

REPORT ON EXAMINATION  
AS TO CONDITION OF THE  
NEW JERSEY PUBLIC HOUSING AUTHORITY JOINT INSURANCE FUND  
PARSIPPANY, NEW JERSEY 07054  
AS AT DECEMBER 31, 2013

**Filed**

**November 25, 2015**

**Commissioner  
Department of Banking &  
Insurance**

Table of Contents	Page
Salutation	1
Scope of Examination	1
History and Kind of Business	2
Territory and Plan of Operation	5
Management and Control	8
Insurance Coverages and Excess Insurance	19
Fidelity Bond and Other Insurance Coverages	23
Accounts and Records	23
Treatment of Members	24
Financial Statements	24
Comparative Statement of Assets and Liabilities as at December 31, 2013 and December 31, 2012	25
Comparative Statement of Revenue, expenses and changes in Fund Equity for Years Ended December 31, 2013 and December 31, 2012	26
Note 1 – Losses	27
Acknowledgement	27



**State of New Jersey**

DEPARTMENT OF BANKING AND INSURANCE  
OFFICE OF SOLVENCY REGULATION  
PO Box 325  
TRENTON, NJ 08625-0325

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

RICHARD J. BADOLATO  
*Acting Commissioner*

PETER L. HARTT  
*Director*

TEL (609) 292-5350  
FAX (609) 292-6765

September 30, 2015

Honorable Richard J. Badalato  
Acting Commissioner of Banking and Insurance  
New Jersey Department of Banking and Insurance  
20 West State Street  
P.O. Box 325  
Trenton, New Jersey 08625

Commissioner:

In accordance with the Authority vested in you by the Revised Statutes of New Jersey, an examination has been made of the assets, liabilities, method of conducting business and other affairs of the:

**NEW JERSEY PUBLIC HOUSING AUTHORITY JOINT INSURANCE FUND  
PARSIPPANY, NEW JERSEY 07054.**

hereinafter referred to in this report as the “**Fund**.”

**SCOPE OF EXAMINATION**

This financial condition examination was called by the Commissioner of Banking and Insurance of the State of New Jersey pursuant to the authority granted by N.J.S.A. 40A:10-47.

The examination was made as at December 31, 2013. The examination was conducted at the office of the Fund’s Executive Director, PERMA Risk Management Services, 9 Campus Drive, Parsippany, New Jersey 07054.

The conduct of the examination was governed by the procedures outlined in the N.A.I.C. Financial Condition Handbook and followed accepted procedures of regulatory

authorities and generally accepted insurance company examination standards. In determining the emphasis to be placed on specific accounts, consideration was given to the Fund's system of internal control, the nature and size of each account, its relative importance to solvency and the results of the previous financial condition examination.

In the verification of matters as shown in this report, limited test checks were made, some complete and others partial. Consideration was allowed for limiting the verification on certain accounts at a point where they were determined to be substantially correct or the account under review was considered insignificant and not crucial to the Company' solvency.

**HISTORY AND KIND OF BUSINESS**

The Fund was established November 4, 1994 in accordance with Public Law 1983, C. 372 entitled “ An act concerning joint insurance Funds for local units of government and supporting Chapter 10 of Title 40A of the New Jersey Statutes. The Fund is both a self-insured and self-administered group of authorities established for the purpose of insuring against workers compensation.

The Fund began with eight members Asbury Park Housing Authority, Atlantic City Housing Authority, Carteret Housing Authority, East Orange Housing Authority, Morristown Housing Authority, Orange Housing Authority, Paterson Housing Authority and Sayreville Housing Authority.

The following is a listing of members at December 31, 2013

<u>Members</u>	<u>Date Joined</u>
A-HOME, INC HA	6/22/2005
ATLANTIC CITY HA	1/1/2003
BAYONNE HA	9/21/2004
BERGEN COUNTY HA	1/1/2000
BERKELEY HA	1/1/2000
BEVERLY HA	1/1/2000
BOONTON HA	1/1/2000
BRICK HA	1/1/2000
BRIDGETON HA	7/1/2011
BRIDGEVIEW MANOR HOUSING CORP	1/1/2005
BUENA HA	4/1/2011
BURLINGTON HA	1/1/2000
CAMDEN HA	5/1/2003
CAPE MAY HA	11/22/2001
CARTERET HA	1/1/2000
CEDAR CROSSING CONDOMINIUM ASSOC., INC.	1/27/2013

CLIFFSIDE PARK HA	1/1/2013
COLLINGSWOOD HA	1/1/2000
COOK'S POND, LP	1/1/2005
DOVER HA	1/1/2004
EAST ORANGE HA	1/1/2000
EDGEWATER HA	1/1/2000
EDGEWATER HOUSING FINANCE URBAN RENEWAL CORP	2/1/2000
EDGEWATER NEIGHBORHOOD AFFORDABLE HOUSING FRIENDS, LLP	5/6/2004
EDISON HA	1/1/2000
ENGLEWOOD HA	1/1/2000
ENGLEWOOD HOUSING MGMT SVC	3/1/2004
ENGLEWOOD WESTMOOR GARDENS HA	3/1/2004
FLORENCE HA	1/1/2004
FORT LEE HA	1/1/2000
FRANKLIN TWP HA	8/16/2002
FREEHOLD HA	1/1/2003
FT. LEE ASSISTANCE & SUPPORT HC (F.L.A.S.H. CORP)	1/6/2010
GARFIELD HA	1/1/2000
GLASSBORO HA	1/1/2000
GUTTENBERG HA	4/1/2003
HACKENSACK HA	1/1/2000
HADDON TOWNSHIP HA	11/1/2007
HARRISON HA	1/1/2000
HIGHLAND PARK HA	1/1/2000
HIGHLANDS HA	1/1/2000
HOBOKEN HA	1/1/2000
IRVINGTON HA	1/1/2000
JERSEY CITY HA	10/15/2002
KEANSBURG HA	1/26/2003
LAKESWOOD HA	1/1/2000
LINDEN CORP HA	7/1/2003
LINDEN HA	7/1/2003
LODI HA	1/1/2000
LONG BRANCH HA	1/1/2000
MADISON AFFORDABLE HOUSING CORP	6/1/2004
MADISON HA	1/1/2000
MIDDLETOWN SENIOR CITIZENS HOUSING CORP	10/29/2004
MILLVILLE HA	1/1/2000

