



New Jersey Schools Insurance Group
6000 Midlantic Drive, Suite 300 North
Mount Laurel, New Jersey 08054
www.njsig.org

August 16, 2022

VIA ELECTRONIC MAIL ONLY at:

opra+request-34539-d4417b2a@requests.opramachine.com

opra+request-34540-962fe3af@requests.opramachine.com

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Paul Dalnoky

**Re: OPRA Request; NJSIG No. 80
OPRA Request; NJSIG No. 81
OPRA Request; NJSIG No. 85**

Dear Paul Dalnoky:

The official Records Custodian of the New Jersey Schools Insurance Group ("NJSIG"), Jill Deitch, Esq., received your recent Open Public Records Act ("OPRA") requests, each of which are detailed below:

OPRA Request; NJSIG No. 80

The official Records Custodian of the New Jersey Schools Insurance Group ("NJSIG"), Jill Deitch, Esq., received your Open Public Records Act ("OPRA") request on August 7, 2022. This response to your request is being provided to you on the seventh business day. On August 7, 2022, you requested the following items:

Dear New Jersey Schools Insurance Group,

This is a request for public records made under OPRA and the common law right of access. I am not required to fill out an official form. Please acknowledge receipt of this message.

Records requested: Any document, inter or intra office memorandum, letter, email, note, invoice, receipt, copy of

TEL (609) 386-6060 x 3007 | FAX (609) 386-8877 | jdeitch@njsig.org

an envelope, or any other information reduced to a writing which indicates under whose supervision is the NJSIG.

Yours faithfully,

Paul B Dalnoky

Please use deliver records electronically via email to the below UNIQUE address for all replies to this request:
opra+request-34539-
d4417b2a@requests.opramachine.com

Is JDeitch@njsig.org the wrong address for OPRA requests to New Jersey Schools Insurance Group? If so, please contact us using this form:
https://opramachine.com/change_request/new?body=njsig

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View this OPRA request & responses online:
https://opramachine.com/request/under_whose_supervision_is_the_n

Please note that in some cases publication of requests and responses will be delayed.

If you find this service useful as an OPRA custodian, please ask your web manager to link to us from your organisation's website.

OPRA Request; NJSIG No. 81

The official Records Custodian of the New Jersey Schools Insurance Group ("NJSIG"), Jill Deitch, Esq., received your Open Public Records Act ("OPRA") request on August 7, 2022. This response to your request is being provided to you on the seventh business day. On August 7, 2022, you requested the following items:

Dear New Jersey Schools Insurance Group,

This is a request for public records made under OPRA and the common law right of access. I am not required to fill out an official form. Please acknowledge receipt of this message.

Records requested:

A true copy of the retainer agreement between NJSIG and the law firm known as: Lenox, Socey, Formidoni, Giordano, Lang, Carrigg and Casey LLC.

Yours faithfully,

Paul Dalnoky

Please use deliver records electronically via email to the below UNIQUE address for all replies to this request:
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Please note that in some cases publication of requests and responses will be delayed.

If you find this service useful as an OPRA custodian, please ask your web manager to link to us from your organisation's website.

OPRA Request; NJSIG No. 85

The official Records Custodian of the New Jersey Schools Insurance Group ("NJSIG"), Jill Deitch, Esq., received your Open Public Records Act ("OPRA") request on August 11, 2022. This response to your request is being provided to you on the third business day. On August 11, 2022, you requested the following items:

Dear New Jersey Schools Insurance Group,

This is a request for public records made under OPRA and the common law right of access. I am not required to fill out an official form. Please acknowledge receipt of this message.

Records requested:

All text messages, emails, letters, inter or intra-office memoranda, directives, or any other document reduced to writing which reflect in any way on any case captioned Paul B Dalnoky v Pinelands Regional School District, including but not limited to whether to disclaim coverage.

Yours faithfully,
Paul B Dalnoky

Please use deliver records electronically via email to the below UNIQUE address for all replies to this request:
opra+request-34660-4e4bc824@requests.opramachine.com

Is JDeitch@njsig.org the wrong address for OPRA requests to New Jersey Schools Insurance Group? If so, please contact us using this form:
https://opramachine.com/change_request/new?body=njsig

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https://opramachine.com/request/records_concerning_dalnokey_v_pin

Please note that in some cases publication of requests and responses will be delayed.

If you find this service useful as an OPRA custodian, please ask your web manager to link to us from your organisation's website.

With respect to the first request, OPRA Request NJSIG No. 80, which requests “a writing which indicates under whose supervision is the NJSIG,” this request is an invalid request for information in that it fails to seek identifiable government records. Because this request fails to identify the specific government records sought and would force NJSIG to “undertake a subjective analysis to understand the nature of the request,” the request is invalid under OPRA. Paff v. Galloway Tp., 229 N.J. 340, 355 (2017). See also MAG Entertainment, LLC v. Division of Alcoholic Beverage Control, 375 N.J. Super. 534, 546 (App. Div. 2005); Bent v. Stafford Police Department, 381 N.J. Super. 30, 37 (App. Div. 2005); New Jersey Builders Association v. New Jersey Council on Affordable Housing, 390 N.J. Super. 166, 180 (App. Div. 2007).

Notwithstanding the foregoing objection, and without waiving the same, NJSIG construes your request as seeking documents outlining NJSIG’s governance. As such, the following documents are being provided to you: New Jersey Schools Insurance Group Bylaws, and the New Jersey Schools Insurance Group Plan of Risk

Management 2022-2023. These records, bates stamped NJSIG OPRA 80-1 through NJSIG OPRA 80-54, are being provided to you and appear to be responsive to your request.

With respect to the second request, OPRA Request; NJSIG No. 81, which requests a “retainer agreement between NJSIG and the law firm known as: Lenox, Socey, Formidoni, Giordano, Lang, Carrigg and Casey LLC,” this request is read in conjunction with the other requests outlined here, and is understood to seek a retainer agreement between NJSIG and the Lenox law firm as respects “any case captioned Paul B Dalnoky v Pinelands Regional School District.” NJSIG has searched its records for a retainer agreement matching this criteria, and is unable to identify a document matching this criteria. Furthermore, although this information is not required as part of this OPRA response, it is noted that NJSIG does not contract with any law firm as respects “any case captioned Paul B Dalnoky v Pinelands Regional School District,” as that claim is administered by Summit Risk Services, 120 Gibraltar Road, Suite 210, Horsham, Pennsylvania, 19044.

With respect to the third request, i.e., OPRA Request; NJSIG No. 85, which requests, “All text messages, emails, letters, inter or intra-office memoranda, directives, or any other document reduced to writing which reflect in any way on any case captioned Paul B Dalnoky v Pinelands Regional School District, including but not limited to whether to disclaim coverage,” NJSIG has searched its records for any records matching this criteria, and is unable to identify a document matching this criteria. Furthermore, although this information is not required as part of this OPRA response, it is noted that any claim relating to “any case captioned Paul B Dalnoky v Pinelands Regional School District” is administered by Summit Risk Services, 120 Gibraltar Road, Suite 210, Horsham, Pennsylvania, 19044.

These records are being transmitted to you via e-mail, per your request. There is no cost associated with this response.

If your request for access to a government record has been denied or unfilled within the seven (7) business days required by law, you have a right to challenge the decision by NJSIG to deny access. At your option, you may either institute a proceeding in the Superior Court of New Jersey or file a complaint with the Government Records Council (“GRC”) by completing the Denial of Access Complaint Form. You may contact the GRC by toll-free telephone at 866-850-0511, by mail at P.O. Box 819, Trenton, NJ 08625, by e-mail at Government.Records@dca.nj.gov, or at their web site at www.nj.gov/grc. The GRC can also answer other questions about the law. All questions regarding complaints filed in Superior Court should be directed to the Court Clerk in your County.

If you have any questions, feel free to contact me.

Sincerely yours,

s/ Jill Deitch
Jill Deitch, Esq.
Executive Director

/JD
Enc.

NEW JERSEY SCHOOLS
INSURANCE GROUP
BYLAWS



ARTICLE I. NAME

The name of this organization shall be the New Jersey Schools Insurance Group, hereinafter called the "GROUP." The GROUP came into being on October 22, 1983.

ARTICLE II. PURPOSE

The purposes of the GROUP are:

1. To permit the Boards of Education joining herein to make a more efficient use of their powers and resources by cooperating on a basis that will be of mutual advantage; and
2. To provide a procedure for the development, administration, and provision of Risk Management Programs, a Joint Self-Insurance Fund or Funds, Joint Insurance Purchases and related services for members and their employees for the coverages as set forth in the Plan of Risk Management.

ARTICLE III. DEFINITIONS

"ACTUARY" means a person who is a fellow in good standing of the Casualty Actuarial Society with three years recent experience in loss reserving or an associate in good standing of the Casualty Actuarial Society with five years recent experience in loss reserving.

"DIRECTOR/ADMINISTRATOR" means a person, partnership, corporation or other legal entity engaged by the GROUP to act as Executive Director, to carry out the policies established by the Trustees and to otherwise administer and provide day-to-day management of the GROUP.

"ALLOCATED CLAIMS EXPENSE" means attorneys' fees, expert witness fees (i.e. engineering, physicians, etc.), medical reports, professional photographers' fees, police reports and other similar expenses. The exact definition of "ALLOCATED CLAIMS EXPENSE" or similar terms for any line of insurance coverage shall be the definition in any excess insurance policy purchased by the GROUP.

"AUTOMOBILE AND EQUIPMENT LIABILITY" means liability resulting from the use or operation of motor vehicles, equipment or apparatus owned by or controlled by the member. The exact definition of "AUTOMOBILE AND EQUIPMENT LIABILITY" shall be the definition used in the re-insurance policy purchased by the GROUP.

"CERTIFYING AND APPROVING OFFICER" is the Executive Director.

"EMPLOYERS' LIABILITY" means the legal liability of an employer to pay damages because of bodily injury or death by accident or disease at any time resulting therefrom sustained by an employee arising out of and in the course of his/her employment by the employer, which is not covered by a workers' compensation law. The exact definition of "EMPLOYERS' LIABILITY" or similar terms shall be the definition used in the excess or reinsurance policy purchased by the GROUP.

“EXCESS OR REINSURANCE” means insurance purchased from an insurance company authorized or admitted in the State of New Jersey or deemed eligible by the Commissioner of Banking and Insurance as a surplus lines insurer, covering losses in excess of an amount established between the GROUP and the insurer up to the limits of coverage set forth in the insurance contract on a specific occurrence, or per accident and/or annual aggregate basis.

“GROUP” means the New Jersey Schools Insurance Group.

“GROUP YEAR” means the GROUP’S fiscal year of July 1 through June 30.

“GENERAL LIABILITY” means any and all liability which may be insured under the laws of the State of New Jersey, excluding workers’ compensation, employers’ liability, motor vehicle and equipment liability. The exact definition of “GENERAL LIABILITY” or similar term is the definition used in the excess or reinsurance policy purchased by the GROUP.

“INCURRED CLAIMS” means claims which occur during a GROUP year including claims reported or paid during a later period. The exact definition of “INCURRED CLAIMS” or any similar term is the definition used in the excess or re-insurance policy purchased by the GROUP.

“INDEMNITY AND TRUST AGREEMENT” means a written contract signed by and duly adopted by the members of the GROUP under which each agrees to jointly and severally assume and discharge the liability of each and every party to such agreement arising from their membership in the GROUP.

