RESOLUTION NO. 11-26

Monmouth Municipal Joint Insurance Fund

(hereinafter the "Fund" or the "MON JIF")

ESTABLISHING THE 2026 PLAN OF RISK MANAGEMENT

BE IT RESOLVED by the Fund's Commissioners that the 2026 Plan of Risk Management shall be:

Definitions:

“Commissioners” mean: The Board of Fund Commissioners or the Executive Committee thereof as appropriate

“Member” means: A local unit of government that has joined the Fund

“Sexual Abuse” means: An action brought pursuant to Section 1 of P.L. 1992, c.109 (C.2A:61B-1), paragraph (1) of subsection c. of section 1 of P.L.1959 (C.2A:53A-7) or section 1 of P.L.2005, c.264 (C.2A:53A-7.4)

Section I – Coverage

Insurance Coverages

The following coverages are provided to the Fund's members, effective January 1, 2026:

- Workers' Compensation
- Liability (including optional excess)
- Public Officials Liability / Employment Practices Liability (including optional excess){
- Optional Volunteer Directors & Officers Liability}
- Crime
- Non-Owned Aircraft Liability
- Environmental Impairment Liability
- Cyber
- Property & Equipment Breakdown (effective December 31, 2025)
- Terrorism

Limits of Coverage

Unless otherwise stated, all limits shown apply less any local member unit’s SIRs/deductibles . All references to the “MEL” stand for the “Municipal Excess Liability Joint Insurance Fund”. **Please note, the following is a general discussion of the coverages and limits provided via the Fund; however, the actual terms and conditions are defined in the policy documents and all issues shall be decided on such. Additional coverages, limits and conditions may apply. Please also note, deductibles may differ for individual members; please refer to your policy(ies) for full details.**

1. **Workers' Compensation**
    - Workers' Compensation: $300,000
    - Employer's Liability: $300,000

- USL&H, Harbor Marine/Jones Act, Incidental Foreign Workers' Compensation, Communicable Disease: Per Person
- MEL Excess Limit: Statutory
- Employer's Liability Excess Limit: $6,700,000

2. **Liability** *(includes General, Automobile, Employee Benefits and Law Enforcement Liability)*
    - Fund Limit: $300,000
    - MEL Excess Limit: $4,700,000
        - The $3,000,000 layer excess of $2,000,000 is subject to a 3,000,000 per local member unit annual aggregate (Automobile Liability is not aggregated)
    - Sublimits: The following sublimits are part of, and not in addition to, the limits above:
        - Good Samaritan Liability: Included
        - Fungus or Spores: $1,000,000
        - Disinfectants Release Hazard Coverage: $1,000,000
        - Dam and Reservoir: $5,000,000
            a. $5,000,000 per occurrence for any member entity owned dams defined as Class III or IV in New Jersey Administrative Code, Title 7, Department of Environmental Protection, Chapter 20, 7:20-1.8;
            b. Included for premises owned, occupied or controlled by the member entity on which a dam or reservoir is located, or from the operations conducted on such premises;
            c. $2,000,000 per occurrence for any member entity owned dam defined as Class I or II in New Jersey Administrative Code, Title 7, Department of Environmental Protection, Chapter 20, 7:20-1.8; and
            d. $2,000,000 per occurrence for any Class III or IV member entity owned dam involved with a Class I or II member entity owned dam.
        - Sanitary/Storm Water System Sewerage Backup and/or Sanitary System Sewerage Backup, Escape or Release: $3,000,000 Per Occurrence and $4,000,000 Annual Aggregate for all member entities
        - Subsidence: $3,000,000 Per Occurrence and $4,000,000 Annual Aggregate for all member entities
        - Skateboard Facilities: $5,000,000 Per Occurrence (where approved)
        - Riot, Civil Commotion or Mob Action: $5,000,000 Per Occurrence
        - Failure to Supply Utility: $5,000,000 Per Occurrence
        - Garagekeepers Liability: $2,000,000 Per Occurrence
        - New Jersey Personal Injury Protection (NJ PIP): Statutory Minimum
        - New Jersey Uninsured/Underinsured Motorist (NJ UM/UIM): Statutory Minimum
        - The Fund excludes Property Damage to mailboxes based upon, arising out of, or attributable to snow removal activities.