MORRIS COUNTY AFFORDABLE HOUSING CORP	3/28/2006
MORRIS COUNTY HA	1/1/2002
MORRISTOWN HA	1/1/2000
NEPTUNE CITY HA	4/7/2003
NEPTUNE HA	1/1/2000
NEW BRUNSWICK HA	1/1/2000
NORTH BERGEN HA	3/30/2002
NORTH BERGEN REN I URBAN, LP	3/13/2003
NORTH BERGEN RENAISSANCE CORP HA	8/7/2003
OLD BRIDGE HA	1/1/2000
ORANGE HA	1/1/2000
PASSAIC HA	1/1/2009
PENNS GROVE HA	1/1/2000
PERTH AMBOY HA	1/1/2000
PHILLIPSBURG HA	1/1/2000
PLAINFIELD HA	1/1/2000
PLEASANTVILLE HA	1/1/2006
PRINCETON HA	1/1/2000
RAHWAY HA	6/1/2002
RED BANK HA	1/1/2000
SALEM HA	1/1/2000
SAYREVILLE HA	1/1/2000
SAYREVILLE HOUSING FOR SENIORS CORP HA	4/28/2003
SECAUCUS HA	1/1/2000
SOUTH AMBOY HA	1/1/2000
SOUTH AMBOY RENAISSANCE CORP	7/1/2005
SUMMIT HA	1/1/2000
TOWNSHIP OF MIDDLETOWN HA	8/5/2004
TRENTON HA	1/1/2000
UNION CITY HA	1/1/2000
VINELAND HA	1/1/2000
WEEHAWKEN HA	1/1/2000
WEEHAWKEN SR HOUSING CORP HA	10/25/2001
WEEHAWKEN SR HOUSING REHAB CORP HA	3/4/2002
WEST NEW YORK HA	1/1/2000
WILDWOOD HA	1/1/2000
WOODBRIIDGE HA	2/24/2003

The registered agent upon whom process may be served is PERMA, 9 Campus Drive, Parsippany, New Jersey.

## **TERRITORY AND PLAN OF OPERATION**

The Fund was formed to provide housing authorities with an economical means of obtaining workers compensation insurance coverage.

The following are the requirements for membership in the Fund:

1. Pursuant to NJSA 40A:10-36, et seq. the governing body of a qualified local unit shall by resolution, agree to join the Fund. The resolution shall provide for execution of a written agreement specifically providing for acceptance of the Fund's bylaws as approved and adopted pursuant to NJSA 40A:10-39. The resolution shall also provide for the execution of an Indemnity and Trust agreement as defined in Article I.
2. Any local unit seeking membership shall also submit an application for membership to the Fund on a form acceptable to the Commissioner. The application shall include the executed Indemnity and Trust agreement and the resolution required under Subsection 1 above.
3. An application may be approved by a majority vote of the Fund Commissioners or two-thirds vote of the full authorized membership of the Executive Committee based on the following criteria:
  - a. The applicant's claims history shows safety performance consistent with the Fund's objectives and the applicant's physical location and makeup indicates a prospective likelihood of satisfactory future claim performance.
  - b. The Fund has the administrative capability to absorb additional memberships without undue inconvenience or strain.
4. Within 15 days of its approval by the Fund, the executed Indemnity and Trust Agreement and the resolution required under Subsection I above shall be concurrently filed with the Department and the Department of Community Affairs and shall be accompanied by such amendments to the Fund's Budget and Plan of Risk Management as well as any other documents required pursuant to N.J.A.C. 11:15-2 et. seq.
5. If a non-member is not approved for membership, the Fund shall set forth in writing the reasons for disapproval and send the reasons for disapproval to the non-member. The Fund shall retain a copy of all membership application disapproval's for five years.

The following is a listing of Fund Professionals serving at December 31, 2013:

**Administrator: Public Entity PERMA Risk Management Services (PERMA)**---The Administrator shall act as the executive director of the Fund to carry out the policies established by the commissioners or executive committee. He shall be experienced in risk management matters and shall not be a commissioner of the Fund.

The Administrator shall perform the following:

1. The Administrator shall carry out the day to day operation of the Fund.
2. Shall advise on risk management matters and prepare draft modifications to the Fund's Risk Management Plan.
3. Shall maintain underwriting data.
4. Shall draft bid specifications for services as necessary.
5. Shall monitor the performance of service companies.
6. Shall write a draft budget for review by the Commissioners.
7. Shall perform such other duties as provided for by the Fund Commissioners, the by-laws and New Jersey Statutes.

**Fund Actuary: Dennis Henry of Actuarial Advantage** – The Actuary shall certify the actuarial soundness of the Fund and shall provide such actuarial reports and reviews as required by the Fund and the New Jersey Department of Banking and Insurance.

**Fund Auditor: Bud Jones of Nisivoccia & Company LLP** - The Auditor shall be an independent certified public accountant or a registered municipal accountant and not a commissioner. The Auditor shall conduct the annual audit of the Fund and shall perform such other duties as provided for by the Fund commissioners or executive committee, the By-laws and the laws and regulations of the State of New Jersey.

