

Charles Casagrande, Danskin Insurance Agency
 John Casagrande, Danskin Insurance Agency
 Chris Healy, Qual-Lynx
 Kathleen Tyler-Schohl, Qual-Lynx
 Ezio Altamura, GJEM-Otterstedt Agency
 Bud Jones, Nisivoccia
 Edward Cooney, Conner Strong & Buckelw
 Robyn Walcoff, PERMA
 Steve Sacco, PERMA
 Jason Thorpe, PERMA
 Nancy Ghani, PERMA
 Joeen Ciannella, PERMA

APPROVAL OF MINUTES: October 19, 2016 Open Session
MOTION TO APPROVE OCTOBER 19, 2016 OPEN MINUTES:

Moved: Commissioner Shives
 Second: Commissioner Cottman
 Vote: Unanimous

CORRESPONDENCE:
 NONE

SINE DIE MEETING ADJOURNED AND EXECUTIVE DIRECTOR ASKED TO RUN MEETING

ELECTION OF 2017 CHAIRMAN, SECRETARY, 5-MEMBER EXECUTIVE COMMITTEE AND 9 ALTERNATES:

THE 2017 PROPOSED SLATE WAS PRESENTED:

DAVID MATCHETT	Chairman	Burlco
BRIAN BIGLER	Secretary	NJUA
TOM NOLAN	Exec Committee	Monmouth
WILLIAM COTTMAN	Exec Committee	MEL
MADELINE COOK	Exec Committee	PHA
JOSEPH WOLK	Exec Committee	Camden
PAUL SHIVES	Exec Committee	Ocean
JOSEPH CATENARO	Alternate #1	Sub Essex
JAMES GILDEA	Alternate #2	Sub-Muni
RICHARD HIRSCH	Alternate #3	Atlantic
SCOTT CAREW	Alternate #4	PMM
ROBERT LANDOLFI	Alternate #5	Central
ROBERT LAW	Alternate #6	Trico
GREGORY FRANZ	Alternate #7	South Bergen
PAUL TOMASKO	Alternate #8	Bergen
JON RHEINHARDT	Alternate #9	Morris

Moved: Commissioner Hirsch
Second: Commissioner Shives
Vote: Unanimous

Hearing no other nominations

MOTION TO CLOSE NOMINATIONS AND CONFIRM ELECTIONS AS PRESENTED:

Moved: Commissioner Catenaro
Second: Commissioner Hirsch
Vote: 15 Ayes – 0 Nays

ATTORNEY ADMINISTERED OATH OF OFFICE TO OFFICERS, EXECUTIVE COMMITTEE AND ALTERNATES.

2017 REORGANIZATION

RESOLUTION 1-17 FUND PROFESSIONAL APPOINTMENT AND PROFESSIONAL SERVICE AGREEMENTS: The Board resolved to award professional service agreements in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. seq. for fund years 2015, 2016 and 2017. In October, the Board accepted a recommendation reflecting professional compensation for Fund Year 2017; annual amounts were reflected in Resolution 1-17.

Executive Director	PERMA Risk Management Services
Deputy Executive Director	Arthur J. Gallagher Risk Management Service
Actuary	The Actuarial Advantage
Attorney	Fred Semrau, Esq. - Dorsey & Semrau
Claims Agent	Christopher Botta, Esq. - CB Claims LLC
Treasurer	Charles Cuccia
Asset Manager	Wilmington Trust
Banking Services	Investors Bank
Auditor	Ferriaioli, Wielkocz, Cerulla & Cuva
Claims Data Consultant	Qual-Lynx

RESOLUTION 2-17 ESTABLISHING A FISCAL MANAGEMENT PLAN: Resolution submitted designating Official Depositories and approving a Cash Management Plan; authorizing Signatories on Administrative Accounts; and authorizing Signatories on Claim Accounts; establishing a rate of interest for delinquent assessments; and certifying Approval Officer for all Fund expenses. The Chairman, Secretary, Treasurer and Commissioner Gregory Franz were authorized as check signers.

RESOLUTION 3-17 ESTABLISHING PUBLIC MEETING PROCEDURES: Resolution presented establishing 2017 Meeting Dates and official newspaper:

That the FUND shall hold public meetings during the year 2017 at 10:30 AM in the Forsgate Country Club, Jamesburg NJ on March 1, 2017, June 7, 2017, September 6, 2017, October 18, 2017 and January 3, 2018 at 10:30 AM at the Forsgate Country Club, Jamesburg NJ.

