

Morris Essex Insurance Group
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016
Westwood, New Jersey

MORRIS ESSEX INSURANCE GROUP
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JUNE 30, 2016

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Morris Essex Insurance Group

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*44 Bergen Street
PO Box 270
Westwood, NJ 07675*

October 7, 2016

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, 2016 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.

Board of Trustees
Morris Essex Insurance Group
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October 7, 2016

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 treasury bills invested in MBIA 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

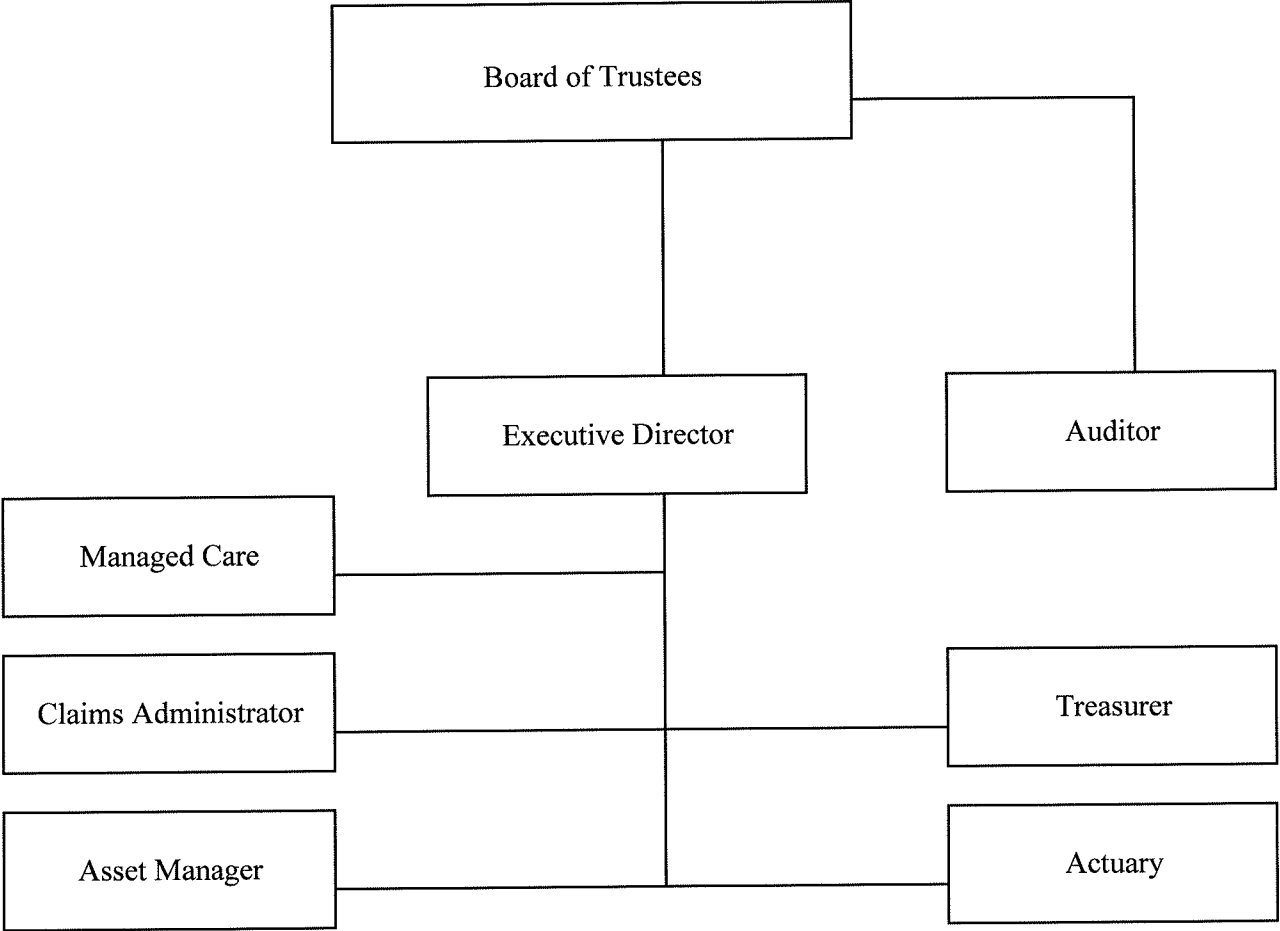
MORRIS ESSEX INSURANCE GROUP
ROSTER OF OFFICERS AND PROFESSIONALS
JUNE 30, 2016

Members of the Board of Trustees

L.Douglas Pechance, Chairperson	West Morris Regional Board of Education
Liz George, Vice Chairperson	Washington Township Board of Education
Catarina Bilotta, Trustee	Morris County Educational Services Commission
John Esposito, Trustee	Long Hill Township Board of Education
Cheryl Nardino, Trustee	Verona Township Board of Education
Vanessa Wolsky, Secretary	Hanover 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

Morris Essex Insurance Group
ORGANIZATIONAL CHART



MORRIS ESSEX INSURANCE GROUP
MEMBERSHIP LISTING
JUNE 30, 2016

Member School District

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

Trustees

Vanessa Wolsky
John Esposito
Catarina Bilotta
Susan Young
Cheryl Nardino
Liz George
L. Douglas Pechanec

Dover Board of Education
Glen Ridge Board of Education
Madison Board of Education
Mendham Township Board of Education
Mine Hill Board of Education
Morris Plains Board of Education
Mount Arlington Board of Education
Mountain Lakes Board of Education
North Caldwell Board of Education
Roseland Board of Education
West Essex Regional Board of Education

Representatives

Catherine Jenisch
Peter Caprio
Gary Lane
Thomas Kryger
Melissa Simmons
Amy Barkman
Robin Tedesco
Daniel Borgo
Michael Halik
Jason M. Bohm
Pam Hinman

FINANCIAL SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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, 2016 and 2015, 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.

Board of Trustees
Morris Essex Insurance Group
Westwood, New Jersey
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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, 2016 and 2015, 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
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016 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
October 7, 2016

Nisrocia 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, 2016 and June 30, 2015. 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, 2016, 2015 and 2014.

Summary Statement of Net Position

	2016	2015	Increase/ (Decrease) 2015/2016	2014	Increase/ (Decrease) 2014/2015
Assets:					
Cash and Cash Equivalents	\$ 9,699,008	\$ 9,137,942	\$ 561,066	\$ 8,599,973	\$ 537,969
Other Assets	41,556	37,156	4,400	23,337	13,819
Total Assets	9,740,564	9,175,098	565,466	8,623,310	551,788
Liabilities:					
Loss Reserves	2,563,602	2,983,991	(420,389)	3,134,884	(150,893)
Other Liabilities	164,170	88,482	75,688	78,482	10,000
Total Liabilities	2,727,772	3,072,473	(344,701)	3,213,366	(140,893)
Net Position - Unrestricted	\$ 7,012,792	\$ 6,102,625	\$ 910,167	\$ 5,409,944	\$ 692,681

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

	2016	2015	Increase/ (Decrease) 2015/2016	2014	Increase/ (Decrease) 2014/2015
Operating Revenue:					
Assessments and Other Income	\$ 3,358,389	\$ 3,242,193	\$ 116,196	\$ 3,067,611	\$ 174,582
Operating Expenses:					
Provision for Claims and Claim					
Adjustment Expense	345,273	550,406	(205,133)	89,002	461,404
Insurance Premiums	965,656	906,797	58,859	830,209	76,588
Professional and Contractual					
Services	369,885	353,829	16,056	371,368	(17,539)
Total Operating Expenses	1,680,814	1,811,032	(130,218)	1,290,579	520,453
Operating Income	1,677,575	1,431,161	246,414	1,777,032	(345,871)
Investment Income	34,957	26,041	8,916	18,643	7,398
Member Dividends	(802,365)	(764,521)	(37,844)	(733,820)	(30,701)
Change in Net Position	\$ 910,167	\$ 692,681	\$ 217,486	\$ 1,061,855	\$ (369,174)

Net Position increased \$910,167 primarily due to a lower than expected level of claim expenses and increased assessment revenue.

