

Morris Essex Insurance Group
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017
Westwood, New Jersey

MORRIS ESSEX INSURANCE GROUP
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JUNE 30, 2017

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Morris Essex Insurance Group
Office of the
Executive Director
Phone (201) 664-0310
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44 Bergen Street
PO Box 270
Westwood, NJ 07675

November 28, 2017

Board of Trustees
Morris Essex Insurance Group
Westwood, New Jersey

Dear Board of Trustees:

The Comprehensive Annual Financial Report (“CAFR”) of the Morris Essex Insurance Group (the “Pool”) for the fiscal year ended June 30, 2017 is hereby respectfully submitted. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Pool. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the basic financial statement and results of the operations of the Pool as measured by the financial activity of its various membership years; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Pool's financial affairs have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section contains this transmittal letter, a list of the Pool's members, a list of the Pool's officers and an organizational chart. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the Pool's financial position and operating results and supplementary schedules. State schedules are provided pursuant to the specifications of the New Jersey Department of Banking and Insurance, which along with the Department of Community Affairs, exercises regulatory control over the Pool. The statistical section includes selected data covering the last ten years that the Pool has been operational.

The Pool was formed under State statutes which authorize local government entities to pool resources to obtain low-cost insurance coverage. Specifically, the Pool is a public entity risk sharing pool in which school districts have joined together to administer a program of self funding and reinsurance to provide protection to members primarily in the area of workers' compensation coverage. Activities performed by the Pool include contracting for claims management, actuarial services, financial management and reporting, and general administration of the entity.

Financial Management and Control

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and necessarily include amounts based upon reliable estimates and judgments. The Pool's books are maintained on a full accrual basis. A summary of significant accounting policies is discussed in more detail in the notes to the financial statements found in the financial section.

Internal Control Structure

The Pool's accounting system is organized so that each membership year, and line of coverage within each year, can be evaluated separately. The assets, liabilities, revenue and expenses of each year and line of coverage are maintained separately on a full accrual basis. This practice is necessary because the composition of the Pool's membership could vary from year to year.

The Pool's management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls are designed to provide reasonable assurance that these objectives are being met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control decisions are made within the above framework. Management believes that the Pool's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Investment Management

Pool investments are made in accordance with the Local Fiscal Affairs Law and the Pool's Cash and Investment Management Plan. Investments for the year were limited to deposits in banks covered by the Governmental Unit Depository Protection Act, money market accounts and deposits in the New Jersey Cash Management Fund, which is administered by the State of New Jersey's Division of Investments for the Pool. In planning and executing investments, the Pool emphasizes liquidity and safety. After these objectives are met, the Pool seeks to optimize investment income.

Independent Audit

Nisivoccia LLP, independent accountants, provides an independent, objective review of the fairness of the Pool's reported financial position and results of operations. Their audit includes procedures they deem necessary to express an opinion as to the fairness of the financial statements. Their independent auditors' report is included in the financial section of this report.

Acknowledgments

Our sincere appreciation is expressed to the members of the Pool's Board of Trustees for the leadership they provided in the Pool's financial reporting.

Respectfully submitted,

Debra C. Ginetto

Debra C Ginetto, Executive Director

Jonathan Rheinhardt

Jonathan Rheinhardt, Treasurer

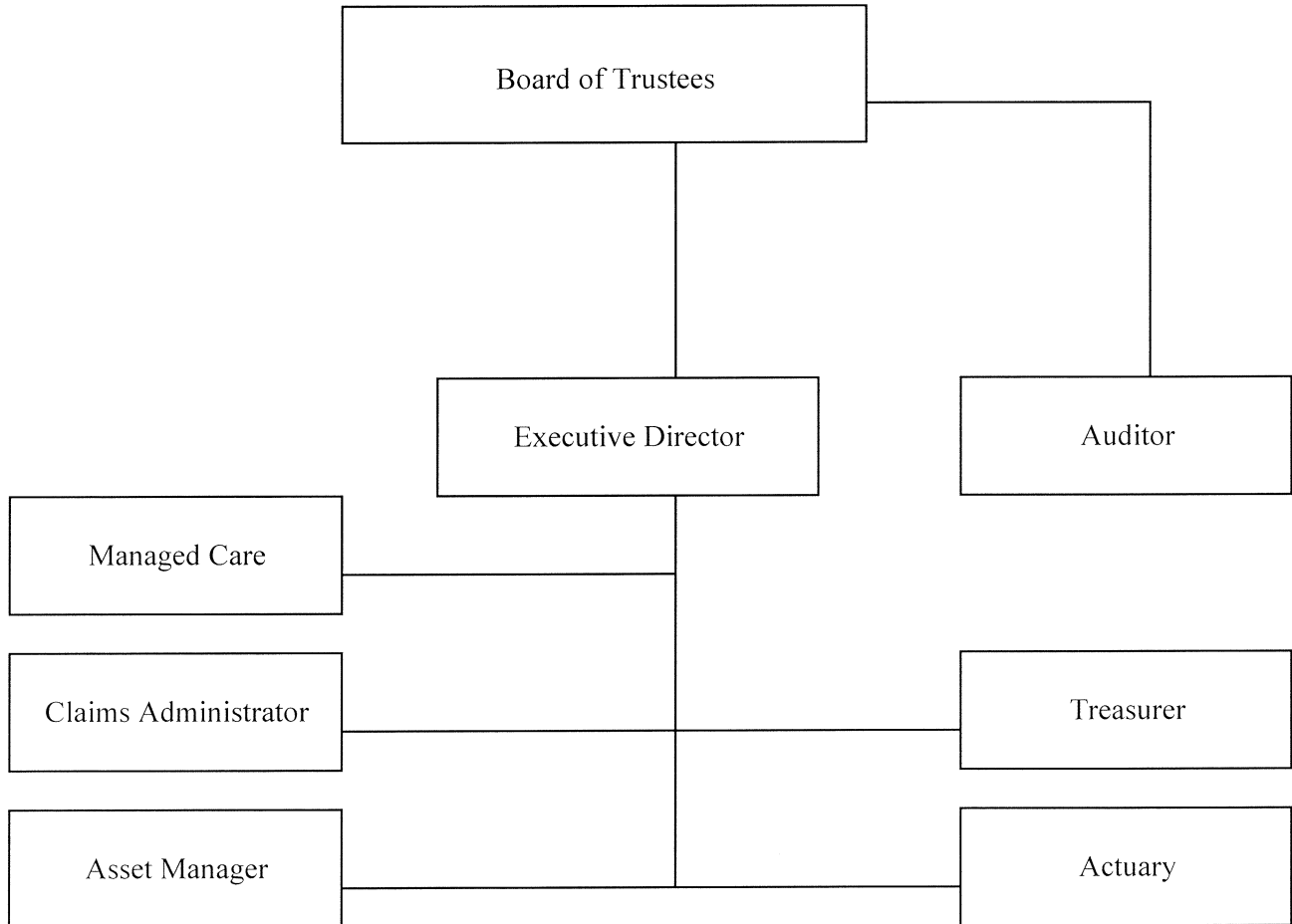
MORRIS ESSEX INSURANCE GROUP
ROSTER OF OFFICERS AND PROFESSIONALS
JUNE 30, 2017

Members of the Board of Trustees

Liz George, Chairperson	Washington Township Board of Education
Vanessa Wolsky, Vice Chair	Hanover Board of Education
Cheryl Nardino, Secretary	Verona Township Board of Education
Catarina Bilotta, Trustee	Morris County Educational Services Commission
L.Douglas Pechanec, Trustee	West Morris Regional Board of Education
Michael Halik, Trustee	North Caldwell Board of Education
Susan Young, Trustee	Morris County School of Technology
Debra C. Ginetto Burton Agency, Inc.	Executive Director
Jonathan Rheinhardt	Treasurer
Nisivoccia LLP	Auditor
O'Neil Consulting Services	Actuary
Inservco, Inc.	Claims Administrator, Safety Management
First MCO	Managed Care
John R. Tort, Jr.	Attorney

Morris Essex Insurance Group

ORGANIZATIONAL CHART



MORRIS ESSEX INSURANCE GROUP
MEMBERSHIP LISTING
JUNE 30, 2017

Member School District

Hanover Township Board of Education
Morris County Educational Services Commission
Morris County School of Technology
North Caldwell Board of Education
Verona Township Board of Education
Washington Township Board of Education
West Morris Regional Board of Education

Trustees

Vanessa Wolsky
Catarina Bilotta
Susan Young
Michael Halik
Cheryl Nardino
Liz George
L. Douglas Pechanec

Dover Board of Education
Glen Ridge Board of Education
Long Hill Board of Education
Madison Board of Education
Mendham Township Board of Education
Mine Hill Board of Education
Mount Arlington Board of Education
Mountain Lakes Board of Education
Roseland Board of Education
West Essex Regional Board of Education

Representatives

Catherine Jenisch
Peter Caprio
John Esposito
Gary Lane
Thomas Kryger
Carolina Rodriguez
Tonya Flowers
Daniel Borgo
Jason M. Bohm
Melissa Kida

FINANCIAL SECTION

Independent Auditors' Report

Board of Trustees
Morris Essex Insurance Group
Westwood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Morris Essex Insurance Group (the "Pool") as of and for the fiscal years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinions

As permitted by the Departments of Community Affairs and Banking and Insurance, State of New Jersey, we did not extend our audit to the reserves and underlying actuarial assumptions for Incurred But Not Reported (“IBNR”) reserve amounts, since they are prepared by the Pool's actuary.

Qualified Opinions

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinions* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Pool as of June 30, 2017 and 2016, and the changes in financial position and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the accompanying Comparative Reconciliation of Claims Liabilities by Fund and Ten-Year Claims Development Information Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pool’s basic financial statements. The introductory section, supplementary data, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, supplementary data, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Board of Trustees
Morris Essex Insurance Group
Westwood, New Jersey
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 28, 2017

Nisioria LLP

Morris Essex Insurance Group
Management's Discussion and Analysis
(Unaudited)

This section of the annual financial report of the Pool presents a discussion and analysis of the financial performance of the Pool for the fiscal years ended June 30, 2017 and June 30, 2016. Please read it in conjunction with the basic financial statements, the notes, and supplementary schedules that follow this section.

Overview of Basic Financial Statements

The Pool's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Pool is to administer a program of self funding and reinsurance to provide protection to members primarily in the area of workers' compensation coverage. The Pool internally maintains separate enterprise funds by incurred years and line of coverage. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

Statement of Net Position – This statement presents information reflecting the Pool's assets, liabilities, deferred outflows and inflows of resources, and net position. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources.

Statement of Revenue, Expenses, and Changes in Net Position – This statement reflects the Pool's operating revenues and expenses, as well as non-operating items during the reporting period. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, investing and non-capital financing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

Financial Highlights

The following tables summarize the financial position and results of operations for the Pool as of and for the fiscal years ended June 30, 2017, 2016 and 2015.

Summary Statement of Net Position

	2017	2016	Increase/ (Decrease) 2016/2017	2015	Increase/ (Decrease) 2015/2016
Assets:					
Cash and Cash Equivalents	\$ 10,059,917	\$ 9,699,008	\$ 360,909	\$ 9,137,942	\$ 561,066
Other Assets	27,949	41,556	(13,607)	37,156	4,400
Total Assets	10,087,866	9,740,564	347,302	9,175,098	565,466
Liabilities:					
Loss Reserves	2,402,010	2,563,602	(161,592)	2,983,991	(420,389)
Other Liabilities	182,831	164,170	18,661	88,482	75,688
Total Liabilities	2,584,841	2,727,772	(142,931)	3,072,473	(344,701)
Net Position - Unrestricted	\$ 7,503,025	\$ 7,012,792	\$ 490,233	\$ 6,102,625	\$ 910,167

Summary Statement of Revenue, Expenses, and Changes in Net Position

	2017	2016	Increase/ (Decrease) 2016/2017	2015	Increase/ (Decrease) 2015/2016
Operating Revenue:					
Assessments and Other Income	<u>\$ 3,319,147</u>	<u>\$ 3,358,389</u>	<u>\$ (39,242)</u>	<u>\$ 3,242,193</u>	<u>\$ 116,196</u>
Operating Expenses:					
Provision for Claims and Claim Adjustment Expense	581,104	345,273	235,831	550,406	(205,133)
Insurance Premiums	1,029,929	965,656	64,273	906,797	58,859
Professional and Contractual Services	<u>321,056</u>	<u>369,885</u>	<u>(48,829)</u>	<u>353,829</u>	<u>16,056</u>
Total Operating Expenses	<u>1,932,089</u>	<u>1,680,814</u>	<u>251,275</u>	<u>1,811,032</u>	<u>(130,218)</u>
Operating Income	1,387,058	1,677,575	(290,517)	1,431,161	246,414
Investment Income	64,948	34,957	29,991	26,041	8,916
Member Dividends	<u>(961,773)</u>	<u>(802,365)</u>	<u>(159,408)</u>	<u>(764,521)</u>	<u>(37,844)</u>
Change in Net Position	<u>\$ 490,233</u>	<u>\$ 910,167</u>	<u>\$ (419,934)</u>	<u>\$ 692,681</u>	<u>\$ 217,486</u>

Net Position increased \$490,233 primarily due to a lower than expected level of claim expenses and increased investment income.

Economic Conditions

The Pool will continue to monitor its claims and work with its members via the safety program to minimize the number and severity of claims.

Contacting the Pool's Financial Management

This financial report is designed to provide the Pool's members, oversight entities and creditors with a general overview of the Pool's finances and to demonstrate the Pool's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director's Office, 44 Bergen Street, PO Box 270, Westwood, New Jersey 07675.

