

RESOLUTION NO. 06-21**GARDEN STATE MUNICIPAL JOINT INSURANCE FUND
(Hereinafter referred to as the "Fund" or the "GSMJIF")****ESTABLISHING THE 2021 PLAN OF RISK MANAGEMENT**

BE IT RESOLVED by the Fund's Board of Commissioners that the 2021 Plan of Risk Management shall be:

2021 RISK MANAGEMENT PLAN

1) The perils or liability to be insured against.

The following coverages are provided to the Fund's members.

- ☐ **Excess Workers' Compensation**
- ☐ **Excess General Liability**
- ☐ **Excess Auto Liability**
- ☐ **Excess Public Officials Liability (including Errors & Omissions, Employment Practices and Sexual Harassment)**
- ☐ **Excess Law Enforcement Activities Liability**
- ☐ **Excess Employee Benefits Liability**
- ☐ **Property (including Auto Physical Damage)**
- ☐ **Boiler & Machinery**
- ☐ **Crime (with Statutory Position Bonds)**
- ☐ **Non-Owned Aircraft Liability**
- ☐ **Cyber Liability**
- ☐ **Disaster Management Services**
- ☐ **Pollution & Tank Liability (on an optional basis)**
- ☐ **Marina Operators Package (on an optional basis)**
- ☐ **Unmanned Aircraft Systems (on an optional basis)**

2) The limits of coverage.

a) Workers' Compensation

The GSMJIF covers excess claims to the following limits:

- ☐ Workers' Compensation - Statutory inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office). The minimum Fund retention is \$750,000 inclusive of Member deductible/SIR.
- ☐ Employer's Liability - \$15,000,000 in excess of Member deductible/SIR (as on file with the Administrator's office). The minimum Fund retention is \$750,000 inclusive of Member deductible/SIR.
- ☐ USL&H – included in Workers' Compensation (for damages arising out of NJ State Law).
- ☐ Merchant Marine Act /Jones Act - included in Employer's Liability.

b) General Liability

The GSM JIF covers excess liability claims as follows:

- ☐ General Liability - \$15,500,000 per occurrence, or in the aggregate per Member per Fund year, inclusive of Member deductible/SIR (Per SIR Exhibit as on file with the Administrator's office).
- ☐ The minimum Fund retention for all General Liability & related coverages is \$500,000 inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office).

c) Automobile Liability

The GSMJIF covers Automobile Liability claims as follows:

- ☐ Automobile Liability - \$15,500,000 any one occurrence, inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office), subject to the following sublimits:
 - Automobile Medical Payments: \$5,000 ground up any one person, \$50,000 ground up any one occurrence. Policy includes \$5,000 per accident.
 - Uninsured Motorists/ Underinsured Motorists: Minimum coverage amounts of: \$15,000 for single person injuries. \$30,000 for injuries of all persons involved in an accident. \$5,000 for property damage.



- No Fault Insurance (PIP): NJ minimum statutory limits.

- ☐ The minimum Fund retention for all Automobile Liability coverage is \$500,000, inclusive of Member deductible/SIR.

d) Public Officials Liability (POL)

- ☐ The GSMJIF covers \$15,500,000 per occurrence and in the aggregate on a claims-made basis per Member for each Fund year, inclusive of Member deductible/SIR and coinsurance payments (per SIR Exhibit on file with the Administrator's office).
- ☐ Public Officials Liability coverage includes:
 - a. **Errors & Omissions**
 - b. **Employment Practices Liability**
 - c. **Sexual Harassment Liability**

- ☐ The minimum Fund retention for POL is \$500,000, inclusive of Member deductible / SIR / coinsurance.

e) Employee Benefits Liability

The GSM JIF covers Employee Benefits Liability claims as follows:

- ☐ Employee Benefits Liability - \$15,500,000 per claim, or in the aggregate per Member per Fund year, inclusive of Member deductible/SIR
- ☐ The minimum Fund retention is \$500,000, inclusive of Member deductible/SIR / coinsurance. Member's deductible/SIR is the same as the General Liability deductible /SIR (Per SIR Exhibit on file with the Administrator's office).