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,	
	2016	2015
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 9,699,008	\$ 9,137,942
Assessments Receivable	17,430	12,355
Reinsurance Receivable	24,126	24,801
	<hr/>	<hr/>
Total Assets	9,740,564	9,175,098
	<hr/>	<hr/>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors	45,784	25,200
Accrued Expenses- Other Governments	70,000	60,000
Member Dividends	48,380	3,282
Loss Reserves	2,563,602	2,983,991
Assessment Overpayment	6	
	<hr/>	<hr/>
Total Liabilities	2,727,772	3,072,473
	<hr/>	<hr/>
<u>NET POSITION:</u>		
Unrestricted	7,012,792	6,102,625
	<hr/>	<hr/>
Total Net Position	\$ 7,012,792	\$ 6,102,625
	<hr/> <hr/>	<hr/> <hr/>

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,	
	2016	2015
Operating Revenue:		
Assessments from Participating School Districts	\$ 3,358,389	\$ 3,242,193
Total Operating Revenue	3,358,389	3,242,193
Operating Expenses:		
Provisions for Claims and Claim Adjustment Expense	345,273	550,406
(Net of Reinsurance of \$2,020 and \$65,885 for 2016 and 2015, respectively)		
Insurance Premiums	965,656	906,797
Professional Fees	158,393	164,460
Administrative Expenses	12,141	4,047
Claims Administrative Fees	199,351	185,322
Total Operating Expenses	1,680,814	1,811,032
Operating Income	1,677,575	1,431,161
Non-Operating Revenue:		
Investment Income	34,957	26,041
Change in Net Position before Other Revenue, Expenses, Gains, Losses and Transfers	1,712,532	1,457,202
Member Dividends	(802,365)	(764,521)
Change in Net Position	910,167	692,681
Net Position - Beginning of Year	6,102,625	5,409,944
Net Position - End of Year	\$ 7,012,792	\$ 6,102,625

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,	
	2016	2015
Cash Flows from Operating Activities:		
Assessments Collected	\$ 3,353,314	\$ 3,229,838
Insurance Premiums Paid	(965,656)	(906,797)
Claims Paid	(765,662)	(701,299)
General and Administrative Expenses Paid	(338,620)	(345,293)
Net Cash Provided by Operating Activities	1,283,376	1,276,449
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	34,957	26,041
Net Cash Provided by/(Used for) Investing Activities	34,957	26,041
Cash Flows from Noncapital Financing Activities:		
Member Dividends	(757,267)	(764,521)
Net Cash Used for Noncapital Financing Activities	(757,267)	(764,521)
Net Increase in Cash and Cash Equivalents	561,066	537,969
Cash and Cash Equivalents - Beginning of Year	9,137,942	8,599,973
Cash and Cash Equivalents - End of Year	\$ 9,699,008	\$ 9,137,942
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,677,575	\$ 1,431,161
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assessment Receivable	(5,075)	(12,355)
(Increase)/Decrease in Reinsurance Receivable	675	(1,464)
Increase/(Decrease) in Accounts Payable	20,584	
Increase/(Decrease) in Accrued Expenses	10,000	10,000
Increase/(Decrease) in Assessment Overpayments	6	
Increase/(Decrease) in Loss Reserves	(420,389)	(150,893)
Net Cash Provided by Operating Activities	\$ 1,283,376	\$ 1,276,449

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

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, the Pool had 18 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 publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. 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

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

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

Reporting Entity (Cont'd)

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

This Pool records certain investments at fair value and records the unrealized gains and losses as a part of investment income.

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 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

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

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

Unpaid Claims Liabilities (Cont'd)

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 \$274,886 and \$265,062 for the years ended June 30, 2016 and 2015, respectively. The amount deducted from claims liabilities for reinsurance was \$245,615 and \$244,939 for the years ended June 30, 2016 and 2015, 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, 2016. 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, 2016
(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, 2016 and 2015, which have been estimated by the Pool's Actuary and Servicing Agent, are as follows:

	<u>2016</u>	<u>2015</u>
Case Reserves	\$ 944,831	\$ 695,527
Losses Incurred but not Reported (Unaudited)	<u>1,618,771</u>	<u>2,288,464</u>
Total Loss Reserves	<u>\$ 2,563,602</u>	<u>\$ 2,983,991</u>

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

	<u>2016</u>	<u>2015</u>
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	<u>\$ 2,983,991</u>	<u>\$ 3,134,884</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Period	950,000	850,000
(Decrease)/Increase in Provision for Insured Events of Prior Years	<u>(604,727)</u>	<u>(299,594)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>345,273</u>	<u>550,406</u>
Payments:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Period	299,601	187,243
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	<u>466,061</u>	<u>514,056</u>
Total Payments	<u>765,662</u>	<u>701,299</u>
Total Unpaid Claims and Claim Adjustment Expenses, End of Year	<u>\$ 2,563,602</u>	<u>\$ 2,983,991</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 its obligations to the Pool under existing reinsurance agreements.

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk* 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.

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;
- (2) Government money market mutual funds;

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

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

Investments (Cont'd):

- (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 Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; 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 statute; 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, 2016 and 2015, cash and cash equivalents of the Morris Essex Insurance Group consisted of the following:

	<u>2016</u>	<u>2015</u>
Checking	\$ 9,628,663	\$ 9,067,782
New Jersey Cash Management	<u>70,345</u>	<u>70,160</u>
	<u>\$ 9,699,008</u>	<u>\$ 9,137,942</u>

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 carrying amount of the Pool's cash at June 30, 2015 was \$9,137,942 and the bank balance was \$9,909,420. The New Jersey Cash Management funds are unregistered and uninsured.

MORRIS ESSEX INSURANCE GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

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, 2016 as follows:

Fund Year 1992 - Workers Compensation	\$ 15,686
Fund Year 2000 - Workers Compensation	7,177
Fund Year 2006 - Workers Compensation	34,070
Fund Year 2007 - Workers Compensation	442

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

There was an overall fund year deficit in 1992 of \$15,416.

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.

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, 2015 AND 2016
 (Unaudited)

	Worker's Compensation	
	2016	2015
Unpaid Claims and Claim Adjustment Expenses at Beginning of Year	\$ 2,983,991	\$ 3,134,884
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Period	950,000	850,000
Increase/(Decrease) in Provision for Insured Events of Prior Years	(604,727)	(299,594)
Total Incurred Claims and Claim Adjustment Expenses	345,273	550,406
Payments:		
Claims and Claim Adjustment Expenses Attributable to		
Insured Events of the Current Period	299,601	187,243
Claims and Claim Adjustment Expenses Attributable to		
Insured Events of Prior Years	466,061	514,056
Total Payments	765,662	701,299
Total Unpaid Claims and Claim Adjustment Expenses at End of Year	\$ 2,563,602	\$ 2,983,991

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

	Fiscal Period Ended June 30, 2016 and Policy Period Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Required contribution and investment revenue:										
Earned	\$ 2,061,572	\$ 2,043,739	\$ 2,668,323	\$ 2,819,240	\$ 2,896,046	\$ 2,837,662	\$ 3,014,018	\$ 3,051,728	\$ 3,250,643	\$ 3,361,883
Ceded	176,724	209,826	634,703	689,935	736,312	753,914	792,575	830,209	906,797	965,656
Net Earned	1,884,848	1,833,913	2,033,620	2,129,305	2,159,734	2,083,748	2,221,443	2,221,519	2,343,846	2,396,227
Unallocated expenses	171,249	172,923	200,880	320,763	325,531	328,194	336,493	364,768	353,829	369,885
Estimated claims and expenses, end of policy year										
Incurred	1,200,002	1,400,001	1,800,000	1,437,333	1,300,000	1,100,225	1,100,001	900,000	850,000	950,000
Ceded										
Net Incurred	1,200,002	1,400,001	1,800,000	1,437,333	1,300,000	1,100,225	1,100,001	900,000	850,000	950,000
Net paid (cumulative) as of:										
End of policy year	174,780	253,371	567,385	560,753	181,894	203,607	189,762	243,363	187,243	299,601
One year later	445,059	744,416	785,690	728,448	383,743	402,756	458,914	433,196	457,771	
Two years later	487,013	805,870	884,439	783,849	454,636	477,330	498,237	492,878		
Three years later	530,996	844,963	988,644	819,529	565,803	517,051	525,715			
Four years later	596,982	889,158	991,228	829,619	602,558	540,141				
Five years later	709,608	896,611	995,057	957,278	631,172					
Six years later	788,325	944,424	1,043,932	979,769						
Seven years later	799,357	946,020	1,066,331							
Eight years later	803,102	952,705								
Nine years later	804,517									
Reestimated ceded claims and expenses										
Reestimated net incurred claims and expenses:										
End of policy year	1,200,002	1,400,001	1,800,000	1,437,333	1,300,000	1,100,225	1,100,001	900,000	850,000	950,000
One year later	1,200,000	1,500,000	1,700,000	1,337,333	1,200,103	1,100,223	900,000	900,000	849,965	
Two years later	1,200,001	1,499,999	1,600,000	1,140,883	1,200,103	950,225	900,000	900,000		
Three years later	1,200,000	1,400,000	1,501,180	1,136,665	1,049,683	875,225	800,000			
Four years later	1,100,000	1,400,359	1,401,178	1,137,086	974,683	775,225				
Five years later	900,000	1,300,358	1,301,180	1,187,086	774,682					
Six years later	900,000	1,150,358	1,226,180	1,137,086						
Seven years later	875,000	1,075,359	1,226,180							
Eight years later	875,000	955,205								
Nine years later	875,001									
Increase/(decrease) in estimated net incurred claims and expense from end of policy year	\$ (325,001)	\$ (444,796)	\$ (573,820)	\$ (300,247)	\$ (525,318)	\$ (325,000)	\$ (300,001)	\$ -0-	\$ (35)	\$ -0-

