

**MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND**

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**BULLETIN MEL 18-03**

**Date:** January 1, 2018  
**To:** Fund Commissioners of Member Joint Insurance Funds  
**From:** Underwriting Manager  
Conner Strong & Buckelew  
**Re:** Property / Equipment Breakdown Program

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The bulletin does not apply to the members of the NJUA JIF and workers compensation only members of NJPHA JIF.

**GENERAL**

Commercial Insurer: Zurich American Insurance Company  
Policy #: ERP 9806147-07  
Coverage Period: 12/31/17 to 12/31/18

**LIMITS OF INSURANCE**

*(shared by all MEL member entities statewide)*

\$125,000,000	Per Occurrence – Property Damage and Time Element Combined
\$10,000,000	Extra Expense
\$750,000	Tenant Relocation Expenses
\$15,000,000	Leasehold Interest
\$15,000,000	Loss of Rents
\$1,000,000	Wind Turbine
Excluded	Power Generating Utilities
\$2,500,000	Computer Systems Damage
Excluded	Contingent Time Element
\$25,000,000	Debris Removal
\$2,500,000	Fine Arts
\$250,000	Fire Department Service Charge
\$250,000	Aggregate – Land and Water Contaminant Cleanup, Removal and Disposal
Excluded	Land Improvements
\$10,000,000	Miscellaneous Personal Property, Outdoor Property
\$10,000,000	Miscellaneous Unnamed Location
\$10,000,000	Off Premises Service Interruption (excludes Utilities)
\$50,000	Asbestos Removal
\$1,000,000	Transit
\$10,000,000	Valuable Papers and Records
\$25,000,000	New Construction and Additions
\$5,000,000	Soft Costs
\$1,000,000	Watercraft (Property Damage Only)
\$15,000,000	Vehicles
\$10,000,000	Bridges and Dams
\$10,000,000	Piers, Wharfs, Docks, Boardwalks and Bulkheads

**LIMITS OF INSURANCE (CONT'D)**

\$10,000,000	Transmission and Distribution Lines <i>1 mile radius for overhead transmission</i> <i>5 mile radius for underground transmission</i>
\$1,000,000	Clogging/Blocking of Pipes
Included	Equipment Breakdown
\$5,000,000	Equipment Breakdown – Ammonia Contamination
\$5,000,000	Equipment Breakdown – Spoilage
\$50,000,000	Aggregate – Earth Movement
Excluded	Earth Movement – Zones 1 and 2
\$50,000,000	Aggregate – Flood (includes Storm Surge)
\$2,500,000	Per Location – Flood, Special Flood Hazard Area (SFHA) and Pumping Stations
\$1,000,000	Per Occurrence – Flood, Outside Building or Structure
Excluded	Flood – Buildings on Pilings, Special Flood Hazard Area (SFHA) Zones V, VE and V1-30
Included	Named Storm
Excluded	Named Storm – Zones 1 and 2
365 Days	Extended Period of Liability
90 Days	Newly Acquired Property
168 Hours	Earth Movement
120 Hours	Named Storm
Included	Terrorism/TRIA

**VALUATIONS**

All Other	Replacement Cost
Finished Stock	Selling Price
Merchandise	Replacement Cost
Vehicles	Actual Cash Value
Scheduled Antique	Replacement Cost (up to scheduled value)
Fire Trucks	
Emergency Vehicles	15 Years or Less: Replacement Cost Over 15 Years: Lesser of Replacement Cost or Stated Value Leased Trash Collection Trucks: ACV plus lease liability If Cost to Repair is > 75% of ACV, then greater of ACV or any other applicable valuation
Watercraft	Not Scheduled: ACV Scheduled: Lesser of RCV or Scheduled Value
Construction, Contractors & Miscellaneous Equipment	ACV