The RCF Claims Committee will meet on the same day as the Executive Committee at the above listed locations at 9:00AM before the Fund meeting. In addition to the above, the RCF Claims Committee will meet via teleconference at 9:00AM on May 3, 2017, July 5,

2017 and November 29, 2017; Teleconference will be initiated from the fund office located at 9 Campus Drive – Suite 216, Parsippany, NJ.

The following is hereby designated the official newspaper (s) of the Fund:
The Star Ledger, Newark, New Jersey 08102 and the MEL web site,
www.NJMEL.org

RESOLUTION 4-17 ESTABLISHING FUND RECORDS PROGRAM: Commissioner Brian Bigler, Fund Secretary was designated as custodian of the FUND and the Account Manager for PERMA Risk Management Services, was designated as Assistant Fund Secretary.

RESOLUTION NO. 6-17 ESTABLISHING THE 2017 PLAN OF RISK MANAGEMENT: Resolution enclosed noting Member Fund Coverages, Fund Years, Limits, Reserves.

MOTION TO ADOPT RESOLUTIONS 1-17 THROUGH 5-17:

Moved: Commissioner Cottman
Second: Commissioner Wolk
Roll Call Vote: 15 Ayes – 0 Nays

Resolutions Made Part of the Minutes.

COMMITTEE APPOINTMENTS: Chairman Matchett made the following appointments to the RCF Committees:

Claims Committee – Commissioner Rheinhardt was added to this committee.

TREASURER:

CONFIRMING NOVEMBER 2016 VOUCHER PAYMENTS (BILLS LIST):

2013	184.02
2014	404.83
2016	41,196.97
TOTAL	\$41,785.82

CONFIRMING DECEMBER 2016 VOUCHER PAYMENTS (BILLS LIST):

2012	147.21
2013	128.81
2014	478.43
2016	30,768.25
TOTAL	\$31,522.70

RESOLUTION 6-17, CONFIRMING JANUARY 2017 VOUCHER PAYMENTS (BILLS LIST):

2016	4,787.47
2017	24,640.90
TOTAL	\$29,428.37

MOTION TO CONFIRM NOVEMBER 2016, DECEMBER 2016 AND TO ADOPT RESOLUTION 6-17 APPROVING THE JANUARY 2017 VOUCHER LIST, AS SUBMITTED

Moved: Commissioner Cottman

Second:
Roll Call Vote:

Commissioner Shives
15 Ayes – 0 Nays

EXECUTIVE DIRECTOR:

RE-ORGANIZATIONAL RESOLUTIONS: Resolutions enclosed in the agenda booklet were condensed into Professional Appointments, Establishing Fiscal Management and Establishing Meeting Procedures.

FUND PROFESSIONALS & PROFESSIONAL SERVICE AGREEMENTS: The RCF board resolved to award professional service agreements in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. seq. for fund years 2015, 2016 and 2017. In October, the Board of Fund Commissioners accepted a recommendation reflecting professional compensation for Fund year 2017.

CLAIMS COMMITTEE: The Claims Review Committee met on November 30, 2016 and is scheduled to meet at 9:00 AM on the day of the Commissioner's meeting. Minutes of the November meeting were enclosed under separate cover.

INVESTMENTS: Executive Director said two proposed legislative bills S-2663 (Sweeney) & A-4234 (Burzichelli) were introduced on October 7, 2016 to their respective review committees. These bills will allow certain joint insurance funds to invest in bonds of municipalities, state and federal agencies and may include the formation of joint cash management and investment programs. The bills were passed by the Senate on December 19, 2016 and are scheduled to be reviewed by the Assembly.

ACKNOWLEDGEMENT OF SERVICE: Executive Director announced the retirement of James J. Kickham of PERMA as of January 1, 2017 and indicated the MEL would be making a presentation honoring his service.

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

ATTORNEY:

REPORT: The Fund Attorney reported there are 8 EPL/POL claims - down from 300 - left to be settled since that line of coverage was transferred out of the MEL.

