

RESOLUTION NO. 2-19

Camden County Insurance Commission
(hereinafter the "Insurance Commission")

BE IT RESOLVED by the Insurance Commission's governing body that effective 1/1/19 the 2019 Plan of Risk Management shall be:

- 1.) The perils or liability to be insured against.
 - a.) The Insurance Commission insures the following perils or liability:
 - Workers' Compensation including Employer's Liability, USL&H and Harbor Marine/Jones Act.
 - General Liability including Law Enforcement Liability and Employee Benefits Liability.
 - Automobile Liability including PIP and Uninsured/Underinsured Motorists Coverage.
 - Property, Auto Physical Damage and Boiler & Machinery.
 - b.) The following coverage are provided to the Insurance Commission's member entities by their membership in the New Jersey Counties Excess Joint Insurance Fund (NJCF).
 - Excess Workers' Compensation including Employers Liability
 - Excess General Liability including law enforcement liability
 - Excess Auto Liability
 - Excess Property including Boiler and Machinery
 - Public Officials Liability/School Board Legal/EPL
 - Crime
 - Pollution Liability
 - Medical Professional and General Liability
 - Excess Medical Professional and General Liability
 - Employed Lawyers Liability

- Cyber Liability
- Non-Owned Aircraft Liability

2.) The limits of coverage.

a.) Workers' Compensation limits.

- The Insurance Commission covers \$300,000 per occurrence including:
 - Employer's Liability - \$300,000 per occurrence.
 - USL&H – \$300,000 per occurrence.
 - Harbor Marine/Jones Act - \$300,000 per occurrence.

Camden County Department of Police Services (CCPD) was added for coverage effective 4/8/13. Except for CCPD, CCC, CCMUA and CCHSC. The Insurance Commission covers \$1,000,000 per occurrence for CCPD. CCMUA and CCHSC retain their first \$800,000. CCC does not currently purchase workers compensation insurance from the Commission. Also, Camden County has a \$5,000 per occurrence entity deductible.

- The NJC covers excess workers compensation claims to the following limits, *except for CCPD, CCC, CCMUA and CCHSC. CCMUA and CCHSC retain their first \$800,000. CCC and CCPD do not currently purchase workers compensation insurance from the NJC.*
 - Workers' Compensation – statutory excess of the Insurance Commission's \$500,000.
 - Employer's Liability - at a sub-limit of \$25,200,000 excess of the Insurance Commission's \$500,000.
 - USL&H – \$250,000 less NJ State benefits excess of the Insurance Commission's SIR of \$300,000.
 - Harbor Marine/Jones Act - \$250,000 less NJ State benefits excess of the Insurance Commission's SIR of \$300,000.

NJC retains limits of \$500,000 excess \$300,000 for Workers Compensation and Employers Liability. NJC purchases from Underwriters at Lloyds \$200,000 excess \$800,000 each occurrence/employee and purchases from Safety National Casualty Company 'Statutory' Workers Compensation limits excess of \$1,000,000 and \$5,000,000 excess of \$1,000,000 for Employers Liability. Additional Employers Liability limits of \$15,000,000 excess of \$6,000,000 are purchased from Underwriters at Lloyds, \$5,000,000 per occurrence/\$5,000,000 aggregate excess \$21,000,000 from Argonaut.

Note: CCPD purchases excess workers compensation at limits of \$1,000,000 excess \$1,000,000 each occurrence from Underwriters at Lloyds and excess workers compensation at statutory limits excess of \$2,000,000 from Midlands. CCPD also purchases excess employers liability at limits of \$1,000,000 excess \$1,000,000 each occurrence from Underwriters at Lloyds and excess employers liability at limits of \$2,000,000 each employee/\$2,000,000 aggregate excess of \$2,000,000 from Midlands. CCPD also purchases from Hallmark and QBE limits of \$15,000,000 per occurrence/\$15,000,000 aggregate excess of \$4,000,000 for employers liability

b.) General Liability limits.

- The Insurance Commission covers \$250,000 per occurrence. *Camden County has a \$5,000 per occurrence entity deductible.*
 - Law Enforcement - included in the General Liability limits.
 - Employee Benefits Liability - included in the General Liability limits.
 - Subsidence - \$250,000 per occurrence
 - Sexual Abuse or Molestation Coverage - \$250,000 per occurrence except for schools.
 - Owned Watercraft 35' in length or less - \$250,000.
 - Garagekeepers Legal Liability - \$250,000

Camden County Department of Police Services (CCPD) was added for coverage effective 4/8/13. The Insurance Commission covers \$1,000,000 per occurrence for CCPD.