g) Law Enforcement Activities Liability

- ☐ The GSMJIF covers \$15,500,000 per occurrence, and in the aggregate per Member for each Fund year, inclusive of Member deductible/SIR (per SIR Exhibit on file with the Administrator's office).
- ☐ The minimum Fund retention for all Law Enforcement Activities Liability claims is \$500,000, inclusive of Member deductible/SIR.

h) Property

- ☐ The GSMJIF has purchased Property insurance with total limits of \$600,000,000
 - A sublimit of \$50,000,000 (annual aggregate) for the peril of Flood, except as follows:
 - \$5,000,000 as respects Zone A and V locations
 - Other sublimits are per the excess policy form.
- ☐ The Fund retention is \$100,000, except as follows:
 - Named Windstorm in 'high hazard' counties– 1% of total insurable values per unit affected, subject to a minimum of \$100,000 per location affected
 - Flood - \$250,000 per occur. for Flood Zone A and V locations.
 - \$250,000 for 'Wave Wash'
 - Other retentions are as per excess policy form.
- ☐ Limits, sublimits and deductibles are inclusive of Member deductible/SIR (per SIR Exhibit on file with the Administrator's office).
- ☐ Automobile Physical Damage: Included in property limit, The Fund retention is the first \$100,000 of any automobile physical damage loss inclusive of Member deductible/SIR (per SIR Exhibit on file with the Administrator's office).
- ☐ Vehicles manufactured 10 or more years prior to current membership year, with an original cost new of less than \$50,000, are not covered for physical damage. This exclusion may be waived on a Member-by-Member basis, subject to Underwriting.

i) Boiler & Machinery

- ☐ The GSMJIF has purchased Boiler & Machinery insurance with coverage at limits of \$100,000,000, inclusive of Member deductible/SIR (per SIR Exhibit on file with the Administrator's office).
- ☐ Sublimits are per the excess policy form.
- ☐ The Fund retention is \$10,000 plus tiers for larger power and boiler units, from \$50,000 through \$350,000 inclusive of Member deductible/SIR (per SIR Exhibit on file with the Administrator's office).

j) Crime (with Statutory Position Bonds)

- ☐ The GSMJIF has purchased Crime insurance with limits of \$1,000,000 for Employee Dishonesty & related perils
- ☐ The Fund retention is \$10,000, including the Member deductible of \$1,000.
- ☐ The GSMJIF has extended its Crime insurance to include Statutory Position Bonds on file with the Insurer, with limits of \$1,000,000. There is no Fund retention or deductible for this extension. Higher limits are provided where required, subject to underwriting acceptance by the insurer.

k) Non-Owned Aircraft Liability

- ☐ The GSMJIF has purchased Non-Owned Aircraft Liability insurance with limits of \$5,000,000/ Occurrence & Policy Aggregate. The Fund retention is -0-, and there is no Member deductible.

l) Cyber Liability

- ☐ The GSMJIF has purchased Cyber Liability insurance with an annual aggregate limit of \$4,000,000 per Member on most coverages and Fund-wide annual aggregate limit of \$55,000,000. However, Breach Response and System Failure are sublimited at \$2M and \$1M, respectively.
- ☐ Coverage includes a \$4M - Data Network Liability, Security Breach, Regulatory Defense and Penalties, Website Media Content Liability, PCI Fines and Costs Cyber Extortion, & Data Recovery Costs, and First Party Coverages – Business Interruption System Failure - \$1M; Dependent Business Security Breach - \$1.5M; Dependent Business System Failure - \$200k. Crime includes Fraudulent Instruction 2\$150k, Funds Transfer Fraud@\$150k, Telephone Fraud@\$100k and Criminal Reward@\$50k.
- ☐ The Fund retention and Member deductible is \$50,000 per claim.

m) Disaster Management Services Insurance

- ☐ The GSMJIF has purchased Disaster Management Services Insurance with limits of \$10,000,000 per occurrence subject to an annual aggregate limit (Fund-wide) of \$20,000,000.
- ☐ The cost of the services is insured; no Fund retention or Member deductible.

n) Site Pollution Liability

- ☐ The GSMJIF has made available separate optional Pollution Liability insurance outside of the Fund budget for participating Members, with limits of \$1,000,000/ Pollution Incident, \$3,000,000 Per Member Aggregate Limit and \$25,000,000



Policy Aggregate Limit, subject to a Member deductible of \$25,000/Incident.
There is no Fund retention.