“INTER TRUST FUND TRANSFER” means an actual transfer of funds from one Claim or Loss Retention Fund Account in a fiscal year to another account within the same fiscal year.

“INTER YEAR FUND TRANSFER” means the transfer of funds from a Claim or Loss Retention Account for a fiscal year to a Claim or Loss Retention Account of similar risk or liability for a different fiscal year.

“MANUAL PREMIUM” means the premium computed by the Excess or Reinsurance Carrier, by line of coverage as modified by the Trustees to reflect the experience or other applicable item of consideration for the GROUP as a whole or any individual member or members.

“MEMBER” OR “MEMBER DISTRICT” as defined by of *N.J.S.A. 18A:18B-1 et. seq.* and is sharing risk through the Group.

“NET CURRENT SURPLUS” OR “SURPLUS” means that amount of monies in a trust account that is in excess of all costs, earned investment income, returned surplus, incurred losses and loss adjustment expenses and incurred but not reported reserves, including the associated loss adjustment expenses attributed to the GROUP net of any recoverable per occurrence or aggregate excess or reinsurance for a particular year.

“OCCURRENCE” means a single event. The exact definition of “OCCURRENCE” or any similar term shall be the definition used in the excess or reinsurance policy purchased by the GROUP.

“OFFICIAL” OR “EMPLOYEE OF THE GROUP” means such individuals, Officers, Trustees of the GROUP for whom the GROUP is obligated by law or contract to provide indemnification or reimbursement of legal or other expense for such claims or demands as may from time to time be made or arise from such individuals’, Officers’, or Trustees’ actions pertaining to the operation of the GROUP.

“PROBABLE NET COST” means the estimated ultimate cost of claims incurred during a GROUP year plus the cost of allocated claims expense and other costs of operating the GROUP until all claims incurred during the GROUP year are settled. For purposes of computing the probable net cost, losses within the deductible of member school districts and future investment income on outstanding loss reserves held by the GROUP shall not be taken into consideration.

“PROBABLE TOTAL COST” means the probable net cost plus the estimated ultimate cost of losses incurred within the deductible of member school districts.

“PROPERTY DAMAGE” means any loss or damage, however caused, to property, motor vehicles, equipment, or apparatus owned by or under the control of the member school district or any of its departments. The exact definition of “PROPERTY DAMAGE” or similar terms shall be the definition in the excess or re-insurance policy purchase by the GROUP.

“RISK MANAGEMENT PLAN” means the Plan of Risk Management required under the provisions of these Bylaws.

“SERVICING ORGANIZATION” means an individual, partnership, association or corporation, other than the Executive Director that has contracted with the GROUP to provide, on the GROUP’S behalf, any function as designated by the Trustees including, but not limited to, actuarial services, claims administration, cost containment services, loss prevention/safety engineering services, legal services, auditing services, financial services, compilation and maintenance of the GROUP’s underwriting file, coordination and preparation of coverage documents, risk selection and pricing, excess or reinsurance producer services which include producer negotiations on behalf of the GROUP for excess insurance or reinsurance from an insurer, member assessment and fee development, report preparation pursuant to *N.J.S.A. 18A:18B-1 et. seq.* and such other duties as designated by the GROUP.

“TRUSTEE” means an individual appointed in accordance with these Bylaws having the qualifications, powers, and duties outlined in these Bylaws.

“TRUSTEES” means the governing body for the GROUP as provided for by *N.J.S.A. 18A:18B-5* and these Bylaws.

“UNPAID CLAIMS” means case reserves and reserves for Incurred but Not Reported (IBNR) claims attributed to the GROUP net of any per occurrence or aggregate excess or reinsurance for a particular coverage or GROUP year.

“WORKERS’ COMPENSATION” means the provisions of *N.J.S.A. 34:15-7 et. seq.* The exact definition of “WORKERS COMPENSATION” or similar term shall be the definition in the excess or reinsurance policy purchased by the GROUP.

ARTICLE IV. MEMBERSHIP

A. AGREEMENT TO JOIN THE GROUP

1. Membership in the GROUP shall be open to all qualified New Jersey school districts and/or educational institutions as determined by the GROUP'S Trustees. The Boards may apply for membership by resolution of their respective Boards of Education/Trustees.
2. The resolution shall provide for execution of a written agreement specifically providing for acceptance of the GROUP'S Bylaws as approved, adopted and/or amended by the Trustees of the GROUP.
3. Initial and subsequent membership in the GROUP shall be for a period of at least one (1) year.
4. All applicants to the GROUP must also include a letter certifying that the school district has never defaulted on a claim, and has not been canceled for non-payment of insurance premiums for a period of at least two (2) years prior to the date of application. This certification must also be included in the Members Resolution of Participation.
5. All costs associated with preparing and submitting the application and all other necessary documents to the Commissioner of Banking and Insurance shall be paid by the applicant.

B. MEMBERSHIP

1. Any school district seeking membership shall submit an application for membership to the GROUP. The application shall include an executed Indemnity and Trust Agreement and other documentation required under Section A above.
2. The Trustees may approve the application by majority vote based on the following criteria:
 - a. The applicant's three (3) year claims history shows safety performance consistent with the GROUP'S objectives and the applicant's physical location and makeup indicates a prospective likelihood of satisfactory future claim performance.
 - b. A safety inspection and evaluation, where required, conducted by the GROUP'S safety manager or designee shows the applicant meets the GROUP'S safety standards.
 - c. The GROUP has the administrative capability to absorb additional memberships without undue inconvenience or strain.

- d. The Trustees may authorize acceptance of districts by staff personnel under guidelines approved by the trustees.
3. If the application is approved by the GROUP, it shall be filed with the Department of Insurance and shall be accompanied by such amendments to the GROUP's Bylaws, budget and Plan of Risk Management as may be required by the Department of Banking and Insurance. And:
 - a. The name and address of the new member;
 - b. The effective date of coverage;
 - c. The name of the new member's Agent or Risk Manager if any;
 - d. The name of the new member's contact person;
 - e. The lines of coverage for which the new member participates;
 - f. The amount of assessment, if not otherwise provided; and
 - g. An affirmative statement from the GROUP that in accepting the new member, an application has been filed, the GROUP has adhered to its bylaws and risk management program, and the agreement to participate and indemnity and trust agreement have been filed with the fund.
4. No new membership in the GROUP shall become effective until the application and accompanying amendments to the GROUP'S Bylaws and Plan of Risk Management are approved as required by these Bylaws and, where applicable, state law or regulation.

C. CONDITIONS OF MEMBERSHIP

As a condition of membership, each school district shall:

1. Form a safety committee and actively participate in GROUP sponsored safety programs, if required by the Trustees.
2. Promptly pay all assessments, supplemental assessments, fees, charges or other obligations arising out of or related to the districts' participation in the GROUP.
3. Actively participate in all GROUP sponsored or directed meetings, programs or activities so as to ensure successful operation of the GROUP.

D. MEMBERSHIP RENEWALS

1. Members may renew their participation by execution of a new agreement to join the GROUP as provided for in Section A above ninety (90) days prior to the expiration of the term period.
2. The GROUP shall endeavor to act upon any renewal application no later than forty-five (45) days prior to the expiration of the term period, provided renewal data has been submitted by the district in a timely manner.
3. In order to deny a renewal application, the GROUP shall, by majority vote of the Trustees, find that the applicant has failed to fulfill its responsibilities as a member or no longer meets the GROUP'S written safety or underwriting standards or other objective criteria duly adopted.
4. If a member's renewal application is rejected, the GROUP shall comply with subsection E.2, 3, and 4 below.
5. Non-renewal of a GROUP member does not relieve the member of responsibility for costs or supplemental assessments incurred during its period of membership.

E. TERMINATION AND/OR WITHDRAWAL OF GROUP MEMBERS

1. A member school district must remain in the GROUP for the full term of membership unless earlier terminated for nonpayment of assessments or continued non-compliance after written notice to comply with the GROUP'S Bylaws, Risk Management standards, or other reason(s) acceptable to the Commissioner of Banking and Insurance. However, such member school district shall not be deemed terminated until:
 - a. The GROUP gives by registered or certified mail, return receipt requested to the member a written notice of its intention to terminate the member and the reasons for said termination in thirty (30) days; and
 - b. Like notice shall be filed with the Department of Banking and Insurance, together with a certified statement that the notice provided for above has been given; and
 - c. Thirty (30) days have elapsed after the filing required by "a" above.
2. A member of the GROUP that does not desire to continue as a member after the expiration of its membership term shall give written notice of its intent ninety days before the expiration of term period. The GROUP shall immediately notify the Department of Insurance that the member has given notice to leave the GROUP.

3. A member of the GROUP that did not approve any amendment of the GROUP Bylaws approved pursuant to *N.J.S.A. 18A:18B-4*, and desiring to withdraw from the GROUP pursuant to *N.J.S.A. 18A:18B-4b (8) (d)*, shall provide written notice of its intent to withdraw ninety days prior to its withdrawal. The GROUP shall immediately notify the Department of Insurance of all members that have given notice of withdrawal from the GROUP.
4. A member that has been terminated or does not continue as a member of the GROUP shall remain jointly and severally liable for claims incurred by the GROUP and its members during the period of its membership, including, but not limited to being subject to and liable for supplemental assessments. A terminated or withdrawn member shall remain eligible for all dividends and refunds earned during the period of its membership.
5. The GROUP shall immediately notify the Department of Insurance if the termination or withdrawal of a member causes the GROUP to fail to meet any of the requirements of P.L. 1983, c. 108 or any other law or regulation of the State of New Jersey. Within fifteen (15) days of such notice, the GROUP shall advise the Department of Insurance of its plan to bring the GROUP into compliance.
6. A GROUP member is not relieved of the claims incurred during its period of membership except through payment by the GROUP or member of those claims.
7. A terminated or withdrawing member shall provide security in a form and amount acceptable to the Commissioner or Trustees, as applicable.

ARTICLE V. ORGANIZATION

A. TRUSTEES QUALIFICATIONS

1. Each Trustee shall be a natural person 18 years of age or older who is a resident of this state. Trustees shall be members or employees of the GROUP'S member boards of education. Any Trustee who ceases to be a member or employee of a board of education may serve for not more than ninety (90) days following cessation of such membership or employment.
2. The GROUP'S Trustees shall consist of nine members. The nine (9) members will be equally divided between the north, central and southern regions of New Jersey. Each region of the state will have one (1) School Board Member, one (1) Business Administrator and one (1) Superintendent as a representative to the GROUP Trustee Board. New Jersey will be divided into thirds utilizing the following divisions by county;

North: Bergen, Essex, Hudson, Morris, Passaic, Sussex, Warren

Central: Hunterdon, Mercer, Middlesex, Monmouth, Ocean, Somerset, Union

South: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Salem

- a. Three (3) Trustees shall be School Board Members from the GROUP'S member districts. The three (3) School Board Member Trustees will be nominated by the NJSBA according to their governance rules.
- b. Three (3) Trustees shall be Business Administrators from the GROUP'S member districts. The three (3) Business Administrators will be nominated by the NJASBO according to their governance rules.
- c. Three (3) Trustees shall be Superintendents from THE GROUP'S member districts. The three (3) Superintendents will be nominated by the NJASA according to their governance rules.
- d. Trustee nominations must be approved by a majority vote of the GROUP Trustees present when presented for approval.
- e. Trustee terms begin at the beginning of the GROUP'S fiscal year.
- f. Any Trustee vacancy shall be filled via nomination for the unexpired term by the appropriate organization from which the leaving Trustee represented. A majority vote of the GROUP Trustees present is required to approve the nomination.
- g. Those persons nominated shall serve subject to the advice and consent of the GROUP Trustees for a period of three (3) years.
- h. As terms expire the Trustee Board will be replenished with Trustees that meet the Trustee membership criteria. The transition will be developed and implemented by the Board of Trustees.

