

REPORT ON EXAMINATION
AS TO CONDITION OF THE
CAMDEN COUNTY MUNICIPAL JOINT INSURANCE FUND
PARSIPPANY, NEW JERSEY 07054
AS AT DECEMBER 31, 2013

Filed

November 25, 2015

**Commissioner
Department of Banking &
Insurance**

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State of New Jersey

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September 30, 2015

Honorable Richard J. Badolato
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:

**CAMDEN COUNTY 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 Fund was last examined at December 31, 1999. 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 NAIC 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 Company'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's solvency.

HISTORY AND KIND OF BUSINESS

The Fund was established February 1, 1987 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 municipalities established for the purpose of insuring against property damage, general liability, motors vehicles and equipment liability and workers compensation.

The Camden County Fund commenced operations on February 1, 1987 with 13 charter members. The Fund presently has the following 36 members:

	<u>Date Joined</u>
* Audubon Borough	2/01/87
* Audubon Park Borough	2/01/87
* Barrington Borough	2/01/87
* Bellmawr Borough	2/01/87
* Berlin Borough	2/01/87
* Brooklawn Borough	2/01/87
* Collingswood Borough	2/01/87
* Haddon Township	2/01/87
* Haddonfield Borough	2/01/87
* Lindenwold Borough	2/01/87
* Magnolia Borough	2/01/87
* Mount Ephraim Borough	2/01/87
* Oaklyn Borough	2/01/87
Winslow Township	4/01/87
Merchantville Borough	7/15/87
Gloucester City	7/15/87
Gibbsboro Borough	12/1/87
Medford Lakes Borough	1/01/88
Berlin Township	4/01/89
Haddon Heights Borough	1/01/91(left fund 1/1/2012)
Somerdale Borough	2/05/91
Voorhees Township	3/01/91

Runnemede Borough	10/21/91
Pine Hill Borough	1/21/92
Laurel Springs Borough	3/10/92
Hi Nella	9/01/92
Chesilhurst	9/15/97
Woodlynne	1/1/99
Lawnside	7/12/99 (compensation)
	8/1/99 (all other lines)
Clementon	1/01/01
Tavistock Borough	7/01/02
Camden County Imp. Authority	7/15/02 (left fund 1/1/11)
Pine Valley	12/4/02
Cherry Hill Township	5/1/05
City of Camden Parking Authority	7/1/05
Cherry Hill Fire District #13	1/1/08

* Denotes Charter Member

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 local governing bodies with an economical means of obtaining insurance coverages. The coverage provided includes property, boiler and machinery, automobile liability and physical damage, general liability, public official liability, contractors equipment, public employees blanket bond, law enforcement liability, educators legal liability, environmental liability and excess liability. In addition the fund provides the following additional services to its members; a comprehensive employee assistance program through the University of Medicine and Dentistry of New Jersey, Defensive Driving Program in compliance with the New Jersey Safety Council, Right to Know Training and Surveys, CDL Testing and Compliance with Department of Transportation and additional safety and loss control programs.

Any municipality seeking membership into the Fund shall submit an application for membership along with the necessary resolution and copies of current policies, five-year historical claim information, latest budget, latest auditor's report and an application fee of \$1,500. At no time shall the participating members be less than 65% of those municipalities in Camden County.

Membership should meet the following criteria:

1. Be of geographical distance, although not necessarily within Camden County, to assure participation and to avoid unreasonable distance for membership outside Camden County shall be within the parameters of an area measuring no more than ten miles from a rectangular point representing the outmost regions of Camden County.

Municipalities which are presently members, located outside the established parameters shall be grandfathered into the policy established, March 27, 1989.

2. Be homogeneous in size and operations having no unusual exposures such as hospitals or airports and having populations compatible with member units.
3. Show a favorable loss history and generally have shown a proven dedication to loss prevention.
4. Be of a nature that under normal conditions would expect to have a positive influence on the Fund.
5. Show a willingness to participate in Fund activities.
6. Agree to comply with the state regulations, which govern the Fund, The Fund By-laws and all regulations promulgated by the Fund.