**Fund Attorney: Francis Borin, Esq. of DeCotiis, Fitzpatrick & Cole, LLP** – The Fund Attorney shall be admitted to the Bar of the State of New Jersey and have the following responsibilities:

1. Advise the Fund on legal matters, attend the Fund's regular monthly meetings to advise the Fund on legal matters and consult with counsel representing the Fund in defense of claims.
2. Advise the Fund on selection of counsel to represent the Fund in the defense of claims.



3. Perform such other duties as provided for by the Fund Commissioners, the Fund By-laws and the laws and regulations of the State of New Jersey.

**Co-Treasurers : William Synder & Louis Riccio of Execu-Tech** - The treasurer shall be certified municipal finance officers, not be a commissioner and shall have the following duties and responsibilities:

1. Be the custodian of Fund assets and maintenance of various trust funds.
2. Approve receipts, disbursements and financial records.
3. Prepare cash management plan and invest funds.
4. Perform other related duties as designated by the Fund Commissioners in accordance with the By-laws of the Fund and laws and regulations of the State of New Jersey.

**Managed Care: Steve McNamara of CSG** – The Managed Care Provider will establish and maintain an adequate network of hospitals, physicians, laboratories and other appropriate facilities and provide notification, within one business day, to the Fund’s TPA of all new losses. Other services provided include provider and facility credentialing, pre-authorization of all medical treatment, establishment of treatment schedules and concurrent reviews and discharge coordination for inpatient hospitalization.

**PMA Management** - This professional will provide safety and loss prevention services on behalf of the Fund.

**Underwriter: Joseph Hrubash of Conner Strong & Buckelew** – Services provided by the Underwriter Include the following:

1. Assist in ongoing coordination, updating and preparation of coverage documents detailing all lines and limits of coverage provided by the Fund to the member municipalities as well as coordinating the drafts of these documents.
2. Respond to questions related to coverage from members, insurance producers or the Executive Director.
3. Calculate excess insurance/reinsurance premiums based on rates negotiated with insurer/reinsurer for each member based upon renewal exposure data provided by the Executive Director.
4. Market, negotiate and place excess property insurance and reinsurance coverage in conjunction with the Executive Director and as authorized by the Fund’s Executive Committee.

**Asset Manager: Michael Huxley of TD Bank** – The Asset Manager provides custodial services and assure ensures the safekeeping of all security holdings of the Fund acting as a discretionary trustee over the assigned assets of the Fund in a manner which is consistent with the Fund’s Cash and Investment Management Plan.

In settling claims the Fund utilizes the services of a third party administrator Scibal Associates.

## **MANAGEMENT AND CONTROL**

Each participating Authority shall appoint one commissioner to the Fund. Each participating Authority shall select either a member of its governing body or one of its employees. In addition each participating Authority shall have the right to appoint one (1) alternate to attend either regular or special meetings on behalf of the Fund in the absence of the Fund Commissioner. The alternate Commissioner must be either an elected official or an employee of the appointing authority.

In the event that the number of participating authorities is an even number, one additional commissioner shall be appointed annually by a participating Authority on a rotating basis determined alphabetically.

All terms of office shall expire on January 1st or until a successor is duly appointed and qualified. A Commissioner, other than the special commissioner, who is a member of the appointing Authority's governing body shall hold office for two years or for the remainder of his/her term of officer as a member of the governing body whichever shall be less. Commissioners who are employees of the appointing Authority shall hold office at the pleasure of the Authority and can be removed by the Authority at any time without cause. The special commissioner, if any, shall serve until January 1st or the year following appointment provided, however, that if the special commissioner is an employee of the appointing Authority, he can be removed by the appointing Authority at any time without cause.

The unexpired term of a commissioner other than the special commissioner, shall be filled by the appointing Authority in the manner generally prescribed by law. In the event of a vacancy of the special commissioner caused by reason other than the expiration of the term of office, the Authority, which appointed the commissioner, shall appoint the replacement for the unexpired term. Any commissioner can be removed from office for cause by two-thirds vote of the full membership of the Authority commissioners. Upon such a vote it shall be incumbent upon the member Authority to replace the commissioner.

The commissioners are hereby authorized and empowered to operate the Fund in accordance with these By-laws and appropriate state laws and regulations.

Each commissioner shall have one vote, provided however, that the special commissioner shall only vote in the event of a tie.

The following is listing of commissioners serving at December 31, 2013:

**COMMISSIONER**

**HOUSING AUTHORITY ENTITY**

Barbara Corcoran  
Administrative Assistant

A-Home, Inc.  
Edgewater Housing Authority  
Edgewater Housing Urban Renewal LP  
Edgewater Neighborhood Afford. Hsg  
Friends, LLP  
300 Undercliff Avenue  
Edgewater, NJ 07020

Robert Fitzgerald  
Director of Finance

Atlantic City Housing Authority  
227 N. Vermont Avenue  
Atlantic City, NJ 08401

John Mahon  
Executive Director

Bayonne Housing Authority  
Bridgeview Manor Housing Corp.  
549 Avenue A  
Bayonne, NJ 07002

Domingo Senande  
Executive Director

Bergen County Housing Authority  
One Bergen County Plaza, 2<sup>nd</sup> Floor  
Hackensack, NJ 07601