B. REMOVAL OF A TRUSTEE

A Trustee may be removed from office by a two-thirds (2/3) vote of the full membership of the Trustees for cause, or for failure to attend two (2) consecutive regularly scheduled meetings of the GROUP without justification acceptable to the Chairperson.

C. OFFICERS

1. The Chair and Vice-Chair will be determined by a majority vote of the Trustees present.

D. REMUNERATION AND REIMBURSEMENT

1. Trustees of the GROUP shall serve without compensation, but may be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as Trustees of the GROUP.

E. RETAINED POSITIONS

The Trustees shall meet and select, in conformance with Public Schools Contracts Law, where applicable, by majority vote, individuals or firms to serve in the following retained positions:

1. Executive Director

- a. The Executive Director shall be experienced in Risk Management matters and shall not be a Trustee of the GROUP.
- b. The Executive Director and other employees, shall not be an employee, officer or director of, or have either a direct or indirect financial interest in, a servicing organization.
- c. The Executive Director shall have the duties and responsibilities as set forth in policy and job description adopted and regularly reviewed by the Board of Trustees:

2. Auditor

The auditor shall be an independent Certified Public Accountant (CPA) or Registered Municipal Accountant (RMA) but shall not be a Trustee. The auditor shall conduct the annual audit of the GROUP and may perform such other duties as provided for by the Trustees, these Bylaws and the laws and regulations of the State of New Jersey.

3. Service Agent

The GROUP shall designate and appoint the Executive Director to receive service and process on behalf of the GROUP.

4. Vacancy of Retained Positions

In the event of a vacancy in any of the retained positions, the Trustees shall by majority vote fill the vacancy. In the event that any of the retained positions are incapacitated, the Trustees shall by majority vote appoint an acting retained position.

5. Vacancy of Employee Positions

- a. All employees shall be retained at the pleasure of the Executive Director on a non-contractual basis as employees at will.
- b. Employees shall be compensated for their services pursuant to written fee or salary guidelines submitted annually and approved by a majority of the Trustees.

ARTICLE VI. INDEMNIFICATION OF OFFICERS AND EMPLOYEES

1. The Servicing Organizations shall provide Errors & Omissions coverage in a form satisfactory to the Trustees.
2. Indemnification Provisions
 - a. Subject to the provision of Paragraph b below, the GROUP shall, upon a request of a Trustee or Employee, provide for the defense of such Trustee or Employee in any proceeding involving the Trustee or Employee as a named defendant on account of an act or omission in the scope of his/her employment.
 - b. The GROUP may refuse to provide for the defense of a Trustee or Employee if it determines that:
 - (1) The act or omission was not within the scope of the Trustee's or Employee's employment; or
 - (2) The act or failure to act was because of actual fraud, willful misconduct or actual malice; or
 - (3) The defense of the proceeding would create a conflict of interest between the GROUP and the Trustee or Employee.
 - c. If the GROUP refuses to provide for the defense of a Trustee or Employee pursuant to Paragraphs a and b above, the Trustee or Employee shall be entitled to indemnification from the GROUP if he/she establishes that the act or omission upon which the claim or judgment was based occurred within the scope of his/her responsibilities for the GROUP and the GROUP fails to establish that he/she acted or failed to act because of actual fraud, actual malice, or willful misconduct.
 - d. Criminal Proceedings

The GROUP may, in its sole discretion, and upon a request of a Trustee or Employee, provide for the defense of such Trustee or Employee in any criminal proceeding brought against the Trustee or Employee on account of an act or omission in the scope of the Trustee's or Employee's responsibilities for the GROUP.

e. Punitive Damages

The GROUP may indemnify a Trustee or Employee for punitive damages resulting from the Trustee's or Employee's civil violation of State or Federal law if, in the opinion of the GROUP, the acts committed by the Trustee or Employee upon which the damages are based did not constitute actual fraud, actual malice, willful misconduct, or an intentional wrong.

Nothing in the Paragraph requires the GROUP to indemnify a Trustee or Employee for punitive or other damages resulting from the commission of a crime.

- g. All determinations required under this paragraph shall be made in accordance with Paragraph 4 below of this Article.

3. Cooperation with GROUP

Regardless of any other provision of this Article, any Trustee or Employee who does not reasonably cooperate with the GROUP in the undertaking or defense of any proceeding shall not be indemnified by the GROUP against expenses or liabilities.

4. Indemnification Procedure

Any indemnification under Paragraph "b" above of the Article may be made by the GROUP only as authorized in a specific case upon a determination that indemnification is proper in the circumstances because the Trustee or Employee met the applicable standard of conduct set forth in Paragraph b above. The determination shall be made: (a) by the Trustees at a meeting at which is present a quorum determined without including Trustees who are parties to or otherwise involved in the proceeding, acting by a majority vote of Trustees who are not parties to or otherwise involved in the proceeding; or (b) if the quorum is not obtainable, or even if obtainable and the quorum of the Trustees by a majority vote of the disinterested Trustees directs, by independent legal counsel, in a written opinion, the counsel to be designated by the Trustees.

5. Conflict of Interest

- a. No Trustee or Employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity, which is in conflict with the proper discharge of his/her duties for the GROUP.

- b. No Trustee or Employee should act in his/her official capacity in any manner wherein he/she has a direct or indirect personal financial or other interest, unless that personal interest is first completely disclosed to the Trustees and the Trustees approve the Trustee's or Employee's continued involvement.
- c. No Trustee or Employee should accept any gift, favor, service, or other thing of value under circumstances from which it might reasonably be inferred by the public that such gift, favor, service, or other thing of value was given or offered for the purpose of influencing him/her in the discharge of his/her duties with the GROUP.
- d. No Trustee or Employee should knowingly act in any way that might reasonably be expected to create an impression among the public having knowledge of his/her act that he/she may be engaged in conduct violative of this trust as a Trustee or Employee of the GROUP.
- e. Violation of this policy shall be cause for removal, suspension, demotion, or such disciplinary action as the Trustees deem appropriate.

ARTICLE VII. POWERS AND DUTIES

Trustee powers and duties shall include, but not be limited to, the following powers of the Board of Trustees:

- 1. To determine and establish contributions and rates, loss reserves, surplus, limits of coverage, limits of excess insurance or reinsurance, coverage documents, refunds and other financial and operating policies of the GROUP or fund;
- 2. To invest moneys held in trust under any fund in investments which are approved for investment by regulation of the State Investment Council for surplus public moneys of the State or, at the discretion of the Trustees, to transfer moneys held in trust under any fund to the Director of the Division of Investment in the Department of the Treasury for investment on behalf of the ~~Board~~ Trustees in accordance with the standards governing the investment of other funds which are managed under the rules and regulations of the State Investment Council. However, any moneys transferred to the Executive Director for investment may not thereafter be withdrawn except upon withdrawal of a member from the GROUP or a fund or termination of the GROUP or a fund or in specific amounts in payment of specific claims, administrative expenses or member dividends upon affidavit of the Executive Director or other Chief Executive Officer of the GROUP;
- 3. To purchase, acquire, hold, lease, sell and convey real and personal property, all of which property shall be exempt from taxation under *N.J.S.A. 54:4-1 et seq.*;

4. To collect and disburse all money due to or payable by the fund, or authorize such collection and disbursement;
5. To enter into contracts with other persons or with public bodies of this State for any professional, administrative or other services as may be necessary to carry out the purposes of the fund or delegate the authority to enter into contracts as permitted by law;
6. To purchase and serve as the master policyholders, if desired, for any insurance, including excess insurance or reinsurance;
7. To prepare, or cause to be prepared, a risk management program for the joint insurance fund;
8. As the need arises, from time to time, to amend the bylaws and risk management program of the fund pursuant to *N.J.S.A. 18A:18B-4* and pertinent regulations;
9. To do all other things necessary and proper to carry out the purposes for which the fund is established in accordance with the law.

ARTICLE VIII. OPERATION OF THE GROUP

A. GENERAL OPERATION

1. The GROUP shall be subject to and operate in compliance with the provisions of the enabling legislation.
2. The GROUP shall be considered a local unit for purposes of the “Public Schools Contracts Law” (*N.J.S.A. 18A:18A-1 et. seq.*) and shall be governed by the provisions of that law in the purchase of any goods, materials, supplies and services.
3. The GROUP shall be operated with sufficient aggregate financial strength and liquidity to assure that all obligations will be promptly met. The GROUP shall prepare a financial statement on a form acceptable to the Commissioner of Banking and Insurance showing the financial ability of the GROUP to meet its obligations. The Trustees may, upon majority vote, request the Department of Banking and Insurance to order an examination of a GROUP member which the Trustees, in good faith believes may be in a financial condition detrimental to other GROUP members or to the public.
4. The GROUP shall be operated in accordance with accepted and sound actuarial principals.
5. The GROUP’S fiscal year shall be July 1 to June 30.

6. The expenditure of moneys in a fund shall be in furtherance with the purpose of that fund.

B. RISK MANAGEMENT PLAN

1. The Trustees shall prepare or cause to be prepared a Risk Management Plan for the GROUP. The Plan shall include, but not be limited to:
 - a. The perils or liability to be insured against.
 - b. Limits of coverage, whether self-insurance, direct insurance purchased from a commercial carrier or reinsurance.
 - c. The amount of risk to be retained by the GROUP.
 - d. The proposed method of assessing contributions to be paid by each member of the GROUP.
 - e. Such other items required by state law, regulation, or the GROUP Trustees.
2. The Risk Management Plan and all amendments thereto must be approved by the Trustees before it takes effect.
3. The Risk Management Plan and all amendments thereto must be approved by the Commissioner of Banking and Insurance before the Plan or amendments become effective.

C. WORKERS' COMPENSATION

1. With regard to workers' compensation, the GROUP shall provide benefit levels equal to those required by the workers' compensation law and other applicable statutes and provide a plan for the prompt payment of such benefits. Information documenting an individual member's financial strength and liquidity shall be made available to the Department upon the Department's written request and in a form specified by the Department;
2. Mandate a minimum contribution of at least \$500,000 for each year of operation unless otherwise approved by the Commissioner; and
3. Unless otherwise approved by the Commissioner, provide for assessments based upon the Experience Rating Plan provided for in the New Jersey Workers' Compensation and Employers' Liability Insurance Manual on file with the Commissioner.