o) Underground Storage Tank Liability

- ☐ The GSMJIF has made available separate optional Underground Storage Tank Liability insurance outside of the Fund budget for participating Members, with limits of \$1,000,000/ Incident and an Aggregate Limit that varies by policy, subject to a \$1,000,000 Legal Defenses Aggregate Limit, inclusive of Member deductible/SIR (per SIR Exhibit on file with the Administrator's office). The Fund is not party to this insurance and there is no Fund retention.

p) Marina Operators Package

- ☐ The GSMJIF has purchased, outside of the Fund budget, Marina Operators Liability Package insurance for participating members, with \$5,000,000 Limits for Liability/ Protection & Indemnity, and Hull limits per a Schedule of Vessels, subject to the Member deductible (per SIR Exhibit on file with the Administrator's office). There is no Fund retention.

q) Unmanned Aircraft Systems

- ☐ The GSMJIF has made available separate optional Unmanned Aircraft Systems insurance outside of the Fund budget for participating Members, with limits of \$1,000,000/ Occurrence Aircraft Liability, and Hull limits per a schedule of Aircraft and Equipment, subject to the Member deductible (per SIR Exhibit on file with the Administrator's office). There is no Member deductible for Liability. There is no Fund retention.

3) The amount of unpaid claims to be established.

- a) The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Fund expects the claims servicing company to set reserves at 85% accuracy. The Fund also establishes reserves recommended by the Fund's actuary for claims that have been incurred but not yet reported so that the Fund has adequate reserves to pay all claims and allocated loss adjustment expense liability.
- b) Claims reserves are subject to regular review by the Fund's Executive Director/Administrator, Actuary, Attorney, Executive Committee and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the Fund.

4) The method of assessing contributions to be paid by each member of the Fund.

- a) By November 15th of each year, the actuary computes the probable net cost for the upcoming Fund year by line of coverage and for each prior Fund year. The actuary includes all budget items in these computations. The annual assessment of each participating municipality is its pro rata share of the probable net cost of the upcoming Fund year for each line of coverage as computed by the actuary.
- b) The calculation of pro rata shares is based on each municipality's experience-modified manual premium for that line of coverage. The total amount of each member's annual assessment is certified by majority vote of the Fund's Executive Committee or Board of Commissioners at least one (1) month prior to the beginning of the next fiscal year (usually at the GSMJIF's budget hearing).
- c) The treasurer deposits each member's assessment into the appropriate accounts, including the administrative account, and the claim or loss retention trust fund account by Fund year for each type of coverage in which the member participates.
- d) If a local unit becomes a member of the Fund or elects to participate in a line of coverage after the start of the Fund year, such participant's assessments and supplement assessments are reduced in proportion to that part of the year which had elapsed.
- e) The Fund's Executive Committee may by majority vote levy upon the participating municipalities additional assessments wherever needed or so ordered by the Commissioner of Insurance to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. All supplemental assessments are charged to the participating municipalities by applicable Fund year and shall be apportioned by the year's assessments for that line of coverage.
- f) Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Fund fail to assess funds required to meet its obligations, the chairman or in the event by his or her failure to do so, the custodian of the Fund's assets, shall notify the Commissioner of Insurance and the Director of Community Affairs. Past due assessments shall bear interest at the rate established annually by the Fund's Executive Committee or Board of Commissioners.

5) Procedures governing loss adjustment and legal expenses.

- a) The Fund engages claims service companies to handle all claims. The performance of the claims adjusters is monitored and periodically audited by the Fund Administrator/Executive Director's office, the GSMJIF's attorney's office, as well as the claims department of the GSMJIF's major insurers/reinsurers. Every three years, the GSMJIF's internal auditors also conduct an audit.
- i) For Workers' Compensation claims, the Fund has engaged Qual-Lynx, Inc. as its approved claims service company.