BASIC FINANCIAL STATEMENTS

MORRIS ESSEX INSURANCE GROUP
STATEMENT OF NET POSITION

	June 30,	
	2017	2016
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 10,059,917	\$ 9,699,008
Assessments Receivable	2,874	17,430
Reinsurance Receivable	25,075	24,126
Total Assets	<u>10,087,866</u>	<u>9,740,564</u>
 <u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors	33,100	45,784
Accrued Expenses- Other Governments	70,000	70,000
Member Dividends	79,731	48,380
Loss Reserves	2,402,010	2,563,602
Assessment Overpayment		6
Total Liabilities	<u>2,584,841</u>	<u>2,727,772</u>
 <u>NET POSITION:</u>		
Unrestricted	<u>7,503,025</u>	<u>7,012,792</u>
Total Net Position	<u>\$ 7,503,025</u>	<u>\$ 7,012,792</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MORRIS ESSEX INSURANCE GROUP
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ended June 30,	
	2017	2016
Operating Revenue:		
Assessments from Participating School Districts	\$ 3,319,147	\$ 3,358,389
Total Operating Revenue	3,319,147	3,358,389
Operating Expenses:		
Provisions for Claims and Claim Adjustment Expense	581,104	345,273
(Net of Reinsurance of \$1,450 and \$2,020 for 2017 and 2016, respectively)		
Insurance Premiums	1,029,929	965,656
Professional Fees	127,036	158,393
Administrative Expenses	14,869	12,141
Claims Administrative Fees	179,151	199,351
Total Operating Expenses	1,932,089	1,680,814
Operating Income	1,387,058	1,677,575
Non-Operating Revenue:		
Investment Income	64,948	34,957
Change in Net Position before Other Revenue, Expenses, Gains, Losses and Transfers	1,452,006	1,712,532
Member Dividends	(961,773)	(802,365)
Change in Net Position	490,233	910,167
Net Position - Beginning of Year	7,012,792	6,102,625
Net Position - End of Year	\$ 7,503,025	\$ 7,012,792

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MORRIS ESSEX INSURANCE GROUP
STATEMENT OF CASH FLOWS

	Fiscal Year Ended June 30,	
	2017	2016
Cash Flows from Operating Activities:		
Assessments Collected	\$ 3,333,703	\$ 3,353,314
Insurance Premiums Paid	(1,029,929)	(965,656)
Claims Paid	(742,696)	(765,662)
General and Administrative Expenses Paid	(334,695)	(338,620)
Net Cash Provided by Operating Activities	1,226,383	1,283,376
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	64,948	34,957
Net Cash Provided by/(Used for) Investing Activities	64,948	34,957
Cash Flows from Noncapital Financing Activities:		
Member Dividends	(930,422)	(757,267)
Net Cash Used for Noncapital Financing Activities	(930,422)	(757,267)
Net Increase in Cash and Cash Equivalents	360,909	561,066
Cash and Cash Equivalents - Beginning of Year	9,699,008	9,137,942
Cash and Cash Equivalents - End of Year	<u>\$ 10,059,917</u>	<u>\$ 9,699,008</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,387,058	\$ 1,677,575
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assessment Receivable	14,556	(5,075)
(Increase)/Decrease in Reinsurance Receivable	(949)	675
Increase/(Decrease) in Accounts Payable	(12,684)	20,584
Increase/(Decrease) in Accrued Expenses		10,000
Increase/(Decrease) in Assessment Overpayments	(6)	6
Increase/(Decrease) in Loss Reserves	(161,592)	(420,389)
Net Cash Provided by Operating Activities	<u>\$ 1,226,383</u>	<u>\$ 1,283,376</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: NATURE OF OPERATIONS

The Morris Essex Insurance Group (the "Pool") was created on February 9, 1984, in accordance with P.L. 1983, C.1372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 18B of Title 18A of the New Jersey statutes." The Pool is both an insured and self-administered workers' compensation liability pool established for the purpose of providing low-cost insurance coverage for the member school districts. At June 30, 2017, the Pool had 17 members.

The Board of Trustees or the participating school districts may amend or terminate the Pool by a two-thirds vote. Upon termination, the Pool shall pay to the participants all benefits and net position they are entitled to receive except for an amount set aside as a "Termination Reserve Fund". After all claims are satisfied, the remaining funds will also be distributed to the participants. Any New Jersey school board may apply in writing for membership provided it agrees to comply with the standards for membership as established by the Pool. A member may terminate participation in the Pool upon giving thirty days written notice to the Trustees or Administrator, however, the member shall remain liable for any unpaid assessments which shall have accrued prior to its termination.

Pool members are subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would be responsible for the Pool's liabilities. The Pool considers anticipated investment income when determining if a deficiency exists.

The Executive Director/Administrator is responsible for the overall administration of the Pool. Fees paid to the Executive Director encompass all administrative duties. Accordingly, the Pool does not maintain any fixed assets or incur any payroll expense.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the Pool's accounting policies are described below.

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Reporting Entity (Cont'd)

resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. The combined financial statements include all funds of the Pool over which the Pool exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Pool is not includable in any other reporting entity on the basis of such criteria.

Basis of Accounting

The Pool utilizes the accrual basis of accounting whereby revenue is recorded as earned and expenses are reflected as the liability is incurred. The Pool utilizes total economic resources as their measurement focus. Operating revenue, such as charges for services, result from exchange transactions associated with the principal activity of the Pool. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenue, such as subsidies and investment earnings, results from nonexchange transactions or ancillary activities. Nonexchange transactions, in which the Pool gives or receives value without directly receiving or giving equal value in exchange, generally do not occur, with the exception of investment earnings.

Investments

The Pool generally reports investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participant at the measurement date. The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level I inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Income Taxes

The Pool is a tax-exempt organization and not subject to either federal or state income taxes.

Assessments

The assessments of the participating school districts are determined and certified by the Trustees with assistance from the Pool's actuary.

The by-laws also provide that should the Trustees find the payments received by the Pool are deficient, based on an opinion from the Pool's Administrator, additional assessments may be levied.

Unpaid Claims Liabilities

The Pool establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Unpaid Claims Liabilities (Cont'd)

from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as workers compensation. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. The Pool does not discount estimated claim liabilities. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Amounts shown as negative loss reserves in Note 3, if any, represent payments to the claims servicing agent in excess of claims paid and case reserves on the Pool's loss runs. These amounts, if any, are shown on the balance sheet as accounts receivable.

In accordance with practices prescribed or permitted by the Departments of Community Affairs and Banking and Insurance, State of New Jersey, the audit procedures were not extended to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) Reserve amounts since they are prepared by the Pool's Actuary.

Reinsurance

The Pool uses reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Pool as direct insurer of the risks reinsured. The Pool does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. Reinsurance premiums amounted to \$270,903 and \$274,886 for the years ended June 30, 2017 and 2016, respectively. The amount deducted from claims liabilities for reinsurance was \$244,665 and \$245,615 for the years ended June 30, 2017 and 2016, respectively.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: LOSS RESERVES

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30, 2017. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Pool, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Pool's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess-loss insurance.

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE 3: LOSS RESERVES (Cont'd)

The Pool has created a loss reserve for any reported and potential unreported losses which have taken place but in which the Pool has not received notices or reports of losses. Loss reserves, at June 30, 2017 and 2016, which have been estimated by the Pool's Actuary and Servicing Agent, are as follows:

	<u>2017</u>	<u>2016</u>
Case Reserves	\$ 1,061,615	\$ 944,831
Losses Incurred but not Reported (Unaudited)	<u>1,340,395</u>	<u>1,618,771</u>
Total Loss Reserves	<u>\$ 2,402,010</u>	<u>\$ 2,563,602</u>

The following represents changes in the aggregate reserves for the Fund:

	<u>2017</u>	<u>2016</u>
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	<u>\$ 2,563,602</u>	<u>\$ 2,983,991</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Period	900,000	950,000
(Decrease)/Increase in Provision for Insured Events of Prior Years	<u>(318,896)</u>	<u>(604,727)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>581,104</u>	<u>345,273</u>
Payments:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Period	241,707	299,601
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	<u>500,989</u>	<u>466,061</u>
Total Payments	<u>742,696</u>	<u>765,662</u>
Total Unpaid Claims and Claim Adjustment Expenses, End of Year	<u>\$ 2,402,010</u>	<u>\$ 2,563,602</u>

A contingent liability exists with respect to reinsurance coverage which would become an actual liability in the event the reinsuring company might be unable to meet it's obligations to the Pool under existing reinsurance agreements.

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Pool classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

The GASB requires disclosure of the level of custodial credit risk assumed by the Pool in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Pool ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Pool limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Custodial Credit Risk – The Pool's policy with respect to custodial credit risk requires that the Pool ensures that Pool's cash and cash equivalents are only deposited in financial institutions in which New Jersey insurance funds are permitted to invest their cash and cash equivalents.

Deposits:

New Jersey statutes requires that the Pool deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. The Pool is also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Pool to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd):

- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of local units or bonds or other obligations of school districts of which the local units are part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Debt obligations of federal agencies or government corporations with maturities not to exceed 10 years from the date of purchase, excluding mortgage backed or derivative obligations, provided that the investments are purchased through the State Division of Investment and are invested consistent with the rules and regulations of the State Investment Council.

As of June 30, 2017 and 2016, cash and cash equivalents of the Morris Essex Insurance Group consisted of the following:

	<u>2017</u>	<u>2016</u>
Checking	\$ 9,989,272	\$ 9,628,663
New Jersey Cash Management	<u>70,645</u>	<u>70,345</u>
	<u>\$ 10,059,917</u>	<u>\$ 9,699,008</u>

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd):

The carrying amount of the Pool's cash at June 30, 2017 was \$10,09,917 and the bank balance was \$10,764,648. The carrying amount of the Pool's cash at June 30, 2016 was \$9,699,008 and the bank balance was \$10,190,046. The New Jersey Cash Management funds are unregistered and uninsured.

NOTE 5: NET POSITION

The State of New Jersey has no statutory minimum net position requirements. The Pool has individual accumulated deficits at June 30, 2017 as follows:

Fund Year 1985 - Worker's Compensation	\$ 128
Fund Year 1986 - Worker's Compensation	649
Fund Year 1987 - Worker's Compensation	34
Fund Year 1990 - Worker's Compensation	35
Fund Year 1991 - Workers Compensation	95
Fund Year 1992 - Workers Compensation	12,257
Fund Year 1993 - Workers Compensation	136
Fund Year 1994 - Workers Compensation	83
Fund Year 1995 - Workers Compensation	294
Fund Year 1996 - Workers Compensation	240
Fund Year 1997 - Workers Compensation	18
Fund Year 1998 - Workers Compensation	4,704
Fund Year 2000 - Workers Compensation	3,509
Fund Year 2001 - Workers Compensation	4,592
Fund Year 2002 - Workers Compensation	3,664
Fund Year 2004 - Workers Compensation	19,279
Fund Year 2006 - Workers Compensation	33,045

The Pool has no current plans to assess the membership to eliminate these deficits.

There was an overall fund year deficit in 1992 of \$12,116.

NOTE 6: CONTINGENT LIABILITIES

In the normal course of its operations, the Pool has a number of lawsuits filed by claimants in various stages. Although estimated loss reserves have been established by the Pool, a number of these cases may possibly be settled for amounts in excess of the Pool's loss reserves. No provision for these contingencies has been included in the financial statements since the amounts are not reasonably estimable.

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE 7: RELATIONSHIP WITH STATE SCHEDULES

The information in the Pool's financial statements differs from the State Schedules listed in the supplementary data section as Schedules A through F. Specifically, these unaudited Schedules present historical information from the inception of each fund year.

REQUIRED SUPPLEMENTARY INFORMATION

MORRIS ESSEX INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017
(Unaudited)

	<u>Worker's Compensation</u>	
	<u>2017</u>	<u>2016</u>
Unpaid Claims and Claim Adjustment Expenses at Beginning of Year	<u>\$ 2,563,602</u>	<u>\$ 2,983,991</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Period	900,000	950,000
Increase/(Decrease) in Provision for Insured Events of Prior Years	<u>(318,896)</u>	<u>(604,727)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>581,104</u>	<u>345,273</u>
Payments:		
Claims and Claim Adjustment Expenses Attributable to		
Insured Events of the Current Period	241,707	299,601
Claims and Claim Adjustment Expenses Attributable to		
Insured Events of Prior Years	<u>500,989</u>	<u>466,061</u>
Total Payments	<u>742,696</u>	<u>765,662</u>
Total Unpaid Claims and Claim Adjustment Expenses at End of Year	<u><u>\$ 2,402,010</u></u>	<u><u>\$ 2,563,602</u></u>

MORRIS ESSEX INSURANCE GROUP
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
(Unaudited)

	Fiscal Period Ended June 30, 2017 and Policy Period Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Required contribution and investment revenue:										
Earned	\$ 2,046,867	\$ 2,670,514	\$ 2,821,285	\$ 2,901,493	\$ 2,843,201	\$ 3,021,428	\$ 3,059,703	\$ 3,260,146	\$ 3,368,980	\$ 3,301,068
Ceded	209,826	634,703	689,935	736,312	753,914	792,575	830,209	906,797	965,656	1,029,929
Net Earned	1,837,041	2,035,811	2,131,350	2,165,181	2,089,287	2,228,853	2,229,494	2,353,349	2,403,324	2,271,139
Unallocated expenses	172,923	200,880	320,763	325,531	328,194	336,493	364,768	353,829	369,885	321,056
Estimated claims and expenses, end of policy year										
Incurred	1,400,001	1,800,000	1,437,333	1,300,000	1,100,225	1,100,001	900,000	850,000	950,000	900,000
Ceded										
Net Incurred	1,400,001	1,800,000	1,437,333	1,300,000	1,100,225	1,100,001	900,000	850,000	950,000	900,000
Net paid (cumulative) as of:										
End of policy year	253,371	567,385	560,753	181,894	203,607	189,762	243,363	187,243	299,601	241,707
One year later	744,416	785,690	728,448	383,743	402,756	458,914	433,196	457,771	479,778	
Two years later	805,870	884,439	783,849	454,636	477,330	498,237	492,878	523,761		
Three years later	844,963	988,644	819,529	565,803	517,051	525,715	567,534			
Four years later	889,158	991,228	829,619	602,558	540,141	561,733				
Five years later	896,611	995,057	957,278	631,172	573,933					
Six years later	944,424	1,043,932	979,769	656,543						
Seven years later	946,020	1,066,331	1,016,356							
Eight years later	952,705	1,109,437								
Nine years later	952,705									
Reestimated ceded claims and expenses										
Reestimated net incurred claims and expenses:										
End of policy year	1,400,001	1,800,000	1,437,333	1,300,000	1,100,225	1,100,001	900,000	850,000	950,000	900,000
One year later	1,500,000	1,700,000	1,337,333	1,200,103	1,100,223	900,000	900,000	849,965	950,000	
Two years later	1,499,999	1,600,000	1,140,883	1,200,103	950,225	900,000	900,000	849,965		
Three years later	1,400,000	1,501,180	1,136,665	1,049,683	875,225	800,000	950,000			
Four years later	1,400,359	1,401,178	1,137,086	974,683	775,225	750,001				
Five years later	1,300,358	1,301,180	1,187,086	774,682	725,225					
Six years later	1,150,358	1,226,180	1,137,086	661,543						
Seven years later	1,075,359	1,226,180	1,021,356							
Eight years later	955,205									
Nine years later	982,405									
Increase/(decrease) in estimated net incurred claims and expense from end of policy year	\$ (417,596)	\$ (685,563)	\$ (415,977)	\$ (638,457)	\$ (375,000)	\$ (350,000)	\$ 50,000	\$ (35)	\$ -0-	\$ -0-

SUPPLEMENTARY DATA

MORRIS ESSEX INSURANCE GROUP
HISTORICAL OPERATING RESULTS ANALYSIS
FUND YEAR - 1985 TO 2017
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 51,420,922		
Supplemental Contributions	1,264,688		
Other Income (except investments)	10,841		
Total Income			\$ 52,696,451
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	19,350,116		
Case Reserves	1,306,280		
Imprest Account Reconciliation			
IBNR Reserve	1,340,395		
Subtotal		\$ 21,996,791	
Less Excess Insurance:			
Received	241,906		
Receivable	25,076		
Recoverable	244,665		
Subtotal		511,647	
Limited Incurred Claims (claims-excess)		21,485,144	
<u>Expenses:</u>			
Excess Insurance Premiums	9,078,032		
Administrative	5,225,568		
Subtotal Expenses		14,303,600	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>35,788,744</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			16,907,707
4. <u>Investment Income (Earned)</u>			<u>3,219,301</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			20,127,008
6. <u>Return of Surplus:</u>			
Paid	12,544,252		
Authorized and Unpaid	79,731		
Subtotal Return of Surplus			<u>12,623,983</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 7,503,025</u>

MORRIS ESSEX INSURANCE GROUP
HISTORICAL BALANCE SHEET
FUND YEAR - 1985 TO 2017
JUNE 30, 2017
 (Unaudited)

1. Assets:

Cash and Investments (1)	\$ 10,059,917		
		\$ 10,059,917	
<u>Receivables (1):</u>			
Excess Insurance	25,075		
Assessments	2,874		
Other			
Total Receivables		27,949	
Prepaid Expenses (1)			
Other Assets (1)			
<u>Total Assets</u>			\$ 10,087,866