SUPPLEMENTARY DATA

Schedule A

MORRIS ESSEX INSURANCE GROUP
HISTORICAL OPERATING RESULTS ANALYSIS
FUND YEAR - 1985 TO 2016
JUNE 30, 2016
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 48,126,348		
Supplemental Contributions	1,240,115		
Other Income (except investments)	10,841		
Total Income			\$ 49,377,304
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	18,605,020		
Case Reserves	1,190,446		
Imprest Account Reconciliation			
IBNR Reserve	1,618,771		
Subtotal		\$ 21,414,237	
Less Excess Insurance:			
Received	240,456		
Receivable	24,126		
Recoverable	245,615		
Subtotal		510,197	
Limited Incurred Claims (claims-excess)		20,904,040	
<u>Expenses:</u>			
Excess Insurance Premiums	8,048,103		
Administrative	4,904,512		
Subtotal Expenses		12,952,615	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>33,856,655</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			15,520,649
4. <u>Investment Income (Earned)</u>			<u>3,154,353</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			18,675,002
6. <u>Return of Surplus:</u>			
Paid	11,613,830		
Authorized and Unpaid	48,380		
Subtotal Return of Surplus			<u>11,662,210</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 7,012,792</u>

Schedule B

MORRIS ESSEX INSURANCE GROUP
HISTORICAL BALANCE SHEET
FUND YEAR - 1985 TO 2016
JUNE 30, 2016
(Unaudited)

1. Assets:

Cash and Investments (1)	\$ 9,699,008		
		\$ 9,699,008	
<u>Receivables (1):</u>			
Excess Insurance	24,126		
Assessments	17,430		
Other			
Total Receivables		41,556	
Prepaid Expenses (1)			
Other Assets (1)			
<u>Total Assets</u>			\$ 9,740,564

2. Liabilities:Claims:

Case Reserves	944,831		
Imprest Account Reconciliation			
IBNR Reserve (2)	1,618,771		
Subtotal Claims		2,563,602	

Expenses (unpaid) (1):

Excess Insurance			
Administrative	115,784		
Subtotal Expenses		115,784	

Other Liabilities:

Unearned Contributions			
Authorized Return of Surplus	48,380		
Miscellaneous (1)	6		
Subtotal		48,386	

<u>Total Liabilities</u>			<u>2,727,772</u>
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NET CURRENT SURPLUS/(DEFICIT) = 1-2

\$ 7,012,792

Note: (1) Schedule attached itemizing these categories

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1985
JUNE 30, 2016
(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>30,384</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			107,888
6. <u>Return of Surplus:</u>			
Paid		105,083	
Authorized and Unpaid		2,087	
Subtotal Return of Surplus			<u>107,170</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 718</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1986
JUNE 30, 2016
 (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		368,078	
Case Reserves		245,615	
Imprest Account			
IBNR Reserve			
Subtotal			\$ 613,693
Less Excess Insurance:			
Received		140,463	
Receivable		24,126	
Recoverable		245,615	
Subtotal			410,204
Limited Incurred Claims (claims-excess)			203,489
<u>Expenses:</u>			
Excess Insurance Premiums		34,108	
Administrative		38,428	
Subtotal Expenses			72,536
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>276,025</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			181,464
4. <u>Investment Income (Earned)</u>			<u>54,742</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			236,206
6. <u>Return of Surplus:</u>			
Paid		231,535	
Authorized and Unpaid		1,169	
Subtotal Return of Surplus			<u>232,704</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 3,502</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1987
JUNE 30, 2016
(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>
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>240,351</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			98,239
4. <u>Investment Income (Earned)</u>			<u>77,340</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			175,579
6. <u>Return of Surplus:</u>			
Paid		175,364	
Authorized and Unpaid		<u>26</u>	
Subtotal Return of Surplus			<u>175,390</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 189</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1988
JUNE 30, 2016
(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>32,884</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			50,903
6. <u>Return of Surplus:</u>			
Paid		50,718	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>50,718</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 185</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1989
JUNE 30, 2016
(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>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1990
JUNE 30, 2016
(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>67,924</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			58,009
6.	<u>Return of Surplus:</u>			
	Paid		57,814	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>57,814</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 195</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1991
JUNE 30, 2016
(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
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>592,029</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			24,519
4. <u>Investment Income (Earned)</u>			<u>63,614</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			88,133
6. <u>Return of Surplus:</u>			
Paid		87,595	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>87,595</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 538</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1992
JUNE 30, 2016
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	610,792	
Supplemental Contributions		44,698	
Other Income (except investments)			
Total Income			\$ 655,490
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		615,267	
Case Reserves		15,750	
Imprest Account			
IBNR Reserve			
Subtotal			\$ 631,017
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			631,017
<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>713,172</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(57,682)
4. <u>Investment Income (Earned)</u>			<u>55,679</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(2,003)
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>\$ (15,416)</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1993
JUNE 30, 2016
(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
Total Incurred Liabilities (limited claims and expenses)			779,972
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			111,972
4. <u>Investment Income (Earned)</u>			54,582
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			166,554
6. <u>Return of Surplus:</u>			
Paid		165,764	
Authorized and Unpaid			
Subtotal Return of Surplus			165,764
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 790