- (1) The following members, with the approval of the Fund, have selected a claims service company other than the Fund's appointed claims service company for Workers' Compensation claims ONLY:
 - (a) Township of Bloomfield
 - (b) City of Linden
 - (c) Town of Morristown
 - (d) Township of North Bergen
 - (e) Township of Parsippany-Troy Hills
 - (f) Township of Roxbury
 - (2) For any other member(s) not listed in 5) a) i) (1) et seq., in order to be eligible to select a claims service company for Workers' Compensation claims, other than the Fund's appointed claims service company, the member shall assume a self-insured retention of no less than \$25,000 per Occurrence and obtain written approval from the Fund Administrator prior to issuing any Requests for Qualifications or Requests for Proposals for such services.
 - ii) For all claims other than Workers' Compensation, the Fund has engaged NIP Management Services, Inc. (NIP) as its claims service company. No member selection of claims service company for claims other than Workers' Compensation is permitted.
 - iii) All claims service companies, including member-selected, are subject to approval by the Fund Administrator and must adhere to all guidelines as promulgated by the Fund Administrator's office and the applicable insurance carrier(s).
 - b) Each member local unit is provided with a claims reporting procedure and appropriate forms.
 - c) To provide for quality defense and control costs, the Fund has established an approved defense attorney panel with firms that specialize in Title 59 matters. Any member that carries a self-insured retention may appoint an approved defense attorney of its choice to the panel for purposes of defense of claims within that self-insured retention. The performance of the defense attorneys is overseen by NIP and the Fund Litigation Managers, as well as the various firms that audit the claims adjusters.
- 6) Coverage to be purchased from a commercial insurer, if any.**
- a) Excess Workers' Compensation - The GSMJIF has purchased an excess specific Workers' Compensation policy from Safety National Casualty Insurance Co. and Allied World Assurance Company at limits of:
 - i) Workers' Compensation - Statutory in excess of \$750,000 Fund retention.
 - ii) Employer's Liability - \$15,000,000 in excess of \$750,000 Fund retention.



- iii) USL&H - included in Workers' Compensation (for damages arising out of NJ state law).
 - iv) Merchant Marine Act / Jones Act- Included in Employer's Liability.
 - v) Loss corridor – GSMJIF will retain up to \$250,000 per loss subject to a maximum of \$500,000 in the aggregate per annum of losses otherwise recoverable under coverages a) i) through iv)
- b) Excess Liability - The GSMJIF has purchased excess General Liability, Automobile Liability, Law Enforcement Liability, Public Official's Liability and Employee Benefits Liability insurance from Safety National Group, Allied World Assurance Company, and Kinsale at limits of:
- i) Excess General Liability - \$15,000,000 in excess of \$500,000 retention.
 - ii) Excess Automobile Liability- \$15,000,000 CSL in excess of \$500,000 retention.
 - iii) Excess POL and EPL (Claims-Made) - \$15,000,000 in excess of \$500,000 retention
 - iv) Excess Law Enforcement Activities Liability - \$15,000,000 in excess of \$500,000 retention
 - v) Excess Employee Benefits Liability (Claims Made) - \$15,000,000 in excess of \$500,000 retention
 - vi) Loss corridor – GSMJIF will retain up to \$500,000 per loss subject to a maximum of \$2,000,000 in the aggregate per annum of losses otherwise recoverable under coverages b) i) through v)
 - vii) Limits and retentions for b) i) through v) apply on a per member basis, however GSMJIF has purchased clash coverage so that the largest single retention per occurrence will apply, inclusive of workers compensation
- c) Property - The GSMJIF has purchased Property insurance (including Auto Physical Damage) from APIP at a limit of \$600,000,000, exceeding the probable maximum loss exposure of the Fund members.
- d) Boiler & Machinery - The GSMJIF has purchased Boiler & Machinery insurance from APIP, at a limit of \$100,000,000, exceeding the probable maximum loss exposure of the Fund members.
- e) Crime/ Statutory Position Bond - The GSMJIF has purchased Crime/ Statutory Position Bond insurance from Fidelity & Deposit Insurance Company, at a limit of \$1,000,000.
- f) Non-Owned Aircraft Liability - The GSMJIF has purchased Non-Owned Aircraft Liability insurance from Global Aerospace, Inc. at a limit of \$5,000,000.
- g) Cyber Liability - The GSMJIF has purchased Cyber Liability insurance from APIP at an annual aggregate limit of \$4,000,000.
- h) Disaster Management Services - The GSMJIF has purchased Disaster Management Services Insurance with limits of \$10,000,000 per occurrence subject to an annual



aggregate limit (Fund-wide) of \$20,000,000. The insurance is provided by XLC Syndicate 2003 (Lloyd's of London).

