claim(s) and/or occurrence(s), including suit(s) brought in connection therewith, the Fund's Loss Fund shall not be charged with any amount in excess of \$500,000 as respects to any one loss and/or accident or disease and/or claim(s) and/or occurrence(s), including suit(s) brought in connection therewith.

\*\*The Fund's Self-Insured Workers' Compensation is excess over any other applicable insurance or self-insurance

K. Cyber Liability – (Optional)

## V. Operational Philosophy

A. General

This section of the Risk Management Plan is developed to provide general instruction for key areas and providers of service to the Fund. Also included here are sections which restate the roles and responsibilities of important parties and stress the importance of activities upon which the long term success of the Fund will hinge in whole or in part.

B. Claim Reserving Practices for Workers' Compensation

1. MEIG-NJ's reserving philosophy involves establishing adequate reserves based upon the evaluation of the claim. The Fund strives to set reserves to meet the expected total cost of the claim at the time of conclusion. The reserves are set by the Fund's Third Party Administrator along with the Fund's Workers' Compensation Attorney.
2. IBNR (Incurred but not yet Reported) reserves are established by the Actuary on behalf of the Fund.

C. Claim Handling Workers' Compensation

1. It is the objective of the Fund to control claim costs
2. The Fund engages experienced claim and management professionals. When a claim occurs a team comprised of the employer, medical professionals, claims adjusters, management company and legal professionals who work together on behalf of the member or its employees.
3. Whenever an investigation indicates that prompt, fair and equitable settlement of a claim is appropriate and possible, the claim servicing organization, or reinsurer shall submit to the Claim Review Committee and the Administrator for review, a notice of recommended settlement except for claims under \$10,000. The notice shall be on forms approved by the Trustees and shall provide information about the claim and the reasons underlying the recommended settlement.

D. Procedures Governing Loss Adjustment Workers' Compensation

1. The Fund has engaged the services of a third party claims administrator to receive incident reports, notices of claim and other related information for worker's compensation.

2. The claims servicing organization will, when it has been determined that a claim is compensable, under contract to the Fund, perform the following:
    - a. Review every claim and loss report submitted by the participants during the term of this contract.
    - b. Conduct an investigation of each qualified claim to the extent deemed necessary.
    - c. Maintain a file, either in paper or electronic form, for each qualified claim, which shall be available for review by the Fund.
  3. Adjust, settle or advise of non-compensability
    - Within the stated settlement authority limit
    - With specific approval of the fund, if outside the stated limit of authority
  4. Perform necessary and usual administrative and clerical work in connection with each qualified claim, including the preparation of checks or vouchers, releases, agreements and other documents needed to finalize a claim.
  5. Establish and update claim reserves as needed
  6. Notify the Fund and the Fund's reinsurer of all qualified claims which may exceed the Fund's retention.
  7. Coordinate all investigations on litigated claims with attorneys representing the Fund with representative of the reinsurer as required.
  8. Provide the Fund with loss reports and maintain an automated loss and information system.
  9. Acknowledge receipt of each claim in a timely basis.
- E. Post-Offer Medical Exams – Workers' Compensation**
1. New Hires of Custodians and Maintenance Staff
  2. Funded by MEIG
- F. Litigation Management and Legal Fees**
- The Fund realizes that every claim will not reach an amicable solution. Careful selection and control of claims and claims defense is very important. The Fund has established procedures to provide quality defense of claims and monitor the defense procedures and costs. These procedures include:
1. An approved legal firm(s) with qualified defense attorneys with previous experience with workers' compensation and a fee structure considered to be reasonable, of which, shall be approved by the Trustees.
  2. The activities of the approved defense attorney(s) and experts shall be monitored and supervised by the claims servicing organization and administration of the Fund.
- G. Annual Assessments**
1. By March 1 of each year, the Actuary shall compute the experience modifications for each member for workers' compensation for the next Fund Year. The Fund will use the published rates by the Workers' Compensation Bureau.
  2. The annual assessment of each member shall be its pro-rata share of the probable net cost for the upcoming year for each line of coverage as computed.



