

**REPORT ON EXAMINATION AS TO THE CONDITION OF
NEW JERSEY INTER-GOVERNMENTAL INSURANCE FUND
HASBROUCK HEIGHTS, NEW JERSEY 07604
AT DECEMBER 31, 2022**

FILED
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**COMMISSIONER
NJ DEPT OF BANKING & INSURANCE**

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State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF SOLVENCY REGULATION

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Acting Commissioner

February 19, 2026

Honorable Susan Ochs
Acting Commissioner of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625

Commissioner:

In accordance with the authority vested in you by the Revised Statutes of New Jersey, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

New Jersey Intergovernmental Insurance Fund
777 Terrace Avenue, Suite 309
Hasbrouck Heights, NJ 07604
Examination Warrant JIF-1

a joint insurance fund authorized to transact business in the State of New Jersey, and hereinafter referred to as "NJIIIF," "JIF," or "Fund."

SCOPE OF EXAMINATION

This comprehensive financial condition examination was called by the Commissioner of the New Jersey Department of Banking and Insurance (hereafter "NJDOBI" or "Department") pursuant to the authority granted by Section 40A:10-47 of the New Jersey Annotated Revised Statutes.

The examination covered the seven-year period from December 31, 2015, the date of the last examination, to December 31, 2022, including material transactions and/or significant events occurring after the examination date up to the date of the salutation letter. The examination was conducted at the office of the Fund's Co-Administrator, John A. Serapiglia, located in Hasbrouck Heights, NJ. The conduct of the examination was governed by generally accepted insurance company accounting and examination standards as well as certain procedure formulated by the National Association of Insurance Commissioners ("NAIC") as permitted by the Department. These procedures are found in the 2022 edition of the NAIC Financial Condition Examiners Handbook.

In determining the emphasis to be placed on specific accounts, consideration was given to the Fund's accounting methods, the nature and size of each balance sheet account, their relative importance to solvency, analytical review results, the results of the previous financial condition examination, and the annual audit work performed by **Lerch, Vinci & Bliss, LLP ("LVB")**, the Fund's independent certified public accountants. Examiners leveraged off the audit work prepared by LVB, where appropriate. Consideration was allowed for limiting the testing of certain accounts at a point where they were determined to be substantially correct or the account under review was viewed as insignificant and not crucial to the Fund's solvency.

This examination report addresses financial statement accounts showing atypical balances, transactions, or fluctuations. Comments are made on the JIF's loss reserves and those accounts that were determined to be in violation with rules, laws, regulations, or which required explanation.

HISTORY AND KIND OF BUSINESS

NJIIF maintains two funds as of the exam date, a property and liability fund ("P&L") and a workers' compensation fund ("WC"). The WC was established on February 1, 1991, in accordance with P.L. 1983, C, and 372 entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of the Title 40A of the New Jersey Statutes". The JIF is both an insured and self-administered group of government entities established for the purpose of insuring against worker's compensation claims. The Fund also maintains the P&L which was established on March 1, 1996. The Fund provides coverage for property damage, equipment breakdown, government crime coverage, auto liability, general liability, law enforcement, public official's liability including employment practices liability, cyber liability and employee benefits liability claims to its member entities.

During the seven-year exam period, P&L's assets increased \$28,713,111 from \$35,662,349 to \$64,375,460; liabilities increased \$23,523,520 from \$28,523,520 to \$52,061,115 and statutory

surplus increased \$5,189,591 from \$7,124,754 to \$12,314,345. The WC's assets increased \$9,672,986 from \$21,793,199 to \$31,466,185, liabilities increased \$15,629,431 from \$27,975,916 to \$43,605,347 and statutory surplus decreased \$5,956,445 from \$(6,182,717) to \$(12,139,162).

The registered agent upon whom process may be served is John Serapiglia, NJIIF's Co-Fund Administrator and one of two Risk Managers, having an address at the Fund's main office.

TERRITORY AND PLAN OF OPERATION

The Fund was formed to provide local governing bodies with an economical means of obtaining insurance coverages. The coverage provided includes property, boiler and machinery, automobile liability and physical damage, general liability, public official liability, contractor's equipment, public employees blanket bond, law enforcement liability, educators' legal liability, environmental liability, and excess liability. In addition, the fund provides defensive driving programs in compliance with New Jersey Safety Council for Public works, Fire and EMS and is certified by NSC Defensive Driving.

The Fund's objectives include the following:

1. Provide qualified municipal and educational facilities with a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures.
2. Maintain a pro-active posture of safety and loss prevention programs specific to issues inherent in modern municipal or educational facility operations.
3. Aggressively evaluate, defend and/or settle claims made against members which fall within the coverages afforded through the Fund.
4. Maintain a reasonably conservative funding posture to ensure long term financial security and stability for the Fund and its members.
5. Implement a safety & loss control program to reduce claims and claim severity.
6. Use an effective claims adjustment/management program.