OLD BUSINESS:

NONE

NEW BUSINESS:

NONE

PUBLIC COMMENT:

NONE

MOTION TO ADJOURN:

Moved:

Commissioner Catenaro

Second:
Vote:

Commissioner Cottman
Unanimous

MEETING ADJOURNED: 10:39 am

Nancy A. Ghani, Assisting Secretary
for
Brian Bigler, SECRETARY

**RESOLUTION NO. 1-17
OF THE
MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND**

APPOINTING CERTAIN PROFESSIONALS AND SERVICE ORGANIZATIONS

WHEREAS, The Municipal Excess Liability Residual Claims Fund (hereinafter the Fund) found it necessary and appropriate to obtain certain professional services and other extraordinary and other unspecifiable services, as defined in the Local Public Contracts Law, (N.J.S.A. 40A-12 et. seq.) for the 2015, 2016 & 2017 Fund years; and,

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

WHEREAS, the Fund resolved to award Professional Service Agreements commencing January 1, 2015 in accordance with a fair and open process pursuant to NJSA 19:44A-20.4 et. seq.; and,

WHEREAS, a notice soliciting proposals was published in the Star Ledger 2014 issue of the June 19th edition and posted on the MEL website www.njmel.org; and,

WHEREAS, responses were received from professional service providers and service organizations as listed below on July 15, 2014 at 2 pm; and,

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

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

WHEREAS, the Municipal Excess Liability Residual Claims Fund resolved to appoint the Fund Professionals – noted below – to three year terms commencing on January 1, 2015 and ending on December 31, 2017 (unless otherwise noted) at its January 2015 Reorganization Meeting in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. Seq.;

NOW THEREFORE, BE IT RESOLVED that the contracts for the following professionals be appointed for a three year term (*unless otherwise specified*):

- 1.) PERMA Risk Management Services is hereby appointed as **Administrator**, **Joseph Hrubash** is appointed as **Executive Director**, and Cathleen Kiernan as **Deputy Executive Director**, and all as agent for process of service as a fee of \$192,810.34.
- 2.) Fred Semrau, Esq of Dorsey & Semrau is hereby appointed as **General Counsel and Fund Attorney** at a fee of \$40,157.40.
- 3.) CB Claims LLC - Christopher Botta is designated as **Claims Supervisor** at a fee of \$58,050.24.

- 4.) Charles Cuccia is hereby appointed as **Fund Treasurer** at a fee of \$37,702.26.
- 5.) Actuarial Advantage is hereby appointed as **Fund Actuary** at a fee of \$39,760.62.
- 6.) Arthur J. Gallagher Risk Management Services is hereby appointed as **Deputy Administrator** at a fee of \$65,178.21.
- 7.) Charles J. Ferraioli of Ferraioli, Wielkocz, Cerullo & Cuva, P.A. is hereby appointed as **Fund Auditor** at a fee of \$22,272.70.
- 8.) Investors Bank is hereby appointed as **Banking Manager** at an earnings rate based on a combined average balance of \$20,000,000 of participating joint insurance funds which will earn the federal funds rate less .25% with a floor of .65% and a ceiling of 2.0%
- 9.) Wilmington Trust is hereby appointed as **Asset Manager** at .05% of the market value of the FUND's invested assets.
- 10.) Qual-Lynx is hereby appointed as **Claims Data Consultant**.

NOW, THEREFORE, BE IT RESOLVED that the Board of Fund Commissioners does hereby increase service fee compensation by 2% for the period of January 1, 2017 through December 31, 2017, except where specifically requested and approved otherwise, as noted above.

BE IT FURTHER RESOLVED, all Professional Service Providers and Service Organizations appointed pursuant to this Resolution shall service the Fund in accordance with the terms and conditions of the Professional Service Agreements.