D. SERVICING ORGANIZATIONS

1. The GROUP may contract to have services performed or hire employees to perform services directly including but not limited to the following:
 - a. Claims Administration.
 - b. Safety Engineering.
 - c. Compilation of statistics and the preparation of assessments, loss and expense reports.
 - d. Preparation of reports required pursuant to P.L. 1983, c. 108 or any regulations and/or rules of the New Jersey Department of Insurance.
 - e. Development of member's assessments and fees.
 - f. Actuarial Services.
 - g. Risk Management.
 - h. Attorney.
 - i. Insurance Brokers/Agents.
2. No Servicing Organization or its employees, officers or directors shall have either a direct or indirect financial interest in an administrator or be an employee, officer or director of an administrator, unless notice of such interest has been provided to the Trustees and members.
3. Each service contract shall include a clause stating "unless the Trustees otherwise permit, the servicing organization shall handle to their conclusion all claims and other obligations incurred during the contract period."
4. Outside Claims Administrator, if used, and each Servicing Organization, if used, shall provide a Surety Bond as deemed necessary by the Commissioner of Banking and Insurance in a form and amount acceptable to the Commissioner of Banking and Insurance and Surety Bond for any other Servicing Organization as deemed appropriate by the Trustees in a form and amount acceptable to the Trustees.
5. Each Servicing Organization shall provide evidence of Errors & Omissions insurance coverage. Each person handling GROUP assets shall be covered by a fidelity bond in form and amount acceptable to the Commissioner.

E. FINANCIAL STATEMENT AND REPORTS

1. The GROUP shall provide its members with periodic reports concerning the activities and status of the GROUP for the reporting period. Such reports shall be made at least quarterly and may be made more frequently at the discretion of the Trustees.
2. A sworn annual report in a form prescribed by the Commissioner of Banking and Insurance shall be prepared by the GROUP, filed with the Department of Insurance, and made available to each GROUP member on or before December 31 of each year. The report shall be accompanied by:
 - a. An annual audited statement of the financial condition of the GROUP prepared by an independent certified public accountant and performed in accordance with generally accepted accounting principles, which shall include a statement of the organization of the GROUP indicating the persons who perform each function for the GROUP and the relationship and interdependency of each function, and including its balance sheet and receipts and disbursements for the preceding year and certified as per *11:15-4.6(a)(8)* of the regulations.
 - b. Reports of outstanding liabilities by line of coverage showing the number of claims, amounts paid to date and current reserves for unpaid losses, claims and unearned assessments as certified by an actuary.
 - c. A certification by the presiding officer of the Trustees that periodic reports were made to GROUP members in the form and manner required by *N.J.A.C. 11:15-4.4(h)*.
 - d. Any material changes in information from that previously submitted.
 - e. An actuarial opinion statement on loss reserves pursuant to the Loss Reserve Opinion rules, *N.J.A.C. 11:1-21*, to be prepared and filed with the Commissioner, as referenced in *N.J.A.C. 11:15-4.6(a)(8)*.
 - f. Such other information as may be requested by the Department of Banking and Insurance from a particular GROUP.
 - g. The GROUP shall establish, maintain, and administer reserves for unearned assessment, loss reserves and loss expense reserves and for the determination and distribution of assessment and/or investment refunds, in accordance with sound actuarial principals.

F. COVERAGES¹

The GROUP may offer coverages listed in the annual Plan of Risk Management including but not limited to the following coverages to the members:

1. Workers' Compensation and Employers' Liability.
2. Motor Vehicle Liability and Liability other than Motor Vehicles.
3. Property Damage
4. School Board Legal Liability.
5. Boiler and Machinery.
6. Umbrella Liability.

Members are not required to participate in all coverages offered by the GROUP. Members shall participate, at a minimum, in one line of coverage and/or as stated in their Resolution to Join.

ARTICLE IX. MEETINGS AND RULES OF ORDER

A. MEETINGS

1. **Business Meetings** - the Trustees will assemble and meet at least quarterly in months of September, December, March and June. In the event that it is not feasible to schedule a meeting in a stated month, the Trustees will fix an alternate date and time for the meeting as appropriate.
2. **Special Meetings** - special meetings may be called by the Chairperson or in his/her absence, the Vice-Chairperson, or any three members of the Trustees, or by the Executive Director.
3. **Quorum** - the quorum for a full meeting of the Trustees shall be five trustees.

B. CONDUCT OF MEETINGS

All meetings of the GROUP shall be subject to the rules and regulations of the Open Public Meetings Act.

¹The exact terms and conditions of coverage shall be stated in the coverage documents provided by the GROUP.

C. AMENDMENTS TO THE BYLAWS AND POLICY DEVELOPMENT

These Bylaws may be amended upon:

1. Recommendation of any member of the Trustees and approval by at least two-thirds (2/3) vote of the full membership of the Trustees as constituted; or
2. Petition proposed by at least twenty percent (20%) of the members of the GROUP and approval by at least two-thirds (2/3) vote of the full membership of the Trustees as constituted, and are adopted per Section 6 (3) below.
3. The amendment is adopted by the GROUP when the Boards of Education of three-fourths (3/4) of the member school districts approve the amendment within one hundred eighty (180) days of the hearing on the amendments. If after one hundred eighty (180) days the Executive Director has not received written notice of approval from sufficient school districts, the Executive Director shall notify the Trustees that time has expired for the adoption of the amendment.
4. If adopted, the amendment shall not take effect until approved by the Commissioner of Banking and Insurance.
5. A member of the GROUP that did not approve any amendment of the GROUP Bylaws approved pursuant to *N.J.S.A. 18A:18B-4*, and desiring to withdraw from the GROUP pursuant to *N.J.S.A. 18A:18B-4b (8)(d)*, shall provide written notice of its intent to withdraw ninety (90) days prior to its withdrawal. The GROUP shall immediately notify the Department of Banking and Insurance of all members that have given notice of withdrawal from the GROUP.

ARTICLE X. BUDGETS

A. BUDGET PREPARATION

1. In May of each year, the Trustees shall prepare the budget for the upcoming fiscal year. The budget shall identify the proposed items and amounts of expenditure for its operations, the anticipated amounts and sources of assessments and other income to be received during the fiscal year and the status of the self-insurance or loss retention accounts. The budget shall be prepared on a basis that does not recognize investment increase or discounting of claim reserves, but recognized all anticipated or forecasted losses and administrative expenses associated with that fiscal year.
2. The budget shall be reviewed by an Actuary who shall comment on its adequacy and shall recommend changes as appropriate prior to budget adoption.

B. BUDGET ADOPTION

1. Not later than June 30 of each year the Trustees shall adopt by majority vote the budget for the GROUP'S operation for the coming fiscal year.
2. A copy of the GROUP'S proposed budget shall be communicated to each member school district at least two (2) weeks prior to the time scheduled for its adoption.
3. An adopted budget may be amended by majority vote of the Trustees.
4. A copy of the adopted budget and any amendment and actuarial certification thereto shall be filed within thirty (30) days of its adoption with the Board of Education of each member school district and the Commissioner of Banking and Insurance.

ARTICLE XI. ASSESSMENTS

A. ANNUAL ASSESSMENTS

1. By May 15th of each year, the Actuary shall compute the probable net cost for the upcoming GROUP year by line of coverage.
2. The annual assessment of each member school district shall be its share of the probable net cost for the upcoming year for each line of coverage as computed by the Actuary and divided among the member districts.
3. The calculation of pro-rata shares for each member district shall be based on the overall GROUP year budget. Pro-rata Shares may be modified by the Trustees to reflect the Loss History or other pertinent data of individual districts.
4. The total amount of each member's annual assessment shall be certified by the GROUP to the governing body of each member school district at least one (1) month prior to the beginning of the next fiscal year provided the member district has returned its renewal data by that time.
5. The annual assessment shall be paid to the GROUP in one installment, to be paid not later than 60 days after billing.
6. In the event the final budget passed in June necessitates changes in the annual assessment, an adjustment will be sent to each district to reflect this difference.

B. SUPPLEMENTAL ASSESSMENTS

1. If the GROUP is unable to pay indemnification obligations and expenses from a fund administered by it, the Trustees shall by majority vote levy upon the member school districts' additional assessments wherever needed or so ordered by the Trustees or the Commissioner of Banking and Insurance to supplement the GROUP's claim, loss retention or administrative accounts to assure the payment of the GROUP'S obligations.
2. A calculation shall be made to determine to which policy(s) the deficit can be attributed to. Only that policy(s) will be assessed.
 - a. In the case of the package policy, the assessment shall be made only against that line(s) of coverage which produced the adverse loss ratio and the loss shall be shared among those purchasing that line(s) in the following manner:
 1. The needed assessment shall be paid by all participants in direct proportion to the premium they paid for that line(s) of coverage.
 2. Except for property damage, which must be assessed and collected as needed, calculations shall not be made until twelve months after the close of a fiscal year. At that time, any necessary assessments will be announced. Collections of money will be on or after the following July 1st and may be spread over as many years as the Trustees may deem advisable except that the money must be paid prior to the time that actuaries advise it will be needed to pay claims.
 - b. In the case of workers' compensation, assessments will be as follows:

1.	Loss Ratio as % of Discounted Premiums	Assessment as % of Discounted Premium
	85.1% to 95%	2.5%
	95.1% to 105%	7.5%
	105.1% to 115%	12.5%
	115.1% to 125%	17.5%
	125.1% to 135%	22.5%
	135.1% to 145%	27.5%
	145.1% to 155%	32.5%
	155.1% to 165%	37.5%
	165.1% to 175%	42.5%
	175.1% and Higher	47.5%

2. In the event that this formula raises too much money, the portion shared by all will be adjusted downward proportionately. In the event that this raised too little money, the remaining assessment shall be shared by all participants in proportion to their premiums paid.
 - c. Districts which carry a high deductible, up to the attachment point of reinsurance, shall not participate in an assessment of the insured fund but will participate in a separate pool. If expenses and claims should exceed the aggregate reinsurance carried by such districts, assessments will be levied only against those districts.
 - d. If two or more districts elect to separately pool their experiences, assessments will be in proportion to their participation in the Group as a whole.
3. The GROUP shall submit to the Commissioner of Banking and Insurance a report of the causes of the GROUP'S insufficiency, if any, the assessments necessary to replenish it and the steps taken to prevent a reoccurrence of such circumstances.

C. FAILURE OR REFUSAL TO PROVIDE REQUIRED ASSESSMENTS

Should any member fail or refuse to pay its assessments or supplemental assessments, or should the GROUP fail to assess funds required to meet its obligations, the Chairperson or in the event of his or her failure to do so, the Executive Director, shall notify the Commissioner of Banking and Insurance. Past due assessments shall bear interest at the rate of interest to be established annually by the Trustees.

D. INSOLVENCY AND/OR BANKRUPTCY OF FUND MEMBERS

The insolvency or bankruptcy of a member does not release the GROUP, or any other member, of joint and several liability for the payment of any claim incurred by the member during the period of its membership, including, but not limited to, being subject to and liable for supplemental assessments.

E. SUB FUND GROUPS

Nothing shall prevent two or more districts within the Group from forming, with approval of the Trustees, their own separately rated subgroup.

ARTICLE XII. REFUNDS

- A. Any monies for a GROUP year in excess of the amount necessary to fund all obligations for that fiscal year as certified by an Actuary may be declared to be refundable by the GROUP not less than twenty-four (24) months after the end of the fiscal year.