The Executive Director/Administrator reviews applications for completeness, accuracy and compliance with established underwriting guidelines. The Executive Director/Administrator then forwards the necessary underwriting information to the Fund's actuary who will develop annualized loss projections by line of coverage based on the applicant's loss experience and exposures. In addition, the Executive Director/Administrator simultaneously requests the Fund's safety director to undertake a comprehensive physical inspection on the applicant's locations.

Once the process is completed the Executive Director/Administrator presents the new applicants to the Executive Committee for approval consideration. The Commissioners will review such items as:

- New member data summary
- Compatibility studies
- Loss information
- Safety Inspection Reports
- Proposed Annual Assessments

The application requires a two-thirds vote of the Executive Committee.

If the application is approved by the Fund, it shall be concurrently filed with the Department of Banking and Insurance and the Department of Community Affairs and shall be accompanied by such amendments to the Fund's By-laws, budget and plan of risk management as may be appropriate.

In addition revisions made to N.J.S.A. 40A: 10-36 allows fire district to join a joint insurance fund. The Fund has adopted the following membership criteria for fire districts:

- (a) Sponsorship: Only fire districts sponsored by a member municipality will be considered.
- (b) Financial Responsibility: The sponsoring member municipality must accept all financial responsibility arising from participation of the fire district including assessments, supplemental contributions, additional assessments and return dividends.
- (c) Billing & Vouchering: The Executive Director/Administrator will bill each fire district separately from that of the member municipality.
- (d) Representation: The fire district will be represented solely by the Fund commissioner of the sponsoring member municipality.
- (e) Risk Management Consultants: The fire district will be served by the Fund's designated Risk Management Consultant of the sponsoring municipality.
- (f) Underwriting Guidelines: Fire districts will be underwritten as if they were applying as a new member. This includes the payment of any established new member review fees. This process includes completion of a full application, actuarial review and safety inspection.
- (g) Acceptance of a Fire District: Fire districts may only be admitted by a majority vote of the Executive Committee following membership review. The criteria for admission will be the compatibility of the fire district to other fire service exposure currently insured by the Fund.
- (h) Termination of Coverage: A fire district may be terminated by the Executive Board from coverage for failure to follow safety and loss control guidelines set forth by the safety director. Termination of a fire district will not affect membership of sponsoring member municipality. However, the fire district's membership will be concurrently terminated if the sponsoring member municipality terminates its membership for any reason.
- (i) Legal Requirement: As a condition to membership by the fire district, a resolution must be received from the sponsoring member municipality evidencing its agreement with the Camden Fund as respects its financial responsibility for the fire district. Likewise, a resolution by the fire district must be executed evidencing representation by the sponsoring member municipality and compliance to safety directives.

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

Administrator: PERMA Risk Management Services---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. Maintain underwriting data.
4. Shall draft bid specifications for services as necessary.
5. 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: The 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 Payroll Auditor: Bowman & Company

Fund Auditor: Bowman & Company – 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.

Claims Service Organization: CompServices Inc. is appointed as the Claims Service Organization for the FUND to adjust all claims for current and prior Fund Years.

Fund Attorney: Joseph M. Nardi, III, Esq. of Brown and Connery, 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.

Treasurer: Richard Schwab-- The Treasurer shall 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. 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 Provider: Consolidated Services Group – 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.

Interstate Mobile Care monitors the Fund's CDL Drug & Alcohol for the Fund.

Safety Director- JA Montgomery Risk Control - As Safety Director this professional will provide safety and loss prevention services on behalf of the Fund. As Right to Know Provider this professional will provide a technically qualified instructor to provide right to know training the Fund's members.

Underwriter: 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: TD Bank. – The Asset Manager provides custodial services and assures 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, Inc.

MANAGEMENT AND CONTROL

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

In the event that the number of participating municipalities is an even number, one additional commissioner shall be appointed annually by a participating municipality 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 municipality'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 municipality shall hold office at the pleasure of the municipality and can be removed by the municipality 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 municipality, he can be removed by the appointing municipality at any time without cause.