2. Liabilities:Claims:

Case Reserves	1,061,615		
Imprest Account Reconciliation			
IBNR Reserve (2)	1,340,395		
Subtotal Claims		2,402,010	

Expenses (unpaid) (1):

Excess Insurance			
Administrative	103,100		
Subtotal Expenses		103,100	

Other Liabilities:

Unearned Contributions			
Authorized Return of Surplus	79,731		
Miscellaneous (1)			
Subtotal		79,731	
<u>Total Liabilities</u>			2,584,841

NET CURRENT SURPLUS/(DEFICIT) = 1-2

\$ 7,503,025

Note: (1) Schedule attached itemizing these categories

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1985
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	306,235	
Supplemental Contributions		15,777	
Other Income (except investments)		250	
Total Income			\$ 322,262
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		180,539	
Case Reserves			
Imprest Account			
IBNR Reserve			
Subtotal			\$ 180,539
Less Excess Insurance:			
Received			
Receivable	—		
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			180,539
<u>Expenses:</u>			
Excess Insurance Premiums		29,452	
Administrative		34,767	
Subtotal Expenses			64,219
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>244,758</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			77,504
4. <u>Investment Income (Earned)</u>			<u>30,390</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			107,894
6. <u>Return of Surplus:</u>			
Paid		105,227	
Authorized and Unpaid		2,087	
Subtotal Return of Surplus			<u>107,314</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 580</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1986
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	329,572	
	Supplemental Contributions		119,404	
	Other Income (except investments)		8,513	
	Total Income			\$ 457,489
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		370,478	
	Case Reserves		244,665	
	Imprest Account			
	IBNR Reserve			
	Subtotal			\$ 615,143
	Less Excess Insurance:			
	Received		141,913	
	Receivable		25,076	
	Recoverable		244,665	
	Subtotal			411,654
	Limited Incurred Claims (claims-excess)			203,489
	<u>Expenses:</u>			
	Excess Insurance Premiums		34,108	
	Administrative		38,428	
	Subtotal Expenses			72,536
	Total Incurred Liabilities (limited claims and expenses)			276,025
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			181,464
4.	<u>Investment Income (Earned)</u>			54,771
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			236,235
6.	<u>Return of Surplus:</u>			
	Paid		232,235	
	Authorized and Unpaid		1,169	
	Subtotal Return of Surplus			233,404
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 2,831

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1987
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	338,387	
	Supplemental Contributions			
	Other Income (except investments)		<u>203</u>	
	Total Income			\$ 338,590
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		140,513	
	Case Reserves			
	Imprest Account			
	IBNR Reserve			
	Subtotal		<u></u>	\$ 140,513
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal		<u></u>	
	Limited Incurred Claims (claims-excess)			<u>140,513</u>
	<u>Expenses:</u>			
	Excess Insurance Premiums		57,286	
	Administrative		<u>42,552</u>	
	Subtotal Expenses			<u>99,838</u>
	Total Incurred Liabilities (limited claims and expenses)			<u>240,351</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			98,239
4.	<u>Investment Income (Earned)</u>			<u>77,342</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			175,581
6.	<u>Return of Surplus:</u>			
	Paid		175,402	
	Authorized and Unpaid		<u>26</u>	
	Subtotal Return of Surplus			<u>175,428</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 153</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1988
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	355,774	
Supplemental Contributions		9,657	
Other Income (except investments)			
Total Income			\$ 365,431
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		251,743	
Case Reserves			
Imprest Account			
IBNR Reserve			
Subtotal			\$ 251,743
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			251,743
<u>Expenses:</u>			
Excess Insurance Premiums		50,500	
Administrative		45,169	
Subtotal Expenses			95,669
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>347,412</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			18,019
4. <u>Investment Income (Earned)</u>			<u>32,886</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			50,905
6. <u>Return of Surplus:</u>			
Paid		50,755	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>50,755</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 150</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1989
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	456,450	
Supplemental Contributions		349,440	
Other Income (except investments)			
Total Income			\$ 805,890
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		850,270	
Case Reserves			
Imprest Account			
IBNR Reserve			
Subtotal			\$ 850,270
Less Excess Insurance:			
Received		99,993	
Receivable			
Recoverable			
Subtotal			99,993
Limited Incurred Claims (claims-excess)			750,277
<u>Expenses:</u>			
Excess Insurance Premiums		38,900	
Administrative		55,935	
Subtotal Expenses			94,835
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>845,112</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(39,222)
4. <u>Investment Income (Earned)</u>			<u>62,437</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			23,215
6. <u>Return of Surplus:</u>			
Paid		23,215	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>23,215</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ -0-</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1990
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	475,966	
Supplemental Contributions		12,974	
Other Income (except investments)			
Total Income			\$ 488,940
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		409,145	
Case Reserves			
Imprest Account			
IBNR Reserve			
Subtotal			\$ 409,145
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			409,145
<u>Expenses:</u>			
Excess Insurance Premiums		36,400	
Administrative		53,310	
Subtotal Expenses			89,710
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>498,855</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(9,915)
4. <u>Investment Income (Earned)</u>			<u>67,926</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			58,011
6. <u>Return of Surplus:</u>			
Paid		57,853	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>57,853</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 158</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1991
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	558,830	
Supplemental Contributions		57,718	
Other Income (except investments)			
Total Income			\$ 616,548
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		505,124	
Case Reserves			
Imprest Account			
IBNR Reserve			
Subtotal			\$ 505,124
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			505,124
<u>Expenses:</u>			
Excess Insurance Premiums		33,250	
Administrative		53,655	
Subtotal Expenses			86,905
Total Incurred Liabilities (limited claims and expenses)			592,029
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			24,519
4. <u>Investment Income (Earned)</u>			63,619
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			88,138
6. <u>Return of Surplus:</u>			
Paid		87,703	
Authorized and Unpaid			
Subtotal Return of Surplus			87,703
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 435

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1992
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	610,792	
Supplemental Contributions		65,627	
Other Income (except investments)			
Total Income			\$ 676,419
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		615,267	
Case Reserves		33,250	
Imprest Account			
IBNR Reserve			
Subtotal			\$ 648,517
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			648,517
<u>Expenses:</u>			
Excess Insurance Premiums		31,225	
Administrative		50,930	
Subtotal Expenses			82,155
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>730,672</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(54,253)
4. <u>Investment Income (Earned)</u>			<u>55,550</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,297
6. <u>Return of Surplus:</u>			
Paid		13,413	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>13,413</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ (12,116)</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1993
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	673,101	
	Supplemental Contributions		218,843	
	Other Income (except investments)			
	Total Income			\$ 891,944
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		691,278	
	Case Reserves			
	Imprest Account			
	IBNR Reserve			
	Subtotal			\$ 691,278
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			691,278
	<u>Expenses:</u>			
	Excess Insurance Premiums		36,262	
	Administrative		52,432	
	Subtotal Expenses			88,694
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>779,972</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			111,972
4.	<u>Investment Income (Earned)</u>			<u>54,589</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			166,561
6.	<u>Return of Surplus:</u>			
	Paid		165,922	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>165,922</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 639</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1994
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	965,362	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 965,362
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		421,547	
Case Reserves			
Imprest Account			
IBNR Reserve			
Subtotal			\$ 421,547
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			421,547
<u>Expenses:</u>			
Excess Insurance Premiums		40,208	
Administrative		53,877	
Subtotal Expenses			94,085
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>515,632</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			449,730
4. <u>Investment Income (Earned)</u>			<u>183,734</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			633,464
6. <u>Return of Surplus:</u>			
Paid		632,219	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>632,219</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 1,245</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1995
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	1,030,747	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 1,030,747
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		398,532	
	Case Reserves			
	Imprest Account			
	IBNR Reserve			
	Subtotal			\$ 398,532
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			398,532
	<u>Expenses:</u>			
	Excess Insurance Premiums			
	Administrative		90,187	
	Subtotal Expenses			90,187
	Total Incurred Liabilities (limited claims and expenses)			488,719
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			542,028
4.	<u>Investment Income (Earned)</u>			294,471
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			836,499
6.	<u>Return of Surplus:</u>			
	Paid		834,514	
	Authorized and Unpaid			
	Subtotal Return of Surplus			834,514
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 1,985

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1996
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	1,247,462	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 1,247,462
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		595,079	
	Case Reserves			
	Imprest Account			
	IBNR Reserve			
	Subtotal			\$ 595,079
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			595,079
	<u>Expenses:</u>			
	Excess Insurance Premiums		34,547	
	Administrative		58,620	
	Subtotal Expenses			93,167
	Total Incurred Liabilities (limited claims and expenses)			688,246
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			559,216
4.	<u>Investment Income (Earned)</u>			358,352
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			917,568
6.	<u>Return of Surplus:</u>			
	Paid		911,972	
	Authorized and Unpaid			
	Subtotal Return of Surplus			911,972
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 5,596

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1997
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	1,296,706	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 1,296,706
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		461,496	
	Case Reserves			
	Imprest Account			
	IBNR Reserve			
	Subtotal			\$ 461,496
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			461,496
	<u>Expenses:</u>			
	Excess Insurance Premiums		39,221	
	Administrative		96,249	
	Subtotal Expenses			135,470
	Total Incurred Liabilities (limited claims and expenses)			596,966
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			699,740
4.	<u>Investment Income (Earned)</u>			252,609
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			952,349
6.	<u>Return of Surplus:</u>			
	Paid		947,794	
	Authorized and Unpaid			
	Subtotal Return of Surplus			947,794
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 4,555

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1998
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 1,252,191		
Supplemental Contributions	101,493		
Other Income (except investments)			
Total Income			\$ 1,353,684
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	682,121		
Case Reserves			
Imprest Account			
IBNR Reserve	1,000		
Subtotal		\$ 683,121	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		683,121	
<u>Expenses:</u>			
Excess Insurance Premiums	41,215		
Administrative	104,763		
Subtotal Expenses		145,978	
Total Incurred Liabilities (limited claims and expenses)			829,099
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			524,585
4. <u>Investment Income (Earned)</u>			314,564
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			839,149
6. <u>Return of Surplus:</u>			
Paid	817,833		
Authorized and Unpaid			
Subtotal Return of Surplus			817,833
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 21,316

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1999
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	1,181,598	
Supplemental Contributions		27,958	
Other Income (except investments)			
Total Income			\$ 1,209,556
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		551,784	
Case Reserves			
Imprest Account			
IBNR Reserve		1,000	
Subtotal			\$ 552,784
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			552,784
<u>Expenses:</u>			
Excess Insurance Premiums		43,452	
Administrative		100,728	
Subtotal Expenses			144,180
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>696,964</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			512,592
4. <u>Investment Income (Earned)</u>			<u>171,427</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			684,019
6. <u>Return of Surplus:</u>			
Paid		594,653	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>594,653</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 89,366</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2000
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 1,183,247		
Supplemental Contributions	3,644		
Other Income (except investments)			
Total Income			\$ 1,186,891
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	542,164		
Case Reserves	31,858		
Imprest Account			
IBNR Reserve	5,000		
Subtotal		\$ 579,022	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		579,022	
<u>Expenses:</u>			
Excess Insurance Premiums	44,524		
Administrative	106,906		
Subtotal Expenses		151,430	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			730,452
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			456,439
4. <u>Investment Income (Earned)</u>			170,911
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			627,350
6. <u>Return of Surplus:</u>			
Paid	620,738		
Authorized and Unpaid			
Subtotal Return of Surplus			620,738
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 6,612

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2001
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	1,175,003	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 1,175,003
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		312,416	
	Case Reserves			
	Imprest Account			
	IBNR Reserve		2,500	
	Subtotal			\$ 314,916
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			314,916
	<u>Expenses:</u>			
	Excess Insurance Premiums		48,668	
	Administrative		195,055	
	Subtotal Expenses			243,723
	Total Incurred Liabilities (limited claims and expenses)			558,639
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			616,364
4.	<u>Investment Income (Earned)</u>			169,769
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			786,133
6.	<u>Return of Surplus:</u>			
	Paid		760,233	
	Authorized and Unpaid			
	Subtotal Return of Surplus			760,233
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 25,900

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2002
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	1,210,637	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 1,210,637
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		632,304	
	Case Reserves			
	Imprest Account			
	IBNR Reserve		2,500	
	Subtotal			\$ 634,804
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			634,804
	<u>Expenses:</u>			
	Excess Insurance Premiums		68,189	
	Administrative		132,246	
	Subtotal Expenses			200,435
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>835,239</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			375,398
4.	<u>Investment Income (Earned)</u>			<u>96,329</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			471,727
6.	<u>Return of Surplus:</u>			
	Paid		428,031	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>428,031</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 43,696</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2003
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 1,301,636		
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 1,301,636
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	605,917		
Case Reserves	11,000		
Imprest Account			
IBNR Reserve	5,000		
Subtotal		\$ 621,917	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		621,917	
<u>Expenses:</u>			
Excess Insurance Premiums	144,910		
Administrative	137,155		
Subtotal Expenses		282,065	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>903,982</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			397,654
4. <u>Investment Income (Earned)</u>			<u>95,326</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			492,980
6. <u>Return of Surplus:</u>			
Paid	430,395		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>430,395</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 62,585</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2004
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>		
	Regular Contributions (earned)	\$ 1,417,951	
	Supplemental Contributions	26,731	
	Other Income (except investments)		
	Total Income		\$ 1,444,682
2.	<u>Incurred Liabilities:</u>		
	<u>Claims:</u>		
	Paid	1,003,906	
	Case Reserves		
	Imprest Account		
	IBNR Reserve	25,000	
	Subtotal		\$ 1,028,906
	Less Excess Insurance:		
	Received		
	Receivable		
	Recoverable		
	Subtotal		
	Limited Incurred Claims (claims-excess)		1,028,906
	<u>Expenses:</u>		
	Excess Insurance Premiums	172,021	
	Administrative	143,137	
	Subtotal Expenses		315,158
	Total Incurred Liabilities (limited claims and expenses)		1,344,064
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>		100,618
4.	<u>Investment Income (Earned)</u>		73,687
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>		174,305
6.	<u>Return of Surplus:</u>		
	Paid	168,334	
	Authorized and Unpaid		
	Subtotal Return of Surplus		168,334
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>		\$ 5,971

