

RESOLUTION NO. 33-21

Burlington County Insurance Commission (hereinafter the "Insurance Commission")

BE IT RESOLVED by the Insurance Commission's governing body that effective 4/23/21 the 2021 Plan of Risk Management shall be:

- 1.) The perils or liability to be insured against.
 - a.) The Insurance Commission insures the following perils or liability:
 - Workers' Compensation including Employer's Liability, USL&H and Harbor Marine/Jones Act.
 - General Liability including Law Enforcement Liability and Employee Benefits Liability.
 - Automobile Liability including PIP and Uninsured/Underinsured Motorists Coverage.
 - Property, Auto Physical Damage and Boiler & Machinery.
 - b.) The following coverage are provided to the Insurance Commission's member entities by their membership in the New Jersey Counties Excess Joint Insurance Fund (NJC).
 - Excess Workers' Compensation
 - Excess General Liability
 - Excess Auto Liability
 - Excess Property including Boiler and Machinery
 - Public Officials Liability/School Board Legal/Employment Practices Liability
 - Crime
 - Pollution Liability
 - Medical Professional and General Liability
 - Employed Lawyers Liability

- Cyber Liability
- Non-Owned Aircraft Liability

2.) The limits of coverage.

a.) Workers' Compensation limits.

- The Insurance Commission covers \$300,000 per occurrence including:
 - Employer's Liability - \$300,000 per occurrence.
 - USL&H – \$300,000 per occurrence.
 - Harbor Marine/Jones Act - \$300,000 per occurrence.
- The NJC covers excess workers compensation claims to the following limits.
 - Workers' Compensation – Statutory excess of the Insurance Commission's \$300,000.
 - Employer's Liability - at a sub-limit of \$25,000,000 excess of the Insurance Commission's \$250,000.
 - USL&H – \$250,000 less NJ State benefits excess of member's SIR of \$300,000.
 - Harbor Marine/Jones Act - \$250,000 less NJ State benefits excess of member's SIR of \$300,000.

NJC retains limits of \$850,000 excess \$300,000 for Workers Compensation and Employers Liability. NJC purchases from Safety National Casualty Company 'Statutory' Workers Compensation limits excess of \$1,150,000 and \$5,000,000 excess of \$1,150,000 for Employers Liability.

b.) General Liability limits.

- The Insurance Commission covers \$250,000 per occurrence.
 - Law Enforcement - included in the General Liability limits.
 - Employee Benefits Liability - included in the General Liability limits.

- Subsidence - \$250,000 per occurrence
- Owned Watercraft 35' in length or less - \$250,000.
- Garage Liability - \$250,000
- The NJC covers excess liability claims as follows:
 - General Liability - \$20,000,000 excess the Insurance Commission's \$250,000. The \$10,000,000 excess \$1,500,000 commercial excess layer is subject to a \$10,000,000 aggregate limit per member insurance commission. The \$10,000,000 excess \$10,000,000 commercial excess layer is subject to a \$20,000,000 annual aggregate limit.
 - Law Enforcement - included in the NJC's excess General Liability limits.
 - Employee Benefits Liability - included in the NJC's excess General Liability limits.
 - Subsidence - \$750,000 per occurrence excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Member's retention.
 - Owned Watercraft 35' in length or less - \$750,000 excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Member's retention.
 - Garage Liability - \$250,000 excess of the Insurance Commission's \$250,000. NJC retains 100% of the limit excess of the Member's retention.

NJC retains limits of \$1,250,000 excess \$250,000

The Munich policy also provides for BCIC coverage for public officials, school board legal and employment liability but at a per member entity retention of \$1,500,000. Note: BCBoSS purchases a separate buy down policy at a limit of \$500,000 per claim and annual aggregate of \$1,000,000, and RCBC purchases a \$400,000 per claim/aggregate buy down excess of \$100,000, both outside of the Insurance Commission. BCIC also provides RCBC with a \$50,000 excess \$50,000 buy down.

c.) Automobile Liability limits.

- The Insurance Commission covers automobile liability claims as follows:
 - Automobile Bodily Injury and Property Damage Liability claims at a combined single limit of \$250,000.
 - The Insurance Commission covers \$250,000 for Personal Injury Protection (PIP).
 - The Insurance Commission covers \$15,000/\$30,000/\$5,000 for Underinsured/Uninsured Motorists Liability.
- The NJC covers excess automobile liability claims as follows:
 - Automobile Bodily Injury and Property Damage Liability claims excess of the Insurance Commission's \$250,000 CSL limit. Included in the NJC's excess General Liability limits as shown above.