In accordance with N.J.S.A. 40A:10-40 the Fund is to prepare and maintain a risk management plan. Examiners reviewed the Fund's risk management plan and confirmed that it is in compliance with the requirements of the statute as detailed in N.J.A.C. 11:15-2.6 (e).

Policy Forms and Product Services

In providing coverage, the Fund will consider the standard rules and forms currently on file and utilized by the Insurance Services Office or manuscript forms and will generally follow the form of excess/reinsurance and insurance contracts.

The NJIIF offers its members the following coverages:

- Automobile Liability and Auto Physical Damage
- Property
- Building and Contents
- Inland Marine
- Boiler and Machinery (Equipment Breakdown Limit)
- Extra Expense
- Valuable Papers & Records
- General Liability (including employee benefits liability)
- Crime and Fidelity
- Treasurer and Tax Collector (if approved)
- Environmental Impairment Liability
- Workers' Compensation and Employers' Liability
- Supplemental Indemnity Volunteer Fire & First Aid
- Police Professional Liability
- Public Officials Liability/Employment Practices Liability
- Cyber Liability

The NJIIF may offer coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles:

- Excess Insurance
- Reinsurance
- Excess Property and Casualty Joint Insurance Fund
- Joint Purchase Agreement
- Individual Contracts

The specific limits of liability of the various coverages afforded by the Fund incorporates individual member deductibles, funded self-insured retentions, and various jointly purchased conventional and excess/reinsurance policies. Unless specifically stated to the contrary, limits shall be inclusive of applicable pooled self-insured retentions.

The specific structure of the Fund includes elements of risk retention and risk transfer, which reflects what is believed to be optimal limits of risk retention and transfer. The structure capitalizes on the collective financial and purchasing strength of the members comprising the Fund's membership.

Fund Membership

In accordance with Article 2.01 the Fund's by-laws, the governing body of any local unit of government within the State of New Jersey may, by resolution or ordinance as appropriate, agree to join the Fund. The resolution or ordinance shall provide for execution by the local unit of the Fund's Indemnity and Trust Agreement and specifically accepting the Fund's by-laws as approved and adopted pursuant to N.J.S.A. 40A:10-39.

The Indemnity and Trust Agreement shall specify the extent of the local unit’s participation in the Fund with respect to the types of insurance coverage to be provided by the Fund and shall include the duration of the Fund membership, which in no event shall exceed three years, pursuant to N.J.S.A.40A:11-15(6).

The Fund commissioners or Executive Committee may approve the application by a two- thirds vote of the full membership based on the following criteria:

1. The applicant’s five-year claims history shows safety performance consistent with the Fund’s objectives and the applicant’s physical location and characteristics indicates a prospective likelihood of satisfactory future claims performance.
2. A safety inspection and evaluation conducted by the Fund’s designated safety consultant at the expenses of the applicant shows the applicant meets the Fund’s safety standards, including but not limited to, an evaluation of physical plant, personnel, and operating procedures.
3. The Fund has administrative capability to absorb additional memberships without undue inconvenience or strain. Membership is limited to local units within the State of New Jersey.

If the applicant is approved by the Fund, it shall within 15 days of approval be concurrently filed with NJDOBI and the New Jersey Department of Community Affairs (“DCA”) and shall be accompanied by such amendments to the Fund’s budget and plan of risk management as well as any other documents required pursuant to N.J.A.C. 11:15-2 et seq.

If a non-member is not approved for membership, the Fund shall set forth in writing the reasons for disapproval and send the reasons for disapproval to the non-member. The Fund shall retain a copy of all membership application disapprovals for five years.

The following is a listing of the members of the Fund as of December 31, 2022:

	<u>Members</u>	<u>Date Joined</u>
1	City of Asbury Park	2/5/2011
2	City of Bayonne	9/1/2011
3	Township of Cedar Grove	1/1/1998
4	Borough of Hasbrouck Heights	5/1/98 for WC & 5/1/98 for ML
5	Borough of Mantoloking	1/1/96
6	Township of Maplewood	1/1/2015
7	Township of Mine Hill	1/1/96 for WC & 1/1/96 for ML
8	Morristown Parking Authority	2/25/2003
9	Township of North Bergen Parking Authority	1/1/2020 for ML and WC
10	Borough of North Haledon	1/1/91 for WC & 1/1/96 for ML
11	Township of Old Bridge	1/1/2016
12	Borough of Roseland	1/1/2009
13	Borough of Teterboro	1/1/91 for WC & 2/1/91 for ML
14	City of Union City	1/1/09 for WC & 1/1/01 for ML