3. The calculation of pro-rata shares for each educational facility shall be based on the overall Fund year budget. Pro-rata shares may be modified by the Trustees to reflect the Loss History or other pertinent data of individual members.
4. The total amount of each member's annual assessment shall be certified by majority vote of the Trustees to the membership at least (1) month prior to the beginning of the next fiscal year.
5. The annual assessment for workers' compensation shall be paid in (2) installments: (1) Due to the Fund in August, (2) Due to the Fund in the following January. The Annual Assessment for the insured program shall be paid in full in August.
6. In the event that any assessment is not paid with (10) days of the due date set forth by the Fund, the board of education shall pay interest on the unpaid balance commencing on the tenth day after the due date. The interest rate shall be set annually by the Trustees at the beginning of each Fund Year.
7. The Treasurer shall deposit each member's assessment into the appropriate accounts including the operating account, and the claims account by Fund Year for each type of coverage.

**H. Supplemental Assessments**

1. The Trustees shall by majority vote levy upon members additional assessments whenever needed or so ordered by the Commissioner of Banking and Insurance to supplement the Fund's claim or loss retention or administrative accounts, to assure the payment of the Fund's obligations, including payment of benefits under workers' compensation law.
2. The Trustees shall assess each participating member an additional proportionate amount, as provided in the Fund's bylaws or as directed by the Commissioner of Banking and Insurance, to replenish claims or loss retention or administrative accounts:
  - All supplemental assessments shall be charged to the member by applicable fund year.
  - All members shall be given (30) days advance written notice of Fund's intention to charge an additional assessment, and the Fund shall conduct a hearing before adopting the supplemental assessment.
  - Members shall have (30) days to pay the Fund from the date any supplemental assessment is adopted.
3. 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 chairperson or Custodian of Fund assets shall notify the Commissioner of Banking and Insurance. Past due assessments shall bear interest at the rate of interest to be established annually by the Trustees.

**I. Participation in Return of Surplus**

All members will participate in the return of Excess Surplus earned during their period of membership. Returns will be as established by regulation.

**J. Procedures for the Closure of Fund Years**

The Fund shall, not less than (60) months after the end of a fiscal year, evaluate and determine its retained outstanding ultimate net losses up to the attachment points of the specific excess and aggregate excess insurance. The Fund will close a Fund year only if:

1. A portfolio transfer of retained outstanding ultimate net losses and residual risk has been effected; or
2. Upon closure of all losses following and independent determination that the residual risk has been extinguished to the highest level of certitude.

A Fund year may only be closed by resolution adopted after a public hearing.

1. All participants must receive at least one (1) month prior notice of the public hearing.
2. The resolution shall provide for the maintenance of all records in accordance with the requirements of the Commissioner of Banking and Insurance and other regulations and statutes then in effect.
3. The resolution shall provide for written notice to the Commissioner of Banking and Insurance at least (90) days before the resolution becomes effective.

**K. Fund Commissioners and Trustees**

Fund Commissioners, each a professional business administrator and/or board secretary are the backbone of the Fund. These individuals will in large measure control the success of the Fund by actively participating in the safety and loss control programs developed by the Fund for all members and by implementing these programs in their respective districts. Fund Commissioners are encouraged to attend all meetings of the Fund, to serve on committees and to encourage consistent, safe practices.

**L. Fund Professionals**

Providers of professional services to the Fund are strongly encouraged to participate in and promote Fund activities. The success of the Fund will, in part, be a reflection of the professionalism of those providers whose services are integral components of the Fund. Support of the concept of self-insurance, the Fund in general, and the risk management activities of the members in particular are necessary elements of success.

**M. Risk Management Consultant**

The Risk Manager shall be paid by the Fund at a fixed fee of 5% of assessments on the Insured Program only. This fee is added to the premium contribution of that member district.

The specific responsibilities of the Risk Manager are outlined in the Bylaws.

