

**MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND**

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**BULLETIN MEL 24-07**

**Date:** January 1, 2024

**To:** Fund Commissioners of Member Joint Insurance Funds

**From:** Underwriting Manager  
Conner Strong & Buckelew

**Re:** Property Reporting Requirements

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**The bulletin does not apply to the members of the NJUA JIF and “workers compensation only” members of NJPHA JIF. This bulletin does not apply to the Board of Education members of the Suburban Metro JIF. This bulletin does not apply to members not participating in the MEL Property program.**

This will serve as a reminder of reporting requirements of the MEL property program. The reporting requirements are outlined on the enclosed pages.

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

**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

## **VACANT BUILDINGS**

Vacant buildings are defined as buildings containing nothing; being without contents or occupants. Unoccupied means currently not in regular use by the member and not visited on a regular basis by municipal personnel; however, is being used for storage or contains contents.

The MEL Underwriting Manager must be notified no more than thirty (30) days from the time of acquisition of a vacant/unoccupied building. This applies to all vacant/unoccupied property and existing property that becomes vacant or unoccupied. It is not necessary to report vacant lots, vacant land and bodies of water.

### **Reporting Requirements**

- 1) Date of acquisition or possession;
- 2) Description and occupancy before vacancy;
- 3) Future plans for the building and time frame;
- 4) Whether or not utilities are disconnected;
- 5) Building Security ie., alarms, security guards, fence, lighting, etc.;
- 6) Scheduled weekly/daily maintenance/visits;
- 7) Mortgagee/additional interest, if any;
- 8) Street address or legal address (block and lot numbers and street and town);
- 9) Insurable value of the building (actual cash value or replacement cost);
- 10) Number of stories;
- 11) Square footage;
- 12) Building Construction ie; masonry, frame, etc.; and
- 13) Photo or Google Maps link.

Upon notification, the Joint Insurance Fund and excess Insurers reserve the right to inspect the property. If any inspection uncovers major deficiencies or discrepancies from what is initially reported, the member entity may be asked to correct this in order for coverage to apply.

After the initial reporting of a Vacant or Unoccupied building(s), 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. Vacant or Unoccupied buildings should be inspected regularly and added to routine Law Enforcement patrols. The JIF/MEL and/or excess carriers reserve the right to cancel coverage on any vacant/unoccupied building if in its judgement the member entity is allowing the building to fall into disrepair, is not following through on its intended future use as proposed by the member entity, or fails to meet its stated timeline for the future use/disposition of the building.

**Please refer to your policy and procedure manual for the JIF's policy in this area.**

## **VACANT BUILDINGS (cont'd)**

### **Coverage**

1. Vacant Buildings: Actual Cash Value – Except as noted below, the JIF/MEL will only provide “Named Perils” coverage on an “Actual Cash Value” basis on vacant buildings.
  - a. Demolition/Debris Removal – In the event that the Fund Underwriter/Excess carrier does not approve coverage for vacant buildings the JIF/MEL will cover the reasonable and necessary costs up to \$25,000 incurred to demolish and remove debris from property that remains following direct physical loss from “Named Perils” for vacant buildings that are reported in accordance with the terms above and no more than 60 days from the time of acquisition. Members may seek higher limits for demolition/debris removal upon providing documentation of increased costs for demolition/debris removal to the Fund Administrator and/or the Fund Underwriter and upon the Fund Underwriter’s approval.
  - b. Replacement Cost – R/C coverage may be provided for all risks of direct physical loss from any cause unless excluded under the policy for vacant buildings under the following circumstances and upon approval by the Fund Underwriter/Excess carrier:
    - i. The member must provide documentation as to the intended future use of the building including a realistic timeline for placing the building in use;
    - ii. The completion of a satisfactory inspection by the Fund Underwriter’s office to verify building condition, security of the building, and status of utilities.
2. Unoccupied Buildings:
  - a. Seasonal unoccupied buildings such as recreation halls, lifeguard facilities, swimming pool lockers, etc. will be covered on a Replacement Cost basis for all risks of direct physical loss from any cause unless excluded under the policy.
  - b. Other Unoccupied buildings must be submitted for coverage determination. In the event that the Fund Underwriter/Excess carrier does not approve coverage Demolition/Debris Removal coverage may be provided in accordance with 1.c. above.

“Named Perils” means: Fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, watercraft and malicious intent.

### **NOTES:**

All vacant properties must be reported to your JIF Executive Director and the Underwriting Manager. Also forward a copy to the MEL Executive Director located at PERMA Risk Management Services, 9 Campus Drive, Suite 216 Parsippany, NJ 07054.

## **HISTORIC BUILDINGS**

### **Reporting Requirements**

- 1) Date of acquisition or possession (must be reported within thirty (30) days of acquisition);
- 2) Future plans for the building and time frame for such plans;
- 3) Whether or not utilities are disconnected;
- 4) Building security, such as alarms, security guards, fence, lighting, etc.; and
- 5) Scheduled visits, with full internal and external walkthrough, plus routine law enforcement patrol (at least weekly).
- 6) Appraisal by professional specializing in historic valuations.
- 7) Proof of property being formally added to a National, Federal, State, County or Municipal Historic Register.