15	Union City Parking Authority	7/26/12 for WC & 3/26/13 for ML
16	Township of Verona	1/1/94 for WC & 1/1/98 for ML
17	Borough of Wanaque	1/1/91 for WC & 1/1/96 for ML
18	County of Warren	1/1/09 for WC and 1/1/13 for ML
19	Warren County Mosquito Extermination Comm'n	1/1/09 for WC and 1/1/13 for ML
20	Township of Wayne	1/1/91 for WC & 1/1/96 for ML
21	Borough of Woodland Park	1/1/91 for WC & 1/1/96 for ML

Fund Professionals

In accordance with Article 3.03 of the Fund's by-laws, as soon as possible after the beginning of each year, the Fund commissioners or Executive Committee shall meet and by majority vote select agencies and officials to serve in appointed positions. The individuals are to be retained on a contractual basis pursuant to the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.). Fund commissioners or the Executive Committee shall notify NJDOBI and the DCA within 10 days of any determination to terminate or non-renew any agreement with a servicing organization.

In the event of a professional's inability to complete the contract, a new contract with a successor is required. Compensation for appointed agencies and officials shall be pursuant to written fee guidelines addressed and made a part of the Fund's contracts with its professionals and submitted annually and approved by a majority of the commissioners or Executive Committee.

The following is a listing of the appointed agencies and officials serving as of December 31, 2022:

Co-Fund Administrator: John Serapiglia & Eric Nemeth – The Administrator shall serve as Executive Director of the Fund and may be an employee of the Fund. The Administrator shall be experienced in risk management matters evidenced by attaining an Associate in Risk Management designation from the Insurance Institute of America and shall also be experienced in self-funded entities. Excluding approval from the Fund Commissioners and members, the Administrator, its employees, officers, or directors shall not be an employee, officer, or director of or have a direct or indirect financial interest in a servicing organization.

The Administrator shall have the following duties and responsibilities:

- Carry out the policies of the commissioners to provide for the day-to-day management of the Fund.
- Advise the commissioners on risk management matters and shall prepare a draft risk management.
- Maintain underwriting data and if required, assist the Fund in the purchase of excess insurance.
- Prepare draft bid specifications for services such as claims administration, safety engineering, and actuarial projections as necessary.

- Review and analyze statistics and prepare an analysis, including assessment, loss and expense reports.
- Review and analyze statistics and prepare an analysis, including assessment, loss and expense reports.
- Write a draft budget for review by the Commissioners.
- Perform such other duties as provided for by the Fund commissioners, these Bylaws, and in the laws and regulations of the State of New Jersey.
- Purchase a fidelity bond protecting the Fund in a form and amount annually acceptable to the Commissioner. The Administrator shall also purchase errors and omissions coverage protecting the Fund as provided by N.J.A.C. 11:15-2.

Fund Actuary: AIS Risk Consultants, Inc. – The Actuary shall certify the actuarial soundness of the Fund and shall provide such actuarial reports as required by the Department. The Actuary shall also certify that the Fund’s annual budget is actuarially sound with respect to funding for the claim or loss retention accounts.

Fund Auditor: LVB – The Auditor shall be an independent certified public accountant (CPA) and not a commissioner. The auditor shall conduct the annual audit of Fund in accordance with N.J.S.A. 40A:10-36 and N.J.A.C. 11:15-2.24 and shall perform such other duties as provided for by the Fund commissioners, the Fund by-laws and in the laws and regulations of the State of New Jersey.

Fund Attorney: Eric J. Nemeth, PC – The Attorney shall be admitted to the Bar of the State of New Jersey, shall not be a Fund commissioner, and shall not be general Counsel to any member.

The Attorney shall have the following responsibilities:

- Advise the Fund on legal matters and the appropriateness of claim settlements recommended by the claims administrator. However, the Fund Counsel shall not defend any claim which is the responsibility of the Fund without prior approval by the Executive Committee on a case-by-case basis.
- In conjunction with the insurer and administrator, assign and supervise defense Counsel from the list of defense Counsel approved by the Fund commissioners or Executive Committee to represent the Fund in defense of claims. Such defense Counsel may represent one or more of the members in other capabilities other than as general Counsel.
- Serve on sub-committees as required by the Executive Committee.
- Perform such other duties as provided for by the Fund commissioners, these Bylaws, and in the laws and regulations of the State of New Jersey.

Fund Custodian: Robert Calise CMFO – The Fund Custodian shall be a certified municipal finance officer and not a commissioner with the following duties:

- Custodian of Fund assets and maintenance of various trust funds.
- Approval of receipts, disbursements & financial records.
- Preparation of cash management plan and investment of funds.
- Other related duties as designated by the Fund commissioners in accordance with the Bylaws and laws and regulations of the State of New Jersey.