**N. Financial Management**

Consistent with the objective of serving as a long term vehicle through which to stabilize the costs associated with insurance coverage's, the underlying premise of the Fund's financial base shall be one of conservative up-front funding, prudent investment of idle funds, and maintenance of stringent paper and audit trails. As in

the case with all other aspects of the Fund the financial assets of the Fund can well be considered as monies held in public trust. Treatment and handling of these funds must be accomplished in a manner, which reflects the stewardship obligation of those whose hands through which they pass. All investment, treasury and banking functions of the Fund are to be accomplished in a manner consistent with the enabling statutes then in effect.

**O. Safety and Loss Prevention**

In an effort to avoid preventable loss and the financial and human hardships which result there from, the Fund (operating through the Fund's Safety Committee) will implement safety and loss control programs and procedures directed at reducing or eliminating conditions or practices which lead to loss. These programs, implemented in progressive steps, will include items such as:

1. Member district facility inspections
2. Safe Schools Program – Online safety videos for all employees with Safety Director available to answer any questions



**MORRIS ESSEX INSURANCE GROUP  
(MEIG) WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY  
2017-2018**

**PART ONE - WORKERS' COMPENSATION INSURANCE**

**A. How Coverage Applies**

This workers' compensation coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the policy period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

**B. We Will Pay**

We will pay promptly when due the benefits required of you by the workers' compensation law, but not to exceed our specific limit of \$500,000 per occurrence.

**C. We Will Defend**

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this coverage. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this coverage.

**D. We Will Also Pay**

We will also pay these costs, in addition to other amounts payable under this coverage, as part of any claim, proceeding or suit we defend:

1. Reasonable expenses incurred at our request but not loss of earnings;
2. Assessments for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this coverage;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law until we offer the amount due under this coverage; and
5. Expenses we incur.



**E. Your Specific Limit**

The most we will pay with respect to each accident or each employee for disease is \$500,000 per occurrence.

**F. Other Insurance**

If there is other insurance or self-insurance covering a claim that is covered under this coverage, we will pay only our share of the claim calculated as outlined below. Each insurer or self-insurer will share equally in the claim until the claim is paid in full or until the applicable limits of one or more insurers or self-insurers have been exhausted, whichever occurs first. If the claim has not been paid in full, the insurers and self-insurers whose limits have not been exhausted will again pay in equal shares. The process will be repeated until the claim has been paid in full or until the applicable limits of all insurers and self-insurers have been exhausted.

**G. Payments You Must Make**

You are responsible for any payments in excess of the benefits regularly provided by the workers' compensation law including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers' compensation law.

If we make any payments in excess of the benefits regularly provided by the workers' compensation law on your behalf, you will reimburse us promptly.

**H. Recovery From Others**

We have your right and the rights of persons entitled to the benefits of this coverage to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

**I. Statutory Provisions**

These statements apply where they are required by law:

1. As between an injured worker and us, we have notice of the injury when you have notice;

2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this coverage after an injury occurs;
3. We are directly and primarily liable to any person entitled to the benefits payable by this coverage. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against you and us;
4. Jurisdiction over you is jurisdiction over us for purposes of the workers' compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law;
5. This coverage conforms to the parts of the workers' compensation law that apply to:
  - a. benefits payable by this coverage;
  - b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
6. Terms of this coverage that conflict with the workers' compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

## **PART TWO - EMPLOYERS LIABILITY COVERAGE**

### **A. How this Coverage Applies**

This employer's liability coverage applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in the State of New Jersey.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the coverage period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions or Canada.

### **B. We Will Pay**

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability insurance. But the sums we pay will not exceed our specific limit of \$500,000 per occurrence.

The damages we will pay, where recovery is permitted by law, include damages:

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. for care and loss of services; and
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and
4. because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.



### **C. Exclusions**

This coverage does not cover

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by a workers' compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you;
6. bodily injury occurring outside the United States of America, its territories or possessions and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions.

### **D. We Will Defend**

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims proceedings or suits.

We have no duty to defend a claim proceeding or suit that is not covered by this coverage. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this coverage.

