

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

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BULLETIN MEL 19-03

Date: January 1, 2019
To: Fund Commissioners of Member Joint Insurance Funds
From: Underwriting Manager
 Conner Strong & Buckelew
Re: Property / Equipment Breakdown Program

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

Insurer: Zurich American Insurance Company
Policy #: ERP 9806147-07
Policy Period: 12/31/2018 – 12/31/2019

Coverage	Limit of Insurance
Per Occurrence	
PD & TE Combined	\$125,000,000
Extra Expense	\$10,000,000
Tenant Relocation Expenses	\$750,000
Leasehold Interest	\$15,000,000
Loss of Rents	\$15,000,000
Wind Turbine	\$1,000,000
Accounts Receivable	\$10,000,000
Computer Systems Damage	\$2,500,000
Contingent Time Element	NCP
Debris Removal	\$25,000,000
Decontamination Costs	\$250,000
Deferred Payments	\$1,000,000
Errors and Omissions	\$10,000,000
Expediting Costs	\$10,000,000
Fine Arts	\$2,500,000
Fire Department Service Charge	\$250,000
Increased Cost of Construction	\$25,000,000
Land & Water Contaminant Cleanup, Removal & Disposal (Annual Aggregate)	\$250,000
Land Improvements	NCP
Miscellaneous Personal Property	\$10,000,000
Outdoor Property	\$10,000,000
Miscellaneous Unnamed Location	\$10,000,000
Off Premises Service Interruption (excluding Utilities)	\$10,000,000
Professional Fees	\$1,250,000
Radioactive Contamination	NCP
Research Animals	NCP
Asbestos Removal	\$50,000
Tenants Prohibited Access	\$1,000,000
Transit	\$1,000,000
Valuable Papers and Records	\$10,000,000

New Construction and Additions	\$25,000,000
Soft Costs	\$5,000,000
Watercraft (Property Damage)	\$1,000,000
Vehicles	\$15,000,000
Bridges and Dams	\$10,000,000
Piers, Wharfs, Docks, Boardwalks & Bulkheads	\$10,000,000
Transmission and Distribution Lines	\$10,000,000
Clogging/Blocking of Pipes	\$1,000,000
Off Premises Storage for Property Under Construction	\$250,000
Equipment Breakdown	\$125,000,000
Ammonia Contamination	\$5,000,000
Spoilage	\$5,000,000
Earth Movement (Annual Aggregate)	\$50,000,000
Property in Zones 1 & 2	NCP
Flood (Annual Aggregate), including Storm Surge	\$50,000,000
Locations wholly or partially within SFHA (Per Location)	\$2,500,000
Property outside building or structure, but not Outdoor Property (Per Occurrence)	\$1,000,000
Pumping Stations (Per Location)	\$2,500,000
Buildings on pilings wholly or partially within SFHA V, VE or V1-30	NCP
Named Storm	\$125,000,000
Property in Zones 1 & 2	NCP
Time and Distance Limitations	
Attraction Property (located within 1 mile of Insured Location)	NCP
Civil or Military Authority (within 5 mile radius)	30 days
Aggregate	\$5,000,000
Actual Time Element Loss Sustained arising out of Delay in Completion	60 days
Gross Earnings	12 months
Extended Period of Liability	365 days
Ordinary Payroll	90 days
Impounded Water	30 days
Aggregate	\$250,000
Ingress/Egress (within 1 mile)	30 days
Aggregate	\$5,000,000
International Interdependency	30 days
Aggregate	\$1,000,000
Newly Acquired	90 days
Per Location Aggregate	\$25,000,000
Protection and Preservation of Property (Gross Earnings or Gross Profit)	48 hours
Aggregate	\$10,000,000
Research & Development	12 months
Aggregate	\$10,000,000

Time Specifications	
Earth Movement (Occurrence)	168 hours
Named Storm (Occurrence)	120 hours

Valuations	
Finished Stock	Selling Price
Merchandise	Replacement Cost
Vehicles	Actual Cash Value
Antique Fire Trucks	
Scheduled	Replacement Cost (to scheduled value)
Not Scheduled	Lesser of Actual Cash Value, repair or replace
Emergency Vehicles (except Police)	
=< 15 years	Replacement Cost
Fire Trucks or Engines > 15 years if recertified per NFPA after refurbishment and restoration	Lesser of scheduled value or Replacement Cost, but no less than ACV
Leased Trash Collection Trucks	Actual Cash Value plus termination liability

