

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

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BULLETIN MEL 20-29

Date: January 1, 2020
To: Fund Commissioners of Member Joint Insurance Funds
From: Underwriting Manager, Conner Strong & Buckelew
Re: Acceptance and Use of Surplus Military Equipment – 1033 Program

The bulletin does not apply to “workers compensation only” members of NJPHA JIF.

The 1033 Program is a Federal program under the operation and control of the New Jersey Office of Emergency Management (NJOEM) and is administered by the Law Enforcement Service Office (LESO). The program provides for the transfer of excess Department of Defense military equipment to State and Local government for use in law enforcement activities, emergency service, disaster response and assistance with general equipment needs. There is a Memorandum of Understanding between the local entity and the State of New Jersey that outlines the terms and conditions of the program.

Several of our Insured Members have been taking advantage of this program and have purchased used military equipment (vehicles, trailers, trailer mounted generators, watercraft, etc.). It is common practice for the Members/New Owners to add and refurbish these units at their own expense. The question of adequately adjusting a first party loss on these units in the event one is damaged or destroyed is the subject of this bulletin.

It is the procedure of the governmental entity that is supplying the unit to provide the Actual Cash Value of the unit to the purchasing municipality. By all means this value should be obtained prior to scheduling the unit.

In the event of a total loss of the unit, the ACV of the unit will not be paid as this would be considered “betterment” since the unit has been purchased for significantly less than the value. Only documented upgrades/retrofits and newly installed equipment will be paid for. In the event of a partial loss; repairs to units are not to exceed 70% of the ACV of the unit at the time of loss as determined by an assigned appraiser. If repair estimates exceed that amount, the unit will be declared a total loss.

This bulletin is for information purposes only. It is not intended to be all-inclusive but merely an overview. It does not alter, amend or change your coverage. Please refer to specific policies for limits, terms, conditions and exclusions.

cc: Risk Management Consultants
Fund Professionals
Fund Executive Directors

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