

New Jersey Utility Authorities Joint Insurance Fund
9 Campus Drive – Suite 216
Parsippany, NJ 07054

IN ACCORDANCE WITH THE OPEN PUBLIC MEETINGS ACT, A COPY OF THIS NOTICE SHOULD BE POSTED ON THE PUBLIC BULLETIN BOARD WITHIN THE AUTHORITY.

October 31, 2022

Memo to: Member Authorities – New Jersey Utility Authorities Joint Insurance Fund

Subject: PUBLIC HEARING – 2023 PROPOSED BUDGETS

From: PERMA Risk Management Services

Please find enclosed for your review the 2023 Proposed Budget for the New Jersey Utility Authorities Joint Insurance Fund, as introduced at the Public Meeting of the Fund held on October 26, 2022.

The Public Hearing for the proposed 2023 budget is scheduled for **Tuesday, November 15, 2022 at 2:30 PM** at Caesars – Empire Room A in Atlantic City, NJ.

The New Jersey Utility Authorities Joint Insurance Fund is a member of the Municipal Excess Liability Joint Insurance Fund (MEL), the Municipal Excess Liability Residual Claims Fund (RCF) and the New Jersey Environmental Risk Management Fund (E-JIF). Below is a list of MEL, RCF and E-JIF enclosed budgets.

MEL – 2023 budget introduced on October 19th, public hearing scheduled for November 16th at 12:30PM - Sheraton Hotel Steel Pier Room, Atlantic City NJ.

E-JIF - 2023 budget introduced on September 7th and adopted on October 19, 2022

RCF -- 2021 amended budget (to accept local JIF transfer of Fund Year 2017 outstanding liability) Introduced on June 2nd and adopted on September 7th

RCF – 2023 budget introduced on September 7th and adopted on October 19, 2022

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND (MEL)

Date: Wednesday, November 16, 2022
Time: 12:30 PM
Location: Sheraton Hotel, Steel-Pier Room
Atlantic City, New Jersey
(Across from League of Municipalities Convention)

In accordance with the Open Public Meetings Act, we ask that you post a copy of this notice on your public bulletin board.

As always, should you have any questions regarding these budgets or meeting dates, please don't hesitate to contact the Fund office.

cc: Fund Commissioners, Risk Management Consultants and Fund Professionals, *via email*

New Jersey Utility Authorities Joint Insurance Fund

2023 Budget

The Executive Committee of the New Jersey Utility Authorities Joint Insurance Fund introduced the 2023 Budget on October 26th reflecting a 9.75% increase. Below is a summary of items that are impacting JIF budgets this year.

Property. Coverage for fire, flood, etc. is increasing due to the increased frequency of natural disasters over the past few years. This has caused a serious increase in prices charged by both the national and international property insurance markets. Extreme weather impacts workers' compensation and liability claims, not just property. The amount of weather events that impact multiple members has been regularly and significantly increasing each year. The MEL engages with the same carriers that are also responding to fires, droughts and flooding that has been occurring with greater frequency in the United States as well as the world.

Pension Offset Change. Prior to February of 2021, when an employee was approved for an accidental disability pension, workers' compensation would be responsible for lifetime medical treatment for that injury but did not make a permanency award, since the ADP weekly benefits was greater than ordinary benefits in recognition of the work-related injury. That offset was reduced in 2021. Now, workers' compensation must make a permanency award and pension payments will be offset by that award. As a result, the MEL 2022 and 2023 workers' compensation budgets were increased by 11% each year; the JIF was increased by 11% in 2022 and 5 ½% in 2023. Since it is a developing change, these increases may not even be adequate.

Workers' Compensation. A 2020 study concluded that New Jersey Workers' Compensation rates are now the third highest in the country. Costs have continued to escalate since the study was conducted in part because the New Jersey Department of Labor (NJ DOL) increased the top weekly benefit rate earlier this year by 9.9%.

Workers' Compensation costs for local government were also impacted by COVID. The law that gave firefighters a rebuttable presumption that cancer was compensable under workers' compensation also made Covid 19 presumed to be work-related for first responders. The emergency order extended some coverage to essential workers. Those laws combined cost New Jersey municipalities tens of millions.

Auto and General Liability. One factor impacting the increasing costs of liability coverage is the erosion of public entity Title 59 immunities in New Jersey courts. Judges appear to be reluctant to grant summary judgement dismissing even frivolous claims. Even when the public entity ultimately prevails, significant dollars are being spent in defense. This is having an impact on the MEL and JIF liability funding.

