



## **Municipal Excess Liability Joint Insurance Fund**

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**Date:** Monday June 10, 2024

**To:** Find Commissioners

**Subject:** MEL June 2024 Report

**Meetings:** At the May meeting, the Board voted to restructure the meeting times for MEL and RCF Claims, the RCF Board, the EJIF Board and the MEL Board meetings. Effective June 2024, the MEL Board will meet at 10:30, EJIF will meet at 11:05 and the RCF at 11:30. The MEL Claims Committee will now meet at 9:45 and the RCF Claims will no longer meet the same day as the boards meet. In addition, the Board amended the Fund's meeting procedure resolution to add the following language: "Each member of the public may address the Chairperson for a maximum of five minutes".

### **Special Acknowledgments:**

**Michael Zambito** The Board of Fund Commissioners acknowledged Fund Treasurer Micheal Zambito who is retiring from this position June 30, 2024. Mr. Zambito has served as MEL Fund Treasurer since 1988.

**Charles Cuccia** The Board of Fund Commissioners acknowledged Commissioner Cuccia who is retiring as of June 30, 2024. Mr. Cuccia has served as a MEL JIF Commissioner since January 1994, served as MEL Secretary in 2001 and served as MEL Chairman from January 2002 to January 2004.

**Chubb:** Effective January 1, 2024, the MEL entered a policy with Chubb to provide Equipment Breakdown coverage. Representatives from Chubb were in attendance and provided a summary of services to be provided to MEL members.

**Audit Committee:** Committee met on May 31, 2024 to review the year-end financials as of December 31, 2023 and the Internal Audits for Electronic Data Process and Information Technology, 2023 Reinsurance Checklist and the 2023 Claims-Workers' Compensation; minutes of the meeting were submitted for information.

Committee Chairman Commissioner Brewer noted the committee held a spirited discussion and said he was reassured by the thorough review by the external corporate board members that serve on the committee and the answers provided by the various Fund professionals. Fund Auditor reviewed The Statement of Net Position as of December 31, 2023 noting the Total Net Position was \$12.3 million and confirmed there were no findings or recommendations. Fund Actuary reviewed the Valuation Report. The Board of Fund Commissioners accepted the Financial Audit Report and Actuarial Valuation Report as of December 31, 2023 and the Internal Audit Reports as presented.

**Management Committee:** Committee met on June 5<sup>th</sup> to consider the positions of Qualified Purchasing Agent (QPA), the Southern New Jersey Marketing Consultant, Regulatory changes concerning ADA and JIF websites and to discuss activating the Special Claims Committee in preparation for an anticipated active hurricane season; the committee agenda was included in the agenda appendix III for information. Board of Fund Commissioners accepted the recommendations of the Management Committee and adopted Resolutions 34-24 and 35-24 appointing the QPA and the Southern NJ Marketing Consultant as outlined below.

Management Committee made the following recommendations:

QPA – Appoint Matthew Cavallo of Laracy Associates LLC for contract term of July 1, 2024 through December 31, 2024 for a monthly fee of \$2,000.

Southern NJ Marketing Consultant – A Competitive Contracting RFP was issued for the marketing consultant and one response was received from PJM Consultants LLC. Appoint PJM Consultants LLC for the contract term of June 10, 2024 to December 31, 2024 for a monthly fee of \$3,740.

**Safety & Education Committee:** This committee met on May 3, 2024; minutes of the meeting were submitted for information.

**Coverage Committee:** This committee met on May 3<sup>rd</sup>; minutes of the meeting were submitted for information. Committee will continue to discuss higher blanket limits for Excess Crime to address increased cyber risk.

Statutory Bond Coverage - Currently, the MEL only offers \$1,000,000 excess of \$1,000,000 statutory bond coverage where the formula promulgated by state required higher limit. Many members requested higher limits following a local finance bulletin. The Board of Fund Commissioners accepted the recommendation to approve higher limits upon request.

**Legislative Committee:** This committee met on April 12<sup>th</sup> and June 4<sup>th</sup>; minutes of those meetings were submitted for information. Committee is scheduled to meet next on July 26, 2024 at 11:00AM. Chairman Cuccia reported that the Governor has signed the bill that provides for modifications to the Open Public Records Act (ORPA). Since Chairman Cuccia is retiring, Commissioner Franz was appointed as the new Committee Chair.

**Marketing Committee:** This committee is scheduled to meet on June 17<sup>th</sup> at 9:30AM via Zoom.

**Claims Committee:** This committee last met on March 22<sup>nd</sup> and May 7<sup>th</sup> and expects to meet prior to this meeting; minutes of these meetings are sent to the full MEL Board separately from the agenda.

**Residual Claims Fund (RCF):** Enclosed in the agenda was a copy of Commissioner Champney-Kweselait's report on the RCF March 22, 2024 meeting. RCF is scheduled to meet after the MEL and will take action to amend the 2023 Budget reflecting the transfer of Fund Year 2019 open liabilities.