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2005
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 1,463,891		
Supplemental Contributions	72,366		
Other Income (except investments)			
Total Income			\$ 1,536,257
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	1,092,636		
Case Reserves			
Imprest Account			
IBNR Reserve	2,500		
Subtotal		\$ 1,095,136	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		1,095,136	
<u>Expenses:</u>			
Excess Insurance Premiums	164,260		
Administrative	151,033		
Subtotal Expenses		315,293	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,410,429</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			125,828
4. <u>Investment Income (Earned)</u>			<u>39,407</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			165,235
6. <u>Return of Surplus:</u>			
Paid	118,454		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>118,454</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 46,781</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2006
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	1,740,803	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 1,740,803
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		543,811	
	Case Reserves			
	Imprest Account			
	IBNR Reserve		2,500	
	Subtotal			\$ 546,311
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			546,311
	<u>Expenses:</u>			
	Excess Insurance Premiums		162,854	
	Administrative		162,863	
	Subtotal Expenses			325,717
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>872,028</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			868,775
4.	<u>Investment Income (Earned)</u>			<u>173,125</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,041,900
6.	<u>Return of Surplus:</u>			
	Paid		917,641	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>917,641</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 124,259</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2007
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 1,952,898		
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 1,952,898
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	808,559		
Case Reserves	42,457		
Imprest Account			
IBNR Reserve	15,000		
Subtotal		\$ 866,016	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		866,016	
<u>Expenses:</u>			
Excess Insurance Premiums	176,724		
Administrative	171,249		
Subtotal Expenses		347,973	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,213,989</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			738,909
4. <u>Investment Income (Earned)</u>			<u>110,134</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			849,043
6. <u>Return of Surplus:</u>			
Paid	698,481		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>698,481</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 150,562</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2008
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 1,969,623		
Supplemental Contributions	30,003		
Other Income (except investments)			
Total Income			\$ 1,999,626
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	952,705		
Case Reserves	19,700		
Imprest Account			
IBNR Reserve	10,000		
Subtotal		\$ 982,405	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		982,405	
<u>Expenses:</u>			
Excess Insurance Premiums	209,826		
Administrative	172,923		
Subtotal Expenses		382,749	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,365,154</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			634,472
4. <u>Investment Income (Earned)</u>			<u>47,241</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			681,713
6. <u>Return of Surplus:</u>			
Paid	405,613		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>405,613</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 276,100</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2009
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 2,577,324		
Supplemental Contributions	70,836		
Other Income (except investments)			
Total Income			\$ 2,648,160
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	1,109,437		
Case Reserves			
Imprest Account			
IBNR Reserve	5,000		
Subtotal		\$ 1,114,437	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		1,114,437	
<u>Expenses:</u>			
Excess Insurance Premiums	634,703		
Administrative	200,880		
Subtotal Expenses		835,583	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,950,020</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			698,140
4. <u>Investment Income (Earned)</u>			<u>22,354</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			720,494
6. <u>Return of Surplus:</u>			
Paid	396,298		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>396,298</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 324,196</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2010
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	2,715,501	
	Supplemental Contributions		82,217	
	Other Income (except investments)			
	Total Income			\$ 2,797,718
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		1,016,356	
	Case Reserves			
	Imprest Account			
	IBNR Reserve		5,000	
	Subtotal			\$ 1,021,356
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			1,021,356
	<u>Expenses:</u>			
	Excess Insurance Premiums		689,935	
	Administrative		320,763	
	Subtotal Expenses			1,010,698
	Total Incurred Liabilities (limited claims and expenses)			2,032,054
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			765,664
4.	<u>Investment Income (Earned)</u>			23,567
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			789,231
6.	<u>Return of Surplus:</u>			
	Paid		475,143	
	Authorized and Unpaid			
	Subtotal Return of Surplus			475,143
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 314,088

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2011
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 2,876,606		
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 2,876,606
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	656,543		
Case Reserves			
Imprest Account			
IBNR Reserve	5,000		
Subtotal		\$ 661,543	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		661,543	
<u>Expenses:</u>			
Excess Insurance Premiums	736,312		
Administrative	325,531		
Subtotal Expenses		1,061,843	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,723,386</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			1,153,220
4. <u>Investment Income (Earned)</u>			<u>24,887</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,178,107
6. <u>Return of Surplus:</u>			
Paid	536,771		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>536,771</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 641,336</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2012
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	2,822,785	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 2,822,785
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		573,933	
	Case Reserves		61,522	
	Imprest Account			
	IBNR Reserve		89,770	
	Subtotal			\$ 725,225
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			725,225
	<u>Expenses:</u>			
	Excess Insurance Premiums		753,914	
	Administrative		328,194	
	Subtotal Expenses			1,082,108
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,807,333</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			1,015,452
4.	<u>Investment Income (Earned)</u>			<u>20,416</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,035,868
6.	<u>Return of Surplus:</u>			
	Paid		448,735	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>448,735</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 587,133</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2013
JUNE 30, 2017
 (Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 2,999,683		
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 2,999,683
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	561,733		
Case Reserves	65,214		
Imprest Account			
IBNR Reserve	123,054		
Subtotal		\$ 750,001	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		750,001	
<u>Expenses:</u>			
Excess Insurance Premiums	792,575		
Administrative	336,493		
Subtotal Expenses		1,129,068	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,879,069</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			1,120,614
4. <u>Investment Income (Earned)</u>			<u>21,745</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,142,359
6. <u>Return of Surplus:</u>			
Paid	328,676		
Authorized and Unpaid	45,098		
Subtotal Return of Surplus			<u>373,774</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 768,585</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2014
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	3,040,880	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 3,040,880
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		567,534	
	Case Reserves		204,574	
	Imprest Account			
	IBNR Reserve		177,892	
	Subtotal			\$ 950,000
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			950,000
	<u>Expenses:</u>			
	Excess Insurance Premiums		830,209	
	Administrative		364,768	
	Subtotal Expenses			1,194,977
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>2,144,977</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			895,903
4.	<u>Investment Income (Earned)</u>			<u>18,823</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			914,726
6.	<u>Return of Surplus:</u>			
	Paid		159,999	
	Authorized and Unpaid		31,351	
	Subtotal Return of Surplus			<u>191,350</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 723,376</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2015
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	3,242,193	
	Supplemental Contributions			
	Other Income (except investments)			
	Total Income			\$ 3,242,193
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		523,761	
	Case Reserves		184,653	
	Imprest Account			
	IBNR Reserve		141,551	
	Subtotal			\$ 849,965
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			849,965
	<u>Expenses:</u>			
	Excess Insurance Premiums		906,797	
	Administrative		353,829	
	Subtotal Expenses			1,260,626
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>2,110,591</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			1,131,602
4.	<u>Investment Income (Earned)</u>			<u>17,953</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,149,555
6.	<u>Return of Surplus:</u>			
	Paid			
	Authorized and Unpaid			
	Subtotal Return of Surplus			
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 1,149,555</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2016
JUNE 30, 2017
 (Unaudited)

1.	<u>Underwriting Income:</u>			
	Regular Contributions (earned)	\$	3,356,514	
	Supplemental Contributions			
	Other Income (except investments)		<u>1,875</u>	
	Total Income			\$ 3,358,389
2.	<u>Incurred Liabilities:</u>			
	<u>Claims:</u>			
	Paid		479,778	
	Case Reserves		159,509	
	Imprest Account			
	IBNR Reserve		<u>310,713</u>	
	Subtotal			\$ 950,000
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal		<u></u>	
	Limited Incurred Claims (claims-excess)			<u>950,000</u>
	<u>Expenses:</u>			
	Excess Insurance Premiums		965,656	
	Administrative		<u>369,885</u>	
	Subtotal Expenses			<u>1,335,541</u>
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>2,285,541</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			1,072,848
4.	<u>Investment Income (Earned)</u>			<u>12,466</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,085,314
6.	<u>Return of Surplus:</u>			
	Paid			
	Authorized and Unpaid		<u></u>	
	Subtotal Return of Surplus			<u></u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 1,085,314</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2017
JUNE 30, 2017
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 3,294,574		
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 3,294,574
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	241,707		
Case Reserves	247,878		
Imprest Account			
IBNR Reserve	410,415		
Subtotal		\$ 900,000	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		900,000	
<u>Expenses:</u>			
Excess Insurance Premiums	1,029,929		
Administrative	321,056		
Subtotal Expenses		1,350,985	
Total Incurred Liabilities (limited claims and expenses)			2,250,985
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			1,043,589
4. <u>Investment Income (Earned)</u>			6,494
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,050,083
6. <u>Return of Surplus:</u>			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 1,050,083

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1985
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 306,235		\$ 306,235
Supplemental Contributions	15,777		15,777
Other Income (except investments)	250		250
Total Income	<u>322,262</u>		<u>322,262</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	180,539		180,539
Expenses	29,452	\$ 34,767	64,219
Total Liabilities	<u>209,991</u>	<u>34,767</u>	<u>244,758</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>112,271</u>	<u>(34,767)</u>	<u>77,504</u>
4. <u>Adjustments</u>			
Investment Income	685	29,705	30,390
Transfers	(6,370)	6,370	
Total Adjustments	<u>(5,685)</u>	<u>36,075</u>	<u>30,390</u>
5. Gross Operating Surplus	<u>106,586</u>	<u>1,308</u>	<u>107,894</u>
6. Return of Surplus	<u>106,714</u>	<u>600</u>	<u>107,314</u>
7. Net Current Surplus	<u>\$ (128)</u>	<u>\$ 708</u>	<u>\$ 580</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1986
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's</u>	<u>General and</u>	<u>Total</u>
	<u>Compensation</u>	<u>Administrative</u>	
	<u>Insurance</u>		
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 329,572		\$ 329,572
Supplemental Contributions	119,404		119,404
Other Income (except investments)	8,513		8,513
Total Income	<u>457,489</u>		<u>457,489</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	203,489		203,489
Expenses	34,108	\$ 38,428	72,536
Total Liabilities	<u>237,597</u>	<u>38,428</u>	<u>276,025</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>219,892</u>	<u>(38,428)</u>	<u>181,464</u>
4. <u>Adjustments</u>			
Investment Income	2,420	52,351	54,771
Transfers			
Total Adjustments	<u>2,420</u>	<u>52,351</u>	<u>54,771</u>
5. Gross Operating Surplus	<u>222,312</u>	<u>13,923</u>	<u>236,235</u>
6. Return of Surplus	<u>222,961</u>	<u>10,443</u>	<u>233,404</u>
7. Net Current Surplus	<u>\$ (649)</u>	<u>\$ 3,480</u>	<u>\$ 2,831</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 1987

JUNE 30, 2017

(Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 338,387		\$ 338,387
Supplemental Contributions			
Other Income (except investments)	203		203
Total Income	<u>338,590</u>		<u>338,590</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	140,513		140,513
Expenses	57,286	\$ 42,552	99,838
Total Liabilities	<u>197,799</u>	<u>42,552</u>	<u>240,351</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>140,791</u>	<u>(42,552)</u>	<u>98,239</u>
4. <u>Adjustments</u>			
Investment Income	4	77,338	77,342
Transfers	33,246	(33,246)	
Total Adjustments	<u>33,250</u>	<u>44,092</u>	<u>77,342</u>
5. Gross Operating Surplus	<u>174,041</u>	<u>1,540</u>	<u>175,581</u>
6. Return of Surplus	<u>174,075</u>	<u>1,353</u>	<u>175,428</u>
7. Net Current Surplus	<u>\$ (34)</u>	<u>\$ 187</u>	<u>\$ 153</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1988
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 355,774		\$ 355,774
Supplemental Contributions	9,657		9,657
Other Income (except investments)			
Total Income	<u>365,431</u>	<u></u>	<u>365,431</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	251,743		251,743
Expenses	50,500	\$ 45,169	95,669
Total Liabilities	<u>302,243</u>	<u>45,169</u>	<u>347,412</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>63,188</u>	<u>(45,169)</u>	<u>18,019</u>
4. <u>Adjustments</u>			
Investment Income	4	32,882	32,886
Transfers	(12,547)	12,547	
Total Adjustments	<u>(12,543)</u>	<u>45,429</u>	<u>32,886</u>
5. Gross Operating Surplus	<u>50,645</u>	<u>260</u>	<u>50,905</u>
6. Return of Surplus	<u>50,606</u>	<u>149</u>	<u>50,755</u>
7. Net Current Surplus	<u>\$ 39</u>	<u>\$ 111</u>	<u>\$ 150</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1989
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	<u>Total</u>
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 456,450		\$ 456,450
Supplemental Contributions	349,427	\$ 13	349,440
Other Income (except investments)			
Total Income	<u>805,877</u>	<u>13</u>	<u>805,890</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	750,277		750,277
Expenses	38,900	55,935	94,835
Total Liabilities	<u>789,177</u>	<u>55,935</u>	<u>845,112</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>16,700</u>	<u>(55,922)</u>	<u>(39,222)</u>
4. <u>Adjustments</u>			
Investment Income		62,437	62,437
Transfers	7,382	(7,382)	
Total Adjustments	<u>7,382</u>	<u>55,055</u>	<u>62,437</u>
5. Gross Operating Surplus	<u>24,082</u>	<u>(867)</u>	<u>23,215</u>
6. Return of Surplus	<u>24,082</u>	<u>(867)</u>	<u>23,215</u>
7. Net Current Surplus	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 1990

JUNE 30, 2017

(Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 475,966		\$ 475,966
Supplemental Contributions	12,974		12,974
Other Income (except investments)			
Total Income	<u>488,940</u>	<u></u>	<u>488,940</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	409,145		409,145
Expenses	36,400	\$ 53,310	89,710
Total Liabilities	<u>445,545</u>	<u>53,310</u>	<u>498,855</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>43,395</u>	<u>(53,310)</u>	<u>(9,915)</u>
4. <u>Adjustments</u>			
Investment Income	4	67,922	67,926
Transfers	12,910	(12,910)	
Total Adjustments	<u>12,914</u>	<u>55,012</u>	<u>67,926</u>
5. Gross Operating Surplus	<u>56,309</u>	<u>1,702</u>	<u>58,011</u>
6. Return of Surplus	<u>56,344</u>	<u>1,509</u>	<u>57,853</u>
7. Net Current Surplus	<u>\$ (35)</u>	<u>\$ 193</u>	<u>\$ 158</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1991
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts		Total
	Worker's Compensation Insurance	General and Administrative	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 558,830		\$ 558,830
Supplemental Contributions	57,718		57,718
Other Income (except investments)			
Total Income	616,548		616,548
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	505,124		505,124
Expenses	33,250	\$ 53,655	86,905
Total Liabilities	538,374	53,655	592,029
3. <u>Underwriting Surplus/(Deficit)</u>	78,174	(53,655)	24,519
4. <u>Adjustments</u>			
Investment Income	13	63,606	63,619
Transfers	1,005	(1,005)	
Total Adjustments	1,018	62,601	63,619
5. Gross Operating Surplus	79,192	8,946	88,138
6. Return of Surplus	79,287	8,416	87,703
7. Net Current Surplus	\$ (95)	\$ 530	\$ 435