Third-Party Administrator: PMA Management Corporation (“PMA”) - PMA shall serve as the Third-Party Administrator to establish, settle, and adjust multi line claims. PMA shall have the following responsibilities:

- Claims will be paid by the Fund as promptly as possible after adequate investigation by the TPA, General Counsel and/or excess carrier(s), and:
 - a. Review each claim and loss report submitted by the members during the term of their contract.
 - b. Conduct an investigation of each qualified claim or loss to the extent deemed necessary and as may be directed or undertaken by General Counsel.
 - c. Maintain a file for each qualified claim or loss which shall be available for review by the NJIIF.
 - d. Adjust, settle, or resist all qualified claims or losses:
 1. Within the stated discretionary settlement authority limit.
 2. With specific approval of the NJIIF, if outside the stated authority limit.
 - e. Perform necessary and customary administrative and clerical work in connection with each qualified claim or loss, including the preparation of checks or vouchers, releases, agreements, and other documents needed to finalize a claim.
 - f. Establish and update claim reserves as needed.
 - g. Notify the NJIIF and the NJIIF’s excess carrier as designated by the NJIIF, of all qualified claims or losses which may exceed the NJIIF’s retention or limit or qualify under a carrier’s guidelines and if requested provide information on the status of those claims or losses.
 - h. Maintain an automated loss and information system and provide the NJIIF with reports.
 - i. Assist the NJIIF in selecting appropriate experts or specialists, as the claims may require.
 - j. Provide personnel needed to perform the services agreed herein.

- The Fund also establishes reserves recommended by the Fund’s actuary for claims that have been incurred but not yet reported so that the fund has adequate reserves to pay all claims and allocated loss adjusted expense liability.
- To provide for quality defense and control costs, the Fund has established an approved defense attorney panel. The performance of the defense attorneys is overseen by the General Counsel; only firms on the approved panel Counsel shall be assigned matters on behalf of the NJIIF.

PMA shall provide claim servicing for multi-line and workers compensation claims on behalf of both Funds. PMA has claim settlement authority up to \$25,000.

MANAGEMENT AND CONTROL

In accordance with Article 3.01 of the Fund’s by-laws, each member shall appoint one commissioner and one alternate commissioner to the Fund. Each participating municipality shall select either a member of its governing body, or one of its municipal employees as Fund commissioner. Each member may also appoint an alternate insurance fund commissioner who shall either be a member of the governing body or an employee of the local unit.

In the event that the number of participating municipalities is an even number, one additional commissioner (Special Commissioner) shall be appointed by a participating municipality on a rotating basis determined alphabetically. The Special Commissioner shall be a member of the governing body, or an employee of the local unit. The member’s privilege to appoint the Special Commissioner shall remain with that member for one entire Fund year.

Fund commissioners are authorized and empowered to operate the Fund in accordance with the JIF’s by-laws and appropriate state laws and regulations. Each commissioner shall have one vote, provided, however, that the special commissioner, if any, shall only vote in the event of a tie.

The following are the commissioners elected and serving at December 31, 2022, and the local unit members they represent:

Commissioners

Donna Viero	Asbury Park
Maureen Chumacas	Roseland
Nicholas Saros	Teterboro
Lt. Walter Laurencio	Union City
Sgt. Archer Cuellar	Union City P.A.
Kristine Gould	Verona
Paul Cerelli	Borough of Wanaque
Alex Lazorisak	Warren County
Jennifer Gruener	Warren County M.E.C.
Thomas Tucci	Wayne
Mayor Keith Kazmark	Woodland Park

Jay Coffey	Bayonne
Alex Palumbo	Cedar Grove
Laurie Varga	Hasbrouck Heights
Beverley Konopada	Mantoloking
Gregg Schuster	Maplewood
Mayor Sam Morris	Mine Hill
Nicole Fox	Morristown P.A.
Robert Baselice	North Bergen P.A.
Renate Elatab	North Haledon
Sheri Samsudeen	Old Bridge

Officers

In accordance with Article 3.02 of the by-laws, the commissioners shall meet as soon as possible after the beginning of the year to elect officers of the Fund from their own membership, including a Chairperson and a Secretary who shall be elected annually. Officers shall serve until January 1st of the following year, or until a successor is duly elected and qualified.

