

**Atlantic County Insurance Commission  
2016 Plan of Risk Management  
Amended February 11, 2016**

BE IT RESOLVED by the Insurance Commission's governing body that effective 1/1/16 the 2016 Plan of Risk Management shall be:

1.) The perils or liability to be insured against.

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

- Non-Owned Aircraft Liability

2.) The limits of coverage.

a.) Workers' Compensation limits.

- The Insurance Commission covers \$750,000 per occurrence including:
  - Employer's Liability - \$750,000 per occurrence.
  - USL&H - \$750,000 per occurrence.
  - Harbor Marine/Jones Act - \$750,000 per occurrence.
- The NJC covers excess workers compensation claims to the following limits.
  - Workers' Compensation - Statutory excess of the Insurance Commission's \$750,000.
  - Employer's Liability - at a sub-limit of \$20,250,000 excess of the Insurance Commission's \$750,000.
  - USL&H - \$250,000 less NJ State benefits excess of member's SIR of \$750,000.
  - Harbor Marine/Jones Act - \$250,000 less NJ State benefits excess of member's SIR of \$750,000.

NJC retains limits of \$250,000 excess \$750,000 for Workers Compensation and Employers Liability. NJC purchases from Safety National Casualty Company 'Statutory' Workers Compensation limits excess of \$1,000,000 and \$5,000,000 excess of \$1,000,000 SIR for Employers Liability. Additional Employers Liability limits of \$10,000,000 per occurrence/aggregate excess of \$6,000,000 are purchased from Underwriters at Lloyd and \$5,000,000 per occurrence/aggregate purchased from National Casualty Company excess of underlying from Safety National Casualty.

b.) General Liability limits.

- The Insurance Commission covers \$500,000 per occurrence.
  - Law Enforcement - included in the General Liability limits.

- Employee Benefits Liability - included in the General Liability limits.
  - Subsidence - \$500,000 per occurrence
  - Owned Watercraft 35' in length or less - \$500,000.
  - Garagekeepers Legal Liability - \$500,000
- The NJC covers excess liability claims as follows:
    - General Liability - \$15,250,000 excess the Insurance Commission's \$500,000. The \$10,000,000 excess \$500,000 SIR is subject to a \$20,000,000 annual aggregate per member insurance commission for the policy period of 1/1/16-17. The \$5,000,000 excess \$10,500,000 commercial excess layer is subject to a \$5,000,000 annual aggregate limit.
    - Law Enforcement - included in the NJC's excess General Liability limits.
    - Employee Benefits Liability - included in the NJC's excess General Liability limits.
    - Subsidence - \$250,000 per occurrence excess of the Insurance Commission's \$500,000. NJC retains 100% of the limit excess of the Member's retention.
    - Owned Watercraft 35' in length or less - \$250,000 excess of the Insurance Commission's \$500,000. NJC retains 100% of the limit excess of the Member's retention.
    - Garagekeepers Legal Liability - \$250,000 excess of the Insurance Commission's \$500,000. NJC retains 100% of the limit excess of the Member's retention.

NJC retains limits of \$250,000 excess \$500,000 and purchases from Underwriters at Lloyds limits of \$10,000,000 per occurrence and a \$20,000,000 aggregate for the annual policy period 1/1/16-17 excess over and above \$500,000. NJC also purchases from National Casualty limits of \$5,000,000 per occurrence and a \$5,000,000 annual aggregate (1/1/16-1/1/17) excess over and above the \$10,000,000/\$20,000,000 with Underwriters at Lloyds.

c.) Automobile Liability limits.

- The Insurance Commission covers automobile liability claims as follows:
  - Automobile Bodily Injury and Property Damage Liability claims at a combined single limit of \$500,000.
  - The Insurance Commission covers \$250,000 for Personal Injury Protection (PIP) per Addendum I of this Plan.
  - The Insurance Commission covers \$15,000/\$30,000/5,000 for Underinsured/Uninsured Motorists Liability per Addendum II of this Plan.
- The NJC covers excess automobile liability claims as follows:
  - Automobile Bodily Injury and Property Damage Liability claims excess of the Insurance Commission's \$500,000 CSL limit. Included in the NJC's excess General Liability limits as shown above.