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

ADOPTED:

this day before the Governing Body:

Chairman

Dated

Secretary

Dated

RESOLUTION NO: 2-17

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
(hereafter referred to as "THE FUND")

ESTABLISHING A FISCAL MANAGEMENT PLAN

FOR THE 2017 FUND YEAR

WHEREAS, THE FUND is duly constituted as a Municipal Joint Insurance Fund, as permitted under the laws promulgated by the State of New Jersey, (N.J.S.A. 40A-36, et.seq.); and

WHEREAS, THE FUND is subject to the requirements contained within the Local Fiscal Affairs Law (N.J.S.A. 40A-5, et.seq.); and

NOW, THEREFORE BE IT RESOLVED, THE FUND's Governing Body hereby appoints the following professionals for the 2017 Fund Year:

- I.** All funds for Administrative Expenses, Reinsurance, Dividends and Miscellaneous Expenses, shall be withdrawn from the Official named Depository (ies) by check, which shall bear the signatures of at least two (2) of the following persons, duly authorized pursuant to this Resolution;

_____, CHAIRMAN

_____, SECRETARY

Charles Cuccia, TREASURER

_____, COMMISSIONER

- II.** All funds for Claims payments handled by the applicable Claims Administrator noted below shall be withdrawn from the Official Depository(ies) by check, which shall bear the signatures of at least two (2) of the following persons, duly authorized pursuant to this Resolution. The Chairman and Secretary or designated Commissioner shall also be a signatory.

Charles Cuccia	Fund Treasurer
Ann L. Noble	Qual-Lynx
Dave S. Ruber	Qual-Lynx
Alice Lihou	Qual-Lynx
Joy DiPatri	Qual-Lynx
Janet Buggle	Qual-Lynx
Russell Huntington	JIF Claims L.L.C.
Dawn Mulligan	JIF Claims L.L.C.
Kathleen McGuire	Bergen Risk Managers
Jason Cosimano	Bergen Risk Managers
Jennifer Dittemer	Bergen Risk Managers
John Markel	Bergen Risk Managers
Christopher Botta, Esquire	CB Claims, LLC
Georgeanne Jussel	CB Claims, LLC
Robert Fisher	Robert Fisher, Esq.

Susan C. Hammer	Lenape Claims Management
Nancy Carrasco	Lenape Claims Management
David Cucicnotta	AmeriHealth Casualty Services
Donald J. Liskay	AmeriHealth Casualty Services
Robert Gilliam	Vanguard
Martha Gilliam	Vanguard
Brian Gilliam	Vanguard
Roy Brandow	Vanguard

- III.** FOR WIRE TRANSFERS - that the FUND does hereby require that Investors Bank obtain voice confirmation prior to executing wire transfers to external accounts from the Fund Treasurer.
- IV.** The Cash and Investment Policy attached herewith, shall be adopted.
- V.** The rate of interest assessed by the Fund, for delinquent assessments shall be ten (10) percent per annum, from the due date for any such assessment.
- VI.** Certifying and Approval Officer for all FUND expenses shall be the FUND's Executive Director and/or the Account Manager so designated by the Executive Director.

ADOPTED:
this day before the Governing Body:

Chairman

date

Secretary

date

RESOLUTION NO: 3-17

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
(hereafter the "FUND")**

ESTABLISHING PUBLIC MEETING PROCEDURES

WHEREAS, the FUND must establish meeting procedures for Fund Year 2017, and

NOW, THEREFORE BE IT RESOLVED, by the Governing Body of the FUND that:

- I.** That the FUND shall hold public meetings during the year 2017 at 10:30 AM in the Forsgate Country Club, Jamesburg NJ on March 1, 2017, June 7, 2017, September 6, 2017, October 18, 2017 and January 3, 2018 at 10:30 AM at the Forsgate Country Club, Jamesburg NJ.
- II.** The RCF Claims Committee will meet on the same day as the Executive Committee at the above listed locations at 9:00AM before the Fund meeting. In addition to the above, the RCF Claims Committee will meet via teleconference at 9:00AM on May 3, 2017, July 5, 2017 and November 29, 2017; Teleconference will be initiated from the fund office located at 9 Campus Drive – Suite 216, Parsippany, NJ.
- III.** The following is hereby designated the official newspaper (s) of the Fund: The Star Ledger, Newark, New Jersey 07102. In addition, the MEL's webpage is designated for official notices – www.njmel.org.
- IV.** The FUND Secretary or designated assistant shall provide notice of any and all meetings, including special or emergency meetings, to each official newspaper and shall issue all official notices required to be published in at least one of the official newspapers.

ADOPTED this day;

Chairman

date

Secretary

date

RESOLUTION NO. 4-17

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS
FUND
(Hereinafter the "FUND")**

ESTABLISHING A FUND RECORDS PROGRAM

WHEREAS: The FUND must establish a formal record retention program for the 2017 fund year.