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1994
JUNE 30, 2016
(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>183,721</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			633,451
6. <u>Return of Surplus:</u>			
Paid		631,911	
Authorized and Unpaid			
Subtotal Return of Surplus			<u>631,911</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 1,540</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1995
JUNE 30, 2016
(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	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>488,719</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			542,028
4. <u>Investment Income (Earned)</u>			<u>294,451</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			836,479
6. <u>Return of Surplus:</u>			
Paid	834,023		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>834,023</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 2,456</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1996
JUNE 30, 2016
(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
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>688,246</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			559,216
4.	<u>Investment Income (Earned)</u>			<u>358,294</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			917,510
6.	<u>Return of Surplus:</u>			
	Paid		910,588	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>910,588</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 6,922</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1997
JUNE 30, 2016
(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	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>596,966</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			699,740
4. <u>Investment Income (Earned)</u>			<u>252,562</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			952,302
6. <u>Return of Surplus:</u>			
Paid	946,667		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>946,667</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 5,635</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1998
JUNE 30, 2016
(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	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>829,099</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			524,585
4. <u>Investment Income (Earned)</u>			<u>314,344</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			838,929
6. <u>Return of Surplus:</u>			
Paid	812,559		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>812,559</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 26,370</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 1999
JUNE 30, 2016
(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>170,506</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			683,098
6.	<u>Return of Surplus:</u>			
	Paid		572,542	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>572,542</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 110,556</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2000
JUNE 30, 2016
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$ 1,183,247		
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 1,183,247
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	540,914		
Case Reserves	33,108		
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>			<u>730,452</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			452,795
4. <u>Investment Income (Earned)</u>			<u>170,887</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			623,682
6. <u>Return of Surplus:</u>			
Paid	620,738		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>620,738</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 2,944</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2001
JUNE 30, 2016
(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
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>558,639</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			616,364
4.	<u>Investment Income (Earned)</u>			<u>169,503</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			785,867
6.	<u>Return of Surplus:</u>			
	Paid		753,824	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>753,824</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 32,043</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2002
JUNE 30, 2016
(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>95,879</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			471,277
6.	<u>Return of Surplus:</u>			
	Paid		417,220	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>417,220</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 54,057</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2003
JUNE 30, 2016
(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			
	Imprest Account			
	IBNR Reserve		2,500	
	Subtotal			\$ 608,417
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			608,417
	<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>890,482</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			411,154
4.	<u>Investment Income (Earned)</u>			<u>94,542</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			505,696
6.	<u>Return of Surplus:</u>			
	Paid		411,570	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>411,570</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 94,126</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2004
JUNE 30, 2016
(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	2,500		
Subtotal		\$ 1,006,406	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		1,006,406	
<u>Expenses:</u>			
Excess Insurance Premiums	172,021		
Administrative	143,137		
Subtotal Expenses		315,158	
<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>1,321,564</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			123,118
4. <u>Investment Income (Earned)</u>			<u>73,393</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			196,511
6. <u>Return of Surplus:</u>			
Paid	161,290		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>161,290</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 35,221</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2005
JUNE 30, 2016
(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>38,925</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			164,753
6. <u>Return of Surplus:</u>			
Paid	106,879		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>106,879</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 57,874</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2006
JUNE 30, 2016
(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>171,844</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,040,619
6. <u>Return of Surplus:</u>			
Paid	886,896		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>886,896</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 153,723</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2007
JUNE 30, 2016
(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	804,517		
Case Reserves	47,708		
Imprest Account			
IBNR Reserve	22,776		
Subtotal		\$ 875,001	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		875,001	
<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>1,222,974</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			729,924
4. <u>Investment Income (Earned)</u>			<u>108,674</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			838,598
6. <u>Return of Surplus:</u>			
Paid	663,452		
Authorized and Unpaid			
Subtotal Return of Surplus		663,452	
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 175,146</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2008
JUNE 30, 2016
(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			
Imprest Account			
IBNR Reserve	2,500		
Subtotal		\$ 955,205	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		955,205	
<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>1,337,954</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			661,672
4. <u>Investment Income (Earned)</u>			<u>44,113</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			705,785
6. <u>Return of Surplus:</u>			
Paid	330,570		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>330,570</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 375,215</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2009
JUNE 30, 2016
(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	1,066,331		
Case Reserves	114,211		
Imprest Account			
IBNR Reserve	45,638		
Subtotal		\$ 1,226,180	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		1,226,180	
<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>2,061,763</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			586,397
4. <u>Investment Income (Earned)</u>			<u>20,163</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			606,560
6. <u>Return of Surplus:</u>			
Paid	343,733		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>343,733</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 262,827</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2010
JUNE 30, 2016
(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	979,769		
	Case Reserves	47,820		
	Imprest Account			
	IBNR Reserve	109,497		
	Subtotal		\$ 1,137,086	
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)		1,137,086	
	<u>Expenses:</u>			
	Excess Insurance Premiums	689,935		
	Administrative	320,763		
	Subtotal Expenses		1,010,698	
	<u>Total Incurred Liabilities (limited claims and expenses)</u>			<u>2,147,784</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			649,934
4.	<u>Investment Income (Earned)</u>			<u>21,522</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			671,456
6.	<u>Return of Surplus:</u>			
	Paid	426,065		
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>426,065</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 245,391</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2011
JUNE 30, 2016
(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		631,172	
	Case Reserves		31,769	
	Imprest Account			
	IBNR Reserve		111,741	
	Subtotal			\$ 774,682
	Less Excess Insurance:			
	Received			
	Receivable			
	Recoverable			
	Subtotal			
	Limited Incurred Claims (claims-excess)			774,682
	<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>1,836,525</u>
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>			1,040,081
4.	<u>Investment Income (Earned)</u>			<u>19,440</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,059,521
6.	<u>Return of Surplus:</u>			
	Paid		406,083	
	Authorized and Unpaid			
	Subtotal Return of Surplus			<u>406,083</u>
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 653,438</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2012
JUNE 30, 2016
(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	540,141		
Case Reserves	46,183		
Imprest Account			
IBNR Reserve	188,901		
Subtotal		\$ 775,225	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		775,225	
<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>1,857,333</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			965,452
4. <u>Investment Income (Earned)</u>			<u>14,877</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			980,329
6. <u>Return of Surplus:</u>			
Paid	315,837		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>315,837</u>
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 664,492</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS

FUND YEAR - 2013

JUNE 30, 2016

(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	525,715		
Case Reserves	56,416		
Imprest Account			
IBNR Reserve	217,869		
Subtotal		\$ 800,000	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		800,000	
<u>Expenses:</u>			
Excess Insurance Premiums	792,575		
Administrative	336,493		
Subtotal Expenses		1,129,068	
Total Incurred Liabilities (limited claims and expenses)			1,929,068
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			1,070,615
4. <u>Investment Income (Earned)</u>			14,335
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,084,950
6. <u>Return of Surplus:</u>			
Paid	150,882		
Authorized and Unpaid	45,098		
Subtotal Return of Surplus			195,980
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 888,970

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2014
JUNE 30, 2016
(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	492,878		
Case Reserves	148,882		
Imprest Account			
IBNR Reserve	258,240		
Subtotal		\$ 900,000	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)		900,000	
<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>2,094,977</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			945,903
4. <u>Investment Income (Earned)</u>			<u>10,848</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			956,751
6. <u>Return of Surplus:</u>			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 956,751</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2015
JUNE 30, 2016
 (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		457,771	
	Case Reserves		86,378	
	Imprest Account			
	IBNR Reserve		305,816	
	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>8,450</u>
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,140,052
6.	<u>Return of Surplus:</u>			
	Paid			
	Authorized and Unpaid			
	Subtotal Return of Surplus			
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>			<u>\$ 1,140,052</u>

Schedule C

MORRIS ESSEX INSURANCE GROUP
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2016
JUNE 30, 2016
(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	299,601		
Case Reserves	316,606		
Imprest Account			
IBNR Reserve	<u>333,793</u>		
Subtotal		\$ 950,000	
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal	<u></u>	<u></u>	
Limited Incurred Claims (claims-excess)		950,000	
<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>3,494</u>
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,076,342
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>\$ 1,076,342</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1985
JUNE 30, 2016
 (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)	\$ 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	679	29,705	30,384
Transfers	(6,370)	6,370	
Total Adjustments	<u>(5,691)</u>	<u>36,075</u>	<u>30,384</u>
5. Gross Operating Surplus	<u>106,580</u>	<u>1,308</u>	<u>107,888</u>
6. Return of Surplus	<u>106,570</u>	<u>600</u>	<u>107,170</u>
7. Net Current Surplus	<u>\$ 10</u>	<u>\$ 708</u>	<u>\$ 718</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 1986

JUNE 30, 2016

(Unaudited)