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NJC retains limits of \$250,000 excess \$500,000 and purchases from Underwriters at Lloyds limits of \$10,000,000 per occurrence and a \$20,000,000 aggregate for the annual policy period 1/1/16-17 excess over and above \$500,000. NJC also purchases from National Casualty limits of \$5,000,000 per occurrence and a \$5,000,000 annual aggregate (1/1/16-1/1/17) excess over and above the \$10,000,000/\$20,000,000 with Underwriters at Lloyds.

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

The excess general liability, auto liability, law enforcement liability and employers liability limits with Underwriters at Lloyds and National Casualty are per member Commission and are shared limits amongst ACIC member entities.

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

- The NJC via the commercial market covers public officials liability, school board legal liability (where applicable) and employment practices liability as follows:

- \$10,000,000 each claim and in the annual aggregate on a claims made basis per member Insurance Commission subject to the retentions as outlined below:

- County of Atlantic POL Coverage - \$500,000
- County of Atlantic EPL Coverage - \$250,000
- Atlantic County UA - \$15,000 POL/\$35,000 EPL
- Atlantic County IA - \$10,000 POL/\$10,000 EPL

e.) Excess Public Officials Liability/Employment Practices Liability/School Board Legal Liability:

- The NJC does not purchase an additional excess public officials liability/school board legal liability/employment practices liability program.

f.) Medical Professional General Liability/Excess Medical Professional

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

- Limit per claim/annual aggregate: \$1,000,000/\$3,000,000
  - This primary aggregate limit is shared by each member entity of each NJC member Commission.
- Excess Limit annual aggregate: \$20,000,000/\$20,000,000
  - Excess Limit is a Shared limit with BCIC, CCIC, GCIC, MCIC, CuCIC and SCIC
- Member Entity Retention GL and PL:
  - Atlantic County Clinic/Public Health Nurses – \$1,000,000
  - University of Medicine and Dentistry (GL Only) – Atlantic County \$1,000,000

g.) Employed Lawyers Professional Liability

The NJC via the commercial market provides employed lawyers professional liability coverage at the following limits and deductibles (the Insurance Commission retains no risk for employed lawyer's professional liability):

- Limit per claim and annual aggregate:  
\$5,000,000/\$10,000,000
- Member Entity Self Insured Retentions: County of Atlantic \$25,000

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

i.) Property/Equipment Breakdown

Property Limits/Sub-limits

- The Insurance Commission covers \$100,000 per occurrence less applicable member entity per occurrence deductibles.
- The NJC provides excess property coverage and equipment breakdown coverage via the commercial market with Zurich and excess property coverage with Mitsui Sumitomo Insurance Company of America (33.33%); Scottsdale Insurance Company (33.33%); Starr Companies (33.33%) quota share basis with the following limits (*SHARED BY ALL NJC MEMBER COMMISSIONS AND THEIR MEMBER ENTITIES*) excess of the member retention and member entity per occurrence deductibles:

Property per Occurrence Limits:

- A. \$110,000,000 Per Occurrence with Zurich excess \$100,000 retention
- B. \$150,000,000 Per Occurrence with Mitsui Sumitomo Insurance Company of America (33.33%); Scottsdale Insurance Company (33.33%); Starr Companies (33.33%) excess underlying \$110,000,000
- C. \$260,000,000 per Occurrence Total Program Limit

Property Sub-Limits:

- Named Storm Wind and Hail - \$160,000,000 per occurrence for covered property east of GSP for Atlantic, Ocean, Monmouth and Burlington counties and all of cape May County
- Earthquake - \$200,000,000 (Annual Aggregate)
- Flood - \$100,000,000 (Annual Aggregate) Except;
  - Flood Inside Special Flood Hazard Area (SFHA) - \$25,000,000
- Asbestos Cleanup - \$50,000 per occurrence
- Valuable Paper And Records - \$10,000,000