Grace Dekker  
Executive Director

Berkeley Housing Authority  
44 Frederick Drive  
Bayville, NJ 08721

Gary Centinaro  
Executive Director

Beverly Housing Authority  
101 Magnolia Street  
Beverly, NJ 08010

Sherry Sims  
Executive Director

Boonton Housing Authority  
125 Chestnut Street  
Boonton, NJ 07005

Anthony Matthews  
Interim Executive Director

Brick Housing Authority  
165 Chambersbridge Road  
Brick, NJ 08723

James Howell  
Assistant Executive Director

Bridgeton Housing Authority  
110 East Commerce Street  
Bridgeton, NJ 08302

Jacqueline Jones  
Executive Director

Buena Housing Authority  
600 Central Avenue  
Minotola, NJ 08341-1014

Richard Iovine  
Executive Director

Burlington Housing Authority  
800 Walnut Street  
Burlington, NJ 08016

Maria Marquez  
Executive Director

Camden Housing Authority  
John F. Kennedy Towers  
2021 Watson Street  
Camden, NJ 08102

Carol Hackenberg  
Executive Director

Cape May Housing Authority  
639 Lafayette Street  
Cape May, NJ 08204

Eric Chubenko  
Executive Director

Carteret Housing Authority  
96 Roosevelt Avenue  
Carteret, NJ 07008

Joseph Capano  
Executive Director

Cliffside Park Housing Authority  
500 George Road  
Cliffside Park, NJ 07010

Suzanne Ollek  
Commissioner

Collingswood Housing Authority  
30 Washington Avenue  
Collingswood, NJ 08108

Tanya Van Order  
Deputy Executive Director

Cook's Pond, LP  
Madison Housing Authority  
Madison Affordable Housing Corp.  
24 Central Avenue  
Madison, NJ 07940

Maria Tchinchinian  
Deputy Executive Director

Dover Housing Authority  
215 East Blackwell Street  
Dover, NJ 07801

Wilbert Gill  
Executive Director

East Orange Housing Authority  
160 Halsted Street  
East Orange, NJ 07018

Madeline Cook  
Executive Director

Edison Housing Authority  
14 Reverand Samuel Carpenter Blvd.  
Edison, NJ 08820

Maria Iwano  
Executive Director

Englewood Housing Authority  
Englewood Housing Mgmt Services  
Englewood Westmoor Gardens  
111 West Street  
Englewood, NJ 07631

Lillian Ciufu  
Executive Director  
(FLASH Corp)

Fort Lee Housing Authority  
Fort Lee Assistance & Support Hsg. Corp.  
1403 Teresa Drive  
Fort Lee, NJ 07024

Hazel Burnet-Davis  
Executive Director

Franklin Housing Authority  
1 Parkside Street  
Franklin Twp., NJ 08873

Sharon Whetzler  
Acting Executive Director

Freehold Housing Authority  
107 Throckmorton Street  
Freehold, NJ 07728

Colleen Day  
Assistant Executive Director

Garfield Housing Authority  
71 Daniel P. Conte Court  
Garfield, NJ 07026

Jacqueline Jones  
Executive Director

Glassboro Housing Authority  
737 Lincoln Boulevard  
Glassboro, NJ 08029

Jose Perez  
Chairperson

Guttenberg Housing Authority  
6900 Broadway  
Guttenberg, NJ 07093

John Bellochio  
Executive Director

Hackensack Housing Authority  
65 First Street  
Hackensack, NJ 07602

Joseph Iacovino  
Executive Director

Haddon Housing Authority  
25 Wynnewood Avenue  
Westmont, NJ 08108

Zinnerford Smith  
Interim Executive Director

Harrison Housing Authority  
Harrison & Schuyler Avenues  
Harrison, NJ 07029

Donna Brightman  
Executive Director

Highland Park Housing Authority  
242 South 6<sup>th</sup> Street  
Highland Park, NJ 08904

Doug Dzema  
Executive Director

Highlands Housing Authority  
215 Shore Drive  
Highlands, NJ 07732

Carmello Garcia  
Executive Director

Hoboken Housing Authority  
400 Harrison Street  
Hoboken, NJ 07030

David Brown  
Executive Director

Irvington Housing Authority  
624 Nye Avenue  
Irvington, NJ 07111

Maria Maio  
Executive Director

Jersey City Housing Authority  
400 US Highway #1 (Marion Gardens)  
Jersey City, NJ 07306

Doug Dzema  
Executive Director

Keansburg Housing Authority  
1 Church Street  
Keansburg, NJ 07734

Scott Parsons  
Assistant Director

Lakewood Housing Authority  
317 Sampson Avenue  
PO Box 1599  
Lakewood, NJ 08701

Ann Ferguson  
Executive Director

Linden Housing Authority  
1601 Dill Avenue  
Linden, NJ 07036

Ann Ferguson  
Executive Director

Linden Housing Corp.  
1501 Dill Avenue  
Linden, NJ 07036

Thomas DeSomma  
Executive Director

Lodi Housing Authority  
50 Brookside Avenue  
Lodi, NJ 07644

Tyronne Garrett  
Executive Director

Long Branch Housing Authority  
Garfield Court-Administration Bldg.  
PO Box 337  
Long Branch, NJ 07740

Joseph Billy  
Executive Director

Middletown Housing Authority  
2 Oakdale Drive  
Middletown, NJ 07748

David Schiro  
Management Agent

Middletown Senior Citizens Housing Corp.  
Bayshore Village  
100 Shoal Harbor Court  
Port Monmouth, NJ 07758

Paul Dice  
Executive Director

Millville Housing Authority  
309 Buck Street  
Millville, NJ 08332

Roberta Strater  
Executive Director

Morris County Affordable Hsg. Corp.  
Morris County Housing Authority  
99 Ketch Road  
Morristown, NJ 07960

Leonora Gross  
Assistant Executive Director

Morristown Housing Authority  
31 Early Street  
Morristown, NJ 07960

William Eckhart  
Vice Chairman

Neptune City Housing Authority  
2000 6<sup>th</sup> Avenue  
Neptune City, NJ 07753