- B. The GROUP may seek approval from the Commissioner of Banking and Insurance to make initial refund payments from a claims or loss retention fund account remaining from any year which has been completed at least twenty-four (24) months by submitting a written notification to the Department of Banking and Insurance with accompanying documentation as set forth in this subsection, at least thirty (30) days prior to the proposed refund. If the Commissioner of Banking and Insurance does not disapprove, in writing, the request to make a refund within the thirty (30) day period, the request shall be deemed approved. The Commissioner of Banking and Insurance may also affirmatively approve the request prior to the expiration of the thirty (30) day period. The written notification shall be accompanied by appropriate documentation including, but not limited to, assessment, claims and expense detail; actuarial certification that the loss and loss expense reserves are adequate for the GROUP to have an overall surplus for that fiscal year; and such other information that the Commissioner of Banking and Insurance may require. The initial and any subsequent refund for any year from a claim or loss retention trust account may be in any amount subject to the limitation that after the refund, the remaining net current surplus in the account from which the refund is made must equal or exceed the surplus retention requirements to be calculated as follows:
1. GROUP year paid losses shall be multiplied by the appropriate paid loss factor of the line of coverage and duration of maturity set forth in Exhibit E in the Appendix incorporated hereby reference;
 2. GROUP year unpaid claims reserves, excluding reserves for incurred but not reported claims, shall be multiplied by the appropriate unpaid claim factor for the line of coverage and duration of maturity set forth in Exhibit E in the Appendix incorporated herein by reference. Unpaid claim reserves, excluding reserves for incurred but not reported claims, shall be established at full value and not discounted.
 3. The greater of the results from the calculation set forth in B.1 and 2 above shall then be reduced by the amount of outstanding losses reported; including incurred but not reported claims, as certified by an actuary. The result of this calculation, but not less than zero, shall be the surplus retention requirement of the GROUP year.
- C. A full and final refund of net current surplus will not be allowed until all case reserves and all unpaid claim reserves are closed.
- D. A refund for any fiscal year shall be paid only in proportion of the member's participation in the GROUP of such year. Payment of a refund on a previous year shall not be contingent on the member's continued membership in the GROUP after that year.
- E. At the option of the member the refund may be retained by the GROUP and applied towards the member's next annual assessment.

- F. The GROUP may seek approval from the Commissioner of Banking and Insurance to make interyear fund transfers from a claims or loss retention trust accounts from any year not sooner than twenty-four (24) months after the end of that year by submitting a written notification to the Department of Banking and Insurance with appropriate documentation as set forth in B. above at least thirty (30) days prior to the proposed transfer. If the Commissioner of Banking and Insurance does not disapprove, in writing, the request within the thirty (30) day period, the request shall be deemed approved. The Commissioner of Banking and Insurance may also affirmatively approve the request prior to the expiration of the thirty (30) day period. The inter-year fund transfer may be in any amount subject to the limitation that after the transfer, the remaining net current surplus in the account from which the transfer is made must equal or exceed the surplus retention requirement determined pursuant to B. above for that account for the fiscal year. The membership for each fiscal year involving inter-year fund transfers must be identical between fiscal years. The Commissioner of Banking and Insurance shall waive the identical membership requirement provided the GROUP demonstrates to the Department of Banking and Insurance that it maintains records of each member's pro-rata share of each claim or loss retention fund account, and that the transfer shall be made so that any potential dividend shall not be reduced for a member that did not participate in the year receiving the transfer.
- G. If dividends are declared, they shall be paid or credited as follows:
1. A calculation shall be made to determine to which policie(s) the surplus can be attributed. Only that policy(s) shall be eligible for dividends.
 - a. In the case of the package policy, dividends will be paid only for those lines of coverage which produced a surplus. Dividends will be shared among those districts purchasing those line(s) in the following manner:
 - (1) The monies to be paid will go to all participants in that line in direct proportion to the premiums they paid for that line(s) of coverage(s).
 - (2) In the case of the workers' compensation policy, dividends shall be paid as follows:

**Loss Sensitive
Schedule of Dividends**

Loss Ratio as % of Discounted Premiums	Dividend Return as % of Discounted Premium
0.1 - 10%	15.6%
10.1 - 20%	13.0%
20.1 - 30%	10.4%
30.1 - 40%	7.8%
40.1 - 50%	5.2%
50.1 - 60%	2.6%
over 60%	

- (3) If not all dividends can be paid with the money available, then the reduction to all shall be proportionate. Any remaining money shall be paid to all participants in proportion to their premiums.
- (4) Districts which carry high deductibles, up to the level of reinsurance, will not be eligible for dividends.
- (5) If two or more district elect to separately pool all or a portion of their experience, they shall receive dividends only in proportion to their participation in the Group or subgroup.

ARTICLE XIII. EXCESS INSURANCE OR REINSURANCE

- A. The GROUP shall maintain a contract or contracts of specific and aggregate excess insurance or reinsurance, unless otherwise provided by regulation.
- B. No later than forty-five (45) days before the beginning of the fiscal year, the GROUP shall notify all members of changes in the coming year's excess insurance policies. The GROUP shall also notify the members of any changes in the policies which occur during the year.
- C. Certificates of excess insurance/reinsurance showing policy limits and other information shall be filed with each member upon request and the Commissioner of Banking and Insurance. Copies of all policies shall be available to the members.

ARTICLE XIV. TRUST FUND ACCOUNTS, INVESTMENTS AND DISBURSEMENTS

A. TRUST FUND ACCOUNTS

1. By resolution of the Trustees, the GROUP shall designate a public depository or depositories for its monies from a list approved by the State of New Jersey.
2. The GROUP will provide for the recording and accounting of all transaction by GROUP year for each risk or liability.
3. Other than for the payment of claims, allocated claim expenses or excess/reinsurance premiums, no withdrawal may be effected from a claim or loss retention fund without the prior written approval of the Commissioner of Banking and Insurance, except for inter-fund transfers. Inter-fund transfers, within a GROUP'S fiscal year, may be conducted by the GROUP any time, by providing thirty (30) days prior written notification to the Commissioner of Banking and Insurance. If the Commissioner does not disapprove of the transfer, in writing, within thirty (30) days after receiving such written notification, the request for inter-fund transfer(s) shall be deemed approved. Any inter-fund transfer request must be supported by appropriate assessment and claim and expense documentation, and be accompanied by a certification signed by an Actuary that the amount remaining in the trust fund account after the inter-fund transfer will be at a level which is reasonable in relation to that account's unpaid losses, along with all documentation in support of such certification. Inter-fund transfers may be conducted only where each member participates in each and every claim or loss retention fund account during the fund year. The Commissioner of Banking and Insurance shall waive the full participation requirement provided the GROUP demonstrates to the Department of Banking and Insurance that it maintains records of each member's pro-rata share of each claim or loss retention fund account for that year, and that the transfer shall be made so that any potential dividend shall not be reduced for member that did not participate in the account receiving the transfer.
4. The GROUP shall also establish an administrative account which shall be utilized for payment of the GROUP'S general operation expenses, loss prevention activities, data processing services, and general legal expenses.
5. To accomplish the above, physically separate bank accounts need not be established. Claims will be separated as to coverage and fiscal accident year, and the actuary will calculate each fiscal accident year and coverage line separately. Premium collection will likewise be segregated in the accounting system by fiscal year and line of coverage. Administrative expenses will be apportioned pro-rata.

B. INVESTMENTS

1. The balance of any account shall be invested to obtain the maximum interest return practical. All investments shall be consistent with the statutes and regulations governing the investment of surplus public funds as issued by the State Investment Council.
2. The investment and interest income earned by the investment of the assets of each claim or loss retention or administrative account shall be credited to each account.

C. DISBURSEMENTS

1. Prior to any commitment or agreement requiring the expenditure of funds, the Executive Director shall certify as to the availability of sufficient unencumbered funds to fully pay all charges or commitments to be accepted.
2. All disbursements, payments of claims or expenditure of funds must be approved by a majority vote of the Trustees.
3. Notwithstanding number 1 and 2 above, the GROUP may provide for the expeditious resolution of certain claims by designating the GROUP'S Claim Personnel "certifying and approving officer" pursuant to *N.J.A.C 11:15-4.22*. The GROUP may authorize the "certifying and approving officer" to approve for payment any or all specified claims in an amount not to exceed an amount approved by the Commissioner of Banking and Insurance in the Risk Management Program. The GROUP shall establish such other procedures and restrictions on the exercise of this authority as the GROUP deems appropriate. The Trustees may authorize the Executive Director to pay any and all budgeted expenses and payroll according to the approved policies and procedures.
4. The certifying and approving officer shall certify the amount and particulars of such approved claims ~~to the Director of the GROUP~~ directing that a check for payment be prepared.
5. At each meeting, the certifying and approving officer shall prepare and provide to the Trustees a report of all claims and payments approved since the last report, detailing the nature and the amount of the claim, and any other pertinent information. The Board of Trustees shall review and approve the actions of the certifying and approving officer.

6. All requests for payment must be accompanied by a detailed bill of items or demand, specifying particularly how the bill or demand is made up, with the certification of the party claiming payment that it is correct, and must carry the certification of some officer or duly designated agent or employee of the GROUP having knowledge of the fact that the goods have been received by, or the service rendered to the GROUP. In the case of claims or losses to be charged against any loss fund, GROUP claims personnel shall certify as to the claims correctness and validity.
7. All claims shall be paid by check. The checks shall be signed by machine with the signature of the Executive Director. Checks in excess of \$5,000 shall be signed by second person designated by the Trustees.
8. All claims or other disbursements approved for payment by the GROUP shall be recorded in a claims register maintained by the Executive Director or his designee.

ARTICLE XV. CONFLICT OF INTEREST

- A. No official or employee of a member school district, of any member or members of the family of such officials or employees, or any businesses in which such officials, employees or family members have a beneficial interest shall seek to obtain or participate in any contract to be entered into by the GROUP for administration, loss control, investment or depository services, insurance coverage or any other service, commodity or material without first fully disclosing in writing the nature and extent of such interest, financial or otherwise, to Trustees. It shall be the responsibility of the Trustees to determine if the interest so disclosed is such as to constitute an actual or potential conflict of such degree as to impair the ability of the officer, employee, family member or business from fully and impartially performing the duties required by the GROUP. If so, the officer, employee, family member or business shall be prohibited from entering into such contract until the cause of such conflict is removed. Nothing herein shall prohibit employees of the GROUP from serving on a school board.
- B. Any contract entered into between the GROUP and any individual, firm, corporation or agency which fails to disclose an actual or potential conflict situation shall be void.
- C. There shall be no collusion or evidence or appearance of collusion between any official or employee of the members or employees of the GROUP and any official or employee of any contractor, vendor, insurance company, bank, consultant, brokerage firm or any other profit making or nonprofit firm attempting to solicit a contract with the GROUP or awarded a contract by the GROUP.
- D. All school officials and members of their immediate families shall comply with *N.J.S.A. 18A:12-21 et. seq.* the ("School Ethics Act") and any other applicable law governing the conduct of members, officers or employees of school boards.

ARTICLE XVI. VOLUNTARY DISSOLUTION OF THE FUND

- A. If the Trustees deem it in the best interest of the members to dissolve the GROUP they shall, by majority vote, direct that a written plan of dissolution be prepared.
- B. The plan of dissolution must provide for the payment of all incurred losses of the GROUP and its members, including all incurred but not reported losses, as certified by an Actuary, before any assets of the GROUP or the trust fund accounts may be used for any other purpose.
- C. Upon completion of the plan, the Chairperson shall call a general meeting of all GROUP Trustees who shall review the plan and make any appropriate amendments. By majority vote, the Trustees may recommend that the GROUP be dissolved in accordance with the plan of dissolution.
- D. A majority of the Boards of Education of the member school districts must by resolution vote to accept the plan of dissolution in order to dissolve the GROUP.
- E. The plan of dissolution and other such information as may be required must be filed with and approved in writing by the Commissioner of Banking and Insurance at least ninety (90) days before the dissolution of the GROUP is effective.
- F. The plan of dissolution shall contain a statement of the GROUP'S current financial condition computed both on a statutory basis and according to generally accepted accounting principles as attested to by an independent certified public accountant.