Officers serving the Fund as of December 31, 2022, were as follows:

Chair	Thomas Tucci
Secretary	Heather McNamara-Kreitz

Committees

In accordance with Article 3.04 of the by-laws, if the total number of commissioners exceeds seven, as soon as possible after the beginning of the year the commissioners by a vote of the full membership of the Fund shall elect seven commissioners to serve as the Executive Committee of the Fund including a chairperson and secretary. The commissioners may select alternate commissioners to serve on the committee. The Executive Committee shall exercise the full power and authority of the commission. The following are the elected commissioners serving at December 31, 2022:

Executive Committee

Thomas Tucci, Chair
 Heather McNamara, Secretary
 Alex Lazorisak
 Beverley Konopada
 Cpt. Walter Laurencio
 Donna M. Vieiro
 Keith Kazmark

Alternates:

Sukaina Barlas

Nicholas Saros

Katelyn Haroldson

Joseph D'Arco

Sheri Samsudeen

Bailey Barnett

The JIF is in compliance with N.J.S.A. 40A:10-37 concerning the required numbers of commissioners that can be members of the Executive Committee.

At the beginning of each year the Chair of the Fund shall establish a Safety Committee, which shall meet monthly to develop a comprehensive safety and loss control program, review all accident reports, monitor accident trends and frequencies, and perform other similar safety enhancement functions. The following are the elected commissioners serving at December 31, 2022:

Safety Committee

Alex Lazorisak, Chair

Donna Viero

Nick Saros

The Fund's by-laws provide for the formation of various other committees for the expressed purpose of assisting commissioners in the discharge of their duties. The following are the additional committees and their elected commissioners serving at December 31, 2022:

Budget Committee

Heather McNamara-Kreitz, Chair

Thomas Tucci

Beverly Konopada

Bob Calise, Advisor

By-Laws Committee

Keith Kazmark, Chair

Donna Viero

Alex Lazorisak

Coverage Committee

Beverly Konopada, Chair

Sukaina Barlas

Walter Laurencio

Legislative Committee

Donna Veiro, Chair
Steven Neale
Maureen Chumacas

New Member Development Committee

Keith Kazmark, Chair
Heather McNamara-Kreitz
Sherry Samsudeen

Nominating Committee

Heather McNamara-Kreitz, Chair
Walter Laurencio
Sukaina Barlas

Disclosure Statements

Fund commissioners are required to annually file a Financial Disclosure Statement (FDS) with the Local Finance Board pursuant to N.J.S.A. 40A:9-22.6. A review of FDSs submitted by the JIF as of the examination date indicated that all commissioners filed these statements in compliance with the statute.

Board Meetings

Minutes of meetings held by the Fund commissioners revealed adequate approval of the Fund's transactions and events. The JIF's adherence to its by-laws was validated without exceptions.

Fidelity Bond Coverage

The JIF has bonded the entire organization for crime and employee theft/forgery coverage with a per occurrence limit of \$1,000,000. This amount meets the NAIC suggested minimum as determined by the examiners' calculation. The Fund is in compliance with N.J.A.C. 11:15-2.6, paragraph (c), which requires a property and liability joint insurance fund to maintain fidelity, surety, and errors and omissions coverage for persons handling fund assets, claims, or in the position to negotiate excess insurance or reinsurance contracts, respectively.

EXCESS INSURANCE COVERAGE

Excess insurance agreements were reviewed to ensure contracts had acceptable clauses and conditions. Below is a summary of the Fund's excess reinsurance program with their respective coverage limitations.

Property

Covering all buildings including contents, locations, all emergency type vehicles, contractors' equipment, inland marine equipment, miscellaneous equipment as scheduled and on file with NJIIF to be covered for property perils with the following limits:

Flood	\$20,000,000 per occurrence and in the Annual Aggregate. \$5,000,000 per occurrence and in the Annual Aggregate for scheduled locations in Flood Zones A&V (inclusive of all 100-year exposures)
Named Windstorm	\$200,000,000 per occurrence for losses to locations in Tier 1 and Tier 2 Counties
Earthquake Shock	\$20,000,000 per occurrence and in the Annual Aggregate
Extra Expense	\$50,000,000
Miscellaneous Unnamed Locations	\$10,000,000 (vacant and unoccupied buildings sub-limited to \$2,500,000 if not schedule)
Errors and Omissions	\$50,000,000
Civil Authority & Ingress/Egress	\$100,000,000 / 30 Days / 10 Miles from Occurrence
Course of Construction	\$25,000,000 application required for project over \$15,000,000
Ordinance or Law	\$50,000,000 increased cost of construction due to the enforcement of building codes/ordinance or law (includes All Risk and Boiler & Machinery - \$2,500,000 limit for unscheduled vacant properties)
Computers & Communication Equipment	Included in Policy Limit
Combined Business Interruption	\$100,000,000
Limited if not reported by member	\$500,000,000 per named insured
Unscheduled Fine Arts	\$2,500,000
Claims Preparation Expenses	\$1,000,000
Unscheduled Watercraft	\$2,500,000 up to 27 feet
Unscheduled Infrastructure	\$750,000
Unmanned Aircraft	\$100,000 per occurrence while in Storage and In Transit Coverage subject to a \$10,000 deductible (not covered while in flight)