Eleanor Davis  
Office Manager

Neptune Housing Authority  
1610 Alberta Avenue  
Neptune, NJ 07753

John Clarke  
Executive Director

New Brunswick Housing Authority  
7 Van Dyke Avenue  
New Brunswick, NJ 08901

Diane Peirano-Ingvaldsen  
Executive Director

North Bergen Housing Authority  
6121 Grand Avenue  
North Bergen, NJ 07047

Diane Peirano-Ingvaldsen

North Bergen Renaissance Corp.  
North Bergen Renaissance I Urban, LP  
6201 Grand Avenue  
North Bergen, NJ 07047

Larry Stratton  
Executive Director

Old Bridge Housing Authority  
2000 Route 18 North, Suite 100  
Old Bridge, NJ 08857

Walter McNeil  
Executive Director

Orange Housing Authority  
340 Thomas Boulevard  
Orange, NJ 07050

Victor Cirilo  
Executive Director

Passaic Housing Authority  
52 Aspen Place  
Passaic, NJ 07055-5896

Catherina Stanback  
Acting Executive Director

Penns Grove Housing Authority  
40 South Broad Street  
Penns Grove, NJ 08069

Doug Dzema  
Executive Director

Perth Amboy Housing Authority  
881 Amboy Avenue  
PO Box 390  
Perth Amboy, NJ 08862

Mary Harzer  
HR Director/Office Mgr.

Phillipsburg Housing Authority  
530 Heckman Street  
Phillipsburg, NJ 08865

Randall Wood  
Executive Director

Plainfield Housing Authority  
510 East Front Street  
Plainfield, NJ 07060

William G. Cottman, Sr.  
Commissioner

Pleasantville Housing Authority  
156 North Main Street  
Pleasantville, NJ 08232

TiNesha Hemphill  
Operations Officer

Princeton Housing Authority  
50 Clay Street  
Princeton, NJ 08542

Kenneth Pushko  
Executive Director

Rahway Housing Authority  
165 East Grand Avenue  
Rahway, NJ 07065



Mary Harrison  
Executive Director

Red Bank Housing Authority  
Cedar Crossing Condominium Association  
52 Evergreen Terrace  
Red Bank, NJ 07701

Paul Dice  
Executive Director

Salem Housing Authority  
205 Seventh Street  
Salem, NJ 08079

Sandra Niemiec  
Executive Director

Sayreville Housing Authority  
Sayreville Senior Housing Corp.  
650 Washington Road  
Sayreville, NJ 08872

Jacob Naszimento  
Deputy Executive Director

Secaucus Housing Authority  
700 County Avenue  
Secaucus, NJ 07794

Larry Stratton  
Executive Director

South Amboy Housing Authority  
250 South Broadway  
PO Box 817  
South Amboy, NJ 08879

Larry Stratton  
Executive Director

South Amboy Renaissance Corp.  
100 O'Leary Boulevard  
South Amboy, NJ 08879

JoAnn Sonmez  
Executive Director

Summit Housing Authority  
512 Springfield Avenue  
Summit, NJ 07092

Herbert Brown  
Executive Director

Trenton Housing Authority  
875 New Willow Street  
Trenton, NJ 08638

Jose Alba  
Modernization Administrator

Union City Housing Authority  
3911 Kennedy Boulevard  
Union City, NJ 07087

Jacqueline Jones  
Executive Director

Vineland Housing Authority  
191 Chestnut Avenue  
Vineland, NJ 08360

Robert DiVincent  
Executive Director

Weehawken Housing Authority  
Weehawken Senior Rehab Corp.  
Weehawken Senior Hsg. Corp.  
525 Gregory Avenue  
Weehawken, NJ 07086

Kathleen DiTomasso  
Bookkeeper

Woodbridge Housing Authority  
20 Bunns Lane  
Woodbridge, NJ 07095

If the total number of commissioners exceeds seven (7), as soon as possible after the beginning of the year they shall meet and elect five (5) commissioners to serve with the Chairperson and the Secretary as the executive committee of the Fund. During their terms of office, members of the executive committee shall exercise the full power and authority of the commissioners except as otherwise provided.

The executive committee shall serve until January 1st of the following year, or until their successors are duly elected and qualified

In the event the Commissioners shall elect an Executive Committee as provided for above, they shall also elect two (2) Commissioners to serve as alternate members of the Executive Committee to attend either regular or special meetings to serve in the absence of a member, or members, of the Executive Committee. An alternate or alternates serving in the absence of a member, or members, of the Executive Committee shall exercise the full power and authority of that absent member or members

The members of the executive committee and alternates elected and serving at December 31, 2013 were as follows:

**Chairperson**

William Cottman, Sr.

Pleasantville Housing Authority

**Secretary**

Madeline Cook

Edison Housing Authority

**Board of Commissioners**

Robert DiVincent

West New York Housing Authority

Sandra Niemiec

Sayreville Housing Authority

Mary Harrison

Red Bank Housing Authority

John Mahon

Bayonne Housing Authority

Lillian Ciuffo

Fort Lee Housing Authority

**Alternates**

Douglas Dzema	Perth Amboy Housing Authority
Larry Stratton	South Amboy Housing Authority
Sherry Sims	Boonton Housing Authority
John Clarke	New Brunswick Housing Authority
Maria Maio	Jersey City Housing Authority
Grace Dekker	Berkeley Housing Authority
Joseph Billy	Twp. of Middletown Housing Authority

As soon as possible after the beginning of each year the commissioners shall meet to elect officers of the Fund from their own membership including a chairperson and a secretary who shall be elected annually.

Officers will serve until January 1<sup>st</sup> of the following year or until a successor is duly elected and qualified.