**Cyber JIF:** Submitted for information was a copy of the Cyber JIF report from the May 16, 2024 meeting. The JIF plans to form an Operations and Claims Review Committees.

**Bills List:** A local MEL-affiliated JIF recently experienced fraudulent check activity in which JIF checks were duplicated. To prevent this activity, check numbers on the MEL and local JIF

bills lists will be redacted. For information the MEL's procedure of "Positive Payee" prevented this fraud from actually occurring.

**2024 Financial Disclosures:** The statutory filing deadline was April 30<sup>th</sup> and the Local Finance Board has issued violations in the past for not filing. *All Fund Commissioners and Fund Professionals have filed their disclosures.*

**2025 Renewal:** Underwriting Manager reported marketing for the 2025 renewal will begin in the coming months.

**Legal update:** Fund Attorney is working with the Executive Director's office to finalize outstanding excess workers' compensation claims from the policy period of 1991-2002 with Genesis (prior carrier). In addition, Fund Attorney is working with CB Claims LLC, the MEL's Excess Liability Claims Administrator, on the recent \$21million suit where four homes in Haddonfield, NJ were severely damaged due to flooding waters from a storm. Lastly, in March the Board authorized the Fund Attorney and one or two members of the Board to meet with a member regarding potential litigation. Fund Attorney reported the member agreed to mediation procedures which would be presided over by a former judge.



## Municipal Excess Liability Residual Claims Fund

9 Campus Drive – Suite 216  
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Tel (201) 881-7632  
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June 10, 2024

Memo to: Fund Commissioners

**Re:** *RCF June Meeting*

**Auditor and Actuary Year-End Reports:** The Audit Report as of December 31, 2023 and Actuarial Analysis and Loss Adjustment Reserves report were presented for review.

Fund Auditor reviewed the Statement of Revenues, Expenses and Change in Net Position. The Fund ended in a surplus with an additional assessment of \$1,200,000 million. Auditor noted the sizable improvement in investment income and improvement in Operating Income.

Fund Actuary reviewed the total discounted reserves as of December 31, 2023 and said they are consistent with their estimate of unpaid claim liabilities. Fund Actuary's opinion determination is stated at 'Reasonable', which is the preferred of the five options of determination.

Following the reports, the Board approved the year-end financials as presented and adopted resolution 16-24 and executed the group affidavit indicating that members of the Executive Committee have read the general comments section of the audit report.

**2023 Proposed Budget Amendment:** The Board approved an amendment to fund year 2023 budget to accept the transfer of liabilities as of December 31<sup>st</sup> for fund year 2019. A motion was approved to introduce on first reading the amendments to the 2023 Budget and to schedule the Public Hearing on September 9, 2024 at 11:30 a.m. at the Forsgate Country Club, Jamesburg, New Jersey. Enclosed is the 2023 proposed amended budget.

**Banking Services Request for Proposals:** The Board approved a resolution to follow the MEL's lead and award banking services to TD Bank.

**Supplemental Assessment for Fund Year 2014:** The Board approved a resolution to authorize a supplemental assessment totaling \$1,200,000 to be applied to Fund Year 2014.

**Auditor Services:** The Fund received correspondence from the Fund's auditor giving notice to end their contract for auditing services with the Fund as of June 30, 2024. The Fund will issue an RFP for auditing services through the Competitive Contracting Process.

**2023 MEL, MR HIF & NJCE JIF Educational Seminar:** Executive Director reported that the 14<sup>th</sup> annual seminar was conducted virtually in 2 half-day sessions on Friday, April 19<sup>th</sup> and Friday, April 26<sup>th</sup> from 9AM to 12PM and the sessions were well attended.

**Claims Committee:** The Claims Review Committee met on March 22<sup>nd</sup> and May 7<sup>th</sup> and will meet on June 7<sup>th</sup> and July 18<sup>th</sup>. Motion was carried to accept the June PARs as presented.

**Next Meeting:** The next meeting of the RCF is scheduled for September 9, 2024 at 11:30AM at the Forsgate Country Club.