NJC retains limits of \$1,250,000 excess \$250,000.

The NJC does not provide excess PIP OR Uninsured/Underinsured Motorist Coverage.

The PIP and Uninsured/Underinsured Motorist coverages shall follow the most current statutory guidelines provided by the State of New Jersey.

The excess general liability, auto liability, law enforcement liability and employers liability limits with Munich and Old Republic are per member Commission and are shared limits amongst BCIC member entities.

d.) Public Officials Liability/School Board Legal/Employment Practices Liability

- The NJC via the commercial market offers a public officials liability/school board legal liability/employment practices liability program that BCIC does not participate in. As noted above, BCIC has this coverage as part of the excess liability program with Munich.

- A deductible buy back coverage was secured for the Board of Social Services with ACE American Insurance Company at limits of \$500,000 per claim and \$1,000,000 annual aggregate and deductibles of \$50,000 each wrongful act other than employment practices violations and \$50,000 each employment practices violations.
- A deductible buy back coverage was secured for Rowan College at Burlington County with ACE American insurance Company at limits of \$400,000 per claim/aggregate, excess of \$100,000.

e.) Property/Equipment Breakdown

Property Limits/Sub-limits

- The Insurance Commission covers \$250,000 per occurrence less applicable member entity per occurrence deductibles.
- The NJC provides excess property coverage of \$1,750,000 excess of the member Insurance Commission limit of \$250,000, and excess coverage via the commercial market with Zurich and excess property coverage with various insurers on a quota share basis with the following limits (*SHARED BY ALL NJC MEMBER COMMISSIONS AND THEIR MEMBER ENTITIES*) excess of the member retention and member entity per occurrence deductibles. Rowan College at Burlington County does not purchase the excess quota-share programs (excess of Zurich):

Property Per Occurrence Limits:

- A. \$110,000,000 Per Occurrence with Zurich
- B. \$150,000,000 Per Occurrence with various insurers excess underlying \$110,000,000
- C. \$260,000,000 per Occurrence Total Program Limit

Property Sub-Limits:

- Earthquake - \$100,000,000 (Annual Aggregate) + Excess Earthquake - \$100,000,000
- Flood - \$100,000,000 (Annual Aggregate) Except;
 - Flood Inside Special Flood Hazard Area (SFHA) - \$25,000,000
- Asbestos Cleanup - \$50,000 per occurrence
- Valuable Paper And Records - \$10,000,000
- Accounts Receivable - \$10,000,000
- Increased Cost of Construction - \$25,000,000
- Extra Expense – \$10,000,000
- Transit- \$1,000,000
- Fine Arts - \$2,500,000
- Land and Water Contaminant Cleanup, Removal and Disposal - \$250,000 (Annual Aggregate)
- Miscellaneous Unnamed Locations - \$10,000,000
- New Construction and Additions - \$10,000,000
- Off-Premises Service Interruption - \$10,000,000
- Debris Removal - \$25,000,000
- Leasehold Interest - \$15,000,000
- Professional Fees - \$1,250,000
- Extended Period of Liability – 365 Days
- Vehicles (PD ONLY) - \$15,000,000
 - Garagekeepers Liability - Included
- Underground Piping - \$5,000,000 (only if within 1,000 ft of an insured location). There is no coverage for perils of Earthquake, Flood or named Storm.
- Outdoor Property - \$10,000,000
- Equipment Breakdown - \$100,000,000
 - Ammonia Contamination - \$5,000,000
 - Spoilage - \$5,000,000
- Note: There is an Excess Property Policy with various insurers on a quota share basis which extends the Per Occurrence Policy Limits by \$150,000,000 to a total of \$260,000,000. The excess policy provides a sub-limit of \$25,000,000 excess of the underlying \$110,000,000 per occurrence for Named Storm Wind and Hail for Atlantic, Cape May, Ocean, Monmouth and

Cumberland counties. Coverage sub-limits on the Primary policy are excluded by the Excess Property policy, including Equipment Breakdown.

- There is an Excess Flood/Earthquake policy placed with various insurers on a quota share basis which provides:
 - \$50,000,000 aggregate policy limit for Flood coverage excess of the aggregate policy limits provided by Zurich (\$25,000,000 for locations inside the 100-Year Flood Zone, \$50,000,000 for all other locations, as noted above); and
 - \$100,000,000 aggregate policy limit for Earthquake coverage excess of the \$100,000,000 aggregate policy limit provided by Zurich (noted above).