The Chairperson shall preside at all meetings of the commissioners and shall perform such other duties provided for in the By-laws and the laws and regulations of the State of New Jersey.

The Secretary shall preside over meeting of the commissioners in the absence of the Chairperson, maintains minutes of meetings, retain all books, records, files and other documents of the Fund, and shall perform such other duties as provided for in the By-laws.

In the event of vacancy in any of the officer positions caused by other than the expiration of the term of office, the commissioners shall by majority vote, fill the vacancy for the unexpired term. Any officer can be removed without cause by two-thirds vote of the full membership of Fund commissioners. In this event the full membership of Fund commissioners shall fill the vacancy for the unexpired term.

At December 31, 2013 the Chairman was William Cottman and the Secretary was Madeline Cook.

The following is a listing of Fund Committees elected and serving at December 31, 2013:

**OPERATIONS COMMITTEE:**

Doug Dzema  
Madeline Cook  
John Mahon  
Robert DiVincent  
John Clarke  
William Snyder  
Louis Riccio

**SAFETY COMMITTEE:**

William Cottman  
Sherry Sims  
Robert DiVincent

**CLAIMS COMMITTEE:**

William Cottman  
Sandra Niemiec  
John Mahon  
Mary Harrison  
Maria Maio

**NOMINATING COMMITTEE:**

Joseph Billy  
Madeline Cook  
Mary Harrison  
Sandra Niemiec  
Robert DiVincent

**COVERAGE COMMITTEE:**

William Cottman  
Robert DiVincent  
Frank Borin  
Joseph Hrubash  
Dave Grubb

**FINANCE COMMITTEE**

John Mahon  
John Clarke  
Jack Warren  
Lou Riccio  
William Snyder

**MEL Representative:**

William Cottman

**RCF Representative:**

Madeline Cook

**MEMBERSHIP COMMITTEE:**

Madeline Cook  
Sandra Niemiec  
**AD HOC** – Jack Warren

**AD-HOC COMMITTEE for  
NON PROFITS (formed 8/19/02)**

Madeline Cook  
Jack Warren  
Larry Stratton  
Richard Keefe  
Robert DiVincent  
William Cottman

**RFQ COMMITTEE**

Robert DiVincent  
John Mahon  
William Cottman  
John Clarke  
Doug Dzema  
Madeline Cook

*Fund Chairman sits Ex-Officio to all sub committee meetings and is expected to attend.*

A review of the minutes indicates the transactions and events of the Fund are adequately reviewed.

**INSURANCE COVERAGE AND EXCESS INSURANCE**

The following is a summary of insurance coverages the Fund provides to its members:

**PROPERTY**

Property coverage is provided by Zurich American Insurance for a \$125,000,000 limit with a \$250,000 per occurrence deductible. The \$125,000,000 per occurrence limit is shared by all member entities of the Municipal Excess Liability Joint Insurance Fund (MEL) member JIFS. The \$250,000 deductible is covered by the Fund for \$50,000 per occurrence, less a \$1,000 per occurrence member deductible with the MEL providing coverage for \$200,000 per occurrence in excess of \$50,000 per occurrence.

The policy with Zurich provides a sublimit for flood of \$50,000,000 per occurrence and in the aggregate. There is also a limitation of \$2,500,000 per location for loss or damage arising from flood for locations wholly or partially within Special Flood hazard Areas, areas of 100 year flooding as defined by the Federal Emergency Management Agency. In addition the policy contains a per occurrence deductible for authorities of \$250,000 per building and \$100,000 per building contents for locations within the Special Flood Hazard Area.

Other sub-limits contained in the Zurich Policy are as follows:

Peril	Limit
Earthquake	\$50,000,000 annual aggregate
Builders Risk	\$25,000,000 per occurrence
Demolition and Increased cost of Construction	\$25,000,000 per occurrence
Newly Acquired Real and Personal Property (90 days)	\$25,000,000 per occurrence
Leasehold Interest	\$15,000,000 per occurrence
Loss of Rents	\$15,000,000 per occurrence
Debris Removal	\$15,000,000 per occurrence or 25% of the cost whichever is less
Valuable Papers and Records	\$10,000,000 per occurrence
Extra Expense	\$10,000,000 per occurrence
Accounts Receivable	\$10,000,000 per occurrence
Expediting Expense	\$10,000,000 per occurrence
Miscellaneous Unnamed Locations	\$5,000,000 per occurrence
Civil Authority	\$5,000,000 per occurrence time element coverages only for revenue producing properties
Business Interruption	\$5,000,000 per occurrence time element coverages only for revenue producing properties

Service Interruption	\$10,000,000 per occurrence property damage and time element combined
Ingress/Egress	\$5,000,000 per occurrence or (30) days whichever is less
Soft Costs	\$5,000,000 per occurrence
Fine Arts	\$2,500,000 for Fine Arts owned and non-owned
Cyber Secure	\$1,000,000 per occurrence Member Entity Deductible of \$100,000
Transit	\$1,000,000 per conveyance/occurrence
Tenant Relocation	\$750,000 per occurrence
Pollution and Contamination Clean up	\$250,000 per occurrence and in the aggregate
Loss Adjustment Expenses	\$250,000 per occurrence and \$500,000 annual aggregate
Asbestos Clean up	\$50,000 per occurrence and in the aggregate

The JIF and MEL do not retain any risk for flood damage to building and building contents for locations within the Special Flood Hazard Area, areas of 100 year flooding as defined by the Federal Emergency Management Agency.

### **PROPERTY PROGRAM EXCEPTIONS**

There is a program exception for named storms which is defined as a storm system that has been declared a hurricane, typhoon, tropical cyclone or tropical storm by the National Hurricane Center of the National Oceanic and Atmospheric Administration's National Weather Service. This exception applies to the peril of windstorm and flood resulting from a Named Storm for any covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and for all covered property in Cape May County.