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1992
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 610,792		\$ 610,792
Supplemental Contributions	65,627		65,627
Other Income (except investments)			
Total Income	<u>676,419</u>	<u></u>	<u>676,419</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	648,517		648,517
Expenses	31,225	\$ 50,930	82,155
Total Liabilities	<u>679,742</u>	<u>50,930</u>	<u>730,672</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>(3,323)</u>	<u>(50,930)</u>	<u>(54,253)</u>
4. <u>Adjustments</u>			
Investment Income	4	55,546	55,550
Transfers	2,638	(2,638)	
Total Adjustments	<u>2,642</u>	<u>52,908</u>	<u>55,550</u>
5. Gross Operating Surplus	<u>(681)</u>	<u>1,978</u>	<u>1,297</u>
6. Return of Surplus	<u>11,576</u>	<u>1,837</u>	<u>13,413</u>
7. Net Current Surplus	<u>\$ (12,257)</u>	<u>\$ 141</u>	<u>\$ (12,116)</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1993
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 673,101		\$ 673,101
Supplemental Contributions	218,843		218,843
Other Income (except investments)			
Total Income	<u>891,944</u>	<u></u>	<u>891,944</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	691,278		691,278
Expenses	36,262	\$ 52,432	88,694
Total Liabilities	<u>727,540</u>	<u>52,432</u>	<u>779,972</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>164,404</u>	<u>(52,432)</u>	<u>111,972</u>
4. <u>Adjustments</u>			
Investment Income	22	54,567	54,589
Transfers			
Total Adjustments	<u>22</u>	<u>54,567</u>	<u>54,589</u>
5. Gross Operating Surplus	<u>164,426</u>	<u>2,135</u>	<u>166,561</u>
6. Return of Surplus	<u>164,562</u>	<u>1,360</u>	<u>165,922</u>
7. Net Current Surplus	<u>\$ (136)</u>	<u>\$ 775</u>	<u>\$ 639</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1994
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 965,362		\$ 965,362
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>965,362</u>	<u></u>	<u>965,362</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	421,547		421,547
Expenses	40,208	\$ 53,877	94,085
Total Liabilities	<u>461,755</u>	<u>53,877</u>	<u>515,632</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>503,607</u>	<u>(53,877)</u>	<u>449,730</u>
4. <u>Adjustments</u>			
Investment Income	34	183,700	183,734
Transfers	103,244	(103,244)	
Total Adjustments	<u>103,278</u>	<u>80,456</u>	<u>183,734</u>
5. Gross Operating Surplus	<u>606,885</u>	<u>26,579</u>	<u>633,464</u>
6. Return of Surplus	<u>606,968</u>	<u>25,251</u>	<u>632,219</u>
7. Net Current Surplus	<u>\$ (83)</u>	<u>\$ 1,328</u>	<u>\$ 1,245</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1995
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	<u>Total</u>
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,030,747		\$ 1,030,747
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,030,747</u>	<u></u>	<u>1,030,747</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	398,532		398,532
Expenses		\$ 90,187	90,187
Total Liabilities	<u>398,532</u>	<u>90,187</u>	<u>488,719</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>632,215</u>	<u>(90,187)</u>	<u>542,028</u>
4. <u>Adjustments</u>			
Investment Income	53	294,418	294,471
Transfers	158,629	(158,629)	
Total Adjustments	<u>158,682</u>	<u>135,789</u>	<u>294,471</u>
5. Gross Operating Surplus	<u>790,897</u>	<u>45,602</u>	<u>836,499</u>
6. Return of Surplus	<u>791,191</u>	<u>43,323</u>	<u>834,514</u>
7. Net Current Surplus	<u>\$ (294)</u>	<u>\$ 2,279</u>	<u>\$ 1,985</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1996
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,247,462		\$ 1,247,462
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,247,462</u>	<u></u>	<u>1,247,462</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	595,079		595,079
Expenses	34,547	\$ 58,620	93,167
Total Liabilities	<u>629,626</u>	<u>58,620</u>	<u>688,246</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>617,836</u>	<u>(58,620)</u>	<u>559,216</u>
4. <u>Adjustments</u>			
Investment Income	344	358,008	358,352
Transfers	210,855	(210,855)	
Total Adjustments	<u>211,199</u>	<u>147,153</u>	<u>358,352</u>
5. Gross Operating Surplus	<u>829,035</u>	<u>88,533</u>	<u>917,568</u>
6. Return of Surplus	<u>829,275</u>	<u>82,697</u>	<u>911,972</u>
7. Net Current Surplus	<u>\$ (240)</u>	<u>\$ 5,836</u>	<u>\$ 5,596</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 1997

JUNE 30, 2017

(Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,296,706		\$ 1,296,706
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,296,706</u>	<u></u>	<u>1,296,706</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	461,496		461,496
Expenses	39,221	\$ 96,249	135,470
Total Liabilities	<u>500,717</u>	<u>96,249</u>	<u>596,966</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>795,989</u>	<u>(96,249)</u>	<u>699,740</u>
4. <u>Adjustments</u>			
Investment Income	3,499	249,110	252,609
Transfers	35,547	(35,547)	
Total Adjustments	<u>39,046</u>	<u>213,563</u>	<u>252,609</u>
5. Gross Operating Surplus	<u>835,035</u>	<u>117,314</u>	<u>952,349</u>
6. Return of Surplus	<u>835,053</u>	<u>112,741</u>	<u>947,794</u>
7. Net Current Surplus	<u>\$ (18)</u>	<u>\$ 4,573</u>	<u>\$ 4,555</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1998
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,252,191		\$ 1,252,191
Supplemental Contributions	101,493		101,493
Other Income (except investments)			
Total Income	<u>1,353,684</u>	<u></u>	<u>1,353,684</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	683,121		683,121
Expenses	41,215	\$ 104,763	145,978
Total Liabilities	<u>724,336</u>	<u>104,763</u>	<u>829,099</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>629,348</u>	<u>(104,763)</u>	<u>524,585</u>
4. <u>Adjustments</u>			
Investment Income	570	313,994	314,564
Transfers	125,657	(125,657)	
Total Adjustments	<u>126,227</u>	<u>188,337</u>	<u>314,564</u>
5. Gross Operating Surplus	<u>755,575</u>	<u>83,574</u>	<u>839,149</u>
6. Return of Surplus	<u>760,279</u>	<u>57,554</u>	<u>817,833</u>
7. Net Current Surplus	<u>\$ (4,704)</u>	<u>\$ 26,020</u>	<u>\$ 21,316</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1999
JUNE 30, 2017
(Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,181,598		\$ 1,181,598
Supplemental Contributions	15,012	\$ 12,946	27,958
Other Income (except investments)			
Total Income	<u>1,196,610</u>	<u>12,946</u>	<u>1,209,556</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	552,784		552,784
Expenses	43,452	100,728	144,180
Total Liabilities	<u>596,236</u>	<u>100,728</u>	<u>696,964</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>600,374</u>	<u>(87,782)</u>	<u>512,592</u>
4. <u>Adjustments</u>			
Investment Income	52,941	118,486	171,427
Transfers			
Total Adjustments	<u>52,941</u>	<u>118,486</u>	<u>171,427</u>
5. Gross Operating Surplus	<u>653,315</u>	<u>30,704</u>	<u>684,019</u>
6. Return of Surplus	<u>565,886</u>	<u>28,767</u>	<u>594,653</u>
7. Net Current Surplus	<u>\$ 87,429</u>	<u>\$ 1,937</u>	<u>\$ 89,366</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2000

JUNE 30, 2017

(Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,183,247		\$ 1,183,247
Supplemental Contributions	3,644		3,644
Other Income (except investments)			
Total Income	<u>1,186,891</u>	<u></u>	<u>1,186,891</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	579,022		579,022
Expenses	44,524	\$ 106,906	151,430
Total Liabilities	<u>623,546</u>	<u>106,906</u>	<u>730,452</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>563,345</u>	<u>(106,906)</u>	<u>456,439</u>
4. <u>Adjustments</u>			
Investment Income	140	170,771	170,911
Transfers	30,315	(30,315)	
Total Adjustments	<u>30,455</u>	<u>140,456</u>	<u>170,911</u>
5. Gross Operating Surplus	<u>593,800</u>	<u>33,550</u>	<u>627,350</u>
6. Return of Surplus	<u>597,309</u>	<u>23,429</u>	<u>620,738</u>
7. Net Current Surplus	<u>\$ (3,509)</u>	<u>\$ 10,121</u>	<u>\$ 6,612</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2001
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts		Total
	Worker's Compensation Insurance	General and Administrative	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,175,003		\$ 1,175,003
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,175,003</u>	<u></u>	<u>1,175,003</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	314,916		314,916
Expenses	48,668	\$ 195,055	243,723
Total Liabilities	<u>363,584</u>	<u>195,055</u>	<u>558,639</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>811,419</u>	<u>(195,055)</u>	<u>616,364</u>
4. <u>Adjustments</u>			
Investment Income	691	169,078	169,769
Transfers	(84,459)	84,459	
Total Adjustments	<u>(83,768)</u>	<u>253,537</u>	<u>169,769</u>
5. Gross Operating Surplus	<u>727,651</u>	<u>58,482</u>	<u>786,133</u>
6. Return of Surplus	<u>732,243</u>	<u>27,990</u>	<u>760,233</u>
7. Net Current Surplus	<u>\$ (4,592)</u>	<u>\$ 30,492</u>	<u>\$ 25,900</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2002
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,210,637		\$ 1,210,637
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,210,637</u>	<u></u>	<u>1,210,637</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	634,804		634,804
Expenses	68,189	\$ 132,246	200,435
Total Liabilities	<u>702,993</u>	<u>132,246</u>	<u>835,239</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>507,644</u>	<u>(132,246)</u>	<u>375,398</u>
4. <u>Adjustments</u>			
Investment Income	1,167	95,162	96,329
Transfers	(84,444)	84,444	
Total Adjustments	<u>(83,277)</u>	<u>179,606</u>	<u>96,329</u>
5. Gross Operating Surplus	<u>424,367</u>	<u>47,360</u>	<u>471,727</u>
6. Return of Surplus	<u>428,031</u>	<u></u>	<u>428,031</u>
7. Net Current Surplus	<u>\$ (3,664)</u>	<u>\$ 47,360</u>	<u>\$ 43,696</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2003

JUNE 30, 2017

(Unaudited)

	<u>Coverages and Other Accounts</u>		<u>Total</u>
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,301,636		\$ 1,301,636
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,301,636</u>	<u></u>	<u>1,301,636</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	621,917		621,917
Expenses	144,910	\$ 137,155	282,065
Total Liabilities	<u>766,827</u>	<u>137,155</u>	<u>903,982</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>534,809</u>	<u>(137,155)</u>	<u>397,654</u>
4. <u>Adjustments</u>			
Investment Income	1,282	94,044	95,326
Transfers	(104,090)	104,090	
Total Adjustments	<u>(102,808)</u>	<u>198,134</u>	<u>95,326</u>
5. Gross Operating Surplus	<u>432,001</u>	<u>60,979</u>	<u>492,980</u>
6. Return of Surplus	<u>401,179</u>	<u>29,216</u>	<u>430,395</u>
7. Net Current Surplus	<u>\$ 30,822</u>	<u>\$ 31,763</u>	<u>\$ 62,585</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2004
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's</u>	<u>General and</u>	<u>Total</u>
	<u>Compensation</u>	<u>Administrative</u>	
	<u>Insurance</u>		
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,417,951		\$ 1,417,951
Supplemental Contributions	26,731		26,731
Other Income (except investments)			
Total Income	<u>1,444,682</u>		<u>1,444,682</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	1,028,906		1,028,906
Expenses	172,021	\$ 143,137	315,158
Total Liabilities	<u>1,200,927</u>	<u>143,137</u>	<u>1,344,064</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>243,755</u>	<u>(143,137)</u>	<u>100,618</u>
4. <u>Adjustments</u>			
Investment Income	520	73,167	73,687
Transfers	(108,060)	108,060	
Total Adjustments	<u>(107,540)</u>	<u>181,227</u>	<u>73,687</u>
5. Gross Operating Surplus	<u>136,215</u>	<u>38,090</u>	<u>174,305</u>
6. Return of Surplus	<u>155,494</u>	<u>12,840</u>	<u>168,334</u>
7. Net Current Surplus	<u>\$ (19,279)</u>	<u>\$ 25,250</u>	<u>\$ 5,971</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2005
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,414,260	\$ 49,631	\$ 1,463,891
Supplemental Contributions		72,366	72,366
Other Income (except investments)			
Total Income	<u>1,414,260</u>	<u>121,997</u>	<u>1,536,257</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	1,095,136		1,095,136
Expenses	164,260	151,033	315,293
Total Liabilities	<u>1,259,396</u>	<u>151,033</u>	<u>1,410,429</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>154,864</u>	<u>(29,036)</u>	<u>125,828</u>
4. <u>Adjustments</u>			
Investment Income	1,139	38,268	39,407
Transfers			
Total Adjustments	<u>1,139</u>	<u>38,268</u>	<u>39,407</u>
5. Gross Operating Surplus	<u>156,003</u>	<u>9,232</u>	<u>165,235</u>
6. Return of Surplus	<u>116,138</u>	<u>2,316</u>	<u>118,454</u>
7. Net Current Surplus	<u>\$ 39,865</u>	<u>\$ 6,916</u>	<u>\$ 46,781</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2006

JUNE 30, 2017

(Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	<u>Total</u>
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,392,642	\$ 348,161	\$ 1,740,803
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,392,642</u>	<u>348,161</u>	<u>1,740,803</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	546,311		546,311
Expenses	162,854	162,863	325,717
Total Liabilities	<u>709,165</u>	<u>162,863</u>	<u>872,028</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>683,477</u>	<u>185,298</u>	<u>868,775</u>
4. <u>Adjustments</u>			
Investment Income	2,639	170,486	173,125
Transfers			
Total Adjustments	<u>2,639</u>	<u>170,486</u>	<u>173,125</u>
5. Gross Operating Surplus	<u>686,116</u>	<u>355,784</u>	<u>1,041,900</u>
6. Return of Surplus	<u>719,161</u>	<u>198,480</u>	<u>917,641</u>
7. Net Current Surplus	<u>\$ (33,045)</u>	<u>\$ 157,304</u>	<u>\$ 124,259</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2007

JUNE 30, 2017

(Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	<u>Total</u>
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,562,318	\$ 390,580	\$ 1,952,898
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,562,318</u>	<u>390,580</u>	<u>1,952,898</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	866,016		866,016
Expenses	176,724	171,249	347,973
Total Liabilities	<u>1,042,740</u>	<u>171,249</u>	<u>1,213,989</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>519,578</u>	<u>219,331</u>	<u>738,909</u>
4. <u>Adjustments</u>			
Investment Income	3,027	107,107	110,134
Transfers			
Total Adjustments	<u>3,027</u>	<u>107,107</u>	<u>110,134</u>
5. Gross Operating Surplus	<u>522,605</u>	<u>326,438</u>	<u>849,043</u>
6. Return of Surplus	<u>512,894</u>	<u>185,587</u>	<u>698,481</u>
7. Net Current Surplus	<u>\$ 9,711</u>	<u>\$ 140,851</u>	<u>\$ 150,562</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2008
JUNE 30, 2017
 (Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's Compensation Insurance</u>	<u>General and Administrative</u>	<u>Total</u>
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 1,575,698	\$ 393,925	\$ 1,969,623
Supplemental Contributions	30,003		30,003
Other Income (except investments)			
Total Income	<u>1,605,701</u>	<u>393,925</u>	<u>1,999,626</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	982,405		982,405
Expenses	209,826	172,923	382,749
Total Liabilities	<u>1,192,231</u>	<u>172,923</u>	<u>1,365,154</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>413,470</u>	<u>221,002</u>	<u>634,472</u>
4. <u>Adjustments</u>			
Investment Income	9,830	37,411	47,241
Transfers	29,722	(29,722)	
Total Adjustments	<u>39,552</u>	<u>7,689</u>	<u>47,241</u>
5. Gross Operating Surplus	<u>453,022</u>	<u>228,691</u>	<u>681,713</u>
6. Return of Surplus	<u>206,219</u>	<u>199,394</u>	<u>405,613</u>
7. Net Current Surplus	<u>\$ 246,803</u>	<u>\$ 29,297</u>	<u>\$ 276,100</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2009
JUNE 30, 2017
(Unaudited)