The unexpired term of a commissioner other than the special commissioner, shall be filled by the appointing municipality 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 municipality, 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 Fund commissioners. Upon such a vote it shall be incumbent upon the member municipality 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:

<u>Commissioner</u>	<u>Municipality</u>
David Taraschi Administrator	Audubon Borough 606 W. Nicholson Road Audubon, NJ 08106
Sandy Hook Director of LSF/Insurance/JIF	Audubon Park Borough 20 Road C Audubon Park, NJ 08106
Terry Shannon Borough Clerk	Barrington Borough Trenton & Haines Avenue Barrington, NJ 08007
Louis DiAngelo Councilman	Bellmawr Borough P.O. Box 368 Bellmawr, NJ 08099
Millard Wilkinson Fund Commissioner	Berlin Borough 59 S. White Horse Pike Berlin, NJ 08009
Catherine Underwood Clerk	Berlin Township 135 Route 73 South West Berlin, NJ 08091
Michael F. Mevoli Councilman	Brooklawn Borough 301 Christiana Street

	Brooklawn, NJ 08030
Willie Hunter Director of Operations	Camden City Parking Authority 10 Delaware Avenue Camden, NJ 08103
Lenore Rosner Administrator	Cherry Hill 820 Mercer Street Cherry Hill, NJ 08002
John Foley Chief	Cherry Hill Fire District 301 Burnt Mill Road Cherry Hill, NJ 08003
Michael Blunt Mayor	Chesilhurst Borough 201 Grant Avenue Chesilhurst, NJ 08089
Lorraine Boyer Clerk	Clementon 101 Gibbsboro Road Clementon, NJ 08021
M. James Maley Mayor	Collingswood Borough 678 Haddon Avenue Collingswood, NJ 08108
Anita Mancini Councilwoman	Gibbsboro Borough 49 Kirkwood Road Gibbsboro, NJ 08026
Jack Lipsett Administrator	Gloucester City 512 Monmouth Street Gloucester City, NJ 08030
John Foley Councilman	Haddon Township 135 Haddon Avenue Westmont, NJ 08108
Neal Rochford Commissioner of Public Affairs & Public Safety	Haddonfield Borough 242 Kings Highway East Haddonfield, NJ 08033

Phyllis Twisler Borough Clerk	Hi-Nella Borough 100 Wykagyl Road Hi Nella, NJ 08083
Tyrone Wakefield Public Works Supervisor	Lawnside Douglass Ave Lawnside, NJ 08045
Dawn Amadio Secretary	Laurel Springs Borough 135 Broadway Laurel Springs NJ 08021
Robert Lodovici Superintendent of Public Works	Lindenwold Borough 2001 Egg Harbor Road Lindenwold NJ 08021
Richard Michielli Director of Public Events and Compliance	Magnolia Borough 438 W. Evesham Avenue Magnolia NJ 08049
Julie Keizer Borough Manager	Medford Lakes Borough Cabin Circle Drive Medford Lakes NJ 08055
Edward Brennan Mayor	Merchantville Borough 1 West Maple Merchantville NJ 08109
Joseph Wolk Mayor	Mt. Ephraim Borough 121 S. Black Horse Pike Mt. Ephraim NJ 08059
Ron Aron Director of Buildings and Grounds	Oaklyn Borough 500 White Horse Pike Oaklyn NJ 08107
Patricia Hendricks Deputy Clerk	Pine Hill Borough 45 West Sixth Avenue Pine Hill NJ 08021
Robert Mather Borough Clerk	Pine Valley 1 Club Road Pine Valley, NJ 08021