- i) Site Pollution Liability - The GSMJIF has made available optional Site Pollution Liability insurance outside the GSMJIF budget for participating Members from the Allied World Assurance Company, at limits of \$1,000,000 per Pollution Incident, \$3,000,000 per Member Aggregate Limit, and a Fund-wide Aggregate Limit of \$25,000,000.
- j) Underground Storage Tank Liability - The GSMJIF has made available optional Underground Storage Tank Liability insurance outside the GSMJIF budget for participating Members from the ACE American Insurance Company, for participating Members, with limits of \$1,000,000/ Incident and an Aggregate Limit that varies by policy, subject to a \$1,000,000 Legal Defenses Aggregate Limit, inclusive of Member deductible/SIR (per SIR Exhibit on file with the Administrator's office).
- k) Marina Operators Package - The GSMJIF has purchased outside the GSMJIF budget, optional Marina Operators Package insurance for participating members from the Atlantic Specialty Insurance Company at limits of \$5,000,000 Limits for Liability/ Protection & Indemnity, and Hull limits per a Schedule of Vessels
- l) Unmanned Aircraft Systems Insurance - The GSMJIF has purchased outside the GSMJIF budget, optional Unmanned Aircraft Systems insurance for participating members from Global Aerospace, Inc. at limits of \$1,000,000 Limit for Aircraft Liability, and Hull limits per a Schedule of Aircraft and Equipment.

Please Note: The GSMJIF follows the policy forms of its excess insurers in determining coverage for its retained layers (SIRs) noted in Section 2. In the event that the excess insurer determines that no coverage exists for all or part of a claim made against or by a Member of the GSMJIF, the Member shall be responsible for all or a portion of any uncovered claims expense, indemnity settlement or other costs associated with such claim. Please also note that the coverage descriptions herein, in all particulars, are superseded by the applicable policy wordings including all limits, terms, conditions, exclusions and endorsements. This document is not intended to be all-inclusive, and does not alter, amend or change the Fund's coverage. Please refer to specific policies for limits, terms, conditions and exclusions.

7) Procedures for the closure of Fund years, including the maintenance of all relevant accounting records.

- a) The Fund adopts a resolution closing the year and transfers all remaining assets to the closed Fund year account. This amount is allocated by member local units using the same procedure as is used to calculate a dividend. Each month, interest is credited to the closed Fund year account by member.
- b) Each year, the Fund's Executive Committee will determine if a dividend is appropriate from the closed Fund year account and will make application to the

Department of Insurance as appropriate. Further, in the event an open Fund year incurs a deficit, the Fund's Executive Committee will consider an inter-year transfer from the closed Fund year account to offset the deficit. In either case, the dividend or inter-Fund year transfer will be calculated on a member by member basis.

- c) A member may apply to the Fund's Executive Committee for a return of that member's remaining share of the closed Fund year account when five (5) years have passed since the last Fund year in which the member participated has been closed. The Fund's Executive Committee will decide on the former member's request after evaluating the likelihood of any additional assessments.
- d) The Fund will retain all records in accordance with the Fund's record retention program.

8) Assumptions and Methodology used for the calculation of appropriate reserve requirements to be established and administered in accordance with sound actuarial principles.

- a) The general approach in estimating the loss reserves of the Fund is to project ultimate losses for each Fund year using paid and incurred loss data. At least two traditional actuarial methodologies are used: the paid loss development method and the incurred loss development method. From the two different indications resulting from these methods the Fund Actuary chooses a "selected" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or funding requirement.
- b) The following is an overview of the two actuarial methods used to project the ultimate losses.

Paid Loss Development Method - This method uses historical accident year paid loss patterns to project ultimate losses for each accident year. Because this method does not use case reserve data, estimates from it are not affected by changes in case reserving practices. However, the results of this method are sensitive to changes in the rate of which claims are settled and losses are paid and may underestimate ultimate losses if provisions are not included for very large open claims.

Case Incurred Loss Development Method - This method is similar to the paid loss development method except it uses historical case incurred loss patterns (paid plus case outstanding reserves) to estimate ultimate losses. Because the data used includes case reserve estimates, the results from this method may be affected by changes in case reserve adequacy.