- Accounts Receivable - \$10,000,000
- Demolition & Increased Cost of Construction - \$25,000,000
- Business Interruption -Included in \$110,000,000 blanket limit (Business Income On Revenue Producing Property Only)
- Extra Expense – \$10,000,000
- Transit- \$1,000,000 Per Conveyance/\$1,000,000 Per Occurrence(including contents not affixed to a member entity vehicle)
- Fine Arts - \$2,500,000 (Owned And Non Owned)
- Pollution And Contamination Cleanup (Limited) - \$250,000 (Annual Aggregate)
- Miscellaneous Unnamed Locations - \$10,000,000
- Builders' Risk - \$25,000,000 (the lesser of \$1,000,000 sublimit or 60 days for soft costs, subject to applicable deductible per cause of loss and 24 hour qualifying period)
- New Construction and Additions – \$25,000,000 per location (90 day reporting period)
- Service Interruption - \$10,000,000 Combined Time Element and Property Damage Including Overhead Transmission Lines within 1 mile of insured premises, 24 hour qualifying period)
- Ingress/Egress – 30 Day Period for Property with a 5 mile radius not to exceed a \$5,000,000 limit
- Debris Removal -\$25,000,000
- Civil Government Authority – Lesser of \$5,000,000 or 30 day period, within 5 mile radius
- Leasehold Interest - \$15,000,000
- Loss Of Rents - \$15,000,000
- Professional Fees - \$1,250,000
- Extended Period of Liability – 365 Days
- Auto Physical Damage - \$15,000,000 (including contents and equipment affixed to a member entity vehicle)
- Underground Piping - \$5,000,000 (only if within 5 MILES of a pump station, process plant, metering pit, wells or similar operational locations which are owned, leased, used occupied or intended for use by the member entity). There is no coverage for the perils of earthquake, Flood or named Storm
- EDP Equipment – Subject to a 24 hour qualifying period. No sub-limit for equipment. \$1,000,000 sublimit for data and software
- Outdoor Property - \$10,000,000
- Equipment Breakdown - \$100,000,000

- Ammonia Contamination - \$5,000,000
- Spoilage - \$5,000,000
- Extended Period Of Indemnity - 365 Days

Notes:

- There is an Excess Property Policy with Mitsui Sumitomo Insurance Company of America (33.33%); Scottsdale Insurance Company (33.33%); Starr Companies (33.33) on a quota share basis which extends the Per Occurrence Policy Limits by \$150,000,000 to a total of \$260,000,000. Coverage sub-limits on the Primary policy are excluded by the Excess Property policy, including Equipment Breakdown. The primary limit is \$110,000,000.
- There is an Excess Flood/Earthquake policy placed with Aspen Specialty (20%)/AXIS Surplus (20%)/United Specialty (20%)/Endurance American Specialty(10%)/Interstate Fire & Casualty (10%)/RSUI Indemnity (10%)/Westchester Surplus (10%) which provides:
  - \$50,000,000 aggregate policy limit for Flood coverage excess of the aggregate policy limits provided by Zurich (\$25,000,000 for locations inside the 100-Year Flood Zone, \$50,000,000 for all other locations, as noted above); and
  - \$100,000,000 aggregate policy limit for Earthquake coverage excess of the \$100,000,000 aggregate policy limit provided by Zurich (noted above).

Property Deductibles

- The standard member insurance commission retention is \$100,000 per occurrence less member entity per occurrence deductibles below. Also applies to time element, auto physical damage and flood (except as noted below).
  - Atlantic County - \$25,000 Property and \$5,000 Auto Physical Damage
  - Atlantic County Free Library-(Included with the County)
  - Meadowview Nursing Home (Included with the County)
  - Atlantic County UA - \$5,000 Property and \$1,000 Auto Physical Damage
  - Atlantic County IA - \$5,000 Property and \$1,000 Auto Physical Damage
- The Equipment Breakdown deductible is \$25,000 deductible per occurrence for Atlantic County. The Equipment Breakdown



deductible is \$5,000 for Atlantic County Improvement Authority and Atlantic County Utilities Authority.

- The Earthquake Member Insurance Commission retention is \$100,000 less the per occurrence member entity deductibles. However, if there is a loss from a single occurrence involving multiple entities, the maximum occurrence deductible will be \$100,000
- The Flood Member Insurance Commission retention is \$100,000 per occurrence (combined property damage and time element) less member entity per occurrence deductibles. However, if there is a loss from a single occurrence involving multiple entities, the maximum occurrence deductible will be \$100,000.
- Flood loss for property within the Special Flood Hazard Area (SFHA) is subject to a deductible of \$500,000 each building for municipality buildings, and \$500,000 each building for building contents member entity deductible per occurrence; and \$100,000 for each building for loss of income or the National Flood Insurance Plan's (NFIP) maximum available limits for public entities, whichever is greater, regardless of whether National Flood Insurance program coverage is purchased or not.
- Losses shall also be adjusted subject to a \$100,000 per occurrence Insurance Commission deductible for pumping stations, pistol ranges, vehicles and mobile equipment less the applicable member entity deductible.
- "Named Storm as respects to covered property in Atlantic, Ocean, Monmouth and Burlington Counties located east of the Garden State Parkway and any covered property in Cape May County"  
For Property Damage: subject to a deductible of 1% of the value, per the Schedule of Values on file with the company as of the date of loss, for those Buildings where the direct physical loss or damage occurred, per occurrence; For Time Element: 1% of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the occurrence by use of the facilities at the Location where the direct physical loss or damage occurred and all other Locations where Time Element loss ensues, per occurrence. The 1% Time Element deductible does not apply Extra Expense. Combined PD and TE deductible subject to a minimum deductible of \$250,000 per Location and a maximum deductible of \$1,000,000 per occurrence. The "Named Storm" deductible is a per member entity deductible. Note: The Atlantic