Property Deductibles

- The standard member insurance commission retention is \$250,000 per occurrence less member entity per occurrence deductibles below. Also applies to time element, auto physical damage and flood (except as noted below).
 - Burlington County - \$5,000 Property, \$500 Auto Physical Damage Comprehensive and \$1,000 Auto Physical Damage Collision
 - Burlington County Board of Social Services - \$5,000 Property, \$500 Auto Physical Damage Comprehensive and \$1,000 Auto Physical Damage Collision
 - Burlington County Bridge Commission - \$25,000 Property and \$1,000 Auto Physical Damage
 - Rowan College at Burlington County - \$5,000
- The Equipment Breakdown deductible is \$50,000 member entity deductible per occurrence.
- The Earthquake Member Insurance Commission retention is \$250,000 per occurrence less the per occurrence member entity deductibles.
- The Flood Member Insurance Commission retention is \$250,000 per occurrence (combined property damage and time element) less member entity per occurrence deductibles.
- Flood loss for property within the Special Flood Hazard Area (SFHA) is subject to a deductible of \$500,000 each building for municipality buildings, and \$500,000 each building for building contents member entity deductible per occurrence; and \$500,000

for each building for loss of income. Losses shall also be adjusted subject to a \$500,000 per occurrence Insurance Commission deductible for pumping stations, pistol ranges, vehicles and mobile equipment less the applicable member entity deductible.

- “Named Storm as respects to covered property in Atlantic, Ocean, Monmouth and Burlington Counties located east of the Garden State Parkway and any covered property in Cape May County”
For Property Damage: subject to a deductible of 1% of the value, per the Schedule of Values on file with the company as of the date of loss, for those Buildings where the direct physical loss or damage occurred, per occurrence; For Time Element: 1% of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the occurrence by use of the facilities at the Location where the direct physical loss or damage occurred and all other Locations where Time Element loss ensues, per occurrence. The 1% Time Element deductible does not apply Extra Expense. Combined PD and TE deductible subject to a minimum deductible of \$500,000 per occurrence and a maximum per occurrence of \$5,000,000.
- Note: Where there is an underlying member insurance commission such as exist in Burlington, the Burlington County Insurance Commission provides coverage for the difference in deductible for “insured property” resulting from “insured perils” (per the terms and conditions of the Zurich policy through the NJC JIF), but only for what is not reimbursed by FEMA less the member entity deductible. The Burlington County Insurance Commission will not provide coverage for the difference in deductible for time element loss.

Named Storm is defined as any storm or weather disturbance that is named by the U.S. National Oceanic and Atmospheric Administration (NOAA) or the U.S. National Weather Service or the National Hurricane Center or any comparable worldwide equivalent.. Location is defined as a building(s) bounded on all sides by public streets, clear land space or open waterways, each not less than 50 feet wide, a site or tract of land occupied or available for occupancy with tangible property. If the Named Storm involves covered property within Special Flood Hazard Area (SFHA) the SFHA deductible above applies.

Special Flood Hazard Area (SFHA) - Is an area defined by FEMA or any foreign equivalent that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance flood is also referred to by FEMA

as the base flood or 100-year EDGE-100-B (12/10) flood. SFHA's per FEMA include but are not limited to Zone A, Zone AO, Zone AH, Zones A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, and Zones V1-V30. If not defined by FEMA or any foreign equivalent, it is an area that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year.

f.) Crime

The NJC via the commercial market provides crime coverage at the following limits and deductibles (the Insurance Commission retains no risk for Crime):

Limit per occurrence:

- Burlington County (including BOSS) – \$1,000,000
- Burlington County Bridge Commission - \$1,000,000
- Rowan College at Burlington County - \$1,000,000

Deductible per occurrence:

- Burlington County (including BOSS) – \$10,000
- Burlington County Bridge Commission - \$10,000
- Rowan College at Burlington County - \$2,500

NJC does not retain any risk as it is fully insured in the commercial market. The BCIC provides a deductible buy down for RCBC of \$7,500 excess of \$2,500.

g.) Pollution Liability

The NJC via the commercial market provides pollution liability coverage at the following limits and deductibles (the Insurance Commission retains no risk for Pollution Liability):

- Limit of Liability: \$10,000,000 per claim and \$25,000,000 annual aggregate
- RCBC: \$1,000,000 per claim and \$3,000,000 annual aggregate
- Member Entity Deductible: \$25,000

NJC does not retain any risk as it is fully insured in the commercial market.