Eleanore Kelly
Councilwoman

Runnemede Borough
24 North Black Horse Pike
Runnemede NJ 08078

M. Gary Passanante
Mayor

Somerdale Borough
105 Kennedy Boulevard
Somerdale NJ 08083

Teresa Lappe
Administrator/Clerk

Tavistock
P.O. Box 8988
Turnersville, NJ 08012

Lawrence Spellman
Administrator

Voorhees Township
2400 Voorhees Town Center
Voorhees NJ 08043

Joseph Gallagher
Administrator

Winslow Township
125 South Route 73
Braddock NJ 08037

Jerald Fuentes
Mayor

Woodlynne Borough
200 Cooper Avenue
Woodlynne, NJ 08107-2199

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:

Michael Mevoli, Chairman
M. James Maley,, Secretary

Richard Michielli
Louis DiAngelo
Terry Shannon
M. Joseph Wolk
Neal Rochford

Alternates:

Jack Lipsett
Joseph Gallagher

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 1st 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, maintain 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 Michael Mevoli and the Secretary was M. James Maley.

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

Audit: Charged with meeting to review the scope of the audit and the audit finding and results.

Joseph Wolk, Chair, Mt. Ephraim Borough
Terry Shannon, Barrington Borough
Jack Lipsett, Gloucester City
Richard Schwab, Treasurer
Jim Miles, Auditor

Michael Mevoli, Brooklawn Borough*
Bradford Stokes *

Executive Safety: Review Fund's loss prevention/control programs and provide recommendations to the Executive Committee.

Michael Mevoli, Executive Committee Chairperson, Brooklawn Borough
Neal Rochford., Haddonfield Borough
Rick Bean, RMC
Louis DiAngelo, Bellmawr Borough
Richard Michielli, Borough of Magnolia
Michael Avalone, Conner Strong Companies
Tom Shemeley, Cherry Hill Fire District # 13
Keith Hastings, Collingswood Borough
Millard Wilkinson, Berlin Borough
Bonnie Rick, Richard Hardenbergh Insurance Agency
Steve McNamara, Consumer Health Network / CSG
Denise Hall, CompServices
John Seville, Conner Strong Risk Control
Joseph Nardi, JIF Attorney
Bradford Stokes*

Coverage: Charged with evaluating potential exposures and questions of coverage and determining whether policy decision should be made by Executive Committee.

M. James Maley, Chair, Collingswood Borough
Joseph Wolk, Mt. Ephraim Borough
Terry Shannon, Barrington Borough
Peter DiGiambattista Jr., RMC
Michael Avalone, Conner Strong Companies
Bonnie Rick, Richard Hardenbergh Insurance Agency
Roger Leonard, RMC
Joseph Hrubash, Conner Strong Companies
Michael Mevoli, Brooklawn Borough*
Bradford Stokes*

Nominating Committee: Charged with review of candidates and selection of nominees for presentation in the event of an election of officer(s) or Executive Committee member(s)

Richard Michielli, Chair, Magnolia Borough
Louis DiAngelo, Bellmawr Borough
Joseph Wolk, Mt. Ephraim Borough

Contracts Review: This Committee is charged with reviewing professional service contracts and adequacy of scope of service.

Louis DiAngelo, Chair, Bellmawr Borough
Terry Shannon, Barrington Borough
Richard Michielli, Magnolia Borough
Peter DiGiambattista Jr., RMC
Phyllis Pearl, RMC
Michael Mevoli, Brooklawn Borough*
Bradford Stokes*

Strategic Planning: This Committee is charged with long range strategies which should be pursued in order to insure the integrity, growth and viability of the Camden Fund.

M. James Maley, Chair, Collingswood Borough
Jack Lipsett, Gloucester City
Joseph Gallagher, Winslow Township
Michael Avalone, Conner Strong Companies
Michael Mevoli, Brooklawn Borough*
Bradford Stokes*

Claims Review Committee: This Committee reviews claims presented for consideration of payment by the Executive Committee. It also develops and recommends claim cost containment programs.