County Insurance Commission provides coverage for the difference in deductible for “insured property” resulting from “insured perils” (per the terms and conditions of the Zurich policy through the NJC JIF), but only for what is not reimbursed by FEMA less the member entity deductible. The Atlantic County Insurance Commission will not provide coverage for the difference in deductible for time element loss.

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

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

- Underground Piping \$100,000 per occurrence less the member entity deductibles as stated above. There is no coverage for the perils of Earthquake, Flood or Named Storm.
- Golf Carts - \$25,000

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

g.) Crime

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

Limit per occurrence:

- County of Atlantic (Including Meadowview Nursing Home) – \$1,500,000
- Atlantic County UA - \$1,000,000
- Atlantic County Improvement Authority - \$1,000,000

Deductible per occurrence:

- County of Atlantic (Including Meadowview Nursing Home) – \$25,000
- Atlantic County UA - \$15,000
- Atlantic County Improvement Authority – \$15,000

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

h.) Pollution Liability

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

- Limit of Liability: \$1,500,000 per claim and \$1,500,000 annual aggregate-Atlantic County UA only.
- Member Entity Deductible: \$25,000
- New Member Entity Effective Dates: 01/01/16-19

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

All policy aggregates limits are shared by the NJC member Commissions of Gloucester, Camden, Union, Burlington, Atlantic County, Salem and Cumberland and their respective member entities.

i.) Medical Professional General Liability/Excess Medical Professional

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

- Limit per claim/annual aggregate: \$1,000,000/\$3,000,000
  - This primary aggregate limit is shared by each member entity of each NJC member Commission.
- Excess Limit annual aggregate: \$20,000,000/\$20,000,000
  - Excess Limit is a Shared limit with CCIC, BCIC, GCIC, CUIC and SCIC.
- Member Entity Deductibles GL and PL:
  - Meadowview Nursing Home – \$1,000,000
  - Atlantic County Clinic/Public Health Nurses - \$1,000,000
  - University of Medicine and Dentistry (GL Only) – Atlantic County - \$1,000,000

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

j.) Employed Lawyers Professional Liability effective 1/1/16-17

The NJC via the commercial market provides employed lawyers professional liability coverage at the following limits and retention (the Insurance Commission retains no risk for employed lawyers' professional liability):

- Limit per claim and annual aggregate:  
\$5,000,000/\$10,000,000
- Member Entity Self Insured Retentions:
  - Atlantic County \$25,000 (8 Attorneys)
  - All Other Entities: Not applicable

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

k.) Cyber Liability – Network Privacy & Security Liability

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

Atlantic County (Effective 1/1/16 to 1/1/17):

- Limits per claim and annual aggregate:
  - Security & Privacy Liability: \$1,000,000
    - regulatory sub-limit: \$1,000,000
  - Network Interruption (12 hour period): \$1,000,000
  - Event Management: \$250,000
  - Cyber Extortion: \$ 1,000,000
  - Minimum affected individuals: 250
  - Maximum affected individuals: \$500,000
  
- Retention per member entity:
  - Security & Privacy Liability: \$25,000
    - Regulatory: \$25,000
  - Network Interruption (12 hour period): \$25,000
  - Event Management: \$25,000
  - Cyber Extortion: \$ 50,000
  - Minimum affected individuals: 250
  - Maximum affected individuals: \$500,000

Atlantic County Utilities Authority (Effective 1/1/16 to 1/1/17):

- Limits per claim and annual aggregate:
  - Security & Privacy Liability: \$1,000,000
    - regulatory sub-limit: \$1,000,000
  - Network Interruption (12 hour period): \$250,000
  - Event Management: \$250,000
  - Cyber Extortion: \$ 1,000,000
  - Minimum affected individuals: 100
  - Maximum affected individuals: \$500,000
  