All policy aggregate limits are shared by the Camden County Insurance Commission, Gloucester County Insurance Commission, Union County, Burlington County Insurance Commission, Mercer County Insurance Commission, Cumberland County, Cumberland County Utilities Authority, Ocean County Mosquito Extermination Commission and Atlantic County Utilities Authority.

h.) Medical Professional General Liability/Excess Medical Professional

The NJC via the commercial market provides medical professional general liability/excess medical professional coverage at the following limits and Self Insured Retentions (the Insurance Commission retains no risk for medical professional general liability):

- Limit per claim/annual aggregate: \$1,000,000/\$3,000,000
 - This primary aggregate limit is shared by each member entity of each NJC member Commission.
- Excess Limit annual aggregate: \$20,000,000/\$20,000,000
 - Excess Limit is a Shared limit with ACIC, BCIC, CCIC, CuCIC and GCIC.
- Member Entity Self Insured Retention GL and PL:
 - Burlington County – \$5,000
 - Includes Department of Health and Buttonwood Divested Operations
 - BCIC Scheduled Physicians - \$5,000
 - I. Hood
 - J. Peterson
 - R. Sharpe
 - Nicoletta Turner-Foster
 - H. Conaway, Jr.

NJC does not retain any risk as it is fully insured in the commercial market.

i.) Employed Lawyers Professional Liability

The NJC via the commercial market provides the following:

- Limit: \$10,000,000
- Retention: \$25,000

j.) Non-Owned Aircraft. The NJCE covers \$9,000,000 CSL for Bodily Injury and Property Damage Liability, and \$5,000 medical expense for each passenger.

K.) Cyber Liability – Network Privacy & Security Liability

The NJC via the commercial market provides on an optional basis network privacy & security liability coverage at the following limits and deductibles (the insurance commission retains no risk for network privacy & security liability coverage):

Please consult your Executive Director or Risk Manager

- Participating member entities are:
 - Burlington County
 - Burlington County Board of Social Services
 - Rowan College at Burlington County
 - Burlington County Bridge Commission

NOTICE: The above description is a general overview of the coverage and limits provided by the Insurance Commission. The actual terms and conditions are defined in the individual policy documents and this Risk Management Plan. All issues and/or conflicts shall be decided upon by the individual policy documents.

3.) The amount of risk to be retained by the Insurance Commission (except as noted in section 2. Limits of coverage).

- a.) Workers' Compensation (all coverages) - \$300,000 CSL
- b.) General Liability (all coverages) - \$250,000 CSL
- c.) Law Enforcement Liability – Included in General Liability
- d.) Automobile Liability
 - Property Damage & Bodily Injury - \$250,000 CSL
 - Underinsured/Uninsured - \$15,000/\$30,000/\$5,000 CSL
 - Personal Injury Protection - \$250,000 CSL
- e.) Public Officials Liability/School Board Legal/Employment Practices Liability
 - RCBC: \$50,000 excess of \$50,000
- f.) Property/APD - \$250,000 per occurrence less member deductibles.
 - Flood, SFHA: \$500,000
 - Named Storm, High Hazard: \$500,000
- g.) Crime
 - RCBC: \$7,500 excess of \$2,500

- h.) Pollution Liability – None
 - i.) Medical Professional General Liability – None
 - j.) Employed Lawyers Liability – None
 - k.) Cyber Liability - None
- 4.) The amount of unpaid claims to be established.
- a.) The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Insurance Commission expects the claims servicing company to set reserves at 85% accuracy. The Insurance Commission also establishes reserves recommended by the Insurance Commission’s Actuary for claims that have been incurred but not yet reported so that the Insurance Commission has adequate reserves to pay all claims and allocated loss adjusted expense liability.
 - b.) Claims reserves are subject to regular review by the Insurance Commission’s Executive Director/Administrator, Attorney, Board of Commissioners and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the Insurance Commission either directly or through the NJC JIF.
- 5.) The method of assessing contributions to be paid by each member of the Insurance Commission.
- a.) By November 15th of each year, the actuary computes the probable net cost for the upcoming Insurance Commission year by line of coverage and for each prior Insurance Commission year. The Actuary includes all budget items in these computations. The annual assessment of each participating member entity is its pro rata share of the probable net cost of the upcoming Insurance Commission year for each line of coverage as computed by the Actuary.
 - b.) The calculation of pro rata shares is based on each member’s experience modified manual premium for that line of coverage. The Insurance Commission’s Governing Body also adopts a capping formula which limits the increase of any member's assessment from the preceding year to the Insurance Commission wide average increase plus a percentage selected by the Governing Body. The

total amount of each member's annual assessment is certified by majority vote of the Insurance Commission's Governing Body at least one (1) month prior to the beginning of the next fiscal year.