9) **The maximum amount a certifying and approving officer may approve pursuant to N.J.A.C. 11:15-2.22.**

- a) \$10,000, but up to \$25,000 with verbal or written approval from the affected municipality commissioner or alternate commissioner.
- b) \$25,000 Emergency Court House Authority upon the joint authorization of the Fund Attorney and Executive Director, but up to \$50,000 with verbal or written approval of a majority of the Executive Committee.
- c) Any and all actions must be ratified by the entire Board of Fund Commissioners at the meeting immediately following the authorization.

10) **Member Deductible Drop Down and Close Out Program**

- a) The GSMJIF offers Members with self-insured retentions the option of eliminating ("Drop Down") a self-insured retention ("SIR") in the ensuing policy year with a deferred assessment payment feature and/or transferring future payments on prior accident years outstanding claims liabilities to the Fund ("Close Out") in exchange for a fixed assessment payable equally over 10 budget years, including 10% adverse claims development coverage.
- b) **Drop Down** – The Fund will calculate the loss fund differential between the Member SIR and the first dollar equivalent and divide that amount into four equal annual installments payable by the Member in the ensuing Fund year in conjunction with the standard assessment. Should the Member leave the Fund or fail to pay any installment during the life of the Drop-Down plan, all remaining future installments become immediately due and payable.
- c) **Close Out** - The Fund's actuary calculates the Ultimate Claims Liabilities (UCL) within the Member's SIR plan for each prior year of fund membership at a high confidence level as of 12/31. The total amount of paid losses as of 12/31 is deducted from the total UCL to arrive at the expected outstanding claims result (EOCR). To this result is added a 5% risk charge, a 3% Administration fee and a 2% Risk Manager fee. The result is divided into 10 equal installments, which the Member will pay in each successive year as part of the standard annual assessment (two annual installments).
- d) Should the Member leave the Fund or fail to pay any installment during the 10-year period, any remaining unpaid installments in the subject year become immediately due and payable and all future claim liabilities become the Member's responsibility. Concurrently, if the claims paid under the Close Out plan exceed the Member paid installments, the member will be obligated to immediately pay a final assessment equal to the difference.
- e) If the claims paid under the Close Out agreement exceed the 10% corridor of protection at any time, future claims payments become the Member's responsibility.



- f) If the 10-year Treasury bill yield exceeds 6% during the life of the plan, the Fund reserves the right to adjust the amount of future installments to compensate for the cost of the Close-Out program.

11) The following Retrospective Rating Endorsement is hereby included in the Plan of Risk Management:



**GARDEN STATE MUNICIPAL JOINT INSURANCE FUND
900 ROUTE 9 NORTH, SUITE 503
WOODBIDGE, NJ 07095
PROPERTY/CASUALTY POLICIES**

POLICY ENDORSEMENT - RETROSPECTIVE RATING PLAN

MEMBER: _____

This ENDORSEMENT modifies such insurance as is afforded by the provisions of the Policies for the 2021 fund year relating to the following:

WORKERS' COMPENSATION
COMPREHENSIVE GENERAL, LAW ENFORCEMENT AND AUTO LIABILITY
PROPERTY AND BOILER AND MACHINERY
COMPREHENSIVE CRIME
PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY

RETROSPECTIVE RATING PLAN ASSESSMENT STANDARD ELEMENTS

For the purposes of this ENDORSEMENT, the standard elements are explained here:

- A. STANDARD ASSESSMENT shall be the assessment we would charge during the rating plan period if you had not chosen a retrospective rating plan
- B. BASIC ASSESSMENT shall be less than STANDARD ASSESSMENT. It shall be STANDARD ASSESSMENT multiplied by the BASIC ASSESSMENT FACTOR. The BASIC ASSESSMENT FACTOR shall be the ratio of the following items to the STANDARD ASSESSMENT:
 - 1. Excess Insurance Costs
 - 2. General Expenses
 - 3. Risk Management Expenses
 - 4. Underwriting Expenses
 - 5. Administrative Fees

The actual BASIC ASSESSMENT FACTOR will be determined after the STANDARD ASSESSMENT is determined.