3. **Optional Excess Liability Limit**

    The MEL offers Optional Excess Liability Limits excess of the MEL Excess Limit.

- The following limits are the Optional Excess Limits:
  - $2,000,000 (equals $7,000,000 total);
  - $5,000,000 (equals $10,000,000 total);
  - $10,000,000 (equals $15,000,000 total); and
  - $15,000,000 (equals $20,000,000 total);

The MEL also offers Optional JIF Shared Aggregate Excess Liability coverage, with limits of $10,000,000 from the MEL. This coverage is only available to members of the Fund who purchase all $20,000,000 available to them from the Optional Excess Liability Limits.

- $10,000,000 aggregate (equals $30,000,000 total)

4. **Public Officials Liability / Employment Practices Liability**

Each local member unit is 100% commercially insured with Lexington Insurance Company for $2,000,000 in the aggregate per member on a claims made and reported basis for each Fund year.

- Retentions and Coinsurance:
  - $20,000 is the standard retention per claim and 20% of the first $250,000 of the loss is the standard coinsurance, although other retentions and coinsurances may apply.
  - Local member units may qualify based on certain criteria to have options to purchase a lower retention and/or coinsurance contribution.
  - Members with adverse loss experience may be subject to higher retention and/or coinsurance.
  - Non-compliance with the MEL's EPL Risk Management Plan will results in a deductible of $100,000 and copay of 20% of $2,000,000

5. **Optional Excess Public Officials Liability / Employment Practices Liability**

The MEL offers Optional Excess Public Officials Liability / Employment Practices Liability limits excess of the local member units' primary $2,000,000 Public Officials Liability / Employment Practices Liability policies with Lexington Insurance Company as follows:

- $1,000,000 (equals $3,000,000 total);
- $2,000,000 (equals $4,000,000 total);
- $3,000,000 (equals $5,000,000 total);
- $4,000,000 (equals $6,000,000 total); and
- $8,000,000 (equals $10,000,000 total).

6. **Optional Volunteer Directors & Officers Liability**

Volunteer Emergency Service Units have the option of adding Volunteer Directors & Officers Liability coverage to the Public Officials coverage. The coverage applies to the non-emergency activities of such entity. If elected, coverage will be included in the Public Officials Liability limits and subject to a $1,000 deductible.

7. **Crime**
    - The Fund provides Crime coverage with a limit of $50,000 for: Loss of Assets, Credit Card Forgery, Loss of Employee Benefit Plan Assets and Public Employee Dishonesty
    - The member deductible is $2,500
    - MEL Crime
        - MEL Crime Excess: $4,950,000 excess of the Fund Crime limit
        - MEL Crime Statutory Position:
            a. The MEL provides primary employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have applied and have been approved for coverage at a limit of $5,000,000 per occurrence per position.
            b. The deductible is $1,000
                a. $10,000 if approved via the MEL appeal board
        - MEL Crime Excess Public Officials:
            a. The MEL provides excess employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have not applied or have not been approved for coverage under the MELJIF Statutory Position Program at a limit of $5,000,000
            b. The deductible is the greater of the underlying bond/policy in place or the statutory limit required

8. **Non-Owned Aircraft Liability**
    - $5,000,000; and
    - Medical Expense for each passenger: $5,000
    - The coverage is 100% commercially insured with Endurance American

9. **Environmental Impairment Liability**
    - Environmental Impairment Liability is provided to the Fund's local member units by the New Jersey Environmental Risk Management Fund (EJIF). Please refer to the EJIF's Plan of Risk Management.

10. **Cyber**

    The Fund purchases Cyber insurance from the New Jersey Cyber Risk Management Fund
    - Limits and Retention: Please contact your Risk Manager or the Cyber JIF

11. **Property & Equipment Breakdown**
    - The Fund provides a $100,000 limit per occurrence (Property & Time Element combined)
    - The MEL provides a $2,400,000 limit excess of the Fund's limit
    - The MEL purchases additional excess property limits, as follows: $125,000,000, including certain sublimits, including, but not limited, to:
        - Aggregate, Earth Movement: $75,000,000