Mold/Fungus Resultant Damage	\$100,000 per occurrence with a \$1,000,000 Annual Aggregate per Declaration for Mold/Fungus Resultant Damage as more fully defined in the policy
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Equipment Breakdown

Boiler Explosion and Machinery Breakdown Combined Property Damage and Business Interruption/Extra Expense	\$100,000,000
Jurisdictional Inspections	Included
Per occurrence for Service/Utility /Off Premises Power Interruption	\$10,000,000
Per Occurrence for Consequential Damage/ Perishable Goods/Spoilage	Included
Per Occurrence for Electronic Data Processing Media and Data	\$10,000,000
Per Occurrence for, Per Named Insured And in the Annual Aggregate for Earthquake Resultant Damage	\$2,000,000
Per Occurrence for Hazardous Substances/ Pollutants/ Decontamination	\$10,000,000

Cyber Insurance

Covering Information Security & Privacy Insurance with Electronic Media Liability Coverage with the following limits:

Annual Policy and Program Aggregate Limit of Liability	\$40,000,000
Aggregate all coverage's combined, including claims expenses Insured/ Member Annual Aggregate Limit of Liability	\$2,000,000
Breach Response Costs (Limit is increased to \$1,000,000 if Beazley Nominated Service Providers are used)	\$500,000

Crime

Employee Theft Per Loss Coverage	\$1,000,000
Forgery or Alteration	\$1,000,000
Inside the Premises – Theft of Money and Securities	\$1,000,000
Inside the Premises – Robbery or Safe Burglary	\$1,000,000
Outside The Premises	\$1,000,000
Computer Fraud	\$1,000,000
Funds Transfer Fraud	\$1,000,000
Money Orders and Counterfeit Money	\$1,000,000
Deductible Amount Per Occurrence	\$1,000,000
Per Member Deductible	\$1,000
NJIIF Self Insured Retention	\$9,000
Excess Limit over the \$1,000,000 blanket limit for Scheduled Positions	\$500,000

Comprehensive General Liability

Provides coverage for a civil action for bodily injury, property damage, and personal injury liability to the extent to which this insurance applies arising out of the business activities of any member with the following limits:

General Liability	\$2,000,000 Combined BI & PD
General Aggregate	\$4,000,000 Other than Prod/Comp Ops
Sexual Abuse	Not Excluded
NJIIF Self Insured Retention	\$1,000,000
Basket Aggregate Attachment	\$6,000,000

Public Officials and Employment Practices Liability

NJIIF covers \$2,000,000 Limit of Liability Each Wrongful Act with an annual aggregate limit of \$4,000,000.

Law Enforcement Liability

\$1,000,000 NJIIF Self Insured Retention with limits of \$2,000,000/\$4,000,000.

Auto Liability

Auto Liability – Any One Accident	\$2,000,000 Combined Single Limit Bodily Injury & Property Damage Statutory
Personal Injury Protection Uninsured/Underinsured Motorist (UM/UIM)	\$15,000/\$30,000/\$5,000
Garagekeepers Liability	\$2,000,000
Self-Insured Retention Coverage Trigger Occurrence	\$1,000,000

Excess Liability

General Aggregate Limit	\$3,000,000 Per Member
Each Occurrence Limit	\$3,000,000
Each Occurrence, Accident, Act, or Claim	\$5,000,000
Each Member Aggregate (excluding Auto Liability which is not subject to an Aggregate)	\$5,000,000
Policy Aggregate (excluding Auto Liability which is not subject to an Aggregate)	\$5,000,000

Underlying Insurance

General Liability Coverage	\$2,000,000/\$4,000,000
Commercial Automobile Liability Coverage	\$2,000,000 CSL
Public Officials Liability Coverage	\$2,000,000/\$4,000,000
Law Enforcement Liability Coverage	\$2,000,000/\$4,000,000
Employee Benefits Liability	\$2,000,000/\$2,000,000/\$2,000,000
Excess Liability	\$3,000,000
General Liability Coverage	\$2,000,000/\$4,000,000
Commercial Automobile Liability Coverage	\$2,000,000 CSL
Public Officials Liability Coverage	\$2,000,000/\$4,000,000
Law Enforcement Liability Coverage	\$2,000,000/\$4,000,000
Employee Benefits Liability	\$2,000,000/\$2,000,000, \$2,000,000

Excess Workers' Compensation

Workers Compensation Coverage Part A	Statutory
Employer's Liability Limits: Coverage Part B	
Each Accident	\$1,000,000
Each Employee for Disease	\$1,000,000
NJIIF Self Insured Retention (for Workers Comp and Employers Liability combined)	\$1,000,000