### **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.

### **Definitions**

Historic Property: Any property appearing in the local register of Historic Places, National Historic Landmarks Program, or National Register of Historic Places.

### **Insurance Coverage Valuation**

Cost to repair, rebuild or replace the damaged parts of buildings or structures with the same materials, workmanship and architectural features at the same location and for similar occupancy.

## **BUILDERS RISK**

Builders Risk is defined as construction of a new building, an addition to an existing building or major changes to the outer structure of an existing building. Generally, it is only meant for new square footage or major structural alterations to existing square footage.

### **Reporting Requirements**

- Builders Risk projects should be reported prior to startup.
- Inspection by the JIF, MEL or its excess insurers is at their discretion.
- There is an additional premium charge by the member Joint Insurance Fund.
- The attached questionnaire is required for quoting projects looking for a limit higher than \$10 million.

### **NOTES:**

You must advise the JIF Executive Director and the Underwriting Manager when construction has been completed. You should advise occupancy and the insurable value of any contents.

All builders risk properties must be reported to your JIF Executive Director and the Underwriting Manager with a copy to the MEL Executive Director located at PERMA Risk Management Services, 9 Campus Drive, Parsippany, NJ 07054.

## **NEWLY ACQUIRED LOCATIONS**

### **Reporting Requirements (*as requested in Origami*)**

- 1) Date of acquisition or possession;
- 2) Street address or legal address (block and lot numbers and street and town);
- 3) Insurable value of the building (replacement cost);
- 4) Description and occupancy (ISO terminology);
- 5) Square footage;
- 6) Building Construction (in ISO terminology);
- 7) Number of stories;
- 8) Sprinkler coverage (%);
- 9) Flood Zone (FEMA terminology) and elevation;
  - a. If in Special Flood Hazard Area (SFHA), confirm if NFIP policy with maximum available limits has been purchased;
- 10) Building Security ie., alarms, security, etc.; and
- 11) Mortgagee/additional interest, if any.

The following page includes the standard terminology to utilize for the categories noted above.

### **Additional Information**

- Newly acquired locations should be reported prior to acquisition.
- Inspection by JIF, MEL or its excess insurer is optional.

ISO Construction Class Codes			
Class	Name	Description	NFPA / IBC Equivalent Code
1	Frame	Exterior walls of wood, brick veneer, stone veneer, wood ironclad, or stucco on wood.	V (111), V (000) / VA, VB
2	Joisted Masonry	Exterior walls of masonry material with combustible floor and roof.	III (211), III (200), (IV (2HH) / IIIA, IIIB, IV
3	Non-Combustible	Exterior walls, floor and supports made of metal, asbestos, gypsum or other non-combustible materials.	II (000) / IIB
4	Masonry Non-Combustible	Same as class 2, but the floors and roof are of metal or other non-combustible materials.	II (111) / IIA
5	Modified Fire Resistive	Exterior walls, floors and roof of masonry or fire-resistive material with a fire resistance rating of at least 1 hour but less than 2 hours.	II (222) / IB
6	Fire Resistive	Class 5, but with a rate of at least 2 hours.	I (442), I (332) / IA
Flood Zones			
Zone	Name	Description	
SFHA	Special Flood Hazard Areas	Area that will be inundated by flood event having a 1% chance of being equaled or exceeded in any given year, aka 100-year. Includes zones A and V.	
MFHA	Moderate Flood Hazard Areas	The areas between SFHA and .2% annual chance of flood (500-year). Includes zones B and Shaded X.	
LFHA	Minimal Flood Hazard Areas	Area outside the SFHA and higher than the elevation of the .2% annual chance flood. Includes zones C or Unshaded X.	
Wind Tier Zones			
Zone	Name	Description	
1	Tier I	130 mph	
2	Tier II	160 mph	
3	Tier III	200 mph	
4	Tier IV	250 mph	
Spotted	Spotted zone	Hurricane-susceptible region	
Dashed	Dashed zone	Special wind region	
Occupancy			
Class	Name	Description	SubTypes
A	Assembly	Places where people gather for civic, social, religious, recreation, food/drink purposes.	A-1 through A-5
B	Business	Office for professional or service type transactions.	
E	Educational	6+ people occupy a building for educational purposes through 12th grade. Includes daycare.	
F	Factory and Industrial	Assembling, disassembling, fabricating, finishing, manufacturing, packaging, repair and process operations, not classified as H or S.	F-1, F-2
H	High Hazard	Manufacturing, processing, generation or storage of materials that constitute a physical or health hazard.	H-1 through H-5
I	Institutional	Care or supervision is provided to people who are not capable of self-preservation without physical assistance or in which people are detained for penal or correctional purposes.	I-1 through I-4
M	Mercantile	Display and sale of merchandise, stocking of goods and is accessible to the public.	
R	Residential	Intended for sleeping purposes, not classified as I.	R-1 through R-4
S	Storage	Storage purposes.	S-1, S-2
U	Utility and Miscellaneous	Accessory or miscellaneous use not classified more specifically.	

**NOTES:**

All newly acquired properties must be reported to your JIF Executive Director and the Underwriting Manager. With a copy to the MEL Executive Director located at PERMA Risk Management Services, 9 Campus Drive, Suite 216 Parsippany, NJ 07054.