- Aggregate, Flood (includes Storm Surge): $110,000,000
    a. Per Location, High Hazard Flood Zone: $75,000,000 /Aggregate : $75,000,000
- Named Storm: Included
- Vehicles: $10,000,000
    a. Rental Reimbursement $100,000.
        1. Monthly Limit, Per Occurrence: $10,000
- Miscellaneous unnamed locations $50,000,000
- Newly acquired locations $50,000,000
- Transit $5,000,000

- Unmanned Aircraft Systems: $100,000
- Member deductibles:
    - All Other: $5,000
    - Automobile Physical Damage: $2,500
    - Equipment Breakdown: $5,000
    - SFHA Flood Maximum available NFIP limit, per location, regardless if member purchases it or not, but no less than $500,000 building / $500,000 contents ($250,000 / $100,000 for housing authorities and related non-profit buildings), but no more than the value of the building and contents.
    - Named Storm : $5,000

12. **Terrorism**
    Aggregate: $125,000,000

Individual Self-Insured Retentions

Optional Individual Self-Insured Retentions: Middletown has an individual SIR of $200,000 for Workers' Compensation, general liability and auto liability. The Fund insures the $100,000 excess of $200,000 layer respectively. Manalapan has an individual SIR of $400,000 for Workers' Compensation. The Fund insures the $50,000 excess of $400,000 layer for Workers Compensation.

Amount of Risk to be Retained by the Fund

Unless otherwise stated, all limits shown apply less any local member unit's SIRs/deductibles.

1. **Workers' Compensation**: $300,000
2. **Liability**: $300,000
    - NJ Uninsured/Underinsured Motorist: Statutory minimum
    - NJ Personal Injury Protection: Statutory minimum
3. **Optional Excess Liability Limit**: $0
4. **Public Officials Liability / Employment Practices Liability**: $0
5. **Optional Excess Public Officials Liability / Employment Practices Liability**: $0
6. **Optional Volunteer Directors & Officers Liability**: $0

7. **Crime**: $50,000
    - MEL Crime Excess: None
    - MEL Crime Statutory Position: None
    - MEL Crime Excess Public Officials: None
8. **Non-Owned Aircraft Liability**: $0
9. **Environmental Impairment Liability** : $0
10. **Cyber**: $0
11. **Property**: $100,000
    - Equipment Breakdown: $0
    - SFHA Flood: $0
    - Named Storm: $100,000
12. **Unmanned Aircraft Systems (UAS)**:$100,000
13. **Terrorism:** $0

Commercial Insurance / Reinsurance Purchased

The insurance/reinsurance listed below may contain sublimits, retentions and deductibles in addition to such already stated.

1. **Non-Owned Aircraft Liability**: The Fund purchases this coverage through the MEL
2. **Excess Property & Equipment Breakdown**: The Fund purchases this coverage from the MEL
3. **Excess Liability**: The Fund purchases this coverage from the MEL
4. **Excess Workers' Compensation**: The Fund purchases this coverage from the MEL
5. **Excess Crime**: The Fund purchases this coverage from the MEL
6. **Public Officials Liability / Employment Practices Liability**: The Fund purchases this coverage from Lexington Insurance Company
7. **Optional Volunteer Directors & Officers Liability**: The Fund purchases this coverage from Lexington Insurance Company
8. **Cyber**: The Fund purchases this coverage from the New Jersey Cyber Risk Management Fund
9. **Environmental Impairment Liability**: EJIF
10. **Terrorism**: The Fund purchases this coverage from the MEL

Section II – Conditions

The Amount of Unpaid Claims to be Established

1. 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 adjusted expense liability.
2. Claims reserves are subject to regular review by the Fund's Executive Director/Administrator, Attorney, Commissioners 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.