Additionally, the recent amendment in the sexual molestation statute of limitations will increase total liability costs by an estimated 6%. In some cases, towns are being hit with lawsuits based on allegations going back 40 years.

Cyber Liability. The JIF purchased Cyber Liability from the commercial market beginning in 2013 when this was an emerging risk and the cost was cheap. Even then, the Morris JIF Commissioners recognized the need to incentivize members to adopt loss control measures. As the costs of claims have been outpacing premiums each and every year, the MEL has modified its minimum standards. Although the Underwriting Manager continues to market the coverage; this year alone, he received 30 plus denials. Our current primary carrier is encouraged by the JIF and MEL efforts to increase member compliance with risk control. As part of that effort, the MEL is working to form a separate JIF that intends to help members secure the services necessary to increase risk control. In order to meet increasing premiums and risk control costs, this line item is increasing by 65%. Without improvements in member compliance, we may find ourselves uninsurable in the near future.

NJUA MUNICIPAL JOINT INSURANCE FUND					
2023 PROPOSED BUDGET					
APPROPRIATIONS		Annualized 2022	Projected 2023	\$	%
I. Claims and Excess Insurance		(A)	(B)	CHANGE	CHANGE
Claims					
1	Property	512,530	566,000	53,470	10.43%
2	Liability	729,484	744,000	14,516	1.99%
3	Auto	151,077	151,000	(77)	-0.05%
4	Workers' Comp.	2,259,589	2,548,000	288,411	12.76%
5	WC Pension	158,000	140,000	(18,000)	-11.39%
6	LFC	32,500	25,000	(7,500)	-23.08%
7					
8	Subtotal - Claims	3,843,180	4,174,000	330,820	8.61%
9	Premiums				
10	. Property	4,090,136	4,574,562	484,426	11.84%
11	. \$10M ex \$2 M Liability	430,275	461,384	31,109	7.23%
12	. MEL Ex WC	650,690	705,025	54,335	8.35%
13	. MEL Ex Liability	283,297	289,191	5,894	2.08%
14	. MEL FFB	15,004	14,902	(102)	-0.68%
15	. \$10M X \$2M POL/EPL	313,975	359,589	45,614	14.53%
16	'POL/EPL	596,965	621,322	24,357	4.08%
17	Environmental Fund	378,127	381,911	3,784	1.00%
18	Environmental Fund Dividend	(244,989)	(302,536)	(57,547)	23.49%
19	Cyber JIF	347,477	576,000	228,523	65.77%
20	SubTotal Premiums	6,860,957	7,681,350	820,393	11.96%
21	Total Loss Fund	10,704,137	11,855,350	1,151,213	10.75%
22					
23	II. Expenses, Fees & Contingency				
24					
25	Claims Adjustment	229,211	233,795	4,584	2.00%
26	Litigation Mangement	100,000	100,000	0	0.00%
27	Safety Director	194,786	198,682	3,896	2.00%
28	Consultant	0			
29	Safety Expo	14,245	14,245	0	0.00%
30	Incentive	2,660	2,660	0	0.00%
31	Breakfast	1,064	1,064	0	0.00%
32	Communication	14,893	14,893	0	0.00%
33	MEL Safety Institute	70,895	70,401	(494)	-0.70%
34	Misc	707	707	0	0.00%
35					
36	Administration	349,948	356,947	6,999	2.00%
37	Actuary	36,798	37,534	736	2.00%
38	Auditor	23,130	23,593	463	2.00%
39	Attorney	21,844	22,281	437	2.00%
40	Treasurer	23,021	23,481	460	2.00%
41	Internal Auditor	11,927	12,166	239	2.00%
42	Underwriting Manager	96,495	98,425	1,930	2.00%
43	Director's Fee	19,800	19,800	0	0.00%
44	. Contingency	84,829	84,829	0	0.00%
45	. Producer Commission	765,983	840,693	74,710	9.75%
46	Total Exp, Comms & Surplus	2,062,236	2,156,196	93,960	4.56%
47	Total Loss Fund and Expenses	12,766,373	14,011,546	1,245,173	9.75%