- c.) The Treasurer deposits each member's assessment into the appropriate accounts, including the administrative account, and the claim or loss retention trust Insurance Commission account by Insurance Commission year for each type of coverage in which the member participates.
 - d.) If a member entity becomes a member of the Insurance Commission or elects to participate in a line of coverage after the start of the Insurance Commission year, such participant's assessments and supplement assessments are reduced in proportion to that part of the year which had elapsed.
 - e.) The Insurance Commission's Governing Body may by majority vote levy upon the participating member entities additional assessments wherever needed or so ordered by the Commissioner of Insurance to supplement the Insurance Commission's claim, loss retention or administrative accounts to assure the payment of the Insurance Commission's obligations. All supplemental assessments are charged to the participating member entities by applicable Insurance Commission year, and shall be apportioned by the year's assessments for that line of coverage.
 - f.) Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Insurance Commission fail to assess funds required to meet its obligations, the Chairman, or in the event by his or her failure to do so, the custodian of the Insurance Commission's assets, shall notify the Commissioner of Insurance and the Director of Community Affairs. Past due assessments shall bear interest at the rate established annually by the Insurance Commission's Governing Body.
- 6.) Procedures governing loss adjustment and legal expenses.
- a.) The Insurance Commission engages a claims service company to handle all claims. The performance of the claims adjusters is monitored and periodically audited by the Executive Director's office, the Insurance Commission Attorney, the NJC's attorney's office, as well as the claims department of the NJC's three major excess insurers (i.e. Munich, Old Republic for excess liability; Safety National Casualty Company for workers' compensation). Every three years, the NJC's internal auditors may conduct an audit.

- b.) Each member entity is provided with a claims reporting procedure and appropriate forms.
 - c.) In order to control workers' compensation medical costs, the Insurance Commission has engaged a managed care organization (MCO) *through the claims service company* whose procedures are integrated into the Insurance Commission's claims process.
 - d.) To provide for quality defense and control costs, the Insurance Commission has established an approved defense attorney panel with firms which specialize in Title 59 matters. The performance of the defense attorneys is overseen by the Insurance Commission Attorney, as well as, the various firms which audit the claims adjusters.
- 7.) Coverage to be purchased from a commercial insurer, if any.
- The Insurance Commission purchases a commercial crime bond to provide coverage in the event of an employee theft loss caused by the Insurance Commission's TPA, Executive Director, and/or Treasurer. The bond is purchased from Selective Fire and Casualty Insurance Company.
- 8.) Reinsurance to be purchased.
- The Insurance Commission does not purchase reinsurance.
- 9.) Procedures for the closure of Insurance Commission years, including the maintenance of all relevant accounting records.
- a.) Not applicable at this time.
- 10.) Assumptions and Methodology used for the calculation of appropriate reserves requirements to be established and administered in accordance with sound actuarial principles.
- a.) The general approach in estimating the loss reserves of the Insurance Commission is to project ultimate losses for each Insurance Commission year using paid and incurred loss data. Two traditional actuarial methodologies are used: the paid loss development method and the incurred loss development method. From the two different indications resulting from these methods the Insurance Commission Actuary chooses a "select" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or Insurance Commission funding requirement.

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

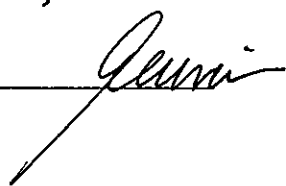
- Paid Loss Development Method - This method uses historical accident year paid loss patterns to project ultimate losses for each accident year. Because this method does not use case reserve data, estimates from it are not affected by changes in case reserving practices. However, the results of this method are sensitive to changes in the rate of which claims are settled and losses are paid, and may underestimate ultimate losses if provisions are not included for very large open claims.
- Case Incurred Loss Development Method - This method is similar to the paid loss development method except it uses historical case incurred loss patterns (paid plus case outstanding reserves) to estimate ultimate losses. Because the data used includes case reserve estimates, the results from this method may be affected by changes in case reserve adequacy.

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

- \$20,000 for workers compensation claims
- \$20,000 for liability claims
- With the advance approval of the Insurance Commission Attorney or Executive Director, the certifying and approving officer may also pay hospital bills if waiting until after the next regularly scheduled Insurance Commission meeting would result in the loss of a discount on such bills. When the certifying and approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.

Adopted by the Governing Body this 6th day of May, 2021.
Burlington County Insurance Commission

By: 
Chairperson

Attest: 
Secretary