Supplemental Workers' Compensation

Total Temporary Disability	\$300 per week up to 60 weeks – Class I \$100 per week up to 60 weeks – Class II
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Environmental Impairment Liability

EIL Limits of Liability	\$1,000,000 each incident
Policy Aggregate	\$10,000,000
NJIIF Self-Insured Retention	\$75,000

FINANCIAL STATEMENTS

Financial Exhibits have been prepared based on the annual audit reports produced by LVB and filed by NJIIF with the NJDOBI in accordance with N.J.S.A. 40A:10-46. These statements, which were prepared consistent with generally accepted insurance accounting principles applicable to governmental units, are summarized below and furnished in the next four pages.

Exhibit-A Statutory Balance Sheet (P&L)
 as of December 31, 2022

Exhibit-A Statutory Balance Sheet (WC)
 as of December 31, 2022

Exhibit-B Statutory Income Statement (P&L)
 as of December 31, 2022

Exhibit-B Statutory Income Statement (WC)
 as of December 31, 2022

EXHIBIT-A: Statutory Balance Sheet (P&L)

As of December 31, 2022

	<u>Per Examination</u> <u>12/31/22</u>	<u>Per Fund</u> <u>12/31/22</u>	<u>Examination</u> <u>Change</u>	<u>Note</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$ 37,891,681	\$ 37,891,681	\$ -	
Member Loan	213,973	213,973	-	
Accrued Interest	54,604	54,604	-	
Specific Excess Insurance	2,749,852	2,749,852	-	
Aggregate Excess Insurance	22,364,241	22,364,241	-	
Other	150,000	150,000	-	
Prepaid Items	951,109	951,109	-	
Total Assets	\$ 64,375,460	\$ 64,375,460	\$ -	
<u>Liabilities</u>				
Accounts Payable	\$ 69,400	\$ 69,400	\$ -	
Unearned Revenue	17,003	17,003	-	
Due to WC Fund	1,319,291	1,319,291	-	
Claim Stabilization Reserve	1,329,000	1,329,000	-	
Case Reserves	22,436,673	22,436,673	-	1
IBNR Reserves	26,889,748	26,889,748	-	1
Total Liabilities	\$ 52,061,115	\$ 52,061,115	\$ -	
<u>Net Position</u>				
Statutory Surplus - Unrestricted	\$ 12,314,345	\$ 12,314,345	\$ -	2
Total Net Position	\$ 12,314,345	\$ 12,314,345	\$ -	

EXHIBIT-A: Statutory Balance Sheet (WC)

As of December 31, 2022

	<u>Per Examination</u> <u>12/31/22</u>	<u>Per Fund</u> <u>12/31/22</u>	<u>Examination</u> <u>Change</u>	<u>Note</u>
Assets				
Cash & Cash Equivalents	\$ 25,029,151	\$ 25,029,151	\$ -	
Assessments	51,306	51,306	-	
Accrued Interest	37,533	37,533	-	
Due from P&L Fund	1,319,291	1,319,291	-	
Specific Excess Insurance	2,755,277	2,755,277	-	
Aggregate Excess Insurance	2,273,627	2,273,627	-	
Total Assets	\$ 31,466,185	\$ 31,466,185	\$ -	
Liabilities				
Accounts Payable	\$ 104,036	\$ 104,036	\$ -	
Unearned Revenue	50,524	50,524	-	
Claim Stabilization Reserve	1,771,000	1,771,000	-	
Case Reserves	18,585,188	18,585,188	-	1
IBNR Reserves	23,094,599	23,094,599	-	1
Total Liabilities	\$ 43,605,347	\$ 43,605,347	\$ -	
Net Position				
Statutory Surplus - Unrestricted	\$ (12,139,162)	\$ (12,139,162)	\$ -	2
Total Net Position	\$ (12,139,162)	\$ (12,139,162)	\$ -	

EXHIBIT-B: Statutory Income Statement (P&L)

As of December 31, 2022

	<u>Per Examination</u> <u>12/31/22</u>	<u>Per Fund</u> <u>12/31/22</u>
<u>Operating Revenue</u>		
Regular Assessments	\$ 11,323,503	\$ 11,323,503
Supplemental Assessments	-	-
Total Operating Revenue	\$ 11,323,503	\$ 11,323,503
<u>Operating Expenses</u>		
Benefits Paid to/for Participants	\$ 6,701,248	\$ 6,701,248
Excess/ Aggregate Insurance Recoverable	(1,605,651)	(1,605,651)
Claim Stabilization Reserve	100,000	100,000
Case Reserves	(346,512)	(346,512)
IBNR Reserves	1,672,140	1,672,140
Excess/ Aggregate Insurance Premiums	3,517,069	3,517,069
General and Administrative	1,203,931	1,203,931
Total Operating Expenses	\$ 11,242,225	\$ 11,242,225
Operating Income	\$ 81,278	\$ 81,278
<u>Non-Operating Revenue</u>		
Interest Income	\$ 261,492	\$ 261,492
Total Non-Operating Revenue	\$ 261,492	\$ 261,492
Change in Net Position	\$ 342,770	\$ 342,770
Net Position - Beginning of Year	11,971,575	11,971,575
Less: Distribution to Participating Members	-	-
Net Position - End of Year	\$ 12,314,345	\$ 12,314,345