Repair > 75% of Actual Cash Value	Greatest valuation
Watercraft	Lesser of scheduled amount or Replacement Cost Actual Cash Value
Scheduled	
Not Scheduled	Actual Cash Value
Construction, Contractors & Miscellaneous Equipment	Actual Cash Value
Repair, rebuilding or replacement not started within 5 years from date of loss	Actual Cash Value

Qualifying Period	
Off Premises Service Interruption	24 hours
Computer Systems Damage	24 hours
Tenants Prohibited Access	24 hours
New Construction and Additions (Delay in Completion)	15 days

Deductibles	
Combined Coverages (Per Occurrence)	\$500,000
Earthquake (Per Occurrence)	\$500,000
Flood (Per Occurrence)	\$500,000
Locations with any part of legal description within an SFHA	
Building	\$500,000
Contents	\$500,000
Time Element	\$500,000
Locations with buildings wholly or partially within an SFHA	
Housing Authority/Non-Profit Buildings	
Building	\$250,000
Contents	\$100,000
Time Element	\$250,000
Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles, Mobile Equipment, and all property located outside building or structure, but not Outdoor Property	
Property	\$500,000
Time Element	\$500,000
Named Storm (Per Occurrence)	\$500,000
Covered property in Atlantic, Ocean, Monmouth and Burlington counties located east of the Garden State Parkway, and covered property in Cape May County	
Property Damage (Per Occurrence)	1% of scheduled value for loss location
Time Element (Per Occurrence)	1% of scheduled value for loss location and ensuing locations
Minimum Deductible, PD & TE Combined (Per Location)	\$500,000
Maximum Deductible (Per Occurrence)	\$1,000,000
Equipment Breakdown (Per Occurrence)	\$50,000

Excess Flood / Earth Movement

Insurer: Various Insurers

Policy #: Various

Policy Period: 12/31/2018 – 12/31/2019

Coverage	Limits of Insurance
1 st Layer	\$25,000,000 excess \$50,000,000
2 nd Layer	\$25,000,000 excess \$75,000,000
Underlying Zurich Limit	
Flood	\$50,000,000
SFHA Flood	\$2,500,000
Earthquake	\$50,000,000

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.

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.

UNIQUE COVERAGE ISSUES (CONT'D)

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.
- **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.

UNIQUE COVERAGE ISSUES (CONT'D)

- 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 coverage also drops down over Zurich's \$2,500,000 SFHA Flood sublimit.

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. 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

JIF	All Other	Comprehensive / Collision	Mobile Equipment	Equipment Breakdown
Atlantic	\$1,000	\$1,000	\$1,000	\$5,000
Bergen	\$2,500	\$2,500	\$2,500	\$5,000
Burlington	\$1,000	\$1,000	\$1,000	\$5,000
Camden	\$2,500	\$2,500	\$2,500	\$5,000
Central	\$2,500	\$2,500	\$2,500	\$5,000
First	\$1,000	\$1,000	\$1,000	\$5,000
Mid Jersey	\$1,000	\$1,000 / \$2,500	\$1,000	\$5,000
Monmouth	\$2,500	\$2,500	\$2,500	\$5,000
Morris	\$1,250	\$1,250	\$1,250	\$5,000
NJPHA	\$5,000	\$5,000	\$5,000	\$5,000
NJMSI	\$5,000	\$1,000 / \$2,500	\$1,000	\$5,000
Ocean	\$2,500	\$2,500	\$2,500	\$5,000
PAIC	\$1,000	\$1,000	\$1,000	\$5,000
PMM	\$2,500	\$2,500	\$2,500	\$5,000
South Bergen	\$2,500	\$2,500	\$2,500	\$5,000
Sub Essex	\$2,500	\$2,500	\$2,500	\$5,000
Sub Muni	\$2,500	\$2,500	\$2,500	\$5,000
TRICO	\$1,000	\$1,000	\$1,000	\$5,000

**Please note, other deductibles may apply to the member. I.E. SFHA Flood is not covered by the MEL, so the member becomes responsible for the excess policy deductible. Please read the Risk Management Plans and policy documents for a full description of terms and conditions.*

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