NOW, THEREFORE BE IT RESOLVED, by the FUND's Governing Body that:

- I.** _____, **Fund Secretary**, is hereby designated as custodian of the FUND records, which shall be kept at the office of the Fund Administrator, located at 9 Campus Drive Suite 216 – Parsippany, NJ 07054.
- II.** The Account Manager designated by the Executive Director is hereby appointed as **Assistant Fund Secretary**.
- III.** The records of the FUND shall be retained in accordance with the municipal records retention schedule as promulgated by the New Jersey Division of Archives and Records Management, and/or otherwise specified by the New Jersey Department of Insurance and Community Affairs.
- IV.** Each fund professional and service organization shall have the duty and obligation to maintain such records as are entrusted to him/her and to relinquish such records to the Fund Secretary upon termination of services or otherwise upon request.

Records and files not required to support current operations, but which must otherwise be retained, shall be stored in the record retention facility, located at Allstate Archives, 24 Beckwith, Avenue, Paterson, New Jersey. The FUND's Executive Director shall coordinate the archive process and shall insure that all records are properly indexed and accessible.

ADOPTED:

this day before the Governing Body

Chairman

date

Secretary

date

RESOLUTION NO. 5-17

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND

(hereinafter the "Fund")

ESTABLISHING THE 2017 PLAN OF RISK MANAGEMENT

Plan of Risk Management

A.) **Perils of Liability to be Insured Against:**

The Claims Fund provides residual coverage for any claim which otherwise would be payable by a member joint insurance fund for the following coverages and member fund years.

Member Fund Coverages:

- General Liability (including Police Professional Liability)
- Employee Benefits Liability
- Public Officials Liability
- Automobile Liability
- Workers' Compensation
- Property

Member Fund Years:

MEL -	1987 through 2012
B-MEL	1987 through 1990
Atlantic -	1987 through 2012
Bergen -	1985 through 2012
Burlco -	1991 through 2012
Camden -	1987 through 2012
Monmouth -	1988 through 2012
Morris -	1987 through 2012
NJUA -	1991 through 2012
Ocean -	1987 through 2012
PMM -	1987 through 2012
South Bergen -	1986 through 2012
Suburban Essex -	1992 through 2012
Trico -	1991 through 2012
Suburban Municipal	1994 through 2012
NJPHA JIF	1994 through 2012
Central Jersey JIF (Edison & Woodbridge)	Run-in claims incurred through 7/1/98
Brick Township	Run-in claims incurred through 1/1/99
Hillsborough Township	Run-in claims incurred through 12/1/00

The terms and conditions of these coverages insured by the Claims Fund shall be the terms and conditions of these coverages provided by the member joint insurance funds to their member local units in accordance with the coverage documents and plans of risk management of the member joint insurance funds.

B.) **Limits of Coverage:**

1.) The Claims Fund's limits shall be equal to the per occurrence self-insured retention of the member joint insurance funds. The amount of any claim in excess of the member joint insurance fund's self-insured retention shall be the responsibility of the applicable excess insurer or reinsurer, the member joint insurance fund, or the member local unit as the case may be in accordance with the member joint insurance fund's coverage documents and plan of risk management.

2.) The Claims Fund shall self-insure this limit except for run-in claims assumed from the Central Jersey JIF and Ocean JIF.

C.) **Fund Retention:**

The Claims Fund shall retain the entire risk except for run-in.

D.) **Reserves to be Established:**

The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Fund would expect the claims servicing company to set reserves at 85% accuracy. The Claims Fund also establishes reserves recommended by the Fund's actuary for claims that have been incurred but not yet reported so that the Claims Fund has adequate reserves to pay all claims and allocated loss adjusted expense liability.

Claim reserves are subject to regular review by the Fund's Executive Director/Administrator, Attorney, Executive Committee and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the member Funds. The Fund's actuary will conduct a complete actuarial reevaluation before establishing the budget, and assessments for the transfer of any member fund year to the Claims Fund.

The Fund may also establish an aggregate excess loss contingency fund consistent with NJAS 11:15-2.23 (f) 2.