### **E. We Will Also Pay**

We will also pay these costs, in addition to other amounts payable under this coverage, as part of any claim, proceeding or suit we defend:



1. reasonable expenses incurred at our request but not loss of earnings;
2. assessments for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this coverage;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this coverage; and
5. expenses we incur.

## **F. Other Insurance**

If there is other insurance or self-insurance covering a claim that is covered under this coverage, we will pay only our share of the claim calculated as outlined below. Each insurer or self-insurer will share equally in the claim until the claim is paid in full or until the applicable limits of one or more insurers or self-insurers have been exhausted, whichever occurs first. If the claim has not been paid in full, the insurers and self-insurers whose limits have not been exhausted will again pay in equal shares. The process will be repeated until the claim has been paid in full or until the applicable limits of all insurers and self-insurers have been exhausted.

## **G. Limits of Liability**

Our liability to pay for damages is limited. Our limits of liability are \$500,000 per occurrence. They apply as explained below.

1. **Bodily Injury by Accident.** The limit of \$500,000 for "bodily injury by accident-each accident" is the most we will pay for all damages covered by this coverage because of bodily injury to one or more employees in any one accident. Disease is not bodily injury by accident unless it results directly from bodily injury by accident.
2. **Bodily Injury by Disease.** The limit of \$500,000 for "bodily injury by disease-coverage limit" is the most we will pay for all damages covered by this coverage and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit of \$500,000.00 for "bodily injury by disease-each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this coverage.

#### **H. Recovery From Others**

We have your rights to recover our payment from anyone liable for an injury covered by this coverage. You will do everything necessary to protect those rights for us and to help us enforce them.

#### **I. Actions Against Us**

There will be no right of action against us under this coverage unless:

1. You have complied with all the terms of this coverage; and
2. The amount you owe has been determined with our consent or by actual trial and final judgment.

This coverage document does not give anyone the right to add us as a defendant in an action against you to determine your liability.

### **PART THREE -YOUR DUTIES IF INJURY OCCURS**

Tell us at once if an injury occurs that may be covered by this coverage. Your other duties are listed here.

1. Provide for immediate medical and other services required by the workers' compensation law.
2. Give us or our claim service company the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

<b>MEIG</b>										
PAID & RESERVED TO DATE										
May 31, 2017										
DATE	PAID	RESERVE	RECOVERY	TOTAL	LOSS FUND	POTENTIAL RETURN	OPEN CLAIMS	CLOSED CLAIMS	TOTAL CLAIMS	
*7/1/16-2017	\$ 218,226	\$ 178,325		\$ 396,551	\$ 1,981,757	\$ 1,585,206	41	125	166	
7/1/15-2016	\$ 467,912	\$ 162,886		\$ 630,798	\$ 2,061,739	\$ 1,430,941	6	173	179	
7/1/14-2015	\$ 523,796	\$ 184,653		\$ 708,449	\$ 2,019,278	\$ 1,310,829	5	166	171	
7/1/13-2014	\$ 567,533	\$ 204,574		\$ 772,107	\$ 2,025,807	\$ 1,253,700	4	208	212	
7/1/12-2013	\$ 560,673	\$ 66,272		\$ 626,945	\$ 2,030,242	\$ 1,403,297	3	231	234	
7/1/11-2012	\$ 573,708	\$ 61,521		\$ 635,229	\$ 1,941,767	\$ 1,306,538	2	227	229	
7/1/10-2011	\$ 656,861	\$ -		\$ 656,861	\$ 1,848,108	\$ 1,191,247	0	258	258	
7/1/09-2010	\$ 1,013,385	\$ -		\$ 1,013,385	\$ 1,811,449	\$ 798,064	0	256	256	
7/1/08-2009	\$ 1,108,257	\$ -		\$ 1,108,257	\$ 1,700,000	\$ 691,743	0	276	276	
				\$ 6,152,031	\$ 15,438,990	\$ 9,286,359				
				61% Potential Return						
*Total Claims: 166 \$396,551										
Total Claims 5/31/16 - 162										
\$429,911										