Joseph Nardi, Esq., Fund Attorney
Denise Hall, CompServices
Louis DiAngelo, Bellmawr
Terry Shannon, Barrington Borough
Joseph Gallagher, Winslow Twp.
Rick Bean, RMC
Mike Avalone, RMC
Consultant Representative, J.A. Montgomery Risk Control
Steve McNamara, Consolidated Services Group, Inc. / CHA
Michael Mevoli, Brooklawn Borough*
Bradford Stokes*

Marketing and Communications Committee: This Committee is charged with developing a mechanism of communication through the membership and community.

Richard Michielli, Chair, Magnolia
M. James Maley, Collingswood
Neal Rochford, Haddonfield Borough
Roger Leonard, RMC
Phyllis Pearl, RMC
Michael Avalone, Conner Strong Companies

Michael Mevoli, Brooklawn Borough*
Bradford Stokes*

*Chairperson and Executive Director sit ex officio on all committees except nominating.

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 \$2,500 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 Area, areas of 100 year flooding as defined by the Federal Emergency Management Agency. In addition the policy contains a per occurrence deductible for municipalities of \$500,000 per building and \$500,000 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
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 in 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:

Camden County JIF	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

General liability includes general liability, auto liability, law enforcement professional liability and employee benefits liability.

The JIF provides coverage for General Liability which includes Commercial General 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 member towns may purchase coverage in excess of \$5,000,000 per occurrence and in the aggregate (business auto is unaggregated). Member entities in the Camden County 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 member municipality for each fund year.

For the Public Officials Liability Coverage there is a \$20,000 deductible per occurrence except that a \$75,000 deductible per occurrence applies for local units with unfavorable loss experience. 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 \$250,000 of loss.

For member entities without approved EPL Loss Control/Risk Management Programs for Employment Practices Liability Coverage there is a \$100,000 deductible per occurrence and a \$150,000 deductible per occurrence of member entities with unfavorable loss experience.

Individual member entities can purchase additional coverage in excess of the \$2,000,000 limit from the MEL. Members entities in the Camden County JIF purchased additional coverage ranging from 0 to \$8,000,000. The MEL has reinsured this coverage with A+ rated reinsurers.

EXCESS PUBLIC OFFICIALS BOND

The MEL provides coverage for excess employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded at limit of \$1,000,000 less a local member units' deductible. The deductible is the higher of the amount said persons are required by law to be individually bonded whether or not such bond is in place or the amount of the individual bond in place.

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.

OPTIONAL DIRECTORS AND OFFICERS LIABILITY

The JIF provides to its members the option to purchase Directors and Officers Liability Coverage for Fire Companies and Emergency Service Units. The coverage is for a \$1,000,000 to \$2,000,000 annual aggregate and the policy is issued by Indian Harbor Insurance Company. There are optional deductibles of \$1,000, \$2,000 or \$5,000.

BLANKET CRIME

The JIF provides blanket crime coverage to \$50,000 less a member entity deductible of \$2,500. The MEL provides \$1,000,000 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

ENVIRONMENTAL IMPAIRMENT LIABILITY

Environmental Impairment Liability Coverage is provided by the New Jersey Municipal Impairment Risk Management Fund (EJIF).

The EJIF provides the following coverage to the JIF;

- Third party limit of liability for \$1,000,000 per loss per local unit and \$1,000,000 aggregate per local unit. This coverage is subject to the JIF annual aggregate limit as stated below
- First party limit of liability for \$50,000 per loss per local unit and a \$100,000 annual aggregate per local unit.
- Foreclosed property with a limit of liability for \$1,000,000 per loss per local unit and \$1,000,000 annual aggregate per local unit.
- Public Officials Liability with a \$1,000,000 per loss per local unit and a \$1,000,000 annual aggregate per local unit limit of liability subject to the JIF annual aggregate limit as stated below.
- De Minimis Abandoned Property with a limit of \$50,000 per local unit and subject to the JIF annual aggregate as stated below.
- Legal Services with a \$500,000 per loss per local unit and \$500,000 annual aggregate per local unit subject to the JIF annual aggregate limit as stated below.

There is a deductible of \$5,000 per loss and the JIF annual aggregate limit of liability is \$3,330,170.