## **DEDUCTIBLES AND TIME SPECIFICATIONS**

\$500,000	Per Occurrence (Property Damage & Time Element)
\$50,000	Equipment Breakdown (Property Damage)
\$50,000	Equipment Breakdown (Time Element)
\$500,000	Flood, SFHA – Contents
\$500,000	Flood, SFHA – Time Element
\$500,000	Flood, SFHA – Buildings
\$250,000	Flood, SFHA – Housing Authority/Non-Profit Buildings
\$100,000	Flood, SFHA – Housing Authority/Non-Profit Contents
\$100,000	Flood, SFHA – Housing Authority/Non-Profit Time Element
\$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure, but not defined as Outdoor Property (Property Damage)
\$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure, but not defined as Outdoor Property (Time Element)
1%	Named Storm: Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May (Property Damage)
1%	Named Storm: Covered Property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May (Time Element)
\$500,000	Named Storm – Minimum, Per Location (Property Damage & Time Element)
\$1,000,000	Named Storm – Maximum, Per Occurrence (Property Damage & Time Element)

## **UNIQUE COVERAGE ISSUES**

### Cape May Convention Center

- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Cape May Convention Center.

### Ocean City Music Pier

- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Ocean City Music Pier.

### Bridges & Dams

- Bridges and dams attached to an insured location, and the relating equipment, are covered, except for Flood, Earthquake and Named Storm.

### Piers, Wharfs, Docks, Bulkheads and Boardwalks

- All are covered, including any crossovers, floating docks and the buildings/structures thereon against the perils of fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, watercraft and malicious intent.

### Utilities

- The following are covered:
  - Transmission and distribution lines situated beyond 1 mile radius of insured location for above ground transmission.
  - Transmission and distribution lines situated beyond 5 mile radius of insured location for below ground transmission.

## **UNIQUE COVERAGE ISSUES (CONT'D)**

### Outdoor Property

- Outdoor Property means Covered Property not at an Insured Location and:
  - Outside a permanent building, or not wholly enclosed by walls and a roof; or
  - Inside a moveable container located outside a permanent building.
- Covered for the perils of fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, watercraft and malicious intent.

### Retaining Structures

- Retaining structures are only covered if attached to a scheduled location.

### Underground Piping

- Excluded:
  - Underground piping beyond a 1,000 foot radius of a pump station, process plant, metering pit, well or similar operational location, which is owned, leased, used, occupied or intended for use by the member entity;
  - Underground Storage Tanks and associated systems including piping;
  - Underground electric, data voice, digital, fiber optic or similar cable beyond a 1,000 foot radius of an insured location owned by the member entity; and
  - Underground gas pipelines.

### Vacant and Historic Property

- Special Reporting Instructions:
  - Date of acquisition or possession (must be reported within thirty (30) days of acquisition);
  - Description and occupancy before vacancy (Vacant Buildings);
  - Future plans for the building and time frame for such plans;
  - Whether or not utilities are disconnected;
  - Building security, such as alarms, security guards, fence, lighting, etc.; and
  - Scheduled visits, with full internal and external walkthrough, plus routine law enforcement patrol (at least weekly).
- Additional Information
  - Upon notification, the JIF and its insurers reserve the right to inspect the property. The member entity may be asked to correct any major deficiencies or discrepancies from what is initially reported in order for coverage to apply.
  - The member entity must continue to include these buildings on the member entity's property schedule during the annual exposure review process for continuation of coverage.
  - The JIF and/or its insurers reserve the right to cancel coverage on any building if, in its judgement, the member entity fails to continually satisfy the Special Reporting Instructions above.