- The NJC covers excess liability claims as follows *except for CCPD who does not currently purchase excess liability insurance from the NJC*:
 - General Liability - \$20,250,000 excess the Insurance Commission's \$250,000. The \$15,000,000 excess \$500,000 commercial excess layer is subject to a \$20,000,000 per member insurance commission 12 month aggregate limit. The \$5,000,000 excess \$15,500,000 commercial excess layer is subject to a \$5,000,000 annual aggregate limit.
 - Law Enforcement - included in the NJC's excess General Liability limits.
 - Employee Benefits Liability - included in the NJC's excess General Liability limits.
 - Subsidence - \$250,000 per occurrence excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Insurance Commission's retention.
 - Sexual Abuse or Molestation Coverage - \$250,000 excess of the Insurance Commission's \$250,000 except for schools. NJC retains 100% of the limit excess of the Insurance Commission's retention.
 - Owned Watercraft 35' in length or less - \$250,000 excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Insurance Commission's retention.
 - Garagekeepers Legal Liability - \$250,000 excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Insurance Commission's retention.

NJC retains limits of \$250,000 excess \$250,000 and purchases from Underwriters at Lloyds limits of \$15,000,000 per occurrence and a \$20,000,000 12 month aggregate excess over and above \$500,000. NJC also purchases from Argonaut limits of \$5,000,000 per occurrence and a \$5,000,000 annual aggregate excess over and above the \$15,000,000/\$20,000,000 with Underwriters at Lloyds.

Note: CCPD purchases excess law enforcement and general liability at limits of \$20,000,000 per occurrence and \$20,000,000 annual

aggregate excess \$1,000,000 each occurrence from QBE and Hallmark.

c.) Automobile Liability limits.

- The Insurance Commission covers automobile liability claims as follows:
 - Automobile Bodily Injury and Property Damage Liability claims at a combined single limit of \$250,000. *Camden County has a \$5,000 per occurrence entity deductible.*
 - The Insurance Commission covers \$250,000 for Personal Injury Protection (PIP).
 - The Insurance Commission covers \$15,000/\$30,000/\$5,000 for Underinsured/Uninsured Motorists Liability.

Camden County Department of Police Services (CCPD) was added for coverage effective 4/8/13. The Insurance Commission covers \$1,000,000 per occurrence for CCPD.

- The NJC covers excess automobile liability claims as follows *except for CCPD who does not currently purchase excess automobile liability insurance from the NJC.:*
 - Automobile Bodily Injury and Property Damage Liability claims excess of the Insurance Commission's \$250,000 CSL limit. Included in the NJC's excess General Liability limits as shown above.

NJC retains limits of \$250,000 excess \$250,000 and purchases from Underwriters at Lloyds limits of \$15,000,000 per occurrence over and above \$500,000. NJC also purchases from Argonaut limits of \$5,000,000 per occurrence over and above the \$15,000,000 with Underwriters at Lloyds. Please note, an aggregate limit does not apply to automobile liability coverage.

The NJC does not provide excess PIP OR Uninsured/Underinsured Motorist Coverage.

The PIP and Uninsured/Underinsured Motorist coverages shall follow the most current statutory guidelines provided by the State of New Jersey.

The excess general liability, auto liability, law enforcement liability and employers liability limits with Underwriters at Lloyds, Argonaut are per member Commission and are shared limits amongst CCIC member entities.

Notes:

- (1) CCPD purchases excess auto liability at limits of \$20,000,000 excess \$1,000,000 each occurrence and \$20,000,000 annual aggregate from Genesis and Hallmark.
- (2) The Underwriters at Lloyds amended the excess liability policy aviation/aircraft exclusion to make an exception for Unmanned Aerial Vehicle – a tethered blimp.