ARTICLE XVII. CLAIMS HANDLING PROCEDURE

A. REGISTRATION OF CLAIMS

Upon receipt of initial notice of claim whether by service of process, notice of claim, petition or otherwise, the Claims Administrator shall cause each claim to be numbered, and to be included on a monthly report to the Trustees. The monthly report shall set forth the name of the claimant, the nature of the claim, the type of insurance coverage claimed against and, to the extent known, an approximate estimate of the magnitude of the potential loss.

B. CLAIMS RESPONSE

Upon receipt of the initial notice of claim described above, the involved member district shall immediately forward the notice of claim as set forth in the annual Plan of Risk Management.

C. CLAIMS ACKNOWLEDGMENT AND INITIAL EVALUATION

Upon receipt of an assignment of claim handling, the Claims Administrator and, where appropriate, the defense attorneys shall acknowledge receipt of the claim and within five (5) days of receipt, submit a report indicating their initial assessment of the merits and exposure represented by the claim and a summary of the actions taken to date in response to said claim.

D. PERIODIC REVIEW OF CLAIMS STATUS

Each claim shall be reviewed at intervals of not greater than ninety (90) days as to their status. In particular, the Trustees shall determine whether the investigation and defense of the claim is adequate, the adequacy of the reserves posted for the claim. The Trustees may devolve this duty to the Claims Department.

E. NOTICE OF INTENDED SETTLEMENT

Whenever an investigation discloses that the prompt, fair and equitable settlement of a claim is appropriate and possible, the Claims Department shall submit to the Executive Director for review as per policy of the Trustees.

F. APPROVAL OF PAYMENTS AND SETTLEMENTS

The Group shall make payment or settlement of any claim as set forth in policy.

ARTICLE XVIII. COMPLAINT HANDLING PROCEDURE

- A. Whenever any interested party shall submit a complaint in writing to the GROUP, the Executive Director, or any member of the GROUP, a copy thereof shall be forthwith communicated to the Trustees for consideration at its next regularly scheduled meeting.
- B. At said meeting, the Trustees shall consider the complaint, and by recorded vote take such action as might be appropriate.
- C. The complaining party, and the Business Official from the member district wherein the complaining party resides as well as the Commissioner of Banking and Insurance, shall receive written notice of the Trustee's findings. The written notice to the complaining party may where appropriate, include an opportunity for the complaining party to have a hearing concerning their complaint before the majority of Trustees.
- D. The GROUP shall keep a separate record of all complaints received and the disposition of same.

ARTICLE XIX. OTHER CONDITIONS

A. INSPECTION AND AUDIT

The GROUP shall be permitted but not obligated to inspect, at any reasonable time, the workplace and operations of each member district covered by this Agreement between GROUP to Board. Neither the right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the member district or others to determine or warrant that such workplaces, operations, are safe or healthful, or are in compliance with any law, rule or regulation.

The GROUP shall be permitted to examine and audit the member district's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records at any reasonable time.

B. NOTICE OF INJURY

When an injury occurs, written notice shall be given by or on behalf of the member district to the GROUP or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the member district and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses.

C. NOTICE OF CLAIM OR SUIT

If claim is made or formal petition or suit or other proceeding is brought against the member district, the member district shall immediately forward to the GROUP every demand, notice, summons or other process received by its representative.

D. ASSISTANCE AND COOPERATION OF THE MEMBER DISTRICT

The member district shall cooperate with the GROUP, and upon the GROUP'S request shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings. The member district shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Workers' Compensation Law.

E. ACTION AGAINST GROUP

No action shall lie against the GROUP unless, as a condition precedent thereto, the member district shall have fully complied with all the terms of this Agreement, not until the amount of the member district's obligation, to pay shall have been finally determined either by judgment against the member districts after actual trial or by written agreement of the member district, the claimant and the GROUP. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Agreement to the extent of the protection afforded by this Agreement. Nothing contained in this Agreement shall give any person or organization any right to join the GROUP as a codefendant in any action against the member district to determine the member district's liability.

F. SUBROGATION

In the event of any payment under the Agreement, the GROUP shall be subrogated to all rights of recovery therefore of the member district and any person entitled to the benefits of this Agreement against any person or organization and the member district shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The member district shall do nothing after loss to prejudice such rights.

G. CONFORMANCE WITH STATUTE/REGULATION

In the event any portion of these Bylaws conflict with any statute or administrative regulation covering Joint Insurance Funds, the provision of any such statute or regulation shall control to the extent it conflicts. If the regulations governing joint insurance funds are amended, such amendments are deemed incorporated herein.

H. SEVERABILITY

In the event any Section of these bylaws are found to be unlawful or unenforceable, the balance of the bylaws remain in effect.

New Jersey Schools Insurance Group



PLAN OF RISK MANAGEMENT

2022-2023

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NEW JERSEY SCHOOLS INSURANCE GROUP

PLAN OF RISK MANAGEMENT

The mission of New Jersey Schools Insurance Group (“NJSIG”), a public school insurance pool, is to ensure the availability of insurance to New Jersey public schools by offering the best coverage at the lowest possible cost while providing risk management education, training and services.

I. INTRODUCTION

NJSIG is a school board insurance group, also known as a joint insurance fund, formed under the provisions of N.J.S.A. 18A:18B-1, et. seq. NJSIG’s membership is comprised of public schools. NJSIG commenced operations in October 1983.

NJSIG’s objectives include the following:

- A.** Providing eligible public schools with a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures;
- B.** Maintaining proactive safety and loss prevention programs specific to issues inherent in public schools;
- C.** Aggressively evaluating, defending and/or settling claims made against members which fall within the defined coverages afforded through NJSIG;
- D.** Maintaining a responsible funding posture in an effort to ensure long-term financial security for NJSIG and, by extension, the membership.

II. COVERAGE PROVIDED, LIMITS OF LIABILITY, SELF-INSURED RETENTIONS AND DEDUCTIBLES

A. GENERAL

NJSIG offers coverage to its members through one or more of the following vehicles:

- Pooled self-insurance
- Excess insurance
- Reinsurance
- Individual contracts

NJSIG offers its members the following coverages:

1. Workers' Compensation and Employers Liability
2. Automobile Liability
3. General Liability
4. Property
5. Equipment Breakdown
6. Automobile Physical Damage
7. School Leaders Errors and Omissions Liability
8. Crime
9. Electronic Data Processing
10. Excess Liability
11. Supplemental Indemnity
12. Cyber Liability and Breach Response
13. Environmental Liability

The specific limits of coverages afforded by NJSIG incorporate individual member deductibles, funded self-insured retentions and various jointly purchased conventional and excess/reinsurance policies. Unless specifically stated to the contrary, limits shown in the following sections shall be considered to be inclusive of applicable pooled self-insured retention.

NJSIG also provides for aggregate excess insurance where applicable.

B. PROPERTY

- | | | |
|----|------------------------------------|--|
| 1. | Limit of liability | \$500,000,000 per occurrence pool-wide |
| 2. | NJSIG self-insured retention (SIR) | \$1,000,000 per occurrence |
| 3. | Member deductible | \$1,000 to \$50,000 |
| 4. | Perils included | See policies "Appendix A" |

C. EQUIPMENT BREAKDOWN

- | | | |
|----|------------------------------|-----------------------------------|
| 1. | Limit of liability | \$100,000,000 per accident |
| 2. | NJSIG self-insured retention | \$0 |
| 3. | Member deductible | 12 hours/\$25,000 |
| 4. | Policy conditions | Refer to specific policy language |

D. COMPREHENSIVE GENERAL AND AUTOMOBILE LIABILITY

- | | | |
|----|-------------------------------------|---|
| 1. | Limit of liability | Between \$1,000,000 and \$31,000,000 per occurrence

Communicable disease outbreak: \$1,000,000 per occurrence; and, \$9,000,000 pool-wide annual aggregate limit shared with general liability, auto liability and school board leader liability

Sexual abuse: Named Insured's (member) selected general liability limit, up to a maximum of \$15,000,000 per occurrence; \$15,000,000 per Named Insured (member) annual aggregate limit; and \$27,000,000 pool-wide annual aggregate limit |
| 2. | NJSIG self-insured retention (SIR): | \$1,000,000 per occurrence |
| 3. | Member deductible | Liability options \$0-\$50,000 except \$1,000 employee benefits |
| 4. | Insuring agreement | Provides coverage for bodily injury, property damage and personal injury liability arising out of the business activities of the member. See specific policy language |

E. WORKERS' COMPENSATION

- | | | |
|----|---------------------------|----------------------------|
| 1. | Limits of liability: | |
| | (a) Workers' Compensation | Statutory |
| | (b) Employers Liability | \$3,000,000 per occurrence |

- | | | |
|----|---------------------------------------|-------------|
| 2. | NJSIG specific self-insured retention | |
| | (a) Workers' Compensation | \$1,000,000 |
| | (b) Employers Liability | \$1,000,000 |
| 3. | Member deductible | None |

F. SCHOOL LEADERS ERRORS & OMISSIONS LIABILITY

- | | | |
|----|------------------------------|---|
| 1. | Coverage A | Limits of liability between \$1,000,000 and \$31,000,000 per occurrence/aggregate, per member. Limit chosen by district may be subject to retroactive dates. Refer to specific policy language |
| | | Communicable disease outbreak: \$1,000,000 per occurrence for, and \$9,000,000 pool-wide annual aggregate limit shared with general liability, auto liability and school board leader liability |
| 2. | Coverage B | \$100,000/\$300,000 or \$50,000/\$150,000 |
| 3. | Member deductible | Between \$5,000 to \$250,000 Coverage A and B |
| 4. | Insuring agreements | Refer to specific policy language |
| 5. | NJSIG self-insured retention | \$0 |

G. REINSURANCE

1. NJSIG may purchase reinsurance or excess insurance, which is subject to the terms and conditions of the specific excess or reinsurance carrier agreements. NJSIG purchased reinsurance for the following:
 - (a) Property: NJSIG cedes 100% net loss per occurrence in excess of \$1,000,000 to a maximum of \$500,000,000.
 - (b) Comprehensive General Liability and Automobile Liability: NJSIG cedes 100% net loss per occurrence in excess of \$1,000,000.
 - (c) Workers' Compensation and Employers Liability: NJSIG places excess statutory limits of liability and employers' liability in excess of \$1,000,000 per occurrence.

2. The cost of reinsurance is variable depending on member exposure. The final number will be determined by audit at year-end. Based upon known exposures the total reinsurance cost is estimated to be \$43,000,000.