	<u>Coverages and Other Accounts</u>		
	<u>Worker's</u>	<u>General and</u>	
	<u>Compensation</u>	<u>Administrative</u>	<u>Total</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	2,391	52,351	54,742
Transfers			
Total Adjustments	<u>2,391</u>	<u>52,351</u>	<u>54,742</u>
5. Gross Operating Surplus	<u>222,283</u>	<u>13,923</u>	<u>236,206</u>
6. Return of Surplus	<u>222,261</u>	<u>10,443</u>	<u>232,704</u>
7. Net Current Surplus	<u>\$ 22</u>	<u>\$ 3,480</u>	<u>\$ 3,502</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1987
JUNE 30, 2016
 (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)	\$ 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	2	77,338	77,340
Transfers	33,246	(33,246)	
Total Adjustments	<u>33,248</u>	<u>44,092</u>	<u>77,340</u>
5. Gross Operating Surplus	<u>174,039</u>	<u>1,540</u>	<u>175,579</u>
6. Return of Surplus	<u>174,037</u>	<u>1,353</u>	<u>175,390</u>
7. Net Current Surplus	<u>\$ 2</u>	<u>\$ 187</u>	<u>\$ 189</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1988
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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>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	2	32,882	32,884
Transfers	(12,547)	12,547	
Total Adjustments	<u>(12,545)</u>	<u>45,429</u>	<u>32,884</u>
5. Gross Operating Surplus	<u>50,643</u>	<u>260</u>	<u>50,903</u>
6. Return of Surplus	<u>50,569</u>	<u>149</u>	<u>50,718</u>
7. Net Current Surplus	<u>\$ 74</u>	<u>\$ 111</u>	<u>\$ 185</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1989
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1990
JUNE 30, 2016
(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)	\$ 475,966		\$ 475,966
Supplemental Contributions	12,974		12,974
Other Income (except investments)			
Total Income	<u>488,940</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	2	67,922	67,924
Transfers	12,910	(12,910)	
Total Adjustments	<u>12,912</u>	<u>55,012</u>	<u>67,924</u>
5. Gross Operating Surplus	<u>56,307</u>	<u>1,702</u>	<u>58,009</u>
6. Return of Surplus	<u>56,305</u>	<u>1,509</u>	<u>57,814</u>
7. Net Current Surplus	<u>\$ 2</u>	<u>\$ 193</u>	<u>\$ 195</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1991
JUNE 30, 2016
 (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)	\$ 558,830		\$ 558,830
Supplemental Contributions	57,718		57,718
Other Income (except investments)			
Total Income	<u>616,548</u>	<u></u>	<u>616,548</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	505,124		505,124
Expenses	33,250	\$ 53,655	86,905
Total Liabilities	<u>538,374</u>	<u>53,655</u>	<u>592,029</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>78,174</u>	<u>(53,655)</u>	<u>24,519</u>
4. <u>Adjustments</u>			
Investment Income	8	63,606	63,614
Transfers	1,005	(1,005)	
Total Adjustments	<u>1,013</u>	<u>62,601</u>	<u>63,614</u>
5. Gross Operating Surplus	<u>79,187</u>	<u>8,946</u>	<u>88,133</u>
6. Return of Surplus	<u>79,179</u>	<u>8,416</u>	<u>87,595</u>
7. Net Current Surplus	<u>\$ 8</u>	<u>\$ 530</u>	<u>\$ 538</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1992
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		Total
	Worker's Compensation Insurance	General and Administrative	
1. <u>Underwriting Income</u>			
Regular Contributions (earned)	\$ 610,792		\$ 610,792
Supplemental Contributions	44,698		44,698
Other Income (except investments)			
Total Income	<u>655,490</u>	<u></u>	<u>655,490</u>
2. <u>Incurred Liabilities</u>			
Claims (limited incurred)	631,017		631,017
Expenses	31,225	\$ 50,930	82,155
Total Liabilities	<u>662,242</u>	<u>50,930</u>	<u>713,172</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>(6,752)</u>	<u>(50,930)</u>	<u>(57,682)</u>
4. <u>Adjustments</u>			
Investment Income	4	55,675	55,679
Transfers	2,638	(2,638)	
Total Adjustments	<u>2,642</u>	<u>53,037</u>	<u>55,679</u>
5. Gross Operating Surplus	<u>(4,110)</u>	<u>2,107</u>	<u>(2,003)</u>
6. Return of Surplus	<u>11,576</u>	<u>1,837</u>	<u>13,413</u>
7. Net Current Surplus	<u>\$ (15,686)</u>	<u>\$ 270</u>	<u>\$ (15,416)</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1993
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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	15	54,567	54,582
Transfers			
Total Adjustments	<u>15</u>	<u>54,567</u>	<u>54,582</u>
5. Gross Operating Surplus	<u>164,419</u>	<u>2,135</u>	<u>166,554</u>
6. Return of Surplus	<u>164,404</u>	<u>1,360</u>	<u>165,764</u>
7. Net Current Surplus	<u>\$ 15</u>	<u>\$ 775</u>	<u>\$ 790</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1994
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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	21	183,700	183,721
Transfers	103,244	(103,244)	
Total Adjustments	<u>103,265</u>	<u>80,456</u>	<u>183,721</u>
5. Gross Operating Surplus	<u>606,872</u>	<u>26,579</u>	<u>633,451</u>
6. Return of Surplus	<u>606,660</u>	<u>25,251</u>	<u>631,911</u>
7. Net Current Surplus	<u>\$ 212</u>	<u>\$ 1,328</u>	<u>\$ 1,540</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1995
JUNE 30, 2016
(Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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>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	33	294,418	294,451
Transfers	158,629	(158,629)	
Total Adjustments	<u>158,662</u>	<u>135,789</u>	<u>294,451</u>
5. Gross Operating Surplus	<u>790,877</u>	<u>45,602</u>	<u>836,479</u>
6. Return of Surplus	<u>790,700</u>	<u>43,323</u>	<u>834,023</u>
7. Net Current Surplus	<u>\$ 177</u>	<u>\$ 2,279</u>	<u>\$ 2,456</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1996
JUNE 30, 2016
 (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)	\$ 1,247,462		\$ 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	286	358,008	358,294
Transfers	210,855	(210,855)	
Total Adjustments	<u>211,141</u>	<u>147,153</u>	<u>358,294</u>
5. Gross Operating Surplus	<u>828,977</u>	<u>88,533</u>	<u>917,510</u>
6. Return of Surplus	<u>827,891</u>	<u>82,697</u>	<u>910,588</u>
7. Net Current Surplus	<u>\$ 1,086</u>	<u>\$ 5,836</u>	<u>\$ 6,922</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1997
JUNE 30, 2016
(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)	\$ 1,296,706		\$ 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	3,452	249,110	252,562
Transfers	35,547	(35,547)	
Total Adjustments	<u>38,999</u>	<u>213,563</u>	<u>252,562</u>
5. Gross Operating Surplus	<u>834,988</u>	<u>117,314</u>	<u>952,302</u>
6. Return of Surplus	<u>833,926</u>	<u>112,741</u>	<u>946,667</u>
7. Net Current Surplus	<u>\$ 1,062</u>	<u>\$ 4,573</u>	<u>\$ 5,635</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1998
JUNE 30, 2016
(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)	\$ 1,252,191		\$ 1,252,191
Supplemental Contributions	101,493		101,493
Other Income (except investments)			
Total Income	<u>1,353,684</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	350	313,994	314,344
Transfers	125,657	(125,657)	
Total Adjustments	<u>126,007</u>	<u>188,337</u>	<u>314,344</u>
5. Gross Operating Surplus	<u>755,355</u>	<u>83,574</u>	<u>838,929</u>
6. Return of Surplus	<u>755,005</u>	<u>57,554</u>	<u>812,559</u>
7. Net Current Surplus	<u>\$ 350</u>	<u>\$ 26,020</u>	<u>\$ 26,370</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 1999
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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	52,020	118,486	170,506
Transfers			
Total Adjustments	<u>52,020</u>	<u>118,486</u>	<u>170,506</u>
5. Gross Operating Surplus	<u>652,394</u>	<u>30,704</u>	<u>683,098</u>
6. Return of Surplus	<u>543,775</u>	<u>28,767</u>	<u>572,542</u>
7. Net Current Surplus	<u>\$ 108,619</u>	<u>\$ 1,937</u>	<u>\$ 110,556</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2000
JUNE 30, 2016
(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)	\$ 1,183,247		\$ 1,183,247
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,183,247</u>	<u></u>	<u>1,183,247</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>559,701</u>	<u>(106,906)</u>	<u>452,795</u>
4. <u>Adjustments</u>			
Investment Income	116	170,771	170,887
Transfers	30,315	(30,315)	
Total Adjustments	<u>30,431</u>	<u>140,456</u>	<u>170,887</u>
5. Gross Operating Surplus	<u>590,132</u>	<u>33,550</u>	<u>623,682</u>
6. Return of Surplus	<u>597,309</u>	<u>23,429</u>	<u>620,738</u>
7. Net Current Surplus	<u>\$ (7,177)</u>	<u>\$ 10,121</u>	<u>\$ 2,944</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2001
JUNE 30, 2016
(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)	\$ 1,175,003		\$ 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	425	169,078	169,503
Transfers	(84,459)	84,459	
Total Adjustments	<u>(84,034)</u>	<u>253,537</u>	<u>169,503</u>
5. Gross Operating Surplus	<u>727,385</u>	<u>58,482</u>	<u>785,867</u>
6. Return of Surplus	<u>725,834</u>	<u>27,990</u>	<u>753,824</u>
7. Net Current Surplus	<u>\$ 1,551</u>	<u>\$ 30,492</u>	<u>\$ 32,043</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2002
JUNE 30, 2016
(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)	\$ 1,210,637		\$ 1,210,637
Supplemental Contributions			
Other Income (except investments)			
Total Income	<u>1,210,637</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	717	95,162	95,879
Transfers	(84,444)	84,444	
Total Adjustments	<u>(83,727)</u>	<u>179,606</u>	<u>95,879</u>
5. Gross Operating Surplus	<u>423,917</u>	<u>47,360</u>	<u>471,277</u>
6. Return of Surplus	<u>417,220</u>		<u>417,220</u>
7. Net Current Surplus	<u>\$ 6,697</u>	<u>\$ 47,360</u>	<u>\$ 54,057</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2003
JUNE 30, 2016
(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)	\$ 1,301,636		\$ 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)	608,417		608,417
Expenses	144,910	\$ 137,155	282,065
Total Liabilities	<u>753,327</u>	<u>137,155</u>	<u>890,482</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>548,309</u>	<u>(137,155)</u>	<u>411,154</u>
4. <u>Adjustments</u>			
Investment Income	498	94,044	94,542
Transfers	(104,090)	104,090	
Total Adjustments	<u>(103,592)</u>	<u>198,134</u>	<u>94,542</u>
5. Gross Operating Surplus	<u>444,717</u>	<u>60,979</u>	<u>505,696</u>
6. Return of Surplus	<u>382,354</u>	<u>29,216</u>	<u>411,570</u>
7. Net Current Surplus	<u>\$ 62,363</u>	<u>\$ 31,763</u>	<u>\$ 94,126</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2004
JUNE 30, 2016
(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)	\$ 1,417,951		\$ 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)	1,006,406		1,006,406
Expenses	172,021	\$ 143,137	315,158
Total Liabilities	<u>1,178,427</u>	<u>143,137</u>	<u>1,321,564</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>266,255</u>	<u>(143,137)</u>	<u>123,118</u>
4. <u>Adjustments</u>			
Investment Income	226	73,167	73,393
Transfers	(108,060)	108,060	
Total Adjustments	<u>(107,834)</u>	<u>181,227</u>	<u>73,393</u>
5. Gross Operating Surplus	<u>158,421</u>	<u>38,090</u>	<u>196,511</u>
6. Return of Surplus	<u>148,450</u>	<u>12,840</u>	<u>161,290</u>
7. Net Current Surplus	<u>\$ 9,971</u>	<u>\$ 25,250</u>	<u>\$ 35,221</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2005
JUNE 30, 2016
 (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	695	38,230	38,925
Transfers			
Total Adjustments	<u>695</u>	<u>38,230</u>	<u>38,925</u>
5. Gross Operating Surplus	<u>155,559</u>	<u>9,194</u>	<u>164,753</u>
6. Return of Surplus	<u>104,563</u>	<u>2,316</u>	<u>106,879</u>
7. Net Current Surplus	<u>\$ 50,996</u>	<u>\$ 6,878</u>	<u>\$ 57,874</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2006
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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	1,614	170,230	171,844
Transfers			
Total Adjustments	<u>1,614</u>	<u>170,230</u>	<u>171,844</u>
5. Gross Operating Surplus	<u>685,091</u>	<u>355,528</u>	<u>1,040,619</u>
6. Return of Surplus	<u>719,161</u>	<u>167,735</u>	<u>886,896</u>
7. Net Current Surplus	<u>\$ (34,070)</u>	<u>\$ 187,793</u>	<u>\$ 153,723</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2007
JUNE 30, 2016
(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)	875,001		875,001
Expenses	176,724	171,249	347,973
Total Liabilities	<u>1,051,725</u>	<u>171,249</u>	<u>1,222,974</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>510,593</u>	<u>219,331</u>	<u>729,924</u>
4. <u>Adjustments</u>			
Investment Income	1,859	106,815	108,674
Transfers			
Total Adjustments	<u>1,859</u>	<u>106,815</u>	<u>108,674</u>
5. Gross Operating Surplus	<u>512,452</u>	<u>326,146</u>	<u>838,598</u>
6. Return of Surplus	<u>512,894</u>	<u>150,558</u>	<u>663,452</u>
7. Net Current Surplus	<u>\$ (442)</u>	<u>\$ 175,588</u>	<u>\$ 175,146</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2008
JUNE 30, 2016
 (Unaudited)