d.) Public Officials/School Board Legal/Employment Practices Liability

- The NJC via the commercial market covers public officials liability/school board legal liability/employment practices liability as follows:
 - \$10,000,000 each claim and in the annual aggregate on a claims made basis per member Insurance Commission (except for Camden County Health Services which has a \$1,000,000 each claim and in the annual aggregate sub-limit) subject to the retentions as outlined below:
 - Camden County - \$250,000 each POL & EPL (including the Camden Department of Police Services effective 4/8/13)
 - Camden County College-\$25,000 SBL & \$50,000 EPL
 - Camden County College Foundation -\$25,000 SBL & \$50,000 EPL
 - Camden County Board of Social Services - \$5,000 each POL & EPL
 - Camden County Municipal Utilities Authority - \$25,000 each POL & EPL
 - Camden County Health Services - \$25,000 each POL & EPL
 - Camden County Pollution Finance Authority - \$25,000 each POL & EPL
 - Camden County Improvement Authority - \$10,000 each POL & EPL

There is a sub-limit of \$1,000,000 each claim and in the annual aggregate excess of a member entity retention of \$100,000 for sexual abuse/molestation for schools only.

School Board Legal Liability applies to the member entity schools and Public Officials Liability applies to all other member entities.

NJC does not retain any risk as it is fully insured in the commercial market.

e.) Property/Equipment Breakdown

Property Limits/Sub-limits

The Insurance Commission covers \$100,000 per occurrence less applicable member entity per occurrence deductibles *except for CC, CCHSC and CCBOSS. These entities individually retain their first \$100,000.*

- The NJC provides excess property coverage of \$150,000 excess of the member Insurance Commission limit of \$100,000, and excess coverage via the commercial market with Zurich and excess property coverage with various insurers on a quota share basis with the following limits (*SHARED BY ALL NJC MEMBER COMMISSIONS AND THEIR MEMBER ENTITIES*) excess of the member retention and member entity per occurrence deductibles:

Property Per Occurrence Limits:

- A. \$110,000,000 Per Occurrence with Zurich
- B. \$150,000,000 Per Occurrence with various insurers
- C. \$260,000,000 per Occurrence Total Program Limit

Property Sub-Limits:

- Earthquake - \$200,000,000 (Annual Aggregate)
- Flood - \$100,000,000 (Annual Aggregate) Except;
 - Flood Inside Special Flood Hazard Area (SFHA) - \$25,000,000
- Asbestos Cleanup - \$50,000 per occurrence
- Valuable Paper And Records - \$10,000,000
- Accounts Receivable - \$10,000,000
- Demolition & Increased Cost of Construction - \$25,000,000
- Business Interruption -Included in \$110,000,000 blanket limit (Business Income On Revenue Producing Property Only)
- Extra Expense – \$10,000,000
- Transit- \$1,000,000 Per Conveyance/\$1,000,000 Per Occurrence

- Fine Arts - \$2,500,000 (Owned And Non Owned)
- Pollution And Contamination Cleanup (Limited) - \$250,000 (Annual Aggregate)
- Miscellaneous Unnamed Locations - \$10,000,000
- Builders' Risk - \$25,000,000 (the lesser of \$1,000,000 sublimit or 60 days for soft costs, subject to applicable deductible per cause of loss and 24 hour qualifying period)
- New Construction and Additions – \$25,000,000 per location (90 day reporting period)
- Service Interruption - \$10,000,000 Combined Time Element and Property Damage Including Overhead Transmission Lines within 1 mile of insured premises, 24 hour qualifying period)
- Ingress/Egress – 30 Day Period for property with a 5 mile radius but not to exceed a \$5,000,000 limit.
- Debris Removal - \$25,000,000
- Civil Government Authority – Lesser of \$5,000,000 or 30 day period, within 5 mile radius
- Leasehold Interest - \$15,000,000
- Loss Of Rents - \$15,000,000
- Professional Fees - \$1,250,000
- Extended Period of Liability – 365 Days
- Auto Physical Damage - \$15,000,000
- Underground Piping - \$5,000,000 (only if within 5 MILES of a pump station, process plant, metering pit, wells or similar operational locations which are owned, leased, used occupied or intended for use by the member entity). There is no underground piping coverage for the perils of Earthquake, Flood or Named Storm.
- EDP Equipment – Subject to a 24 hour qualifying period. No sub-limit for equipment. \$1,000,000 sublimit for data and software
- Outdoor Property - \$10,000,000
- Equipment Breakdown - \$100,000,000
 - Ammonia Contamination - \$5,000,000
 - Spoilage - \$5,000,000
 - Extended Period Of Indemnity - 365 Days

Note: There is an Excess Property Policy with various insurers on a quota share basis which extends the Per Occurrence Policy Limits by \$150,000,000 to a total of \$260,000,000. Coverage sub-limits on the Primary policy are excluded by the Excess Property policy, including Equipment Breakdown. The primary limit is \$110,000,000

- There is an Excess Flood/Earthquake policy placed with various insurers which provides:

- \$50,000,000 aggregate policy limit for Flood coverage excess of the aggregate policy limits provided by Zurich (\$25,000,000 for locations inside the 100-Year Flood Zone, \$50,000,000 for all other locations, as noted above); and
- \$100,000,000 aggregate policy limit for Earthquake coverage excess of the \$100,000,000 aggregate policy limit provided by Zurich (noted above).