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 1,556,471	\$ 505,388	\$ 515,465	\$ 2,577,324
Supplemental Contributions	70,836			70,836
Other Income (except investments)				
Total Income	<u>1,627,307</u>	<u>505,388</u>	<u>515,465</u>	<u>2,648,160</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	1,114,437			1,114,437
Expenses	153,381	481,322	200,880	835,583
Total Liabilities	<u>1,267,818</u>	<u>481,322</u>	<u>200,880</u>	<u>1,950,020</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>359,489</u>	<u>24,066</u>	<u>314,585</u>	<u>698,140</u>
4. <u>Adjustments</u>				
Investment Income	10,673	1,105	10,576	22,354
Transfers	24,066	(24,066)		
Total Adjustments	<u>34,739</u>	<u>(22,961)</u>	<u>10,576</u>	<u>22,354</u>
5. Gross Operating Surplus	<u>394,228</u>	<u>1,105</u>	<u>325,161</u>	<u>720,494</u>
6. Return of Surplus	<u>261,522</u>		<u>134,776</u>	<u>396,298</u>
7. Net Current Surplus	<u>\$ 132,706</u>	<u>\$ 1,105</u>	<u>\$ 190,385</u>	<u>\$ 324,196</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2010
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts			Total
	Worker's Compensation Insurance	Liability	General and Administrative	
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 1,755,472	\$ 521,160	\$ 438,869	\$ 2,715,501
Supplemental Contributions	82,217			82,217
Other Income (except investments)				
Total Income	<u>1,837,689</u>	<u>521,160</u>	<u>438,869</u>	<u>2,797,718</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	1,021,356			1,021,356
Expenses	196,592	493,343	320,763	1,010,698
Total Liabilities	<u>1,217,948</u>	<u>493,343</u>	<u>320,763</u>	<u>2,032,054</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>619,741</u>	<u>27,817</u>	<u>118,106</u>	<u>765,664</u>
4. <u>Adjustments</u>				
Investment Income	3,477	986	19,104	23,567
Transfers	27,817	(27,817)		
Total Adjustments	<u>31,294</u>	<u>(26,831)</u>	<u>19,104</u>	<u>23,567</u>
5. Gross Operating Surplus	<u>651,035</u>	<u>986</u>	<u>137,210</u>	<u>789,231</u>
6. Return of Surplus	<u>475,143</u>			<u>475,143</u>
7. Net Current Surplus	<u>\$ 175,892</u>	<u>\$ 986</u>	<u>\$ 137,210</u>	<u>\$ 314,088</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2011
JUNE 30, 2017
(Unaudited)

	Coverages and Other Accounts			Total
	Worker's Compensation Insurance	Liability	General and Administrative	
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 1,865,143	\$ 538,463	\$ 473,000	\$ 2,876,606
Supplemental Contributions				
Other Income (except investments)				
Total Income	<u>1,865,143</u>	<u>538,463</u>	<u>473,000</u>	<u>2,876,606</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	661,543			661,543
Expenses	223,492	512,820	325,531	1,061,843
Total Liabilities	<u>885,035</u>	<u>512,820</u>	<u>325,531</u>	<u>1,723,386</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>980,108</u>	<u>25,643</u>	<u>147,469</u>	<u>1,153,220</u>
4. <u>Adjustments</u>				
Investment Income	7,857	2,268	14,762	24,887
Transfers	25,643	(25,643)		
Total Adjustments	<u>33,500</u>	<u>(23,375)</u>	<u>14,762</u>	<u>24,887</u>
5. Gross Operating Surplus	<u>1,013,608</u>	<u>2,268</u>	<u>162,231</u>	<u>1,178,107</u>
6. Return of Surplus	<u>536,771</u>			<u>536,771</u>
7. Net Current Surplus	<u>\$ 476,837</u>	<u>\$ 2,268</u>	<u>\$ 162,231</u>	<u>\$ 641,336</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2012
JUNE 30, 2017
(Unaudited)

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 2,161,767	\$ 358,493	\$ 302,525	\$ 2,822,785
Supplemental Contributions				
Other Income (except investments)				
Total Income	<u>2,161,767</u>	<u>358,493</u>	<u>302,525</u>	<u>2,822,785</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	725,225			725,225
Expenses	229,115	524,799	328,194	1,082,108
Total Liabilities	<u>954,340</u>	<u>524,799</u>	<u>328,194</u>	<u>1,807,333</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>1,207,427</u>	<u>(166,306)</u>	<u>(25,669)</u>	<u>1,015,452</u>
4. <u>Adjustments</u>				
Investment Income	10,167	1,686	8,563	20,416
Transfers	(190,140)	166,799	23,341	
Total Adjustments	<u>(179,973)</u>	<u>168,485</u>	<u>31,904</u>	<u>20,416</u>
5. Gross Operating Surplus	<u>1,027,454</u>	<u>2,179</u>	<u>6,235</u>	<u>1,035,868</u>
6. Return of Surplus	<u>448,735</u>			<u>448,735</u>
7. Net Current Surplus	<u>\$ 578,719</u>	<u>\$ 2,179</u>	<u>\$ 6,235</u>	<u>\$ 587,133</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2013
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 2,109,380	\$ 588,610	\$ 301,693	\$ 2,999,683
Supplemental Contributions				
Other Income (except investments)				
Total Income	<u>2,109,380</u>	<u>588,610</u>	<u>301,693</u>	<u>2,999,683</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	750,001			750,001
Expenses	232,584	559,991	336,493	1,129,068
Total Liabilities	<u>982,585</u>	<u>559,991</u>	<u>336,493</u>	<u>1,879,069</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>1,126,795</u>	<u>28,619</u>	<u>(34,800)</u>	<u>1,120,614</u>
4. <u>Adjustments</u>				
Investment Income	12,338	3,443	5,964	21,745
Transfers	(229,740)	(32,062)	261,802	
Total Adjustments	<u>(217,402)</u>	<u>(28,619)</u>	<u>267,766</u>	<u>21,745</u>
5. Gross Operating Surplus	<u>909,393</u>		<u>232,966</u>	<u>1,142,359</u>
6. Return of Surplus	<u>373,774</u>			<u>373,774</u>
7. Net Current Surplus	<u>\$ 535,619</u>	<u>\$ -0-</u>	<u>\$ 232,966</u>	<u>\$ 768,585</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2014
JUNE 30, 2017
(Unaudited)

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 2,112,696	\$ 626,491	\$ 301,693	\$ 3,040,880
Supplemental Contributions				
Other Income (except investments)				
Total Income	<u>2,112,696</u>	<u>626,491</u>	<u>301,693</u>	<u>3,040,880</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	950,000			950,000
Expenses	233,550	596,659	364,768	1,194,977
Total Liabilities	<u>1,183,550</u>	<u>596,659</u>	<u>364,768</u>	<u>2,144,977</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>929,146</u>	<u>29,832</u>	<u>(63,075)</u>	<u>895,903</u>
4. <u>Adjustments</u>				
Investment Income	14,257	3,675	891	18,823
Transfers	(30,501)	(31,683)	62,184	
Total Adjustments	<u>(16,244)</u>	<u>(28,008)</u>	<u>63,075</u>	<u>18,823</u>
5. Gross Operating Surplus	<u>912,902</u>	<u>1,824</u>		<u>914,726</u>
6. Return of Surplus	<u>191,350</u>			<u>191,350</u>
7. Net Current Surplus	<u>\$ 721,552</u>	<u>\$ 1,824</u>	<u>\$ -0-</u>	<u>\$ 723,376</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2015
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts			Total
	Worker's Compensation Insurance	Liability	General and Administrative	
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 2,260,268	\$ 672,203	\$ 309,722	\$ 3,242,193
Supplemental Contributions				
Other Income (except investments)				
Total Income	<u>2,260,268</u>	<u>672,203</u>	<u>309,722</u>	<u>3,242,193</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	849,965			849,965
Expenses	265,062	641,735	353,829	1,260,626
Total Liabilities	<u>1,115,027</u>	<u>641,735</u>	<u>353,829</u>	<u>2,110,591</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>1,145,241</u>	<u>30,468</u>	<u>(44,107)</u>	<u>1,131,602</u>
4. <u>Adjustments</u>				
Investment Income	13,046	4,037	870	17,953
Transfers	(10,910)	(32,327)	43,237	
Total Adjustments	<u>2,136</u>	<u>(28,290)</u>	<u>44,107</u>	<u>17,953</u>
5. Gross Operating Surplus	<u>1,147,377</u>	<u>2,178</u>		<u>1,149,555</u>
6. Return of Surplus				
7. Net Current Surplus	<u>\$ 1,147,377</u>	<u>\$ 2,178</u>	<u>\$ -0-</u>	<u>\$ 1,149,555</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2016
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts			Total
	Worker's Compensation Insurance	Liability	General and Administrative	
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 2,319,357	\$ 688,160	\$ 348,997	\$ 3,356,514
Supplemental Contributions				
Other Income (except investments)	1,875			1,875
Total Income	<u>2,321,232</u>	<u>688,160</u>	<u>348,997</u>	<u>3,358,389</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	950,000			950,000
Expenses	274,886	690,770	369,885	1,335,541
Total Liabilities	<u>1,224,886</u>	<u>690,770</u>	<u>369,885</u>	<u>2,285,541</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>1,096,346</u>	<u>(2,610)</u>	<u>(20,888)</u>	<u>1,072,848</u>
4. <u>Adjustments</u>				
Investment Income	11,388	751	327	12,466
Transfers	(22,420)	1,859	20,561	
Total Adjustments	<u>(11,032)</u>	<u>2,610</u>	<u>20,888</u>	<u>12,466</u>
5. Gross Operating Surplus	<u>1,085,314</u>			<u>1,085,314</u>
6. Return of Surplus				
7. Net Current Surplus	<u>\$ 1,085,314</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,085,314</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2017
JUNE 30, 2017
 (Unaudited)

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
1. <u>Underwriting Income</u>				
Regular Contributions (earned)	\$ 2,215,755	\$ 759,026	\$ 319,793	\$ 3,294,574
Supplemental Contributions				
Other Income (except investments)				
Total Income	<u>2,215,755</u>	<u>759,026</u>	<u>319,793</u>	<u>3,294,574</u>
2. <u>Incurred Liabilities</u>				
Claims (limited incurred)	900,000			900,000
Expenses	270,903	759,026	321,056	1,350,985
Total Liabilities	<u>1,170,903</u>	<u>759,026</u>	<u>321,056</u>	<u>2,250,985</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>1,044,852</u>		<u>(1,263)</u>	<u>1,043,589</u>
4. <u>Adjustments</u>				
Investment Income	4,898		1,596	6,494
Transfers				
Total Adjustments	<u>4,898</u>		<u>1,596</u>	<u>6,494</u>
5. Gross Operating Surplus	<u>1,049,750</u>		<u>333</u>	<u>1,050,083</u>
6. Return of Surplus				
7. Net Current Surplus	<u>\$ 1,049,750</u>	<u>\$ -0-</u>	<u>\$ 333</u>	<u>\$ 1,050,083</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1985
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 180,539
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<u>180,539</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>180,539</u>
Number of Claims	252
Cost/Claim	<u>\$ 716</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1986
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 370,478
Case Reserves	244,665
Imprest Account	
IBNR Reserve	
Subtotal	<u>615,143</u>
Excess Insurance	
Received	141,913
Receivable	25,076
Recoverable	244,665
Subtotal	<u>411,654</u>
Incurred Claims	<u>203,489</u>
Number of Claims	252
Cost/Claim	<u>\$ 807</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1987
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 140,513
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<u>140,513</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>140,513</u>
Number of Claims	265
Cost/Claim	<u>\$ 530</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1988
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 251,743
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<hr/> 251,743
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 251,743
Number of Claims	204
Cost/Claim	<hr/> \$ 1,234

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1989
JUNE 30, 2017
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 850,270
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<u>850,270</u>
Excess Insurance	
Received	99,993
Receivable	
Recoverable	
Subtotal	<u>99,993</u>
Incurred Claims	<u>750,277</u>
Number of Claims	262
Cost/Claim	<u>\$ 2,864</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1990
JUNE 30, 2017
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 409,145
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<hr/> 409,145 <hr/>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 409,145 <hr/>
Number of Claims	286
Cost/Claim	<hr/> \$ 1,431 <hr/>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1991
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 505,124
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<hr/> 505,124
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 505,124
Number of Claims	252
Cost/Claim	<hr/> \$ 2,004

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1992
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 615,267
Case Reserves	33,250
Imprest Account	
IBNR Reserve	
Subtotal	<u>648,517</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>648,517</u>
Number of Claims	253
Cost/Claim	<u>\$ 2,563</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1993
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 691,278
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<hr/> 691,278
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 691,278
Number of Claims	281
Cost/Claim	<hr/> \$ 2,460

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1994
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 421,547
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<hr/> 421,547
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 421,547
Number of Claims	288
Cost/Claim	<hr/> \$ 1,464

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1995
JUNE 30, 2017
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 398,532
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<u>398,532</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>398,532</u>
Number of Claims	287
Cost/Claim	<u>\$ 1,389</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1996
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 595,079
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<u>595,079</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>595,079</u>
Number of Claims	283
Cost/Claim	<u>\$ 2,103</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1997
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 461,496
Case Reserves	
Imprest Account	
IBNR Reserve	
Subtotal	<hr/> 461,496
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 461,496
Number of Claims	269
Cost/Claim	<hr/> \$ 1,716