## **UNIQUE COVERAGE ISSUES (CONT'D)**

### Vacant and Historic Property (cont'd)

- Vacant Buildings:
  - Vacant Building: A building containing nothing; being without contents or occupants.
  - Except as noted below, the JIF will only provide "Named Perils" coverage on an "Actual Cash Value" basis for any vacant building.
  - The Underwriting Manager may provide "Replacement Cost" valuation with "All-Risk" coverage for any vacant building after the completion of a satisfactory inspection by the Underwriting Manager's office and/or the insurers to verify building condition, security of the building, and status of utilities.
- Historic Property:
  - Historic Property: Any property appearing in the local register of Historic Places, National Historic Landmarks Program, or National Register of Historic Places.
  - Cost to replace, repair or restore using the same materials, workmanship and architectural features and details that existed before such loss provided they are available. If any materials or workmanship needed to replace, repair or restore a building or structure are not available, the cost to use materials and/or workmanship that will permit the replacement, repair or restoration of the building to a condition that most closely resembles the condition which existed immediately before the loss occurred will be utilized.
  - If there is an ordinance or law in effect at the time of loss that regulates zoning, land use or construction of a historic building (such as a Historic Preservation Act or other similar regulation), if that ordinance or law affects the repair or rebuilding of the historic building, and if you:
    - Repair or rebuild the building or structure as soon as reasonably possible, then you will receive Replacement Cost valuation on the damaged and undamaged portions of the building, the cost to demolish and clear the site of the undamaged portion of the building, and the increased cost to repair or rebuild the building to the same general size in accordance with the minimum standards of such ordinance or law;
    - Do not repair, rebuild or replace the building or structure, then you will receive Actual Cash Value valuation on the damaged and undamaged portions of the building, plus the cost to demolish and clear the site of the undamaged portion of the building.
  - With respect to properties that qualify for "National Historic Landmark" status, the Insured shall have the sole discretion as to the means by which said property shall be repaired, rebuilt or replaced, but not to exceed the actual costs which would have been incurred in order to comply with "National Historic Landmark" status requirements.

**Please see policy form for all coverage, terms and conditions.**

**ADDITIONAL NOTES**

Excess Flood/Earth Movement coverage of \$50 million excess \$50 million (Zurich) is provided by multiple insurers on an annual basis.

The MEL does not provide primary flood coverage for any locations wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100-year flooding, as defined by the Federal Emergency Management Agency. The member local unit may purchase this coverage from the National Flood Insurance Program or anywhere else they wish. If you do not have an RMC, NFIP flood coverage quotations can be obtained directly on line via the NFIP website at [www.nationalfloodinsurance.com/NFIP/quote.htm](http://www.nationalfloodinsurance.com/NFIP/quote.htm). We suggest you consult with your Municipal Office of Emergency Management (OEM) Director for updated flood zone determinations.

The Named Storm Deductible Risk Sharing Program is subject to the following provisions:

1. In the event of a covered loss subject to the NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM, the JIFs that are parties to this agreement shall contribute to the total amount of the deductible pro rata based on each JIFs reported values for all properties subject to the NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM. The reported values for all properties subject to the NAMED STORM DEDUCTIBLE RISK SHARING PROGRAM will be established in May of each year;
2. The first \$5,000 of loss from each member location shall not be subject to this sharing provision;
3. This sharing provision shall be subject to only insured property at insured locations;  
and
4. To be eligible for reimbursement under this agreement, the member shall file a claim with FEMA, including any National Flood Insurance Program policies, and the reimbursement under this agreement shall be reduced by the amount of such reimbursement.

**MEMBER PROPERTY DEDUCTIBLES BY JIF**  
*Local JIF Retention is \$100,000 / MEL Retention is \$400,000*

<b>JIF</b>	<b>Property Deductible</b>
Atlantic	\$1,000.
Bergen	\$2,500.
Burlington	\$1,000.
Camden	\$2,500.
Central	\$2,500.
First	\$1,000.
Mid Jersey	\$1,000.
Monmouth	\$2,500.
Morris	\$1,250.
NJPHA	\$2,500.
NJSI	\$2,500.
Ocean	\$2,500.
PAIC	\$1,000.
PMM	\$2,500
South Bergen	\$2,500.
Sub Essex	\$2,500.
Sub Muni	\$2,500.
TRICO	\$1,000.

If you have any questions, please contact your Risk Management Consultant, JIF Executive Director or the Underwriting Manager.

**The above description is a general discussion of the coverage and limits provided by the FUND. However, the actual terms and conditions are defined in the policy document and all issues shall be decided based on the policy document.**

cc: Risk Management Consultants  
Fund Professionals  
Fund Executive Directors