Property Deductibles

- The standard member insurance commission retention is \$100,000 per occurrence less member entity per occurrence deductibles below. Also applies to time element, auto physical damage and flood (except as noted below).
 - Camden County - \$100,000 Property and Auto Physical Damage
 - Camden County College & Camden County College Foundation- \$25,000 Property and \$500 Auto Physical Damage
 - Camden County Board of Social Services - \$100,000 Property and Auto Physical Damage
 - Camden County Municipal Utilities Authority - \$25,000 Property “All Other Perils” except \$1,000 for Auto Physical Damage, \$5,000 for mobile equipment, \$5,000 for EDP (except for the perils of earthquake and flood as stated below) & \$5,000 for underground piping (except for the perils of earthquake and flood as stated below).
 - Camden County Health Services - \$100,000 Property and \$1,000 Auto Physical Damage
 - Camden County Pollution Control Finance Authority - \$5,000 Property and \$1,000 Auto Physical Damage
 - Camden County Improvement Authority - \$2,500
 - Camden County Department of Police Services - \$5,000 Property, Auto Physical Damage and Equipment
Breakdown Effective 4/8/13
- The Equipment Breakdown deductible is \$25,000 member entity deductible per occurrence.
- The Earthquake Member Insurance Commission retention is \$100,000 per occurrence less the per occurrence member entity deductibles and as respects to EDP for the CCMUA which has a \$25,000 deductible. However, if there is a loss from a single occurrence involving multiple entities, the maximum occurrence

deductible will be \$250,000. There is no coverage for underground piping for the peril of earthquake.

- The Flood Member Insurance Commission retention is \$100,000 per occurrence (combined property damage and time element) less member entity per occurrence deductibles and as respects to EDP for the CCMUA which has a \$25,000 deductible. However, if there is a loss from a single occurrence involving multiple entities, the maximum occurrence deductible will be \$250,000. There is no coverage for underground piping for the peril of flood.
- Flood loss for property within the Special Flood Hazard Area (SFHA) is subject to a deductible of \$500,000 each building for municipality buildings, and \$500,000 each building for building contents member entity deductible per occurrence; and \$250,000 for each building for loss of income or the National Flood Insurance Plan's (NFIP) maximum available limits for public entities, whichever is greater, regardless of whether National Flood Insurance program coverage is purchased or not. Losses shall also be adjusted subject to a \$250,000 per occurrence Insurance Commission deductible for pumping stations, pistol ranges, vehicles and mobile equipment less the applicable member entity deductible.
- "Named Storm as respects to covered property in Atlantic, Ocean, Monmouth and Burlington Counties located east of the Garden State Parkway and any covered property in Cape May County"
For Property Damage: subject to a deductible of 1% of the value, per the Schedule of Values on file with the company as of the date of loss, for those Buildings where the direct physical loss or damage occurred, per occurrence; For Time Element: 1% of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the occurrence by use of the facilities at the Location where the direct physical loss or damage occurred and all other Locations where Time Element loss ensues, per occurrence. The 1% Time Element deductible does not apply Extra Expense. Combined PD and TE deductible subject to a minimum deductible of \$250,000 per Location and a maximum deductible of \$1,000,000 per occurrence. The "Named Storm" deductible is a per member entity deductible.
- Note: The Camden County Insurance Commission provides coverage for the difference in deductible for "insured property" resulting from "insured perils" (per the terms and conditions of the Zurich policy through the NJC JIF), but only for what is not reimbursed by FEMA less the member entity deductible. The

Camden County Insurance Commission will not provide coverage for the difference in deductible for time element loss.

Named Storm is defined as any storm or weather disturbance that is named by the U.S. National Oceanic and Atmospheric Administration (NOAA) or the U.S. National Weather Service or the National Hurricane Center or any comparable worldwide equivalent.. Location is defined as a building(s) bounded on all sides by public streets, clear land space or open waterways, each not less than 50 feet wide, a site or tract of land occupied or available for occupancy with tangible property. If the Named Storm involves covered property within the Special Flood Hazard Area (SFHA) The Special Flood Hazard Area deductible above applies.