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1998
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 682,121
Case Reserves	
Imprest Account	
IBNR Reserve	1,000
Subtotal	<u>683,121</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>683,121</u>
Number of Claims	259
Cost/Claim	<u>\$ 2,638</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1999
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 551,784
Case Reserves	
Imprest Account	
IBNR Reserve	1,000
Subtotal	<u>552,784</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>552,784</u>
Number of Claims	278
Cost/Claim	<u>\$ 1,988</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2000
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 542,164
Case Reserves	31,858
Imprest Account	
IBNR Reserve	5,000
Subtotal	<u>579,022</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>579,022</u>
Number of Claims	264
Cost/Claim	<u>\$ 2,193</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2001
JUNE 30, 2017
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 312,416
Case Reserves	
Imprest Account	
IBNR Reserve	2,500
Subtotal	<u>314,916</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>314,916</u>
Number of Claims	283
Cost/Claim	<u>\$ 1,113</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2002
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 632,304
Case Reserves	
Imprest Account	
IBNR Reserve	2,500
Subtotal	<u>634,804</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>634,804</u>
Number of Claims	273
Cost/Claim	<u>\$ 2,325</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2003
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 605,917
Case Reserves	11,000
Imprest Account	
IBNR Reserve	5,000
Subtotal	<u>621,917</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>621,917</u>
Number of Claims	264
Cost/Claim	<u>\$ 2,356</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2004
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 1,003,906
Case Reserves	
Imprest Account	
IBNR Reserve	25,000
Subtotal	<u>1,028,906</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>1,028,906</u>
Number of Claims	237
Cost/Claim	<u>\$ 4,341</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2005
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 1,092,636
Case Reserves	
Imprest Account	
IBNR Reserve	2,500
Subtotal	<u>1,095,136</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u> <u> </u>
Incurred Claims	<u>1,095,136</u>
Number of Claims	272
Cost/Claim	<u>\$ 4,026</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2006
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 543,811
Case Reserves	
Imprest Account	
IBNR Reserve	2,500
Subtotal	<u>546,311</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>546,311</u>
Number of Claims	258
Cost/Claim	<u>\$ 2,117</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2007
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 808,559
Case Reserves	42,457
Imprest Account	
IBNR Reserve	15,000
Subtotal	<u>866,016</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>866,016</u>
Number of Claims	238
Cost/Claim	<u>\$ 3,639</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2008
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 952,705
Case Reserves	19,700
Imprest Account	
IBNR Reserve	10,000
Subtotal	<u>982,405</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>982,405</u>
Number of Claims	261
Cost/Claim	<u>\$ 3,764</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2009
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 1,109,437
Case Reserves	
Imprest Account	
IBNR Reserve	5,000
Subtotal	<u>1,114,437</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>1,114,437</u>
Number of Claims	276
Cost/Claim	<u>\$ 4,038</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2010
JUNE 30, 2017
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 1,016,356
Case Reserves	
Imprest Account	
IBNR Reserve	5,000
Subtotal	<u>1,021,356</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>1,021,356</u>
Number of Claims	256
Cost/Claim	<u>\$ 3,990</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2011
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 656,543
Case Reserves	
Imprest Account	
IBNR Reserve	5,000
Subtotal	<u>661,543</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>661,543</u>
Number of Claims	258
Cost/Claim	<u>\$ 2,564</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2012
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 573,933
Case Reserves	61,522
Imprest Account	
IBNR Reserve	89,770
Subtotal	<u>725,225</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>725,225</u>
Number of Claims	229
Cost/Claim	<u>\$ 3,167</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2013
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 561,733
Case Reserves	65,214
Imprest Account	
IBNR Reserve	123,054
Subtotal	<hr/> 750,001 <hr/>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 750,001 <hr/>
Number of Claims	234
Cost/Claim	\$ 3,205 <hr/> <hr/>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2014
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 567,534
Case Reserves	204,574
Imprest Account	
IBNR Reserve	177,892
Subtotal	<u>950,000</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>950,000</u>
Number of Claims	212
Cost/Claim	<u>\$ 4,481</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2015
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 523,761
Case Reserves	184,653
Imprest Account	
IBNR Reserve	141,551
Subtotal	<u>849,965</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>849,965</u>
Number of Claims	171
Cost/Claim	<u>\$ 4,971</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2016
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 479,778
Case Reserves	159,509
Imprest Account	
IBNR Reserve	310,713
Subtotal	<u>950,000</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>950,000</u>
Number of Claims	179
Cost/Claim	<u>\$ 5,307</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2017
JUNE 30, 2017
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 241,707
Case Reserves	247,878
Imprest Account	
IBNR Reserve	410,415
Subtotal	<u>900,000</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>900,000</u>
Number of Claims	178
Cost/Claim	<u>\$ 5,056</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1985JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 29,452		\$ 29,452
Subtotal Excess	<u>29,452</u>		<u>29,452</u>
2. <u>Administrative Expenses</u>			
Administrator	26,724		26,724
Workers' Compensation Audit			
Treasurer			
Other (itemize)			
Audit	2,000		2,000
Consultants	4,000		4,000
Actuary			
Bank Investment Fees	1,631		1,631
Miscellaneous	412		412
Subtotal Administrative	<u>34,767</u>		<u>34,767</u>
Total Expenses = 1+2	<u>\$ 64,219</u>	<u>\$ -0-</u>	<u>\$ 64,219</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1986JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 34,108		\$ 34,108
Subtotal Excess	<u>34,108</u>		<u>34,108</u>
2. <u>Administrative Expenses</u>			
Administrator	29,235		29,235
Workers' Compensation Audit			
Treasurer			
Other (itemize)			
Audit	2,000		2,000
Consultants	4,230		4,230
Actuary			
Bank Investment Fees	2,085		2,085
Miscellaneous	878		878
Subtotal Administrative	<u>38,428</u>		<u>38,428</u>
Total Expenses = 1+2	<u>\$ 72,536</u>	<u>\$ -0-</u>	<u>\$ 72,536</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 1987
JUNE 30, 2017
(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 57,286		\$ 57,286
Subtotal Excess	<u>57,286</u>		<u>57,286</u>
2. <u>Administrative Expenses</u>			
Administrator	32,400		32,400
Workers' Compensation Audit			
Treasurer			
Other (itemize)			
Audit	2,500		2,500
Consultants	4,230		4,230
Actuary			
Bank Investment Fees	2,601		2,601
Miscellaneous	821		821
Subtotal Administrative	<u>42,552</u>		<u>42,552</u>
Total Expenses = 1+2	<u>\$ 99,838</u>	<u>\$ -0-</u>	<u>\$ 99,838</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 1988
JUNE 30, 2017
 (Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 50,500		\$ 50,500
Subtotal Excess	<u>50,500</u>		<u>50,500</u>
2. <u>Administrative Expenses</u>			
Administrator	35,000		35,000
Workers' Compensation Audit			
Treasurer	1,136		1,136
Other (itemize)			
Audit	2,500		2,500
Consultants	3,290		3,290
Actuary			
Bank Investment Fees	2,861		2,861
Miscellaneous	382		382
Subtotal Administrative	<u>45,169</u>		<u>45,169</u>
Total Expenses = 1+2	<u>\$ 95,669</u>	<u>\$ -0-</u>	<u>\$ 95,669</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1989JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 38,900		\$ 38,900
Subtotal Excess	<u>38,900</u>		<u>38,900</u>
2. <u>Administrative Expenses</u>			
Administrator	40,000		40,000
Workers' Compensation Audit			
Treasurer	3,000		3,000
Other (itemize)			
Audit	3,000		3,000
Consultants	3,525		3,525
Actuary			
Bank Investment Fees	2,864		2,864
Miscellaneous	3,546		3,546
Subtotal Administrative	<u>55,935</u>		<u>55,935</u>
Total Expenses = 1+2	<u>\$ 94,835</u>	<u>\$ -0-</u>	<u>\$ 94,835</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 1990
JUNE 30, 2017
(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 36,400		\$ 36,400
Subtotal Excess	<u>36,400</u>		<u>36,400</u>
2. <u>Administrative Expenses</u>			
Administrator	40,000		40,000
Workers' Compensation Audit			
Treasurer	3,000		3,000
Other (itemize)			
Audit	3,000		3,000
Consultants	3,525		3,525
Actuary			
Bank Investment Fees	2,981		2,981
Miscellaneous	804		804
Subtotal Administrative	<u>53,310</u>		<u>53,310</u>
Total Expenses = 1+2	<u>\$ 89,710</u>	<u>\$ -0-</u>	<u>\$ 89,710</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1991JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 33,250		\$ 33,250
Subtotal Excess	<u>33,250</u>		<u>33,250</u>
2. <u>Administrative Expenses</u>			
Administrator	40,000		40,000
Workers' Compensation Audit			
Treasurer	3,000		3,000
Other (itemize)			
Audit	3,500		3,500
Consultants	3,528		3,528
Actuary			
Bank Investment Fees			
Miscellaneous	3,627		3,627
Subtotal Administrative	<u>53,655</u>		<u>53,655</u>
Total Expenses = 1+2	<u>\$ 86,905</u>	<u>\$ -0-</u>	<u>\$ 86,905</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1992JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 31,225		\$ 31,225
Subtotal Excess	<u>31,225</u>		<u>31,225</u>
2. <u>Administrative Expenses</u>			
Administrator	31,250		31,250
Workers' Compensation Audit			
Treasurer	3,000		3,000
Other (itemize)			
Audit	3,500		3,500
Consultants	4,500		4,500
Actuary	5,000		5,000
Administrative Fee	3,254		3,254
Bank Investment Fees			
Miscellaneous	426		426
Subtotal Administrative	<u>50,930</u>		<u>50,930</u>
Total Expenses = 1+2	<u>\$ 82,155</u>	<u>\$ -0-</u>	<u>\$ 82,155</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1993JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 36,262		\$ 36,262
Subtotal Excess	<u>36,262</u>		<u>36,262</u>
2. <u>Administrative Expenses</u>			
Administrator	32,251		32,251
Workers' Compensation Audit			
Treasurer	3,000		3,000
Other (itemize)			
Audit	4,000		4,000
Consultants	4,500		4,500
Actuary	5,000		5,000
Administrative Fee	2,892		2,892
Bank Investment Fees			
Miscellaneous	789		789
Subtotal Administrative	<u>52,432</u>		<u>52,432</u>
Total Expenses = 1+2	<u>\$ 88,694</u>	<u>\$ -0-</u>	<u>\$ 88,694</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1994JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 40,208		\$ 40,208
Subtotal Excess	<u>40,208</u>		<u>40,208</u>
2. <u>Administrative Expenses</u>			
Administrator	33,251		33,251
Workers' Compensation Audit			
Treasurer	3,000		3,000
Other (itemize)			
Audit	4,000		4,000
Consultants	4,500		4,500
Actuary	5,000		5,000
Administrative Fee	3,563		3,563
Bank Investment Fees			
Miscellaneous	563		563
Subtotal Administrative	<u>53,877</u>		<u>53,877</u>
Total Expenses = 1+2	<u>\$ 94,085</u>	<u>\$ -0-</u>	<u>\$ 94,085</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1995JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance			
Subtotal Excess			
2. <u>Administrative Expenses</u>			
Administrator			
Workers' Compensation Audit			
Treasurer			
Other (itemize)			
Audit			
Consultants			
Actuary			
Bank Investment Fees			
Miscellaneous	\$ 90,187		\$ 90,187
Subtotal Administrative	90,187		90,187
Total Expenses = 1+2	\$ 90,187	\$ -0-	\$ 90,187

Note - Prior year report does not provide the detailed information needed to complete this schedule.

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1996JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 34,547		\$ 34,547
Subtotal Excess	<u>34,547</u>		<u>34,547</u>
2. <u>Administrative Expenses</u>			
Administrator	33,979		33,979
Workers' Compensation Audit	1,539		1,539
Treasurer	4,000		4,000
Other (itemize)			
Audit	4,500		4,500
Consultants	4,500		4,500
Actuary	5,000		5,000
Bank Investment Fees	4,590		4,590
Miscellaneous	512		512
Subtotal Administrative	<u>58,620</u>		<u>58,620</u>
Total Expenses = 1+2	<u>\$ 93,167</u>	<u>\$ -0-</u>	<u>\$ 93,167</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1997JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 39,221		\$ 39,221
Subtotal Excess	<u>39,221</u>		<u>39,221</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	36,356		36,356
Executive Director	31,084		31,084
Treasurer	5,500		5,500
Other (itemize)			
Audit	7,000		7,000
Safety Management Services	3,434		3,434
Actuary	5,000		5,000
Bank Investment Fees	7,667		7,667
Miscellaneous	208		208
Subtotal Administrative	<u>96,249</u>		<u>96,249</u>
Total Expenses = 1+2	<u>\$ 135,470</u>	<u>\$ -0-</u>	<u>\$ 135,470</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1998JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 41,215		\$ 41,215
Subtotal Excess	<u>41,215</u>		<u>41,215</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	40,446		40,446
Executive Director	30,541		30,541
Treasurer	6,000		6,000
Other (itemize)			
Audit	7,000		7,000
Safety Management Services	7,420		7,420
Actuary	5,000		5,000
Bank Investment Fees	7,980		7,980
Miscellaneous	376		376
Subtotal Administrative	<u>104,763</u>		<u>104,763</u>
Total Expenses = 1+2	<u>\$ 145,978</u>	<u>\$ -0-</u>	<u>\$ 145,978</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1999JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 43,452		\$ 43,452
Subtotal Excess	<u>43,452</u>		<u>43,452</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	42,000		42,000
Executive Director	27,738		27,738
Treasurer	8,000		8,000
Other (itemize)			
Audit	7,000		7,000
Safety Management Services	6,870		6,870
Actuary	6,410		6,410
Bank Investment Fees	2,418		2,418
Miscellaneous	292		292
Subtotal Administrative	<u>100,728</u>		<u>100,728</u>
Total Expenses = 1+2	<u>\$ 144,180</u>	<u>\$ -0-</u>	<u>\$ 144,180</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2000
JUNE 30, 2017
(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 44,524		\$ 44,524
Subtotal Excess	<u>44,524</u>		<u>44,524</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	44,000		44,000
Executive Director	29,000		29,000
Treasurer	10,000		10,000
Other (itemize)			
Audit	7,000		7,000
Safety Management Services	8,000		8,000
Actuary	5,500		5,500
Bank Investment Fees	3,000		3,000
Miscellaneous	406		406
Subtotal Administrative	<u>106,906</u>		<u>106,906</u>
Total Expenses = 1+2	<u>\$ 151,430</u>	<u>\$ -0-</u>	<u>\$ 151,430</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2001JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 48,668		\$ 48,668
Subtotal Excess	<u>48,668</u>		<u>48,668</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	45,760		45,760
Executive Director	34,000		34,000
Treasurer	10,000		10,000
Other (itemize)			
Audit	81,144		81,144
Safety Management Services	9,000		9,000
Actuary	11,000		11,000
Bank Investment Fees	3,000		3,000
Miscellaneous	1,151		1,151
Subtotal Administrative	<u>195,055</u>		<u>195,055</u>
Total Expenses = 1+2	<u>\$ 243,723</u>	<u>\$ -0-</u>	<u>\$ 243,723</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2002JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 68,189		\$ 68,189
Subtotal Excess	<u>68,189</u>		<u>68,189</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	47,823		47,823
Executive Director	35,360		35,360
Treasurer	11,050		11,050
Other (itemize)			
Audit	18,500		18,500
Safety Management Services	8,752		8,752
Actuary	6,568		6,568
Bank Investment Fees	3,000		3,000
Miscellaneous	1,193		1,193
Subtotal Administrative	<u>132,246</u>		<u>132,246</u>
Total Expenses = 1+2	<u>\$ 200,435</u>	<u>\$ -0-</u>	<u>\$ 200,435</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2003
JUNE 30, 2017
(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 144,910		\$ 144,910
Subtotal Excess	<u>144,910</u>		<u>144,910</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	48,537		48,537
Executive Director	38,260		38,260
Treasurer	10,800		10,800
Other (itemize)			
Audit	19,250		19,250
Safety Management Services	9,902		9,902
Actuary	5,500		5,500
Bank Investment Fees	3,517		3,517
Miscellaneous	1,389		1,389
Subtotal Administrative	<u>137,155</u>		<u>137,155</u>
Total Expenses = 1+2	<u>\$ 282,065</u>	<u>\$ -0-</u>	<u>\$ 282,065</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS

FUND YEAR - 2004

JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 172,021		\$ 172,021
Subtotal Excess	<u>172,021</u>		<u>172,021</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	51,575		51,575
Executive Director	40,000		40,000
Treasurer	13,000		13,000
Other (itemize)			
Audit	18,018		18,018
Safety Management Services	9,915		9,915
Actuary	5,750		5,750
Bank Investment Fees			
Miscellaneous	4,879		4,879
Subtotal Administrative	<u>143,137</u>		<u>143,137</u>
Total Expenses = 1+2	<u>\$ 315,158</u>	<u>\$ -0-</u>	<u>\$ 315,158</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS

FUND YEAR - 2005

JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 164,260		\$ 164,260
Subtotal Excess	<u>164,260</u>		<u>164,260</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	54,988		54,988
Executive Director	42,000		42,000
Treasurer	13,400		13,400
Other (itemize)			
Audit	19,568		19,568
Safety Management Services	13,334		13,334
Actuary	5,500		5,500
Miscellaneous	2,243		2,243
Subtotal Administrative	<u>151,033</u>		<u>151,033</u>
Total Expenses = 1+2	<u>\$ 315,293</u>	<u>\$ -0-</u>	<u>\$ 315,293</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2006
JUNE 30, 2017
(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 162,854		\$ 162,854
Subtotal Excess	<u>162,854</u>		<u>162,854</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	64,140		64,140
Executive Director	46,000		46,000
Treasurer	13,400		13,400
Other (itemize)			
Audit	20,068		20,068
Safety Management Services	7,005		7,005
Actuary	6,400		6,400
Miscellaneous	5,850		5,850
Subtotal Administrative	<u>162,863</u>		<u>162,863</u>
Total Expenses = 1+2	<u>\$ 325,717</u>	<u>\$ -0-</u>	<u>\$ 325,717</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2007JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 176,724		\$ 176,724
Subtotal Excess	<u>176,724</u>		<u>176,724</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	63,932		63,932
Executive Director	49,638		49,638
Treasurer	13,400		13,400
Other (itemize)			
Audit	20,568		20,568
Safety Management Services	14,711		14,711
Actuary	6,000		6,000
Miscellaneous	3,000		3,000
Subtotal Administrative	<u>171,249</u>		<u>171,249</u>
Total Expenses = 1+2	<u>\$ 347,973</u>	<u>\$ -0-</u>	<u>\$ 347,973</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2008JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Reinsurance	\$ 209,826		\$ 209,826
Subtotal Excess	<u>209,826</u>		<u>209,826</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	58,877		58,877
Executive Director	48,000		48,000
Treasurer	13,400		13,400
Other (itemize)			
Audit	24,568		24,568
Safety Management Services	15,300		15,300
Actuary	6,100		6,100
Miscellaneous	6,678		6,678
Subtotal Administrative	<u>172,923</u>		<u>172,923</u>
Total Expenses = 1+2	<u>\$ 382,749</u>	<u>\$ -0-</u>	<u>\$ 382,749</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS

FUND YEAR - 2009

JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 481,322		\$ 481,322
Reinsurance	153,381		153,381
Subtotal Excess	<u>634,703</u>		<u>634,703</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	61,232		61,232
Executive Director	48,960		48,960
Treasurer	11,492		11,492
Other (itemize)			
Audit	24,569		24,569
Safety Management Services	18,235		18,235
Actuary	6,400		6,400
Risk Management Fee	24,066		24,066
Miscellaneous	5,926		5,926
Subtotal Administrative	<u>200,880</u>		<u>200,880</u>
Total Expenses = 1+2	<u>\$ 835,583</u>	<u>\$ -0-</u>	<u>\$ 835,583</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2010JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 493,343		\$ 493,343
Reinsurance	196,592		196,592
Subtotal Excess	<u>689,935</u>		<u>689,935</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	173,682		173,682
Executive Director	50,184		50,184
Treasurer	14,009		14,009
Other (itemize)			
Audit	17,500	\$ 10,000	27,500
Safety Management Services	16,545		16,545
Actuary	6,400		6,400
Risk Management Fee	23,909		23,909
Miscellaneous	8,534		8,534
Subtotal Administrative	<u>310,763</u>	<u>10,000</u>	<u>320,763</u>
Total Expenses = 1+2	<u>\$ 1,000,698</u>	<u>\$ 10,000</u>	<u>\$ 1,010,698</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2011JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 512,820		\$ 512,820
Reinsurance	223,492		223,492
Subtotal Excess	<u>736,312</u>		<u>736,312</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	174,432		174,432
Executive Director	50,184		50,184
Treasurer	14,009		14,009
Other (itemize)			
Audit	17,500	\$ 10,000	27,500
Safety Management Services	16,545		16,545
Actuary	6,300		6,300
Risk Management Fee	25,641		25,641
Miscellaneous	10,920		10,920
Subtotal Administrative	<u>315,531</u>	<u>10,000</u>	<u>325,531</u>
Total Expenses = 1+2	<u>\$ 1,051,843</u>	<u>\$ 10,000</u>	<u>\$ 1,061,843</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS

FUND YEAR - 2012

JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 524,799		\$ 524,799
Reinsurance	229,115		229,115
Subtotal Excess	<u>753,914</u>		<u>753,914</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	174,955		174,955
Executive Director	51,188		51,188
Treasurer	14,289		14,289
Other (itemize)			
Audit	17,500	\$ 10,000	27,500
Safety Management Services	16,876		16,876
Actuary	7,500		7,500
Risk Management Fee	26,240		26,240
Miscellaneous	9,646		9,646
Subtotal Administrative	<u>318,194</u>	<u>10,000</u>	<u>328,194</u>
Total Expenses = 1+2	<u>\$ 1,072,108</u>	<u>\$ 10,000</u>	<u>\$ 1,082,108</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS

FUND YEAR - 2013

JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 559,991		\$ 559,991
Reinsurance	232,584		232,584
Subtotal Excess	<u>792,575</u>		<u>792,575</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	169,862		169,862
Executive Director	52,212		52,212
Treasurer	14,575		14,575
Other (itemize)			
Audit	17,500	\$ 10,000	27,500
Safety Management Services	27,376		27,376
Actuary	6,700		6,700
Risk Management Fee	28,000		28,000
Miscellaneous	10,268		10,268
Subtotal Administrative	<u>326,493</u>	<u>10,000</u>	<u>336,493</u>
Total Expenses = 1+2	<u>\$ 1,119,068</u>	<u>\$ 10,000</u>	<u>\$ 1,129,068</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2014JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 596,659		\$ 596,659
Reinsurance	233,550		233,550
Subtotal Excess	<u>830,209</u>		<u>830,209</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	192,524		192,524
Executive Director	53,256		53,256
Treasurer	14,867		14,867
Other (itemize)			
Audit	19,550	\$ 10,000	29,550
Safety Management Services	27,376		27,376
Actuary	6,700		6,700
Risk Management Fee	29,833		29,833
Miscellaneous	10,662		10,662
Subtotal Administrative	<u>354,768</u>	<u>10,000</u>	<u>364,768</u>
Total Expenses = 1+2	<u>\$ 1,184,977</u>	<u>\$ 10,000</u>	<u>\$ 1,194,977</u>

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS

FUND YEAR - 2015

JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 641,735		\$ 641,735
Reinsurance	265,062		265,062
Subtotal Excess	<u>906,797</u>		<u>906,797</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	185,322		185,322
Executive Director	54,321		54,321
Treasurer	15,165		15,165
Other (itemize)			
Audit	18,564	\$ 10,000	28,564
Safety Management Services	27,714		27,714
Actuary	6,700		6,700
Risk Management Fee	31,996		31,996
Miscellaneous	4,047		4,047
Subtotal Administrative	<u>343,829</u>	<u>10,000</u>	<u>353,829</u>
Total Expenses = 1+2	<u>\$ 1,250,626</u>	<u>\$ 10,000</u>	<u>\$ 1,260,626</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2016JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 690,770		\$ 690,770
Reinsurance	274,886		274,886
Subtotal Excess	<u>965,656</u>		<u>965,656</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	199,351		199,351
Executive Director	55,407		55,407
Treasurer	15,468		15,468
Other (itemize)			
Audit	18,800	\$ 10,000	28,800
Safety Management Services	17,558		17,558
Actuary		6,800	6,800
Risk Management Fee	34,360		34,360
Miscellaneous	12,141		12,141
Subtotal Administrative	<u>353,085</u>	<u>16,800</u>	<u>369,885</u>
Total Expenses = 1+2	<u>\$ 1,318,741</u>	<u>\$ 16,800</u>	<u>\$ 1,335,541</u>

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2017JUNE 30, 2017

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Liability	\$ 759,026		\$ 759,026
Reinsurance	270,903		270,903
Subtotal Excess	<u>1,029,929</u>		<u>1,029,929</u>
2. <u>Administrative Expenses</u>			
Claims Administrative Services	179,151		179,151
Executive Director	56,200		56,200
Treasurer	15,777		15,777
Other (itemize)			
Audit	350	\$ 19,500	19,850
Safety Management Services	28,409		28,409
Actuary		6,800	6,800
Miscellaneous	14,869		14,869
Subtotal Administrative	<u>294,756</u>	<u>26,300</u>	<u>321,056</u>
Total Expenses = 1+2	<u>\$ 1,324,685</u>	<u>\$ 26,300</u>	<u>\$ 1,350,985</u>

MORRIS ESSEX INSURANCE GROUPPROGRAM SUMMARYFUND YEAR - 2017JUNE 30, 2017

(Unaudited)

COVERAGE

	Worker's Compensation	Liability
1. <u>Limits</u>		
	Part I - Statutory	\$1,000,000/\$2,000,000
	Part II - Employers' Liability - \$5,000,000	Zurich Insurance Company
2. <u>Fund Retention</u>		
<u>Specific</u>	\$500,000	
<u>Aggregate</u>	\$6,013,104	
3. <u>Excess Insurers</u> (list all insurers and amount insured)		\$10,000,000 Zurich American Umbrella Includes School Board Legal
4. <u>Number of Participants</u>	17	\$50,000,000 Fireman's Fund CAP Policy
5. <u>Incurred Liabilities</u>	\$1,170,903	\$759,026
6. <u>Exposure Units</u> (Population)	\$280,903,016 Payroll	\$71,225,546 Payroll
7. <u>Liabilities/Unit</u>	\$0.0042	\$0.0107

MORRIS ESSEX INSURANCE GROUP
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF CASH AND INVESTMENTS
JUNE 30, 2017
(Unaudited)

<u>Bank</u>	<u>Account or Investment Number</u>	<u>Amount</u>
Valley National Bank	41699882	\$ 24,488
Valley National Bank	41699890	711,693
Valley National Bank	41235266	9,957,822
NJ Cash Management Fund	117-105465-171	70,645
		<u>10,764,648</u>
Less: Outstanding Checks		<u>(704,731)</u>
		<u><u>\$ 10,059,917</u></u>

ANALYSIS OF EXCESS INSURANCE RECEIVABLE
JUNE 30, 2017
(Unaudited)

Due from Reinsurer	<u><u>\$ 25,075</u></u>
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MORRIS ESSEX INSURANCE GROUP
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF ASSESSMENTS RECEIVABLE
JUNE 30, 2017
(Unaudited)

Hanover Township School District	\$ 31
West Essex Regional School District	<u>2,843</u>
	<u><u>\$ 2,874</u></u>

ANALYSIS OF EXPENSES PAYABLE
JUNE 30, 2017
(Unaudited)

<u>General and Administrative Fund:</u>	
Accounting and Auditing Services	\$ 89,500
Actuarial Services	<u>13,600</u>
	<u><u>\$ 103,100</u></u>

**REPORT PURSUANT TO GOVERNMENT
AUDITING STANDARDS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Board of Trustees
Morris Essex Insurance Group
Westwood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Morris Essex Insurance Group (the "Pool") as of and for the fiscal years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated November 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pools's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Pool's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
November 28, 2017



STATISTICAL SECTION

MORRIS ESSEX INSURANCE GROUP
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities										
Unrestricted	\$ 2,452,512	\$ 2,401,075	\$ 2,481,257	\$ 3,049,206	\$ 3,847,069	\$ 4,348,089	\$ 5,409,944	\$ 6,102,625	\$ 7,012,792	\$ 7,503,025
Total Business-Type Activities Net Position	\$ 2,452,512	\$ 2,401,075	\$ 2,481,257	\$ 3,049,206	\$ 3,847,069	\$ 4,348,089	\$ 5,409,944	\$ 6,102,625	\$ 7,012,792	\$ 7,503,025

Source - Insurance Pool Financial Records.

MORRIS ESSEX INSURANCE GROUP
SCHEDULE OF CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue:										
Assessments from Participating School Districts	\$ 1,969,623	\$ 2,577,324	\$ 2,715,501	\$ 2,876,606	\$ 2,822,292	\$ 3,015,200	\$ 3,067,611	\$ 3,242,193	\$ 3,358,389	\$ 3,319,147
Supplemental Assessments from Participating School Districts	30,003	156,148	82,217							
Investment Income	257,169	74,793	41,500	49,578	23,279	20,221	18,643	26,041	34,957	64,948
Total Revenue	2,256,795	2,808,265	2,839,218	2,926,184	2,845,571	3,035,421	3,086,254	3,268,234	3,393,346	3,384,095
Expenses:										
Provision for Claims and Claim Adjustment Expenses	1,176,500	1,392,229	1,148,833	702,345	451,649	753,339	89,002	550,406	345,273	581,104
Insurance Premiums	209,826	634,703	689,935	736,312	753,914	792,575	830,209	906,797	965,656	1,029,929
Professional Fees	53,550	87,403	130,956	140,179	143,593	149,763	168,182	164,460	158,393	127,036
Administrative Expenses	54,678	53,926	8,534	13,618	9,646	10,267	10,662	4,047	12,141	14,869
Claims Administration	58,877	61,232	173,682	173,487	174,955	169,863	192,524	185,322	199,351	179,151
Total Expenses	1,553,431	2,229,493	2,151,940	1,765,941	1,533,757	1,875,807	1,290,579	1,811,032	1,680,814	1,932,089
Excess of Revenue over Expenses	703,364	578,772	687,278	1,160,243	1,311,814	1,159,614	1,795,675	1,457,202	1,712,532	1,452,006
Member Dividends	448,327	630,209	607,096	592,294	513,951	658,594	733,820	764,521	802,365	961,773
Change in Net Position	\$ 255,037	\$ (51,437)	\$ 80,182	\$ 567,949	\$ 797,863	\$ 501,020	\$ 1,061,855	\$ 692,681	\$ 910,167	\$ 490,233

Source - Insurance Pool Financial Records.

MORRIS ESSEX INSURANCE GROUP
MEMBER GROWTH ANALYSIS - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Number of Members	19	19	19	19	18	18	18	18	18	17
Total Assessments	\$ 1,999,626	\$ 2,648,160	\$ 2,797,718	\$ 2,876,606	\$ 2,822,785	\$ 2,999,683	\$ 3,040,880	\$ 3,242,193	\$ 3,356,514	\$ 3,319,147
Total Number of Claims	261	276	256	258	229	234	212	171	179	178
Total Reported Losses	\$ 972,405	\$ 1,109,437	\$ 1,016,356	\$ 656,543	\$ 635,455	\$ 626,947	\$ 722,108	\$ 708,414	\$ 639,287	\$ 489,585

Source - Insurance Pool Records

MORRIS ESSEX INSURANCE GROUP
 REPORTED CLAIM ACTIVITY - BY FUND YEAR
 FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017
 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Workers' Compensation	261	276	256	258	229	234	212	171	179	178
Total	261	276	256	258	229	234	212	171	179	178
Claims Settled in Full	261	274	254	255	227	229	204	164	139	141
Claims Pending	0	2	2	3	2	5	8	7	40	37
Total	261	276	256	258	229	234	212	171	179	178

Source - Loss Year Summary Report Inservco Incorporated

MORRIS ESSEX INSURANCE GROUP
REPORTED LOSS HISTORY - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2017
(Unaudited)

During its years of existence, the Pool has incurred the following reported losses (paid claims plus case reserves from claims incurred by Pool members). The claims reflect both the impact of increase in membership, the delay in claims reaching the Pool's coverages, and the changes in the average cost per claim. These amounts do not include incurred but not reported ("IBNR") claim estimates.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Workers' Compensation										
	\$ 972,405	\$ 1,109,437	\$ 1,016,356	\$ 656,543	\$ 635,455	\$ 626,947	\$ 722,108	\$ 708,414	\$ 639,287	\$ 489,585
Total	<u>\$ 972,405</u>	<u>\$ 1,109,437</u>	<u>\$ 1,016,356</u>	<u>\$ 656,543</u>	<u>\$ 635,455</u>	<u>\$ 626,947</u>	<u>\$ 722,108</u>	<u>\$ 708,414</u>	<u>\$ 639,287</u>	<u>\$ 489,585</u>
Total number of claims	<u>261</u>	<u>276</u>	<u>256</u>	<u>258</u>	<u>229</u>	<u>234</u>	<u>212</u>	<u>171</u>	<u>179</u>	<u>178</u>
Average cost per claim	<u>\$ 3,726</u>	<u>\$ 4,020</u>	<u>\$ 3,970</u>	<u>\$ 2,545</u>	<u>\$ 2,775</u>	<u>\$ 2,679</u>	<u>\$ 3,406</u>	<u>\$ 4,143</u>	<u>\$ 3,571</u>	<u>\$ 2,750</u>

Source - Joint Insurance Fund- Third Party Claims Administrator