	Coverages and Other Accounts		
	Worker's Compensation Insurance	General and Administrative	Total
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)	955,205		955,205
Expenses	209,826	172,923	382,749
Total Liabilities	<u>1,165,031</u>	<u>172,923</u>	<u>1,337,954</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>440,670</u>	<u>221,002</u>	<u>661,672</u>
4. <u>Adjustments</u>			
Investment Income	7,318	36,795	44,113
Transfers	29,722	(29,722)	
Total Adjustments	<u>37,040</u>	<u>7,073</u>	<u>44,113</u>
5. Gross Operating Surplus	<u>477,710</u>	<u>228,075</u>	<u>705,785</u>
6. Return of Surplus	<u>131,176</u>	<u>199,394</u>	<u>330,570</u>
7. Net Current Surplus	<u>\$ 346,534</u>	<u>\$ 28,681</u>	<u>\$ 375,215</u>

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MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2009
JUNE 30, 2016
(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)	1,226,180			1,226,180
Expenses	153,381	481,322	200,880	835,583
Total Liabilities	<u>1,379,561</u>	<u>481,322</u>	<u>200,880</u>	<u>2,061,763</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>247,746</u>	<u>24,066</u>	<u>314,585</u>	<u>586,397</u>
4. <u>Adjustments</u>				
Investment Income	9,001	586	10,576	20,163
Transfers	24,066	(24,066)		
Total Adjustments	<u>33,067</u>	<u>(23,480)</u>	<u>10,576</u>	<u>20,163</u>
5. Gross Operating Surplus	<u>280,813</u>	<u>586</u>	<u>325,161</u>	<u>606,560</u>
6. Return of Surplus	<u>208,957</u>		<u>134,776</u>	<u>343,733</u>
7. Net Current Surplus	<u>\$ 71,856</u>	<u>\$ 586</u>	<u>\$ 190,385</u>	<u>\$ 262,827</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2010
JUNE 30, 2016
(Unaudited)

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
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)	1,137,086			1,137,086
Expenses	196,592	493,343	320,763	1,010,698
Total Liabilities	<u>1,333,678</u>	<u>493,343</u>	<u>320,763</u>	<u>2,147,784</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>504,011</u>	<u>27,817</u>	<u>118,106</u>	<u>649,934</u>
4. <u>Adjustments</u>				
Investment Income	1,884	534	19,104	21,522
Transfers	27,817	(27,817)		
Total Adjustments	<u>29,701</u>	<u>(27,283)</u>	<u>19,104</u>	<u>21,522</u>
5. Gross Operating Surplus	<u>533,712</u>	<u>534</u>	<u>137,210</u>	<u>671,456</u>
6. Return of Surplus	<u>426,065</u>			<u>426,065</u>
7. Net Current Surplus	<u>\$ 107,647</u>	<u>\$ 534</u>	<u>\$ 137,210</u>	<u>\$ 245,391</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2011
JUNE 30, 2016
(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)	774,682			774,682
Expenses	223,492	512,820	325,531	1,061,843
Total Liabilities	<u>998,174</u>	<u>512,820</u>	<u>325,531</u>	<u>1,836,525</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>866,969</u>	<u>25,643</u>	<u>147,469</u>	<u>1,040,081</u>
4. <u>Adjustments</u>				
Investment Income	3,630	1,048	14,762	19,440
Transfers	25,643	(25,643)		
Total Adjustments	<u>29,273</u>	<u>(24,595)</u>	<u>14,762</u>	<u>19,440</u>
5. Gross Operating Surplus	<u>896,242</u>	<u>1,048</u>	<u>162,231</u>	<u>1,059,521</u>
6. Return of Surplus	<u>406,083</u>			<u>406,083</u>
7. Net Current Surplus	<u>\$ 490,159</u>	<u>\$ 1,048</u>	<u>\$ 162,231</u>	<u>\$ 653,438</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2012
JUNE 30, 2016
(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)	775,225			775,225
Expenses	229,115	524,799	328,194	1,082,108
Total Liabilities	<u>1,004,340</u>	<u>524,799</u>	<u>328,194</u>	<u>1,857,333</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>1,157,427</u>	<u>(166,306)</u>	<u>(25,669)</u>	<u>965,452</u>
4. <u>Adjustments</u>				
Investment Income	5,416	898	8,563	14,877
Transfers	(190,140)	166,799	23,341	
Total Adjustments	<u>(184,724)</u>	<u>167,697</u>	<u>31,904</u>	<u>14,877</u>
5. Gross Operating Surplus	<u>972,703</u>	<u>1,391</u>	<u>6,235</u>	<u>980,329</u>
6. Return of Surplus	<u>315,837</u>			<u>315,837</u>
7. Net Current Surplus	<u>\$ 656,866</u>	<u>\$ 1,391</u>	<u>\$ 6,235</u>	<u>\$ 664,492</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2013
JUNE 30, 2016
(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)	800,000			800,000
Expenses	232,584	559,991	336,493	1,129,068
Total Liabilities	<u>1,032,584</u>	<u>559,991</u>	<u>336,493</u>	<u>1,929,068</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>1,076,796</u>	<u>28,619</u>	<u>(34,800)</u>	<u>1,070,615</u>
4. <u>Adjustments</u>				
Investment Income	6,545	1,826	5,964	14,335
Transfers	(229,740)	200,904	28,836	
Total Adjustments	<u>(223,195)</u>	<u>202,730</u>	<u>34,800</u>	<u>14,335</u>
5. Gross Operating Surplus	<u>853,601</u>	<u>231,349</u>		<u>1,084,950</u>
6. Return of Surplus	<u>195,980</u>			<u>195,980</u>
7. Net Current Surplus	<u>\$ 657,621</u>	<u>\$ 231,349</u>	<u>\$ -0-</u>	<u>\$ 888,970</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2014
JUNE 30, 2016
 (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)	900,000			900,000
Expenses	233,550	596,659	364,768	1,194,977
Total Liabilities	<u>1,133,550</u>	<u>596,659</u>	<u>364,768</u>	<u>2,094,977</u>
3. <u>Underwriting Surplus/(Deficit)</u>	<u>979,146</u>	<u>29,832</u>	<u>(63,075)</u>	<u>945,903</u>
4. <u>Adjustments</u>				
Investment Income	8,106	1,851	891	10,848
Transfers	(30,501)	(31,683)	62,184	
Total Adjustments	<u>(22,395)</u>	<u>(29,832)</u>	<u>63,075</u>	<u>10,848</u>
5. Gross Operating Surplus	<u>956,751</u>			<u>956,751</u>
6. Return of Surplus				
7. Net Current Surplus	<u>\$ 956,751</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 956,751</u>