Special Flood Hazard Area (SFHA) - Is an area defined by FEMA or any foreign equivalent that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance flood is also referred to by FEMA as the base flood or 100-year EDGE-100-B (12/10) flood. SFHA's per FEMA include but are not limited to Zone A, Zone AO, Zone AH, Zones A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, and Zones V1-V30. If not defined by FEMA or any foreign equivalent, it is an area that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year.

- Underground piping \$100,000 per occurrence less the member entity deductibles as stated above.
- Golf Carts - \$25,000

NJC does not retain any risk as it is fully insured in the commercial market.

f.) Crime

The NJC via the commercial market provides crime coverage at the following limits and deductibles (the Insurance Commission retains no risk for Crime):

Limit per occurrence (all coverage parts):

- Camden County – \$4,000,000 (including the Camden County Department of Police Services)
- Camden County Health Services - \$1,000,000
- Camden County Municipal Utility Authority - \$1,000,000

- Camden County Board of Social Services - \$1,000,000
- Camden County College - \$1,000,000
- Camden County Pollution Control Finance Authority - \$1,000,000
- Camden County Improvement Authority – Not Covered

Deductible per occurrence (each coverage part):

- Camden County – \$50,000 (including the Camden County Department of Police Services)
- Camden County Health Services - \$15,000
- Camden County Municipal Utility Authority - \$10,000
- Camden County Board of Social Services - \$10,000
- Camden County College - \$10,000
- Camden County Pollution Control Finance Authority - \$10,000

NJC does not retain any risk as it is fully insured in the commercial market.

All policy aggregates limits are shared by all NJC member Commissions and their respective member entities.

g.) Pollution Liability

The NJC via the commercial market provides pollution liability coverage at the following limits and deductibles (the Insurance Commission retains no risk for Pollution Liability):

- Limit of Liability: \$10,000,000 per claim and \$25,000,000 annual aggregate
- Member Entity Deductible: \$25,000

NJC does not retain any risk as it is fully insured in the commercial market.

All policy aggregate limits are shared by the Camden County Insurance Commission, Gloucester County Insurance Commission, Union County, Burlington County Insurance Commission, Mercer County Insurance Commission, Cumberland County, Cumberland County Utilities Authority, Ocean County Mosquito Extermination Commission and Atlantic County Utilities Authority.

h.) Medical Professional General Liability/Excess Medical Professional

The NJC via the commercial market provides medical professional general liability/excess medical professional coverage at the following limits and Retentions (the Insurance Commission retains no risk for medical professional general liability):

- Limit per claim/annual aggregate: \$1,000,000/\$3,000,000
 - This primary aggregate limit is shared by each member entity of each NJC member Commission.
- Excess Limit annual aggregate: \$20,000,000/\$20,000,000
 - Excess Limit is a Shared limit with ACIC, BCIC, CCIC, CuCIC and GCIC.
- Member Entity Deductibles GL and PL:
 - Camden County Clinic – \$5,000
 - Camden County Health Services (Behavioral Operations and LTC Operation Divested Operation) – \$25,000 GL & \$50,000 PL
 - Camden County Municipal Utilities Authority – Not Applicable
 - Camden County Board of Social Services – Not Applicable
 - Camden County Allied College Nursing Program – \$5,000
 - Camden County Pollution Control Finance Authority – Not Applicable
 - Camden County Improvement Authority – Not applicable

NJC does not retain any risk as it is fully insured in the commercial market.

i.) Employed Lawyers Professional Liability

The NJC via the commercial market provides employed lawyers professional liability coverage at the following limits and deductibles (the Insurance Commission retains no risk for employed lawyer's professional liability):

- Limit per claim and annual aggregate:
\$5,000,000/\$10,000,000
- Member Entity Self Insured Retentions:
 - Camden County \$50,000

- Camden County College: \$25,000
- Camden County Municipal Utilities Authority: \$25,000
- Camden County Board of Social Services: \$25,000

j.) Cyber Liability – Network Privacy & Security Liability

The NJC via the commercial market provides on an optional basis network privacy & security liability coverage at the following limits and deductibles (the insurance commission retains no risk for network privacy & security liability coverage):

