

MUNICIPAL EXCESS LIABILITY
JOINT INSURANCE FUND
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2018



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-298-8500 | 973-298-8501 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

April 19, 2019

The Honorable Chairperson and Members
of the Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
Parsippany, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Municipal Excess Liability Joint Insurance Fund (the "Fund") for the year ended December 31, 2018, and have issued our report thereon dated April 19, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Community Affairs, Division of Local Government Services, and the findings and results thereof are disclosed on the following pages. This letter does not affect our report dated April 19, 2019 on the financial statements of the Fund.

We will review the status of comments, if any, made during our next audit engagement. We have already discussed any comments and suggestions made with various management personnel, and we will be pleased to discuss them in further detail at your convenience or to perform any additional study of these matters.

Nisivoccia LLP

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
COMMENTS AND RECOMMENDATIONS

Suggestions to Management:

Economic Conditions and their Effect on Fund Operations

The prolonged period of low interest rates we are experiencing has negatively affected the Fund's investment yield and Net Position. Investment income has declined from a high of more than \$3,400,000 in 2007 to \$927,981 for 2018. In addition, poor economic conditions generally lead to increased claim activity. As a result, the Fund's safety program, underwriting and assessment policies have an increased impact on the operations of the Fund.

Status of Prior Year Comments and Recommendations

The recommendation regarding the Third Party Claims Administrator to obtain a SOC 1, Type 2 report or similar report has been resolved in the current year.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None