The MEL does not provide coverage for the perils of flood and windstorm for named storm at the above locations. Zurich American provides named storm coverage up to the policy per occurrence limit of \$125,000,000 subject to a deductible. This deductible requires all member entities of each MEL member located in the locations noted above to retain 1% of the total insurable values of all covered locations (excluding automobiles) reporting loss of damage, subject to a \$250,000 minimum per occurrence deductible and a \$1,000,000 maximum per occurrence deductible.

Based on this exception each JIF may determine the extent of coverage for the Named Storm within its funding level. The Atlantic, Burlington, Central, Mid New Jersey, Monmouth, New Jersey Public Housing Authority and Ocean JIFs participate in a

program to share the first \$50,000 of loss less an entity member deductible of \$5,000. These JIFs also agree to share any loss excess of \$250,000 up to a maximum deductible of \$1,000,000.

Neither the member JIF nor the MEL provide boiler and machinery coverage. Coverage for boiler and machinery is provided by Zurich American at a sub-limit of \$125,000,000 excess of the \$5,000 member entity deductible. The sub-limit is on a per accident basis and is reinstated after every accident.

**WORKERS COMPENSATION**

Workers compensation coverage is provided as follows:

NJ Public Housing Authority	Limit
Workers Compensation	\$300,000
Employers Liability	\$300,000
Municipal Excess Liability JIF	
Workers Compensation	\$1,700,000 excess \$300,000
Employers Liability	\$1,700,000 excess \$300,000
Safety National (Rated A+ AMBest)	
Workers Compensation	Statutory Limits excess \$2,000,000
Employers Liability	\$5,000,000 excess \$2,000,000

**GENERAL LIABILITY**

The JIF provides coverage for General Liability which includes Commercial General Liability, Auto Liability and Law Enforcement Professional Liability for \$300,000 CSL. The MEL Provides excess insurance coverage for general liability as follows:

\$1,450,000 excess \$300,000 CSL per occurrence  
 \$3,250,000 excess of \$1,750,000 per occurrence and in the aggregate

In addition members may purchase coverage in excess of \$5,000,000 per occurrence and in the aggregate (business auto is unaggregated). Member entities in the NJ Public Housing Authority JIF purchased optional coverage ranging from \$0 to \$15,000,000.

It is noted that for coverage in excess of \$1,750,000 the MEL has purchased reinsurance from A+ rated carriers.

The JIF provides underinsured/uninsured motorist liability for \$15,000/\$30,000/5,000 and Personal Injury Protection Coverage of \$250,000.

## **PUBLIC OFFICIALS/EMPLOYMENT PRACTICES LIABILITY**

Coverage for Public Official and Employment Practices Liability is provided by Indian Harbor Insurance Company. Indian Harbor Insurance Company is an eligible surplus lines writer in New Jersey and is a member of the XL Group which is A rated by AM Best.

The coverage provided is for \$2,000,000 in the aggregate on a claims made basis per members for each fund year.

For the Public Officials Liability Coverage there is a \$10,000 deductible per occurrence. The same deductible applies for Employment Practices Liability Coverage for member entities which have an approved EPL Loss Control/Risk Management Program. There is also a 20% co-insurance of the first \$100,000 of loss.

For members without an approved EPL Loss Control/Risk Management Programs for Employment Practices Liability Coverage there is a \$25,000 deductible per occurrence and a co-insurance amount of 20% of the first \$2,000,000 per claim.

Individual members can purchase additional coverage in excess of the \$2,000,000 limit from the MEL. Members in the NJ Public Housing Authority JIF purchased additional coverage ranging from \$0 to \$8,000,000. The MEL has reinsured this coverage with A+ rated reinsurers.

## **NON-OWNED AIRCRAFT**

The MEL through Catlin Insurance Company, Inc. which has an A rating from AM Best provided non-owned aircraft coverage for \$5,000,000 combined single limit for bodily injury and property damage liability and \$5,000 medical expenses for each passenger.

## **BLANKET CRIME**

The JIF provides blanket crime coverage to \$50,000 less a member entity deductible of \$1,000. The MEL provides \$950,000 in coverage less the member JIF's retention coverage of \$50,000. The coverages insured by this policy are forgery or alteration, theft, disappearance, destruction, robbery and safe burglary, computer fraud and public employee dishonesty.



## **CYBER LIABILITY**

Coverage for Cyber Liability is provided by XL Insurance. The policy provides for third party coverage including Communication, Network Security Liability and Privacy Liability. First Party protection includes Extortion Threat, Crisis Management Expenses and Privacy Notification Costs.

The limits of liability are \$1,000,000 per occurrence and \$3,000,000 aggregate with a \$10,000 deductible. The limits are JIF wide and shared among the local member units. The policy also contains a \$500,000 sub-limit each for the following:

- Privacy Notification Costs
- Regulatory Fines/Claims Expenses for Privacy Liability
- Extortion Damages for Extortion Threat
- Crisis Management Expenses

## **FIDELITY BOND AND OTHER INSURANCE COVERAGES**

The Authority is required by N.J.S.A. 11:15-2.6 to maintain the following minimum insurance coverage:

1. A fidelity bond for all persons handling Authority assets
2. A surety bond for the claims administrator
3. Errors and omissions coverage for any servicing organization who negates excess insurance or reinsurance on behalf of the Authority.

Review of coverage in effect revealed the Fund at December 31, 2013 maintained the required coverage. In addition the Fund's contracts with their professionals require, the professionals to maintain coverage in excess of that required by statute and the review indicated the coverage maintained was in compliance with the contract provisions.