- Limits per claim and annual aggregate:
 - Cyber, Privacy and Security Liability: \$4,000,000
 - Regulatory Proceedings: \$4,000,000
 - Payment Card Loss: \$4,000,000
 - Cyber Incident Response Team: \$4,000,000
 - Business Interruption Loss & Extra Expense: \$4,000,000
 - Digital Data Recovery: \$4,000,000
 - Network Extortion: \$4,000,000
 - Contingent Business Interruption: \$1,000,000
 - Social Engineering: \$100,000
- Retention per member entity:
 - Cyber, Privacy and Security Liability: \$25,000
 - Regulatory Proceedings: \$25,000
 - Payment Card Loss: \$25,000
 - Cyber Incident Response Team: \$25,000
 - Cyber Incident Response Coach: \$0
 - Business Interruption Loss & Extra Expense: \$25,000/12 Hours
 - Digital Data Recovery: \$25,000
 - Network Extortion: \$25,000
 - Contingent Business Interruption: \$25,000/12 Hours
 - Cyber Crime: \$25,000
- Participating member entities are:
 - Camden County (includes CCBOSS and CCIA)
 - Camden County Municipal Utilities Authority
 - Pollution Control Financing Authority of Camden County
 - Camden County Health Services Center (tail risk only)

NJC does not retain any risk as it is fully insured in the commercial market.

All policy aggregates limits are shared by all NJC member Commissions and their respective member entities.

k.) Non-Owned Aircraft. The NJCE covers \$9,000,000 CSL for Bodily Injury and Property Damage Liability, and \$5,000 medical expense for each passenger.

NOTICE: The above description is a general overview of the coverage and limits provided by the Insurance Commission. The actual terms and conditions are defined in the individual policy documents and this Risk Management Plan. All issues and/or conflicts shall be decided upon by the individual policy documents.

3.) The amount of risk to be retained by the Insurance Commission (except as noted in section 2. Limits of coverage):

- a.) Workers' Compensation (all coverages) - \$300,000 CSL
- b.) General Liability (all coverages) - \$250,000 CSL
- c.) Law Enforcement Liability – Included in General Liability
- d.) Automobile Liability
 - Property Damage & Bodily Injury - \$250,000 CSL
 - Underinsured/Uninsured - \$15,000/\$30,000/\$5,000 CSL
 - Personal Injury Protection - \$250,000 CSL
- d.) Public Officials Liability/School Board Legal/Employment Practices Liability - None
- e.) Property/APD-\$100,000 per occurrence less member entity deductibles.
- f.) Crime – None
- g.) Pollution Liability – None
- h.) Medical Professional General Liability – None
- i.) Employed Lawyers Liability – None
- j.) Cyber Liability
- k.) Non Owned Aircraft - None

- 4.) The amount of unpaid claims to be established.
- a.) The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Insurance Commission expects the claims servicing company to set reserves at 85% accuracy. The Insurance Commission also establishes reserves recommended by the Insurance Commission's Actuary for claims that have been incurred but not yet reported so that the Insurance Commission has adequate reserves to pay all claims and allocated loss adjusted expense liability.
 - b.) Claims reserves are subject to regular review by the Insurance Commission's Executive Director/Administrator, Attorney, Board of Commissioners and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the Insurance Commission either directly or through the NJC JIF.
- 5.) The method of assessing contributions to be paid by each member of the Insurance Commission.
- a.) By November 15th of each year, the actuary computes the probable net cost for the upcoming Insurance Commission year by line of coverage and for each prior Insurance Commission year. The Actuary includes all budget items in these computations. The annual assessment of each participating member entity is its pro rata share of the probable net cost of the upcoming Insurance Commission year for each line of coverage as computed by the Actuary.
 - b.) The calculation of pro rata shares is based on each member's experience modified manual premium for that line of coverage. The Insurance Commission's Governing Body also adopts a capping formula which limits the increase of any member's assessment from the preceding year to the Insurance Commission wide average increase plus a percentage selected by the Governing Body. The total amount of each member's annual assessment is certified by majority vote of the Insurance Commission's Governing Body at least one (1) month prior to the beginning of the next fiscal year.
 - c.) The Treasurer deposits each member's assessment into the appropriate accounts, including the administrative account, and the claim or loss retention trust Insurance Commission account by Insurance Commission year for each type of coverage in which the member participates.