EXHIBIT-B: Statutory Income Statement (WC)

As of December 31, 2022

	<u>Per Examination</u> <u>12/31/22</u>	<u>Per Fund</u> <u>12/31/22</u>
<u>Operating Revenue</u>		
Regular Assessments	\$ 10,468,335	\$ 10,468,335
Supplemental Assessments	-	-
Total Operating Revenue	<u>\$ 10,468,335</u>	<u>\$ 10,468,335</u>
<u>Operating Expenses</u>		
Benefits Paid to/for Participants	\$ 9,431,287	\$ 9,431,287
Excess/ Aggregate Insurance Recoverable	801,597	801,597
Excess/ Aggregate Insurance Premiums	868,841	868,841
General and Administrative	1,309,929	1,309,929
Claim Stabilization Reserve	100,000	100,000
Case Reserves	(650,098)	(650,098)
IBNR Reserves	335,964	335,964
Total Operating Expenses	<u>\$ 12,197,520</u>	<u>\$ 12,197,520</u>
Operating Loss	<u>\$ (1,729,185)</u>	<u>\$ (1,729,185)</u>
<u>Non-Operating Revenue</u>		
Interest Income	\$ 167,576	\$ 167,576
Total Non-Operating Revenue	<u>\$ 167,576</u>	<u>\$ 167,576</u>
Change in Net Position	<u>\$ (1,561,609)</u>	<u>\$ (1,561,609)</u>
Net Position - Beginning of Year	(10,577,553)	(10,577,553)
Less: Distribution to Participating Members	-	-
Net Position - End of Year	<u>\$ (12,139,162)</u>	<u>\$ (12,139,162)</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - IBNR and Case Reserves

A review by the NJDOBI Actuarial Unit indicated the reserves established by the Fund were reasonably stated. Data supporting the Fund's actuarial calculation was reconciled to supporting records. Random samples of case reserves and loss payments were selected and verified to source documents.

Note 2 - Statutory Surplus

At year-end December 31, 2022, the P&L reported a surplus of \$12,314,345 compared to a surplus of \$7,124,754 reported as of December 31, 2015, showing an improvement of its Net Position by approximately 73% since the last exam. At year-end December 31, 2022, the WC reported a deficit of (\$12,139,162) compared to a deficit of (\$6,182,717) reported as of December 31, 2015, a deterioration of its Net Position by approximately 96% since the last exam.

The Fund states that they monitor the WC's financial condition as the year end case reserves and IBNR mature to ensure that resources are available to meet their claim obligations. See *Subsequent Events* section below.

SUBSEQUENT EVENTS

Merger of Funds

On November 10, 2022, the Fund's Executive Committee approved by resolution the merger of the P&L and WC funds to help address WC's deficit. The merger was effective January 1, 2023. The Fund states that the operations and risk management plan will not be affected by the merger.

Fund Membership

The JIF had 25 members as of December 31, 2024, reflecting four additional members that joined the Fund during the two years subsequent to the examination date. These members were as follows:

Borough of Totowa
Township of Parsippany-Troy Hills
Borough of Milltown
Bridgewater Township


Statutory Surplus

At year-end December 31, 2023, as a result of the merger of the P&L and WC funds, the JIF reported an overall surplus of \$3,402,838, which is \$3.2 million more than, on a comparative basis, the combined surplus of \$175,183 reported as of December 31, 2022. At year-end December 31, 2024, the JIF reported a surplus of \$4,183,027, which is \$780,189 more than the surplus of \$3,402,838 reported as of December 31, 2023. These surplus numbers indicate a strengthening of the Fund's Net Position and a resolution of deficit balances reported in previous years.

CONCLUSION


The statutory examination was conducted remotely by the undersigned with the assistance of the NJDOBI field and office staff. Tests and analyses applied to the foregoing report items did not yield any reportable recommendations. The courteous cooperation and assistance extended during the course of this examination by the employees of the Fund is acknowledged.

Respectfully submitted,



Juan P. Collado, Insurance Examiner 1
Examiner-In-Charge, NJDOBI




3/11/2026