UNDERGROUD STORAGE TANK

Coverage related to underground storage tanks is provided by EJIF to the following limits:

\$1,000,000 Each Incident
\$1,000,000 Each Corrective Action
\$1,000,000 Aggregate Limit
\$100,000 Aggregate Defense Limit
Deductible \$5,000 Each Incident

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 Fund is required by N.J.S.A. 11: 25-2.6 to maintain the following minimum insurance coverage:

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

Review indicated insurance coverages as required by contract and by statute were carried by Fund Professionals.

ACCOUNTS AND RECORDS

The record keeping of the Fund 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 fund accounting, whereby; all financial activity is allocated to the fund 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 Bowman and Company, 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 STATUTORY BALANCE SHEET STATEMENTS FOR YEARS ENDING DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash & Cash Equivalents	\$ 9,343,114	\$ 4,108,163
Investments	4,047,170	8,099,781
<u>Receivables:</u>		
Contributions	240,192	60,094
Dividends	-	63,967
Accrued Interest	16,888	24,403
Residual Claims Fund Reimbursement	198,160	69,548
Excess Insurance Receivable	129,157	-
<u>Other Assets:</u>		
Due from Haddonfield	85,200	-
Prepaid Expenses	1,345	1,179
Total Assets	<u>\$ 14,061,226</u>	<u>\$ 12,427,135</u>
<u>LIABILITIES</u>		
Case Reserves	\$ 3,322,311	\$ 5,195,068
IBNR Reserves	5,464,143	3,866,569
Administrative Expense Payable	82,568	79,485
Authorized Return on Surplus	161,848	190,565
Participant Refunds Payable		
Total Liabilities	<u>\$ 9,030,870</u>	<u>\$ 9,331,687</u>
<u>NET POSITION</u>		
Net Statutory Surplus - Unrestricted	5,030,356	3,095,448
Total Liabilities and Surplus	<u>\$ 14,061,226</u>	<u>\$ 12,427,135</u>

EXHIBIT II

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

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUE</u>		
Regular Contributions	\$ 11,581,140	\$ 11,191,693
Environmental JIF Dividend	46,056	63,966
Total Operating Revenue	<u>11,627,196</u>	<u>11,255,659</u>
<u>OPERATING EXPENSES</u>		
Provision for Claims and Claim Adjustment Payments	4,170,828	6,129,410
Premium for Excess Insurance	3,455,932	3,543,404
<u>Administrative Expenses:</u>		
Administrator	272,010	266,694
Claims Administration	244,800	271,000
Safety Director	122,954	120,543
Professional Services	261,226	275,332
Safety Programs	156,985	122,315
Risk Management Consultants	694,868	671,470
Miscellaneous Expense	36,001	39,063
Total Operating Expenses	<u>9,415,604</u>	<u>11,439,231</u>
Operating Income (Loss)	2,211,592	(183,572)
<u>NON-OPERATING INCOME</u>		
Investment Income	19,372	112,628
Total Non-Operating Income	<u>19,372</u>	<u>112,628</u>
Net Income (Loss)	2,230,964	(70,944)
Net Statutory Surplus - Beginning of Year	3,095,448	3,480,359
Less: Distribution to Participating Members	(296,056)	(313,967)
Net Statutory Surplus - End of Year	<u>\$ 5,030,356</u>	<u>\$ 3,095,448</u>

NOTE 1 CASE RESERVES/IBNR

The IBNR reserve reported by the Fund at December 31, 2013 was \$5,464,143 and the case reserves at December 31, 2013 were \$3,322,311. A review by an actuary from the New Jersey Department of Banking and Insurance indicated the IBNR reserve established by the Fund was reasonable.

The case reserves as well as paid losses and losses adjustment expenses were reconciled to the Fund's actuarial report and annual statement. Samples of outstanding reserves at December 31, 2013 as well as loss and loss adjustment expenses paid were verified to individual claim files without material 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

CAMDEN COUNTY MUNICIPAL 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 4th day of November 2015


Notary Public of New Jersey

My commission expires: July 2020