- d.) If a member entity becomes a member of the Insurance Commission or elects to participate in a line of coverage after the start of the Insurance Commission year, such participant's assessments and supplement assessments are reduced in proportion to that part of the year which had elapsed.
 - e.) The Insurance Commission's Governing Body may, by majority vote, levy upon the participating member entities additional assessments wherever needed or so ordered by the Commissioner of Insurance to supplement the Insurance Commission's claim, loss retention or administrative accounts to assure the payment of the Insurance Commission's obligations. All supplemental assessments are charged to the participating member entities by applicable Insurance Commission year, and shall be apportioned by the year's assessments for that line of coverage.
 - f.) Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Insurance Commission fail to assess funds required to meet its obligations, the Chairman, or in the event by his or her failure to do so, the custodian of the Insurance Commission's assets, shall notify the Commissioner of Banking and Insurance and the Director of Community Affairs. Past due assessments shall bear interest at the rate established annually by the Insurance Commission's Governing Body.
- 6.) Procedures governing loss adjustment and legal expenses.
- a.) The Insurance Commission engages a claims service company to handle all claims. The performance of the claims adjusters is monitored and periodically audited by the Executive Director's office, the Insurance Commission Attorney, the NJC's attorney's office, as well as the claims department of the NJC's five major excess insurers (i.e. Underwriters at Lloyds, Argonaut for excess liability; Underwriters at Lloyds and Safety National Casualty Company for workers' compensation). Every three years, the NJC's internal auditors may conduct an audit.
 - b.) Each member entity is provided with a claim reporting procedure and appropriate forms.
 - c.) In order to control workers' compensation medical costs, the Insurance Commission has engaged a managed care organization (MCO) component *through its contract with the claims service company* whose procedures are integrated into the Insurance Commission's claims process.

d.) To provide for quality defense and control costs, the Insurance Commission has established an approved defense attorney panel with firms which specialize in Title 59 matters. The performance of the defense attorneys is overseen by the Insurance Commission Attorney, as well as, the various firms which audit the claims adjusters.

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

The Insurance Commission does purchase commercial insurance for *CCPD*. For *CCPD*, the Insurance Commission purchases excess law enforcement, general liability and automobile liability from QBE, Genesis and Hallmark. The Insurance Commission also purchases excess workers compensation from Underwriters at Lloyds and Midlands.

The Insurance Commission purchases a commercial crime bond to provide coverage in the event of an employee theft loss caused by the Insurance Commission's TPA, Executive Director, and/or Treasurer. The bond is purchased from Selective Fire and Casualty Insurance Company.

8.) Reinsurance to be purchased.

The Insurance Commission does not purchase reinsurance.

9.) Procedures for the closure of Insurance Commission years, including the maintenance of all relevant accounting records.

a.) Not applicable at this time.

10.) Assumptions and Methodology used for the calculation of appropriate reserves requirements to be established and administered in accordance with sound actuarial principles.

a.) The general approach in estimating the loss reserves of the Insurance Commission is to project ultimate losses for each Insurance Commission year using paid and incurred loss data. Two traditional actuarial methodologies are used: the paid loss development method and the incurred loss development method. From the two different indications resulting from these methods the Insurance Commission Actuary chooses a "select" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or Insurance Commission funding requirement.

b.) The following is an overview of the two actuarial methods used to project the ultimate losses.

- Paid Loss Development Method - This method uses historical accident year paid loss patterns to project ultimate losses for each accident year. Because this method does not use case reserve data, estimates from it are not affected by changes in case reserving practices. However, the results of this method are sensitive to changes in the rate of which claims are settled and losses are paid, and may underestimate ultimate losses if provisions are not included for very large open claims.
- Case Incurred Loss Development Method - This method is similar to the paid loss development method except it uses historical case incurred loss patterns (paid plus case outstanding reserves) to estimate ultimate losses. Because the data used includes case reserve estimates, the results from this method may be affected by changes in case reserve adequacy.

11.) The maximum amount a certifying and approving officer may approve pursuant to N.J.A.C. 11:15-2.22.


- 10% of partial total not to exceed \$15,000 for workers compensation claims (Effective 12/11/14)
- \$7,500 for liability claims
- With the advance approval of the Insurance Commission Attorney or Executive Director, the certifying and approving officer may also pay hospital bills if waiting until after the next regularly scheduled Insurance Commission meeting would result in the loss of a discount on such bills. When the certifying and
- approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.

Adopted by the Governing Body this 24 day of January, 2019.

Camden County Insurance Commission

By: 

 Chairperson

Attest: 

 Secretary