E.) **Assessment Methodology:**

1.) In November of each year, the Claims Fund shall prepare the budget for the upcoming fiscal year. The budget shall identify the proposed items and amounts of expenditure for its operations, the anticipated amounts and sources of assessments and other income to be received during the fiscal year, and the status of the self insurance or loss retention accounts.

2.) Non-claim expenses shall be allocated among fund years.

3.) In the event the budget for the upcoming fiscal year includes provision for the transfer residual risk by member joint insurance funds for member fund years not yet transferred:

a.) participation by a member joint insurance fund in such transfer shall be optional; and

b.) the budget for such transfer shall include provision to pay non-claim expenses associated with the transfer.

4.) The budget shall be reviewed by an actuary who shall comment on its adequacy and shall recommend changes, as appropriate, by November 15th.

5.) Not later than December 31st of each year, the Fund Commissioners/Executive Committee shall adopt, by majority vote, the budget for the Fund's operation for the coming fiscal year.

6.) A copy of the Fund's proposed budget, as changed to reflect the actuary report, shall be sent to each participating joint insurance fund at least two (2) weeks prior to the time scheduled for its adoption. No budget or amendment shall be adopted until a hearing has been held giving all participating member joint insurance funds the opportunity to present comments or objections.

7.) Any time during the year, the Fund may investigate the feasibility of assuming the residual risk of additional member fund years. Participation in such transfers shall be optional on the part of each member joint insurance fund, and shall require the Fund to amend its budget and secure an amended indemnity and trust agreement from each member joint insurance fund which wishes to transfer the residual risk for additional member fund years.

8.) An adopted budget may be amended by majority vote of Fund Commissioners/Executive Committee after giving the participating joint insurance funds two (2) weeks advance written notice, and conducting a hearing on the proposed amendment.

9.) A copy of the adopted budget and any amendment shall be filed within thirty (30) days of its adoption with the governing body of each participating joint insurance fund, the Commissioner of Insurance, and the Commissioner of the Department of Community Affairs.

10.) That portion of the non-claim budget which relates to residual risk already transferred to the Fund shall be charged to the member funds based on their share of each such fund year.

11.) That portion of the budget related to the transferring residual risk not yet transferred shall be charged to the members pro rata, based on the actuarial evaluation of the ultimate cost, including IBNR of the claims to be transferred.

12.) Any other budget item shall be charged to the members, based on the value of the service provided.

13.) The total amount of each member's annual assessment shall be certified by majority vote of the Fund Commissioners/Executive Committee to the governing body of each participating member at least one (1) month prior to the beginning of the next fiscal year.

14.) The annual assessment shall be paid to the Fund in installments, to be determined by the Fund Commissioners/Executive Committee which shall conform with N.J.A.C. 11:15-2.15(a).

15.) In the event the final budget passed in December necessitates changes in the annual assessment, the second installment shall be adjusted to reflect this difference.

16.) The Treasurer shall deposit each member's assessment into the appropriate accounts, including the administrative account and the claim or loss retention trust fund account by fund year in which the member participates.

17.) The Fund Commissioners/Executive Committee shall, by majority vote, levy upon the participating joint insurance funds additional assessments wherever needed, or so ordered by the Commissioner of Insurance to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

All supplemental assessments shall be charged to the participating joint insurance fund by applicable fund year, and shall be apportioned by that year's premium.

b.) All joint insurance funds shall be given ninety (90) days advance written notice of the Fund's intention to charge an additional assessment, and the Fund shall conduct a hearing before adopting the supplemental assessment.

c.) Member joint insurance funds shall have thirty (30) days to pay the Fund from the date any supplemental assessment is adopted.

18.) The Fund shall submit to the Commissioner of Insurance and the Commissioner of Community Affairs a report of the causes of the Fund's insufficiency, the assessments necessary to replenish it, and the steps taken to prevent a reoccurrence of such circumstances.

F.) **Procedures Governing Loss Adjustment and Legal Fees:**

1.) Each member joint insurance shall maintain in full force and effect a contract with a qualified adjusting service company to adjust the member's residual claims. The claims adjuster service so engaged shall be designated as a claims adjusting service company of the Fund.

2.) All claims shall be reported to the claims adjusting service in accordance with the procedures established by the member joint insurance fund.

3.) Each member joint insurance fund shall engage a qualified Fund attorney to coordinate the legal defense of the member's residual claims. The individual or firm so engaged shall be designated as a deputy fund attorney of the Fund.