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND				
2023 BUDGET FOR ASSESSMENT CALCULATION				
MUNICIPALITIES ONLY -				
	A	B	B-A	B-A
	BUDGET	BUDGET		
APPROPRIATIONS	2022 ANNUALIZED	2023 PROPOSED	\$	%
I. CLAIMS AND EXCESS INSURANCE	MUNIS ONLY	MUNIS ONLY	CHANGE	CHANGE
CLAIMS				
Excess Liability:				
To 500K	2,831,419	3,344,914	513,495	18.1%
1.5MIL Ex 500K	5,255,812	7,007,660	1,751,838	33.3%
3MIL ex 2MIL	1,725,145	1,921,115	195,970	11.4%
Excess WC	8,358,790	9,701,024	1,342,234	16.1%
Excess Property Claims	4,524,489	5,953,235	1,428,746	31.6%
POL/EPL Land Use	1,061,662	1,074,214	12,552	1.2%
Cyber Liability		-	-	
Aggregate Excess LFC	13,957	13,864	(93)	-0.7%
JIF Faithful Performance Bond	202,758	207,544	4,786	2.4%
Surety Bond	312,572	314,875	2,303	0.7%
Sub Total	24,286,604	29,538,435	5,251,831	21.6%
PREMIUMS				
Optional Excess Liability	2,639,634	3,214,534	574,900	21.8%
Optional Excess POL/EPL	1,767,888	2,057,612	289,724	16.4%
Cyber Excess Liability		-	-	
Excess WC	3,324,591	3,414,839	90,248	2.7%
Excess Property	11,890,720	13,683,616	1,792,896	15.1%
			-	
Loss Fund Contingency	224,294	220,643	(3,651)	-1.6%
Sub Total	19,847,128	22,591,244	2,744,116	13.8%
Total Claims & Premiums	44,133,732	52,129,679	7,995,947	18.1%
II. EXPENSES				
Claims Adjustment	1,093,508	1,115,376	21,870	2.0%
Property Adjustment	176,653	180,186	3,533	2.0%
Administration	1,389,332	1,417,119	27,787	2.0%
Claims Supervision	500,000	500,000	-	0.0%
Actuary	53,183	54,247	1,064	2.0%
Attorney	47,864	48,821	957	2.0%
Deputy Attorney	1,597	1,629	32	2.0%
Attorney-OPRA	18,018	18,378	360	2.0%
Auditor	30,500	31,110	610	2.0%
Treasurer	26,966	27,505	539	2.0%
Underwriting Manager	61,395	62,623	1,228	2.0%
Reinsurance Manager	324,183	330,867	6,684	2.0%
Safety and Education Committee	108,289	110,455	2,166	2.0%
Computer Services	149,386	152,374	2,988	2.0%
Legislative Committee	28,587	29,159	572	2.0%
Internal Audit Committee	62,625	63,878	1,253	2.0%
Strategic Planning Committee	31,313	31,939	626	2.0%
Coverage Committee	41,476	42,306	830	2.0%
Communications Committee	128,895	131,473	2,578	2.0%
Expense Contingency	65,831	65,831	-	0.0%
Subtotal	4,339,599	4,415,076	75,477	1.7%
MEL Safety Institute	1,106,022	1,130,893	24,871	2.2%
Total Appropriations	49,579,353	57,675,648	8,096,295	16.3%

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND					
2023 ADOPTED BUDGET BASED ON 2010 CENSUS & 1/3rd Change to 2020 CENSUS					
10/6/2022		2022	2023		
	TOTAL	TOTAL	CHANGE	CHANGE	
I. Claims and Excess Insurance			\$	%	
Claims					
1 Third Party (Non-Site Specific)	420,232	423,792	3,560	0.8%	
2 On Site Cleanup (Site Specific)	231,697	232,402	705	0.3%	
3 PO Pollution Liability	154,463	152,657	(1,806)	-1.2%	
4 Tank Systems	215,795	221,010	5,215	2.4%	
5 DMA Waste Sites (Superfund Buyout)	1,214,388	1,248,593	34,205	2.8%	
6 LFC	21,239	21,239	-	0.0%	
7 Total Loss Fund	2,257,814	2,299,693	41,879	1.9%	
8					
9 II. Expenses, Fees & Contingency					
10 Professional Services					
11 Actuary	62,500	62,500	-	0.0%	
12 Attorney	90,425	92,233	1,808	2.0%	
13 Auditor	17,275	17,620	345	2.0%	
14 Executive Director	333,858	340,535	6,677	2.0%	
15 Treasurer	21,305	21,731	426	2.0%	
16 Legislative Agent	45,000	45,000	-	0.0%	
17 Underwriting Managers	264,429	269,718	5,289	2.0%	
18 Environmental Services	472,911	482,370	9,459	2.0%	
19 Claims Administration	31,254	31,879	625	2.0%	
20					
21 Subtotal - Contracted Prof Svcs	1,338,957	1,363,586	24,629	1.8%	
22					
23 Non-Contracted Services					
24 Expenses contingency	28,203	28,203	-	0.0%	
25 Member Testing	8,326	8,326	-	0.0%	
26					
27 Subtotal - Non-contracted svcs	36,529	36,529	-	0.0%	
28					
29 Subtotal-Contracted/Non-contracted svcs	1,375,486	1,400,115	24,629	1.8%	
30					
31 Excess Aggregate Insurance	546,249	546,249	-	0.0%	
32					
33 General Contingency	219,611	185,721	(33,890)	-15.4%	
34					
35 Total Exp, Fees & Contingency	2,141,346	2,132,085	(9,261)	-0.4%	
36					
37 TOTAL JIF APPROPRIATIONS	4,399,160	4,431,778	32,618	0.7%	
38					
39 *LFC = Members not based on population (i.e. Parking Auth, Health Commissions, Fire Dept, OMUA)					