## **ACCOUNTS AND RECORDS**

The record keeping of the Authority is comprised of three areas as follows:

1. PERMA handles all of the processing of the general ledger and the accounts payable functions. The system used to control these functions is the MAS 90 Accounting Software which is a product of State of the Art, Inc. This system produces a cumulative general ledger, whereby all of the activity in an account is recorded together with its current balance. The accounts payable function under this system, produces a history of payments made to individual vendors with amounts outstanding.

2. The Treasurer of the Fund is responsible for the tracking of cash and investments. PERMA developed a tracking system for both of these areas and supplied it to the Treasurer to use. This system uses Microsoft Excel and allows for the tracking of both cash and investment activity.
3. The third party administrators are responsible for the tracking of all claim activity.

The accounting procedures are based on Authority accounting, whereby, all financial activity is allocated to the Authority year to which it relates.

Pursuant to N.J.S.A. 18A: 18B-1, N.J.A.C. 11:15-5.1 and the Fund's By-laws , an annual audit was performed by an independent certified public accounting firm Nisivoccia, LLP and an audited report was filed with the Commissioner of the Department of Banking and Insurance.

### **TREATMENT OF MEMBERS**

The Fund records all complaints in the minutes under the correspondence section. The minutes include a copy of the written complaint and disposition thereof. In addition the TPA maintains a complaint register. During the review no unfair treatment of members was noted.

### **FINANCIAL STATEMENTS**

Comparative Balance Sheet as of December 31, 2013 and 2012

Comparative Statement of Revenue, Expenses and Changes in Fund Equity as of December 31, 2013 and 2012

## EXHIBIT I

### COMPARATIVE BALANCE SHEET FOR YEARS ENDING DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash & Cash Equivalents	\$ 8,454,614	\$ 2,830,369
Investments	5,281,225	10,327,408
Assessments Receivable	99,780	3,678
Accrued Interest Receivable	12,718	23,110
Due from MEL Residual Claims Fund	19,035	95,948
Excess Insurance Reimbursement Receivable	474,803	319,865
Other Receivables	7,529	-
<b>Total Assets</b>	<b><u>14,349,704</u></b>	<b><u>13,600,378</u></b>
<u>LIABILITIES</u>		
Loss Reserves	5,459,976	5,806,670
Accounts Payable - Vendors	161,347	233,555
Insurance Premiums Payable	810,823	1,246
Assessment Overpayments	5,099	31,500
Member Dividends Payable	188,748	67,834
<b>Total Liabilities</b>	<b><u>6,625,993</u></b>	<b><u>6,140,805</u></b>
<u>NET POSITION</u>		
Net Statutory Surplus - Unrestricted	7,723,711	7,459,573
<b>Total Liabilities and Surplus</b>	<b><u>\$ 14,349,704</u></b>	<b><u>\$ 13,600,378</u></b>

## EXHIBIT II

### COMPARATIVE STATUTORY INCOME STATEMENTS FOR YEARS ENDING DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUE</u>		
Assessments from Participating Members	\$ 8,407,575	\$ 8,627,024
<b>Total Operating Revenue</b>	<b><u>8,407,575</u></b>	<b><u>8,627,024</u></b>
<u>EXPENSES</u>		
Provision for Claims and Claims Adj. Expense	2,403,137	4,318,618
Assessment for Participation in MELRCF	295,667	482,076
Assessment for Participation in MELJIF	3,502,639	3,366,483
Insurance Premiums	7,126	7,605
Claims Administration	190,522	186,551
Other Contractual Services	405,915	414,975
Non-Contractual Expenses	76,640	76,597
Administration	289,728	283,523
Risk Management Fees	252,320	251,038
Total Expenses	<u>7,423,694</u>	<u>9,387,466</u>
<b>Operating Income (Loss)</b>	<b><u>983,881</u></b>	<b><u>(760,442)</u></b>
<u>NON-OPERATING REVENUE</u>		
Investment Income	<u>30,257</u>	<u>129,667</u>
<b>Change in Net Position</b>	<b><u>1,014,138</u></b>	<b><u>(630,775)</u></b>
Net Position - Beginning of Year	7,459,573	8,590,348
Less: Distribution to Participating Members	(750,000)	(500,000)
Net Position - End of Year	<b><u>\$ 7,723,711</u></b>	<b><u>\$ 7,459,573</u></b>

## **LOSS RESERVES**

The loss reserves reported by the Fund at December 31, 2013 were \$3,651,613 for case reserves and \$1,808,363 for IBNR reserves. A review by an actuary from the New Jersey Department of Banking and Insurance Indicated the reserves established by the Fund were reasonable.

Data supporting the Fund's actuarial calculation was reconciled to supporting records without exception. Samples of paid and outstanding losses were traced to claim files without exception.

## **Acknowledgement**

The examination was completed at the office of the Fund's Executive Director, PERMA Risk Management Services (PERMA) 9 Campus Drive, Parsippany, New Jersey 07054. The courteous cooperation extended to the examiners by Fund Management is acknowledged.

Respectfully submitted,

A handwritten signature in cursive script that reads "Nancy Lee Chice".

Nancy Lee Chice, CFE  
Insurance Examiner

**NEW JERSEY PUBLIC HOUSING AUTHORITY JOINT INSURANCE FUND**

I, Nancy Lee Chice, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject joint insurance fund as of December 31, 2013 to the best of my information, knowledge and belief.


Respectfully submitted,



Nancy Lee Chice CFE  
Examiner-In-Charge  
New Jersey Department of Banking and Insurance

State of New Jersey  
County of Mercer

Subscribed and sworn to before me,  
on this *4<sup>th</sup>* day of *November* 2015

  
Notary Public of New Jersey

My commission expires: *July 2020*