4.) With the advice of deputy Fund attorneys, each member joint insurance fund shall recommend, by resolution, a defense panel for that member joint insurance fund's residual claims. The defense panels shall be reviewed by the Fund attorney, who shall make a recommendation to the Claims Fund's Executive Committee to establish the Fund's approved defense panel.

G.) **Coverage to be Purchased from a Commercial Insurer, if any:**

None.

H.) **Reinsurance to be Purchased, if any, and the Amount of Premium therefore:**

None.

I.) **Procedures for the Closure of Fund Years:**

1.) Since it is the purpose of the Residual Fund to serve as the mechanism to permit member Funds to close Fund years, the Residual Claims Fund will only close Fund years upon a determination that the residual risk has been extinguished to a higher level of certitude. Specifically, the Residual Claims Fund will only close a Fund year if:

a.) a portfolio transfer of residual risk has been effected; or

b.) upon the later of the closure of all outstanding claims or 21 years since the end of the latest member Fund year included in the Residual Fund year.

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

a.) All member Fund must be given at least one (1) month notice prior to the public hearing.

b.) The resolution shall provide for the maintenance of all records in accordance with the requirements of the Commissioner of Insurance, Commissioner of the Department of Community Affairs, and all other regulations and statutes then in effect.

c.) The resolution shall provide for written notice to the Department of Insurance and the Department of Community Affairs at least two (2) months before the resolution becomes effective.

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

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

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

a.) 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.

b.) 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.

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

\$10,000.

Any claim in excess of \$10,000 must be reviewed by the Deputy Executive Director/Administrator and approved by the Board of Fund Commissioners, Executive Committee of the member joint insurance fund or designated township of official for the townships of Edison, Woodbridge, Brick and Hillsborough. In advance of each meeting of the Claims Fund, the Deputy Executive Director/Administrator shall prepare a report of the claims approved by the member joint insurance fund.

In addition to the approval required under the above, any claim other than Public Officials and Employment Practices Liability in excess of \$50,000 must also be reviewed by the Claim Fund's Executive Director/Administrator, and approved by the Board of Fund Commissioners or Executive Committee of the Residual Claims Fund or any claim in excess of \$100,000 for the townships of Edison, Woodbridge, Brick and Hillsborough. The Board of Fund Commissioners has established a claims subcommittee comprised of at least three of its members to exercise this power. This subcommittee may meet telephonically when required.

Public Officials and Employment Practices Liability: Any claim in excess of \$10,000 must be approved by the Fund Attorney and Executive Director. All such approvals shall be reported to the claims sub-committee at their next meeting.

With the advance approval of the Fund Attorney or the Executive Director, the certifying and approving officer may also pay hospital bills if waiting until after the next regularly scheduled FUND meeting would result in the loss of a discount on such bills. When the certifying and approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.

ADOPTED: *this _____ day of _____, 2017 by the Governing Body:*

Chairman

Secretary

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND BILLS LIST

Resolution No. 6-17

JANUARY 2017

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

BE IT RESOLVED that the Municipal Excess Liability Residual Claim Fund’s Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

FURTHER, that this authorization shall be made a permanent part of the records of the Fund.

FUND YEAR 2016

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001060			
001060	CB CLAIMS, LLC	CLAIMS ADMIN - 12/2016	4,742.66
			4,742.66
001061			
001061	ALLSTATE INFORMATION MANAGEMNT	ACCT: 809 - ACT & STOR 11/30/2016	44.81
			44.81
		Total Payments FY 2016	4,787.47

FUND YEAR 2017

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001062			
001062	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 01/2017	16,067.53
			16,067.53
001063			
001063	CHARLES CUCCIA	TREASURER FEE 01/2017	3,141.83
			3,141.83
001064			
001064	ARTHUR J. GALLAGHER RISK MSI	DEPUTY ADMIN/EXEC DIR 01/2017	5,431.54
			5,431.54
		Total Payments FY 2017	24,640.90

TOTAL PAYMENTS ALL FUND YEARS \$29,428.37

Chairperson

Attest:

Dated: _____

I hereby certify the availability of sufficient unencumbered funds in the proper accounts to fully pay the above claims.

Treasurer