Schedule D

MORRIS ESSEX INSURANCE GROUP
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2015
JUNE 30, 2016
(Unaudited)

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
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	5,721	1,859	870	8,450
Transfers	(10,910)	(32,327)	43,237	
Total Adjustments	<u>(5,189)</u>	<u>(30,468)</u>	<u>44,107</u>	<u>8,450</u>
5. Gross Operating Surplus	<u>1,140,052</u>			<u>1,140,052</u>
6. Return of Surplus				
7. Net Current Surplus	<u>\$ 1,140,052</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,140,052</u>

Schedule D

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

	Coverages and Other Accounts			
	Worker's Compensation Insurance	Liability	General and Administrative	Total
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	2,416	751	327	3,494
Transfers	(22,420)	1,859	20,561	
Total Adjustments	<u>(20,004)</u>	<u>2,610</u>	<u>20,888</u>	<u>3,494</u>
5. Gross Operating Surplus	<u>1,076,342</u>			<u>1,076,342</u>
6. Return of Surplus				
7. Net Current Surplus	<u>\$ 1,076,342</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,076,342</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1985
JUNE 30, 2016
(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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1986
JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 368,078
Case Reserves	245,615
Imprest Account	
IBNR Reserve	
Subtotal	<u>613,693</u>
Excess Insurance	
Received	140,463
Receivable	24,126
Recoverable	245,615
Subtotal	<u>410,204</u>
Incurred Claims	<u>203,489</u>
Number of Claims	252
Cost/Claim	<u>\$ 807</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1987
JUNE 30, 2016
 (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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1988
JUNE 30, 2016
 (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	<u>251,743</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>251,743</u>
Number of Claims	204
Cost/Claim	<u>\$ 1,234</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1989
JUNE 30, 2016
 (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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1990
JUNE 30, 2016
 (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
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 409,145
Number of Claims	286
Cost/Claim	<hr/> \$ 1,431

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1991
JUNE 30, 2016
(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	<u>505,124</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>505,124</u>
Number of Claims	252
Cost/Claim	<u>\$ 2,004</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1992
JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 615,267
Case Reserves	15,750
Imprest Account	
IBNR Reserve	
Subtotal	<u>631,017</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>631,017</u>
Number of Claims	253
Cost/Claim	<u>\$ 2,494</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1993
JUNE 30, 2016
(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	<u>691,278</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>691,278</u>
Number of Claims	281
Cost/Claim	<u>\$ 2,460</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1994
JUNE 30, 2016
(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 <hr/>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 421,547 <hr/>
Number of Claims	288
Cost/Claim	\$ 1,464 <hr/> <hr/>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1995
JUNE 30, 2016
 (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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1996
JUNE 30, 2016
(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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1997
JUNE 30, 2016
(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 <hr/>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<hr/> <hr/>
Incurred Claims	<hr/> 461,496 <hr/>
Number of Claims	269
Cost/Claim	<hr/> \$ 1,716 <hr/>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1998
JUNE 30, 2016
(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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 1999
JUNE 30, 2016
(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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2000
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 540,914
Case Reserves	33,108
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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2001
JUNE 30, 2016
 (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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2002
JUNE 30, 2016
 (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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2003
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 605,917
Case Reserves	
Imprest Account	
IBNR Reserve	2,500
Subtotal	<u>608,417</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>608,417</u>
Number of Claims	264
Cost/Claim	<u>\$ 2,305</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2004
JUNE 30, 2016
(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	2,500
Subtotal	<u>1,006,406</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>1,006,406</u>
Number of Claims	237
Cost/Claim	<u>\$ 4,246</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2005
JUNE 30, 2016
(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>
Incurred Claims	<u>1,095,136</u>
Number of Claims	272
Cost/Claim	<u>\$ 4,026</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2006
JUNE 30, 2016
(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>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2007
JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 804,517
Case Reserves	47,708
Imprest Account	
IBNR Reserve	22,776
Subtotal	<u>875,001</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>875,001</u>
Number of Claims	238
Cost/Claim	<u>\$ 3,676</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2008
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 952,705
Case Reserves	
Imprest Account	
IBNR Reserve	2,500
Subtotal	<u>955,205</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>955,205</u>
Number of Claims	261
Cost/Claim	<u>\$ 3,660</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2009
JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 1,066,331
Case Reserves	114,211
Imprest Account	
IBNR Reserve	45,638
Subtotal	<u>1,226,180</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>1,226,180</u>
Number of Claims	276
Cost/Claim	<u>\$ 4,443</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2010
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 979,769
Case Reserves	47,820
Imprest Account	
IBNR Reserve	109,497
Subtotal	<u>1,137,086</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>1,137,086</u>
Number of Claims	256
Cost/Claim	<u>\$ 4,442</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2011
JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 631,172
Case Reserves	31,769
Imprest Account	
IBNR Reserve	111,741
Subtotal	<u>774,682</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>774,682</u>
Number of Claims	258
Cost/Claim	<u>\$ 3,003</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2012
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 540,141
Case Reserves	46,183
Imprest Account	
IBNR Reserve	188,901
Subtotal	<u>775,225</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>775,225</u>
Number of Claims	229
Cost/Claim	<u>\$ 3,385</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2013
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 525,715
Case Reserves	56,416
Imprest Account	
IBNR Reserve	217,869
Subtotal	<u>800,000</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>800,000</u>
Number of Claims	234
Cost/Claim	<u>\$ 3,419</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2014
JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 492,878
Case Reserves	148,882
Imprest Account	
IBNR Reserve	258,240
Subtotal	<u>900,000</u>
Excess Insurance	
Received	
Receivable	
Recoverable	
Subtotal	<u> </u>
Incurred Claims	<u>900,000</u>
Number of Claims	212
Cost/Claim	<u>\$ 4,245</u>

Schedule E

MORRIS ESSEX INSURANCE GROUP
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2015
JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 457,771
Case Reserves	86,378
Imprest Account	
IBNR Reserve	305,816
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>

Schedule E

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

	<u>Coverage</u> <u>Worker's</u> <u>Compensation</u> <u>Insurance</u>
Paid Claims	\$ 299,601
Case Reserves	316,606
Imprest Account	
IBNR Reserve	333,793
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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1985JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1986JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1987JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1988JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1989JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1990JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1991JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1992JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1993JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1994JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1995JUNE 30, 2016

(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.