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND  
2023 PROPOSED BUDGET**

|                                          | <b>2023<br/>PROPOSED<br/>BUDGET</b> | <b>2023 Amendment<br/>2019 Assessments</b> | <b>2023<br/>Revised Budget</b> | <b>\$<br/>CHANGE</b> |
|------------------------------------------|-------------------------------------|--------------------------------------------|--------------------------------|----------------------|
| <b>APPROPRIATIONS</b>                    |                                     |                                            |                                |                      |
| MEL                                      | 321,675                             | 12,715,423                                 | 13,037,098                     | 12,715,423           |
| BMEL                                     | 0                                   | 0                                          | 0                              | 0                    |
| ATLANTIC                                 | 50,538                              | 2,363,350                                  | 2,413,888                      | 2,363,350            |
| BERGEN                                   | 14,118                              | 1,642,291                                  | 1,656,409                      | 1,642,291            |
| BURLCO                                   | 21,140                              | 711,346                                    | 732,486                        | 711,346              |
| CAMDEN                                   | 24,307                              | 1,656,018                                  | 1,680,325                      | 1,656,018            |
| MONMOUTH                                 | 27,878                              | 1,377,406                                  | 1,405,284                      | 1,377,406            |
| MORRIS                                   | 21,212                              | 2,312,447                                  | 2,333,659                      | 2,312,447            |
| NJUA                                     | 17,417                              | 436,648                                    | 454,065                        | 436,648              |
| OCEAN                                    | 51,256                              | 1,404,519                                  | 1,455,775                      | 1,404,519            |
| PMM                                      | 8,763                               | 331,130                                    | 339,894                        | 331,130              |
| SOUTH BERGEN                             | 22,669                              | 1,787,104                                  | 1,809,772                      | 1,787,104            |
| SUBURBAN METRO                           | 22,070                              | 759,579                                    | 781,649                        | 759,579              |
| TRICO                                    | 31,655                              | 1,590,641                                  | 1,622,296                      | 1,590,641            |
| SUBURBAN MUNICIPAL                       | 3,575                               | 756,026                                    | 759,601                        | 756,026              |
| CENTRAL JERSEY (incl. Run-in Receivable) | 44,404                              | 1,224,111                                  | 1,268,515                      | 1,224,111            |
| NJPHA                                    | 16,824                              | 609,954                                    | 626,778                        | 609,954              |
| <b>TOTAL</b>                             | <b>699,500</b>                      | <b>31,677,992</b>                          | <b>32,377,492</b>              | <b>31,677,992</b>    |

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND  
2023 PROPOSED BUDGET**

|                            | <b>2023 PROPOSED<br/>BUDGET</b> | <b>2023 Amendment<br/>2019 Assessments</b> | <b>2023<br/>Revised Budget</b> |                   |
|----------------------------|---------------------------------|--------------------------------------------|--------------------------------|-------------------|
| <b>APPROPRIATIONS</b>      |                                 |                                            |                                |                   |
| CLAIMS                     | 0                               | 30,927,992                                 | 30,927,992                     | 30,927,992        |
| Run-in Claim Receivable    | 15,000                          |                                            | 15,000                         | 0                 |
| LOSS FUND CONTINGENCY      | 0                               | 750,000                                    | 750,000                        | 750,000           |
| <b>SUBTOTAL LOSS FUND</b>  | <b>15,000</b>                   | <b>31,677,992</b>                          | <b>31,692,992</b>              | <b>31,677,992</b> |
| <b>EXPENSES</b>            |                                 |                                            |                                |                   |
| ADMINISTRATOR              | 218,441                         |                                            | 218,441                        | 0                 |
| DEPUTY ADMINISTRATOR       | 74,306                          |                                            | 74,306                         | 0                 |
| ATTORNEY                   | 45,223                          |                                            | 45,223                         | 0                 |
| CLAIMS SUPERVISION & AUDIT | 65,374                          |                                            | 65,374                         | 0                 |
| TREASURER                  | 42,459                          |                                            | 42,459                         | 0                 |
| AUDITOR                    | 25,081                          |                                            | 25,081                         | 0                 |
| ACTUARY                    | 44,777                          |                                            | 44,777                         | 0                 |
| MISCELLANEOUS              | 26,316                          |                                            | 26,316                         | 0                 |
| <b>SUBTOTAL</b>            | <b>541,977</b>                  | <b>0</b>                                   | <b>541,977</b>                 | <b>0</b>          |
| EXPENSE CONTINGENCY        | 142,523                         |                                            | 142,523                        | 0                 |
| <b>TOTAL BUDGET</b>        | <b>684,500</b>                  | <b>31,677,992</b>                          | <b>32,362,492</b>              | <b>31,677,992</b> |



**New Jersey Municipal Environmental  
Risk Management Fund**

9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054  
*Tel (201) 881-7632*

DATE: June 10, 2024

TO: Fund Commissioners

SUBJECT: Summary of Topics Discussed at E-JIF Meeting

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**Auditor Year-End Reports** – Mr. Jones of Nisivoccia & Company reviewed the audit report as of December 31, 2023. The Auditor said the Fund is in excellent financial condition. The audit report contained no findings and no recommendations. Following his review of the audit, the Executive Board adopted Resolution #22-24 approving the Year-End Financials and executed the Group Affidavit.

**Actuarial IBNR Estimates** – The E-JIF Actuary gave a verbal report on the actuarial IBNR estimates for the E-JIF valued as of March 31, 2024.

**Banking Services Request for Proposals:** The Board adopted a resolution to follow the MEL's lead and award banking services to TD Bank.

**Fiscal Management Plan Update:** Following the award to TB Bank for banking services, the JIF updated their Fiscal Management Plan to include TB Bank as an Authorized Depository.

**Fund Lobbyist:** The Board Fund adopted a resolution to begin the competitive contracting/procurement process for the position of Lobbyist Consulting Service provider. The current contract ends on September 4, 2024.

**Next Meeting-** The next meeting of the E-JIF is scheduled for September 9, 2024 beginning at 11:05 AM at the Forsgate Country Club, Jamesburg, N.J.