The Method of Assessing Contributions to be Paid by Each Member of the Fund

1. 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 member 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.
2. The calculation of pro rata shares is based on each member's experience modified manual premium for that line of coverage. The Commissioners also adopts a capping formula which limits the increase of any member's assessment from the preceding year to the Fund wide average increase plus a percentage selected by the Commissioners. The total amount of each member's annual assessment is certified by majority vote of the Commissioners at least one (1) month prior to the beginning of the next fiscal year.
3. 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.
4. 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.
5. The Commissioners may by majority vote levy upon the participating members 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 members by applicable Fund year, and shall be apportioned by the year's assessments for that line of coverage.
6. 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 Commissioners.
7. Sexual Abuse Liability Account: The Commissioners may establish a sexual abuse liability account. Reserves, IBNR, expenses, assets, assessments and other assets for this account shall be accounted for separately. After the end of the year before the Fund has finalized its year end accounting, the Commissioners may levy a supplementary assessment if the sexual abuse claims account is negative on a statutory basis.
8. At the discretion of the Commissioners, any supplemental assessments may be payable in equal installments for up to ten years. Deferred assessments shall become due and immediately payable if a member leaves the Fund.

Procedures Governing Loss Adjustment and Legal Expenses

1. The Fund engages a claims service company to handle all claims, except for the JIF's POL/EPL and Volunteer D&O, which are handled by Summit Risk Services representing Lexington Insurance Company. The performance of the claims adjusters is monitored and periodically audited by the Executive Director's office, the Fund attorney, the MEL's attorney's office, as well as the claims department of the MEL's three major liability insurers/re-insurers (i.e. Munich Re for liability, and Safety National for workers' compensation). Every three years, the MEL's internal auditors also conduct an audit.
2. Each member is provided with a claims reporting procedure and appropriate forms.
3. In order to control workers' compensation medical costs, the Fund has engaged a managed care organization (MCO) whose procedures are integrated into the Fund's claims process.
4. To provide for quality defense and control costs, the Fund has established an approved defense attorney panel with firms which specialize in governmental claims. The performance of the defense attorneys is overseen by the Fund attorney, as well as the various firms which audit the claims adjusters.

Procedures for the Closure of Fund Years, including the Maintenance of All Relevant Accounting Records

1. The Fund utilizes the Municipal Excess Liability Residual Claims Fund (RCF) to facilitate the closure of Fund years.
2. Upon the transfer of outstanding liabilities of a Fund year to the RCF, the Fund adopts a resolution closing that 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.
3. Each year, the Commissioners will determine if a dividend is appropriate from the closed Fund year account, and will make application to the Department of Banking and Insurance as appropriate. Further, in the event an open Fund year incurs a deficit, the Fund's governing body 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.
4. In the event a member leaves the Fund, the Commissioners may assess the member's closed Fund Year account an amount not exceeding three (3) years stranded costs that the Fund incurs as a result of the member's withdraw. Stranded costs are those expenses incurred by the Fund that would otherwise have been paid from the withdrawing member's assessments had the member remained in the Fund. The dividend of any member that is no longer a member of the Fund and that member's share of the closed fund year account shall be held in escrow until the later of the tolling of the statute of limitations for all potential claims incurred during the membership period or the closure of all incurred claims by the Fund during the period of membership. A former member may apply to the Commissioners for a return of that member's remaining share of the closed Fund year account no sooner than when five (5) years have passed since the last Fund year in which the member participated has been closed. The Commissioners will decide on the former member's request after evaluating the likelihood of any additional assessments from the RCF.
5. All dividends from the RCF will be deposited in the closed Fund year account on a member by member basis.
6. The Fund will retain all records in accordance with the Fund's record retention program.

Assumptions and Methodology Used for the Calculation of Appropriate Reserve Requirements to be Established and Administered in Accordance with Sound Actuarial Principles

1. 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. 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 "select" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or funding requirement.

2. The following is an overview of the two actuarial methods used to project the ultimate losses.
    a. 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.
    b. 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.

The Maximum Amount a Certifying and Approving Officer May Approve Pursuant to N.J.A.C. 11:15-2.22

1. $10,000 for General and automobile liability
2. $10,000 for workers compensation
3. With the advance approval of the Fund Attorney, the certifying and approving officer may also pay provider bills if waiting until after the next regularly scheduled FUND meeting would result in the loss of a discount on such bills. When the certifying and approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.
4. $50,000 Emergency Court House Authority upon the joint authorization of the Fund Attorney and Executive Director. Whenever this procedure is used, the claim shall be reported to the Commissioners at their next meeting.

ADOPTED: ***this 8th day of January*** **2026** ***by the Commissioners:***

MONMOUTH MUNICIPAL JOINT INSURANCE FUND

_____
Chairperson

_____
Secretary