H. CYBER LIABILITY AND BREACH RESPONSE

1. Limits of liability
 - \$10,000,000 pool-wide aggregate limit shared among all members per policy period, no matter number of members, no matter number of claims
 - \$2,000,000 per member aggregate per policy period, no matter number of claims
 - \$2,000,000 limit per claim, no matter number of coverage parts implicated
 - Various coverage sub-limits apply per member and in the annual aggregate
2. Insuring agreements
 - Beazley Insurance Company, Beazley InfoSec Form; refer to specific policy language
3. Member deductible
 - \$250,000, \$50,000, or \$25,000, after reimbursement by NJSIG:
 - The individual Beazley Insurance Company member retention remains at \$500,000 per claim made. However, NJSIG will reimburse members for a portion of their Beazley retention based on the following schedule:
 - a. Member total revenues that are less than \$100,000,000:
 - i. Per claim standard deductible: \$250,000
 - ii. Per claim deductible only if the member satisfies the Minimum Cyber Security Controls criteria as defined in the “NJSIG Cyber Liability Fund Memorandum of Coverage” approved by the NJSIG Board of Trustees: \$25,000
 - b. Member total revenues that are

greater than or equal to \$100,000,000:

i. Per claim standard deductible:
\$250,000

ii. Per claim deductible only if
the member satisfies the Minimum
Cyber Security Controls criteria as
defined in the “NJSIG Cyber Liability
Fund Memorandum of Coverage”
approved by the NJSIG Board of
Trustees: \$50,000

5. NJSIG self-insured retention \$500,000

III. OPERATIONAL PHILOSOPHY

A. SUB-FUNDS

NJSIG organized the state into seven (7) predominately geographical groups known as sub-funds. NJSIG assigns each member district to one of these seven (7) sub-funds, based on their geographical location. Each sub-fund is individually analyzed and priced by NJSIG’s actuary for workers’ compensation based on that particular sub-fund’s loss experience, size and premium volume.

One of the main benefits of sub-fund membership is the sub-fund deviation (discount) on the workers’ compensation line of coverage, which is determined on an annual basis by NJSIG’s independent actuaries. Only NJSIG members who make a three-year membership commitment to NJSIG are entitled to a sub-fund deviation on the workers’ compensation line of coverage.

There is also an eighth group consisting of non-geographical members. NJSIG members that make less than a three-year commitment to join NJSIG are assigned to this group and are not entitled to a sub-fund deviation or discount. However, NJSIG members in this group are permitted to attend any and all meetings/trainings provided by the seven geographical sub-funds.

Continued membership in a sub-fund is predicated on members meeting the minimum standards of participation and maintaining the required loss profile as defined by the Standards of Participation outlined herein.

These sub-funds have no decision making authority relative to the operation of NJSIG. Sub-fund governing documents do not supersede any governing documents of NJSIG.

Each of the seven geographical sub-funds has a sub-fund administrator hired by NJSIG. Sub-fund administrators are insurance brokers with demonstrated school board risk management expertise. Sub-fund administrators provide NJSIG members with safety programs and trainings, as well as loss control and risk management advice,

tailored to each sub-fund's geographical location. Sub-fund administrators enter into written contracts with NJSIG outlining their duties and fees.

Members may be removed from a sub-fund if they do not meet the Standards of Participation outlined herein.

B. CONTRIBUTION

1. Each year, the actuary shall compute the probable net cost for the upcoming year by line of coverage.
2. The annual contribution of each member shall be its share of the probable net cost for the upcoming year based upon exposures, loss portfolio and experience modifiers.
3. A member's right to continue membership in a particular sub-fund for the full term of its commitment is contingent upon meeting the Standards of Participation outlined herein.
4. The calculation of contribution for each member shall be based on the overall annual budget. Contribution may be modified to reflect the loss history or underwriting data of the individual member.
5. NJSIG's Board of Trustees votes and approves the budget at least one (1) month prior to the beginning of the next fiscal year.
6. The annual contribution shall be paid in one (1) installment, except Workers' Compensation, where members may request up to a maximum of twelve (12) monthly installments.

C. BROKERS

Members are required to retain the services of a broker. Service expectations of brokers include, but are not limited to the following:

1. The broker retained must be licensed by the State of New Jersey.
2. The broker shall be paid commission by NJSIG as defined in the standard Broker Commission policy, NJSIG Policy 8010.
3. The broker's specific responsibilities shall include but not be limited to:
 - (a) Continuous evaluation of the member's exposures, losses, policies and risk portfolio.
 - (b) Expert knowledge and guidance with respect to coverages, limits and deductibles applicable to the member's individual exposures.

- (c) Preparation and completion of reports, applications, statements of values, schedules and other required underwriting documentation to obtain coverage terms.
 - (d) Review of member's insurance costs in preparation of the member's insurance budget.
 - (e) Review of the member's loss experience, engineering reports and participation in the member's safety committee meetings.
 - (f) Advise NJSIG's Safety and Risk Control department of specific and necessary trainings required by a member based on review of losses and exposures as well as frequency and trending concerns.
 - (g) Assist and guide in the claims process, as necessary.
 - (h) Attend their member's respective sub-fund meetings including annual trainings.
 - (i) Attend NJSIG's annual broker's meeting.
4. The broker shall be a New Jersey licensed Property/Casualty Insurance Producer who has demonstrated and provided proof of prior experience in the management of public entity insurance risks. The broker shall maintain at least a \$5,000,000 per claim errors & omissions insurance limit and provide evidence of coverage to NJSIG prior to binding. Brokers earning less than \$30,000 of annual NJSIG commission may request an annual exemption for the \$5,000,000 errors and omissions insurance minimum requirement. Such requests must be submitted to the Underwriting Manager in writing 60 days prior to renewal.

D. CLAIMS RESPONSE AND RESERVING

1. CLAIM DEPARTMENT STATEMENT

(a) Customer Service

NJSIG is committed to partnering with members to provide extraordinary claim service.

(b) Quality Services

Departmental procedures have been developed and are continuously updated to meet the present and future needs of members.

IV. STANDARDS OF PERFORMANCE

A. GENERAL LIABILITY/AUTOMOBILE LIABILITY

1. Coverages

Claims will be promptly reviewed for coverage. If there is a question concerning coverage, the issue(s) will be documented and reviewed. If issues of coverage remain, the matter will be referred to coverage counsel with a request for a timely determination. Excess and/or reinsurance carriers will be informed as required. Upon determination of coverage, any remaining questions or issues will be documented and communicated with a reservation of rights letter.

2. Initial Technical Processing

New losses are assigned promptly, reserved and entered into the claim system within one business day of receipt. Appropriate matters are centrally index to cross reference prior claims. An acknowledgement letter is sent to the member when the file is set up, with a copy to the broker.

3. Member/Claimant Contact

- (a) All members must be contacted within two business days of assignment.
- (b) All claimants will be contacted within two business days of assignment. If verbal contact is not made, written correspondence will follow.

4. Investigation

- (a) Investigation of claims will be guided by the adjuster assigned, Claims Supervisor or Claims Manager.

5. Reporting and Communication

- (a) The claim file will be documented detailing all significant developments. Correspondence will be addressed and answered timely, as necessary.
- (b) Reserves outside of the adjuster's authority will be reviewed and approved by a Claims Supervisor, Claims Manager and/or Chief Legal Officer.
- (c) Claims that are catastrophic losses or that meet the criteria under any reinsurance or excess reporting guidelines, shall be reported to the reinsurer/excess carrier immediately.
- (d) All files are reviewed on a periodic and as needed basis by the claims adjuster and Claims Supervisor.

6. Recovery/Subrogation/Contribution

- (a) Claims with subrogation recovery and/or contribution potential shall be recognized, investigated and in some cases referral to subrogation counsel to pursue recovery.
- (b) If recovery, subrogation and/or contribution is to be waived or compromised, it must be approved by the Claims Manager or Claims Supervisor.

7. General

- (a) NJSIG's Safety and Risk Control department will be notified as to conditions which may require corrective measures. NJSIG's Safety and Risk Control department will contact the broker of record and member and ensure the condition is given appropriate attention.
- (b) For all physical damage automobile losses, the vehicle must be inspected by an independent auto appraiser within five business days of assignment and concluded within ten business days. If damages are less than \$2,000, two estimates may be reviewed by the claims adjuster in lieu of a physical inspection.
- (c) Centers for Medicare and Medicaid Services (CMS) reporting shall be complied with in all cases involving bodily injury.

B. WORKERS' COMPENSATION

1. Coverages

Claims will be promptly reviewed for coverage. If there is a question concerning coverage, the issue(s) will be documented and reviewed. If issues of coverage remain, the matter will be referred to coverage counsel with a request for a timely determination. Excess and/or reinsurance carriers will be informed as required. Upon determination of coverage, any remaining questions or issues will be documented and communicated.

2. Initial Technical Processing

New losses are assigned promptly, reserved and entered into the claims system within one business day of receipt. Appropriate matters are centrally indexed to cross reference prior claims. An acknowledgement letter is sent to the member when the file is set up, with a copy to the broker.

3. Member/Claimant Contact

All members and claimants must be contacted within two business days of assignment for lost time cases.

4. Investigation

- (a) The claimant should be interviewed or a statement obtained for all claims involving questionable and/or serious exposure when appropriate.
- (b) A detailed investigation shall be conducted for all claims commensurate with the potential exposure.

5. Reporting and Communication

- (a) The claim file will be documented detailing all significant developments. Correspondence will be addressed and answered timely, as necessary.
- (b) Reserves outside of the adjuster's authority will be reviewed and approved by a Claims Supervisor, Claims Manager and /or Chief Legal Officer.
- (c) Claims that are 50% of NJSIG's retention, catastrophic losses or that meet the criteria under any reinsurance or excess reporting guidelines shall be reported to the reinsurer/excess carrier immediately.
- (d) All files are reviewed on a periodic and as needed basis by the claims adjuster and Claims Supervisor.

6. Recovery/Subrogation/Contribution

- (a) Claims with subrogation recovery and/or contribution potential shall be recognized, investigated and in some cases referral to subrogation counsel to pursue recovery.
- (b) If recovery, subrogation and/or contribution is to be waived or compromised, it must be approved by the Claims Manager or Claims Supervisor.

7. General

- (a) NJSIG's Safety and Risk Control department will be notified as to conditions which may require corrective measures. NJSIG's Safety and Risk Control department will contact the member and ensure the condition is given appropriate attention.
- (b) Compensability analysis shall be in accordance with New Jersey law.
- (c) Initial indemnity payment on all lost time cases shall occur within twenty-one (21) business days of receipt of loss unless where

extenuating circumstances may exist.

- (d) Medical bills should be processed/paid within ten (10) business days of receipt unless where extenuating circumstances may exist.
- (e) Lost wages and permanency claims are to be properly calculated based on current New Jersey law and disability chart. The disability chart is updated by the State of New Jersey annually.
- (f) Physician contact and treatment control is completed based on the treatment plan established by the claims adjuster along with the managed care provider.
- (g) Centers for Medicare and Medicaid Services (CMS) reporting shall be complied with in all cases involving bodily injury. The First Report of Injury (FROI) and the Subsequent Report of Injury (SROI) are complied with in accordance with New Jersey law.

C. PROPERTY

1. Coverage

Claims will be promptly reviewed for coverage. If there is a question concerning coverage, the issue(s) will be documented and reviewed. If issues of coverage remain, the matter will be referred to coverage counsel with a request for a timely determination. Excess and/or reinsurance carriers will be informed as required. Upon determination of coverage any questions or issues will be documented and communicated.