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND				
2021 ADOPTED BUDGET				
	2021	2021 Amendment	2021	\$
	PROPOSED	2017 Assessments	Revised Budget	CHANGE
	BUDGET			
APPROPRIATIONS				
MEL	309,019	9,333,074	9,642,093	9,333,074
BMEL	0		0	0
ATLANTIC	48,549	1,606,035	1,654,584	1,606,035
BERGEN	13,563	581,132	594,695	581,132
BURLCO	20,308	213,926	234,234	213,926
CAMDEN	23,351	999,555	1,022,906	999,555
MONMOUTH	26,781	1,357,359	1,384,140	1,357,359
MORRIS	20,377	1,101,843	1,122,220	1,101,843
NJUA	16,732	534,529	551,261	534,529
OCEAN	49,240	1,877,205	1,926,445	1,877,205
PMM	8,418	210,793	219,212	210,793
SOUTH BERGEN	21,777	1,796,814	1,818,591	1,796,814
SUBURBAN ESSEX	21,201	603,003	624,204	603,003
TRICO	30,410	313,244	343,653	313,244
SUBURBAN MUNICIPAL	3,434	31,943	35,377	31,943
CENTRAL JERSEY (incl. Run-in Receivable)	43,247	1,150,838	1,194,085	1,150,838
NJPHA	16,162	918,656	934,818	918,656
TOTAL	672,570	22,629,948	23,302,518	22,629,948
MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND				
2021 ADOPTED BUDGET				
	2021 PROPOSED	2021 Amendment	2021	
	BUDGET	2017 Assessments	Revised Budget	
APPROPRIATIONS				
CLAIMS	0	21,944,948	21,944,948	21,944,948
Run-in Claim Receivable	15,000		15,000	0
LOSS FUND CONTINGENCY	0	685,000	685,000	685,000
SUBTOTAL LOSS FUND	15,000	22,629,948	22,644,948	22,629,948
EXPENSES				
ADMINISTRATOR	209,959		209,959	0
DEPUTY ADMINISTRATOR	71,421		71,421	0
ATTORNEY	43,467		43,467	0
CLAIMS SUPERVISION & AUDIT	62,835		62,835	0
TREASURER	40,810		40,810	0
AUDITOR	24,107		24,107	0
ACTUARY	43,038		43,038	0
MISCELLANEOUS	25,294		25,294	0
SUBTOTAL	520,931	0	520,931	0
EXPENSE CONTINGENCY	136,639		136,639	0
SUBTOTAL EXPENSES	657,570	0	657,570	0
TOTAL BUDGET	672,570	22,629,948	23,302,518	22,629,948

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND				
2023 ADOPTED BUDGET				
	2022 ANNUALIZED	2023 PROPOSED	\$	%
	BUDGET	BUDGET	CHANGE	CHANGE
APPROPRIATIONS				
CLAIMS	0	0	0	
Run-in Claim Receivable	15,000	15,000	0	0
LOSS FUND CONTINGENCY	0	0		
SUBTOTAL LOSS FUND	15,000	15,000	0	0
EXPENSES				
ADMINISTRATOR	214,158	218,441	4,283	2%
DEPUTY ADMINISTRATOR	72,849	74,306	1,457	2%
ATTORNEY	44,336	45,223	887	2%
CLAIMS SUPERVISION & AUDIT	64,092	65,374	1,282	2%
TREASURER	41,626	42,459	833	2%
AUDITOR	24,589	25,081	492	2%
ACTUARY	43,899	44,777	878	2%
MISCELLANEOUS	25,800	26,316	516	2%
SUBTOTAL	531,349	541,977	10,628	2%
EXPENSE CONTINGENCY	139,651	142,523	2,872	2%
TOTAL BUDGET	671,000	684,500	13,500	2%