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1996JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1997JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1998JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 1999JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2000JUNE 30, 2016

(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	44,524		44,524
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	106,906		106,906
Total Expenses = 1+2	\$ 151,430	\$ -0-	\$ 151,430

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2001JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2002JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2003JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2004JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2005JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2006JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2007JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2008JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2009JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2010JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2011JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUP
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2012
JUNE 30, 2016
(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2013JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2014JUNE 30, 2016

(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>

Schedule F

MORRIS ESSEX INSURANCE GROUPFUND YEAR EXPENSE ANALYSISFUND YEAR - 2015JUNE 30, 2016

(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>

Schedule F

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

(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	179,167	\$ 20,184	199,351
Executive Director	55,407		55,407
Treasurer	15,468		15,468
Other (itemize)			
Audit		28,800	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>314,101</u>	<u>55,784</u>	<u>369,885</u>
Total Expenses = 1+2	<u>\$ 1,279,757</u>	<u>\$ 55,784</u>	<u>\$ 1,335,541</u>

MORRIS ESSEX INSURANCE GROUP
PROGRAM SUMMARY
FUND YEAR - 2016
JUNE 30, 2016
 (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>		
Specific	\$500,000	
Aggregate	\$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>	18	\$50,000,000 Fireman's Fund CAP Policy
5. <u>Incurred Liabilities</u>	\$1,224,886	\$690,770
6. <u>Exposure Units</u>	\$274,885,812	\$71,225,546
(Population)	Payroll	Payroll
7. <u>Liabilities/Unit</u>	\$0.0045	\$0.0097

MORRIS ESSEX INSURANCE GROUP
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF CASH AND INVESTMENTS
JUNE 30, 2016
 (Unaudited)

<u>Bank</u>	<u>Account or Investment Number</u>	<u>Amount</u>
TD Bank	786-9292651	\$ 3,567,758
TD Bank	786-9292669	475,915
Valley National Bank	41235266	6,076,028
NJ Cash Management Fund	117-105465-171	<u>70,345</u>
		10,190,046
Add: Deposits in Transit		156
Less: Outstanding Checks		<u>(491,194)</u>
		<u><u>\$ 9,699,008</u></u>

ANALYSIS OF EXCESS INSURANCE RECEIVABLE
JUNE 30, 2016
 (Unaudited)

Due from Reinsurer	<u><u>\$ 24,126</u></u>
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MORRIS ESSEX INSURANCE GROUP
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF ASSESSMENTS RECEIVABLE
JUNE 30, 2016
 (Unaudited)

Hanover Township School District	\$ 13,984
Morris County Educational Services Commission	3,446
	<hr/>
	\$ 17,430
	<hr/> <hr/>

ANALYSIS OF EXPENSES PAYABLE
JUNE 30, 2016
 (Unaudited)

<u>General and Administrative Fund:</u>	
Accounting and Auditing Services	\$ 88,800
Actuarial Services	6,800
Claims Administrative Services	20,184
	<hr/>
	\$ 115,784
	<hr/> <hr/>

MORRIS ESSEX INSURANCE GROUP
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF MISCELLANEOUS LIABILITIES
JUNE 30, 2016
(Unaudited)

Borough of Mount Arlington School District

\$ 6

**REPORT PURSUANT TO GOVERNMENT
AUDITING STANDARDS**



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated October 7, 2016.

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.

Board of Trustees
Morris Essex Insurance Group
Page 2

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
October 7, 2016

Nirivava LLP

STATISTICAL SECTION

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

	June 30,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Business-Type Activities										
Unrestricted	<u>\$ 2,197,475</u>	<u>\$ 2,452,512</u>	<u>\$ 2,401,075</u>	<u>\$ 2,481,257</u>	<u>\$ 3,049,206</u>	<u>\$ 3,847,069</u>	<u>\$ 4,348,089</u>	<u>\$ 5,409,944</u>	<u>\$ 6,102,625</u>	<u>\$ 7,012,792</u>
Total Business-Type Activities Net Position	<u>\$ 2,197,475</u>	<u>\$ 2,452,512</u>	<u>\$ 2,401,075</u>	<u>\$ 2,481,257</u>	<u>\$ 3,049,206</u>	<u>\$ 3,847,069</u>	<u>\$ 4,348,089</u>	<u>\$ 5,409,944</u>	<u>\$ 6,102,625</u>	<u>\$ 7,012,792</u>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue:										
Assessments from Participating School Districts	\$ 1,952,898	\$ 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
Supplemental Assessments from Participating School Districts		30,003	156,148	82,217						
Investment Income	288,777	257,169	74,793	41,500	49,578	23,279	20,221	18,643	26,041	34,957
Total Revenue	2,241,675	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
Expenses:										
Provision for Claims and Claim Adjustment Expenses	783,123	1,176,500	1,392,229	1,148,833	702,345	451,649	753,339	89,002	550,406	345,273
Insurance Premiums	176,724	209,826	634,703	689,935	736,312	753,914	792,575	830,209	906,797	965,656
Professional Fees	57,911	53,550	87,403	130,956	140,179	143,593	149,763	168,182	164,460	158,393
Administrative Expenses	59,286	54,678	53,926	8,534	13,618	9,646	10,267	10,662	4,047	12,141
Claims Administration	63,932	58,877	61,232	173,682	173,487	174,955	169,863	192,524	185,322	199,351
Total Expenses	1,140,976	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
Excess of Revenue over Expenses	1,100,699	703,364	578,772	687,278	1,160,243	1,311,814	1,159,614	1,795,675	1,457,202	1,712,532
Member Dividends	442,208	448,327	630,209	607,096	592,294	513,951	658,594	733,820	764,521	802,365
Change in Net Position	\$ 658,491	\$ 255,037	\$ (51,437)	\$ 80,182	\$ 567,949	\$ 797,863	\$ 501,020	\$ 1,061,855	\$ 692,681	\$ 910,167

Source - Insurance Pool Financial Records.

MORRIS ESSEX INSURANCE GROUP
MEMBER GROWTH ANALYSIS - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016
(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Number of Members	20	19	19	19	19	18	18	18	18	18
Total Assessments	\$ 1,952,898	\$ 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
Total Number of Claims	238	261	276	256	258	229	234	212	171	179
Total Reported Losses	\$ 852,225	\$ 952,705	\$ 1,180,542	\$ 1,027,589	\$ 662,941	\$ 586,324	\$ 582,131	\$ 641,760	\$ 544,149	\$ 616,207

Source - Insurance Pool Records

MORRIS ESSEX INSURANCE GROUP
REPORTED LOSS HISTORY - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016
(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.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Workers' Compensation	<u>\$ 852,225</u>	<u>\$ 952,705</u>	<u>\$ 1,180,542</u>	<u>\$ 1,027,589</u>	<u>\$ 662,941</u>	<u>\$ 586,324</u>	<u>\$ 582,131</u>	<u>\$ 641,760</u>	<u>\$ 544,149</u>	<u>\$ 616,207</u>
Total	<u>\$ 852,225</u>	<u>\$ 952,705</u>	<u>\$ 1,180,542</u>	<u>\$ 1,027,589</u>	<u>\$ 662,941</u>	<u>\$ 586,324</u>	<u>\$ 582,131</u>	<u>\$ 641,760</u>	<u>\$ 544,149</u>	<u>\$ 616,207</u>
Total number of claims	<u>238</u>	<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>
Average cost per claim	<u>\$ 3,581</u>	<u>\$ 3,650</u>	<u>\$ 4,277</u>	<u>\$ 4,014</u>	<u>\$ 2,570</u>	<u>\$ 2,560</u>	<u>\$ 2,488</u>	<u>\$ 3,027</u>	<u>\$ 3,182</u>	<u>\$ 3,442</u>

Source - Joint Insurance Fund- Third Party Claims Administrator

MORRIS ESSEX INSURANCE GROUP
REPORTED CLAIM ACTIVITY - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016
(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Workers' Compensation	<u>238</u>	<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>
Total	<u>238</u>	<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>
Claims Settled in Full	237	261	274	254	255	227	229	204	164	139
Claims Pending	<u>1</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>5</u>	<u>8</u>	<u>7</u>	<u>40</u>
Total	<u>238</u>	<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>

Source - Loss Year Summary Report Inservco Incorporated