- C. LIMITED PAID LOSSES RETAINED BY THE FUND shall mean the FUND'S financial responsibility for claims paid by the member after due credit for any excess insurance or subrogation receivable. Specifically, it shall include 1) losses paid and reserved, plus 2) allocated loss adjustment expense (ALAE), and 3) this total then limited to the FUND's retention.



RETROSPECTIVE RATING PLAN ASSESSMENT FORMULA

- A. RETROSPECTIVE RATING PLAN ASSESSMENT is the sum of BASIC ASSESSMENT and LIMITED PAID LOSSES RETAINED BY THE FUND.
- B. The retrospective rating plan assessment shall not be more than the MAXIMUM ASSESSMENT. The maximum assessment is determined by applying the maximum retrospective rating plan assessment factor, shown in the Schedule, to the STANDARD ASSESSMENT.

PROVISIONS

The provisions of the coverage form or policy to which this ENDORSEMENT is attached apply, unless modified by this ENDORSEMENT.

- A. In the fashion provided for in the Fund's by-laws, plan of risk management, cash management plan and policies and procedures, the MEMBER shall pay the FUND the STANDARD ASSESSMENT.
- B. As of a valuation date of Eighteen (18) months after the inception of the fund year, and every Twelve (12) months thereafter, the FUND shall compute the RETROSPECTIVE RATING PLAN ASSESSMENT, subject to the MAXIMUM ASSESSMENT.
- C. The final computation of the RETROSPECTIVE RATING PLAN ASSESSMENT shall be as of the valuation date when the FUND closes the fund year to which this ENDORSEMENT applies.
- D. Notwithstanding any subsection above, the MEMBER shall remain subject to FUND-wide dividends and additional assessments in accordance with the FUND's bylaws. These additional assessment or dividends, if any, shall be computed based on the MEMBER'S RETROSPECTIVE RATING PLAN ASSESSMENT, subject to the MAXIMUM ASSESSMENT.
- E. Upon computation of any RETROSPECTIVE RATING PLAN ASSESSMENT, the MEMBER shall owe the FUND or the FUND shall owe the MEMBER as the case may be, the difference between amount paid by the MEMBER to date and the MEMBER'S RETROSPECTIVE RATING PLAN ASSESSMENT, subject to the MAXIMUM ASSESSMENT.
- F. If the MEMBER owes the FUND an additional assessment under this ENDORSEMENT, this amount shall be payable to the FUND within 180 days after the FUND bills the MEMBER, or upon the MEMBER withdrawing from the FUND, whichever is earlier.
- G. If the FUND owes the MEMBER a return assessment under this ENDORSEMENT, this amount shall be payable to the MEMBER 180 days after the next meeting of the FUND's Board of Fund Commissioners, or Executive Committee thereof.



- H. This endorsement shall only be effective if approved by resolution of the MEMBER'S Governing Body.

SCHEDULE

- A. Other policies subject to this Retrospective Rating Plan Endorsement

WORKERS' COMPENSATION
COMPREHENSIVE GENERAL AND AUTO LIABILITY
EXCESS LIABILITY
PROPERTY AND BOILER AND MACHINERY
COMPREHENSIVE CRIME
PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES

- B. Maximum Retrospective Rating Plan Assessment Factor: _____

- C. The standard maximum assessment is based on estimates of standard assessment. The actual maximum assessment will be calculated based on the actual standard assessment and the factor, shown in the Schedule, Item B:

The coverage provided under this ENDORSEMENT is subject to all of the terms and CONDITIONS of this policy. All other terms and CONDITIONS of this Policy remain unchanged.

Effective Date:



- 12) **Special Assessments** - NJSA 11:15-2.16 provides for additional assessments "...to supplement the fund's claim or loss retention or administrative accounts to ensure payment of the fund's obligations..." Should the Fund levy a special assessment in accordance with such provision, each affected member shall have the option to pay the additional amount due in up to ten (10) equal annual installments, subject to adjustment each year based on actual incurred losses for the special assessment years. Should any member subject to such special assessment discontinue its membership in the GSMJIF, the full balance of any remaining unpaid installments shall become immediately due and payable to the GSMJIF.

Adopted: this day by the Board of Fund Commissioners

Karen Caulfield *1/28/21*
Chairman -- Karen Caulfield Date

Mark Murranko *1/27/2021*
Secretary -- Mark Murranko Date