2. Initial Technical Processing

New claims are assigned promptly, reserved and entered into the claims system within one business day of receipt. Appropriate matters are centrally indexed to cross-reference prior claims. An acknowledgement letter is sent to the Member when the file is set up, with a copy to the broker.

3. Member Contact

All members must be contacted within two (2) business days of assignment. If verbal contact is not made, written correspondence will be sent.

4. Investigation

A NJSIG claims adjuster, along with a designated property appraiser, if necessary, will be assigned to verify damages, cause of loss and provide an appraisal/estimate for needed repair or replacement. If a physical inspection is necessary, it will be completed within three (3) business days of assignment. If no inspection is warranted, receipts, purchase orders, or other substantiated

documentation will be obtained to verify and pay the loss. All claims with significant subrogation potential will be assigned to subrogation counsel, as necessary.

5. Reporting and Communication

- (a) The claim file will be documented detailing all significant developments. Correspondence will be addressed and answered timely, as necessary.
- (b) Reserves outside of the adjuster's authority will be reviewed and approved by a Claims Supervisor, Claims Manager and/or Chief Legal Officer.
- (c) Catastrophic losses or that meet the criteria under reinsurance or excess reporting guidelines shall be reported to the reinsurer/excess carrier immediately.
- (d) All claims are reviewed on periodic and as needed bases by the claims adjuster and Claims Supervisor.

6. Recovery/Subrogation

- (a) Claims with subrogation recovery and/or contribution potential shall be identified, investigated and documented.
- (b) If subrogation, recovery and/or contribution is to be waived or compromised, it must be approved by the Claims Manager or Claims Supervisor.

7. General

- (a) NJSIG's Safety and Risk Control department will be notified of conditions which may require corrective measures. NJSIG's Safety and Risk Control department will contact the broker of record and member and ensure the condition is given appropriate attention.
- (b) A notarized proof of loss will be required on all property claims. The proof of loss must be signed and notarized by the school business administrator.

D. PRODUCTIVITY/PENDING STANDARDS

- 1. The number of claims per adjuster shall be determined by the adjuster's Claims Supervisor and Claims Manager.
- 2. The goal is for all claims adjusters to close one file for every file that is opened.

E. LEGAL CLAIM HANDLING

1. Counsel Billing

Counsel bills must be submitted for each matter, adhering to NJSIG's litigation guidelines. Itemized bills should contain a description of each charged activity, date of service and time allocated for each activity. The bills must indicate total time spent and total charges. The claims adjuster is expected to audit each bill and communicate with counsel on questionable charges.

2. Legal Handling

Counsel should perform only legal work. Investigative activities should be conducted by the claims adjuster. The claims adjuster and counsel should work together to determine who is appropriate to handle negotiations, if appropriate. All negotiations shall be documented in the file and confirmation of that authority shall be provided to counsel.

F. CLAIM PAYMENT PROCEDURES

1. Once a medical, legal, or service bill is verified, the claims adjuster shall highlight the amount to be paid. The claims adjuster shall initial the bill, date it, indicate the payment and coverage type, and forward it to the bill processor for payment. The bill processor must verify the payment. Bills are to be paid within ten (10) calendar days of receipt, unless further clarification is necessary.

G. INCOMING/OUTGOING CORRESPONDENCE

1. All incoming mail is date stamped on the same day it is received and tasked to the respective claim adjuster. Prior to close of business, the claims adjuster will process the task and determine if it is a priority or scheduled activity for a later date.
2. Any correspondence without an addressee or claim number will be brought to the attention of a Claims Supervisor for further action.

H. OUTSIDE INDEPENDENT ADJUSTERS ASSIGNMENTS

1. The NJSIG claims adjuster maintains control of any investigation. Should the services of an independent appraiser or adjuster become necessary, their activities and direction are guided by the NJSIG claims adjuster.

I. REPORTING GUIDELINES WORKERS' COMPENSATION

A summary report will be completed within ten (10) business days by the claims adjuster. The contents of that report shall include:

1. Occurrence/accident description

2. Compensability acceptance/denial – if denied explanation
3. Injury
4. Subrogation
5. Action plan
6. Reserve

The above information shall be added to the claims file. This information should be brief with an explanation in each category.

J. REPORTING GUIDELINES - GENERAL LIABILITY/AUTOMOBILE LIABILITY

A summary report will be completed within fifteen (15) business days by the claims adjuster. The contents of that report shall include:

1. Description of loss/occurrence
2. Liability
3. Damages
4. Action plan
5. Reserve

The above information shall be added to the claims file. This information should be brief with an explanation in each category.

K. REPORTING GUIDELINES - PROPERTY

A summary report will be completed within fifteen (15) business days by the claims adjuster. The contents of that report shall include:

1. Description of loss/occurrence
2. Coverages
3. Scope of damages
4. Action plan
5. Reserve

The above information shall be added to the claims file. This information should be brief with an explanation in each category.

L. REHABILITATION GUIDELINES - ADMINISTRATIVE CONTROLS

1. The following criteria shall be used when a claim is to be referred for medical rehabilitation.
 - (a) The following injuries are to be immediately referred for medical

rehabilitation:

- Spinal cord injuries
- Serious head injuries
- Amputations
- Severe burn
- Crush injuries
- Heart Problems
- Stress-related disorders
- Serious eye injuries
- Complex regional pain syndrome (RSD)

(b) Other possible referrals for medical rehabilitation, post initial injury, could include:

- Herniated disc
- Multiple fractures
- Exacerbation of pre-existing condition
- Exacerbation of congenital condition
- Extensive over-treatment for a soft tissue injury

V. GENERAL COMMENTS

A. DISCRETIONARY SETTLEMENT AND TRIAL AUTHORITY

Workers' Compensation Claims

NJSIG will pay workers' compensation medical and wage loss benefits when such payments are appropriate.

The following authority levels will apply:

Settlement Authority

Up to \$60,000	Claims Representative and Senior Claims Representative
Up to \$75,000	Claims Examiner
Up to \$100,000	Claims Supervisor
Up to \$200,000	Claims Manager
Up to \$300,000	Claims Manager and Chief Legal Officer
\$300,001 and above	Board of Trustees

The Claims Manager shall have discretion to adjust any individual's authority under

\$200,000. A Claims Supervisor shall have the discretion to adjust any individual's authority under \$75,000. As to the settlement of claims falling within the Board of Trustees' authority level, such claims shall be presented to the Board, prior to settlement, in executive session, pursuant to N.J.S.A. 10:4-12(7). Should any member of the Board oppose the authority requested, a motion to return to public session shall be made so the matter can be put to a vote.

Personal Injury Protection, Medical, Wage Loss, Third-Party Property Damage, and Personal Injury Claims

NJSIG will pay personal injury protection, medical, wage loss, third-party property damage, personal injury and/or other benefits when such payments are appropriate.

The following authority levels will apply:

Settlement Authority

Up to \$60,000	Claims Representative and Senior Claims Representative
Up to \$75,000	Claims Examiner
Up to \$100,000	Claims Supervisor
Up to \$200,000	Claims Manager
Up to \$300,000	Claims Manager and Chief Legal Officer
\$300,001 and above	Board of Trustees

The Claims Manager shall have discretion to adjust any individual's authority under \$200,000. A Claims Supervisor shall have the discretion to adjust any individual's authority under \$75,000. As to the settlement of claims falling within the Board of Trustees' authority level, such claims shall be presented to the Board, prior to settlement, in executive session, pursuant to N.J.S.A. 10:4-12(7). Should any member of the Board oppose the authority requested, a motion to return to public session shall be made so the matter can be put to a vote.

First-Party Property Damage Claims

NJSIG will pay first-party claims for property damage when such payments are appropriate.

The following authority levels apply:

Settlement Authority

Up to \$60,000	Claims Representative and Senior Claims
----------------	---

	Representative
Up to \$75,000	Claims Examiner
Up to \$100,000	Claims Supervisor
Up to \$200,000	Claims Manager
Up to \$300,000	Claims Manager and Chief Legal Officer
\$300,001 and above	Board of Trustees

The Claims Manager shall have discretion to adjust any individual's authority under \$200,000. A Claims Supervisor shall have the discretion to adjust any individual's authority under \$75,000. As to the settlement of claims falling within the Board of Trustees' authority level, such claims shall be presented to the Board, prior to settlement, in executive session, pursuant to N.J.S.A. 10:4-12(7). Should any member of the Board oppose the authority requested, a motion to return to public session shall be made so the matter can be put to a vote.

All matters scheduled for trial shall be presented to the Board of Trustees, prior to trial, in executive session, pursuant to N.J.S.A. 10:4-12(7). Should any member of the Board oppose the requested trial authority, a motion to return to public session shall be made so the matter can be put to a vote.

B. CLAIMS COMMITTEE

NJSIG shall establish a Claims Committee. This committee shall be comprised of the Claims Manager, Chief Legal Officer, and up to three Board of Trustee members. The Claims Committee shall have authority to approve claims, provided that the amount is recommended by both the Claims Manager and the Chief Legal Officer. All three Trustee participants will be notified of any such meetings, however, only one Trustee is required to participate in order to extend settlement authority, in addition to the Claims Manager and the Chief Legal Officer. Agreement by a majority of attendees, along with the recommendation of the Claims Manager and Chief Legal Officer, shall be sufficient to establish claim settlement value.

C. FINANCIAL MANAGEMENT

All actuarial, investment and banking functions of NJSIG are outlined in NJSIG's policies, cash management plan, procedures and bylaws.

D. SAFETY AND LOSS PREVENTION

In an effort to identify and prevent loss, NJSIG will implement safety and risk control programs and procedures intended to reduce and eliminate conditions or practices which may lead to loss.

E. STANDARDS OF PARTICIPATION

The following are the eligibility requirements for new or continued membership as approved by the Board of Trustees:

1. Members' claims history, policies and risk management philosophies should demonstrate safety performance and initiatives consistent with NJSIG's requirements.
2. Members must provide access to all member-owned or leased property for safety inspection and evaluation by NJSIG's Safety and Risk Control staff to ensure that all members meet or continue to meet safety standards.
3. Members are strongly encouraged to establish and maintain Safety Committees and actively participate in NJSIG-sponsored safety programs and trainings.
4. Any member with a loss ratio above 80% on any single line of coverage shall be evaluated by NJSIG's Safety and Risk Control staff, who will assist the member in establishing an active Safety Committee and in maintaining recurring Safety Committee meetings. All such members shall also be required to participate in all safety programs and trainings offered by NJSIG.
5. Members must be in compliance with all Federal and New Jersey statutes governing the operations of public schools and the accompanying regulations.
6. Members must promptly pay all contributions or other obligations arising out of or related to membership in NJSIG.
7. Members must actively participate in all NJSIG-directed meetings, programs and activities to ensure the continued successful operation of NJSIG.
8. Members must provide NJSIG with a properly executed resolution of participation, substantially in the form approved by NJSIG, and a properly executed indemnity and trust agreement, substantially in the form approved by NJSIG.

NJSIG will notify its members of any concerns as to the eligibility requirements outlined above. In each case, NJSIG will work with the members to address and correct any concerns. Continued participation with safety and loss control programs, as guided by NJSIG's Safety and Risk Control team, will be required to remain eligible for membership in NJSIG. Should a member fail to work with NJSIG in addressing any eligibility concern, NJSIG may seek termination of membership as outlined in the NJSIG Bylaws.