- Retention per member entity:
  - Security & Privacy Liability: \$25,000
    - Regulatory: \$25,000
  - Network Interruption (12 hour period): \$25,000
  - Event Management: \$25,000
  - Cyber Extortion: \$ 25,000
  - Minimum affected individuals: 100
  - Maximum affected individuals: \$500,000

Atlantic County Improvement Authority (Effective 1/1/16 to 1/1/17):

- Limits per claim and annual aggregate:
  - Security & Privacy Liability: \$1,000,000
    - regulatory sub-limit: \$500,000
  - Network Interruption (12 hour period): \$250,000
  - Event Management: \$250,000
  - Cyber Extortion: \$ 1,000,000
  - Privacy Event Services Coverage:
  - Minimum affected individuals: 100
  - Maximum affected individuals: \$250,000
  
- Retention per member entity:
  - Security & Privacy Liability: \$10,000
    - Regulatory: \$10,000
  - Network Interruption (12 hour period): \$10,000
  - Event Management: \$25,000
  - Cyber Extortion: \$10,000
  - Privacy Event Services Coverage:
  - Minimum affected individuals: 100
  - Maximum affected individuals: \$250,000

**NOTE: \* Each Member entity is responsible for paying up to its individual self insured retention on those ancillary lines of insurance purchased from the commercial market via NJCJIF.**

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

- 3.) The amount of risk to be retained by the Insurance Commission (except as noted in section 2. Limits of coverage).
- a.) Workers' Compensation (all coverages) - \$750,000 CSL
  - b.) General Liability (all coverages) - \$500,000 CSL
  - c.) Law Enforcement Liability – Included in General Liability
  - d.) Automobile Liability

- Property Damage & Bodily Injury - \$500,000 CSL
  - Underinsured/Uninsured - \$15,000/\$30,000/\$5,000 CSL
  - Personal Injury Protection - \$250,000 CSL
- e.) Public Officials Liability/School Board Legal/Employment Practices Liability - None
- f) Property/APD - \$100,000 per occurrence less member deductibles.
- g) Equipment Breakdown – \$25,000 for Atlantic County, \$20,000 excess \$5,000 for Atlantic County Utilities Authority and \$20,000 excess \$5,000 for Atlantic County Improvement Authority
- h) Crime – None
- i) Pollution Liability – None
- j) Medical Professional General Liability – None
- k) Employed Lawyers Liability – None
- l) Cyber Liability - None

4.) The amount of unpaid claims to be established.

- a.) The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Insurance Commission expects the claims servicing company to set reserves at 85% accuracy. The Insurance Commission also establishes reserves recommended by the Insurance Commission's Actuary for claims that have been incurred but not yet reported so that the Insurance Commission has adequate reserves to pay all claims and allocated loss adjusted expense liability.
- b.) Claims reserves are subject to regular review by the Insurance Commission's Executive Director/Administrator, Attorney, Board of Commissioners and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the Insurance Commission either directly or through the NJC JIF.

5.) The method of assessing contributions to be paid by each member of the Insurance Commission.

- a.) By November 15th of each year, the actuary computes the probable net cost for the upcoming Insurance Commission year by line of coverage and for each prior Insurance Commission year. The Actuary includes all budget items in these computations. The annual assessment of each participating member entity is its pro rata share of the probable net cost of the upcoming Insurance Commission year for each line of coverage as computed by the Actuary.
- b.) The calculation of pro rata shares is based on each member's experience modified manual premium for that line of coverage. The Insurance Commission's Governing Body also adopts a capping formula which limits the increase of any member's assessment from the preceding year to the Insurance Commission wide average increase plus a percentage selected by the Governing Body. The total amount of each member's annual assessment is certified by majority vote of the Insurance Commission's Governing Body at least one (1) month prior to the beginning of the next fiscal year.
- c.) The Treasurer deposits each member's assessment into the appropriate accounts, including the administrative account, and the claim or loss retention trust Insurance Commission account by Insurance Commission year for each type of coverage in which the member participates.
- d.) If a member entity becomes a member of the Insurance Commission or elects to participate in a line of coverage after the start of the Insurance Commission year, such participant's assessments and supplement assessments are reduced in proportion to that part of the year which had elapsed.
- e.) The Insurance Commission's Governing Body may by majority vote levy upon the participating member entities additional assessments wherever needed or so ordered by the Commissioner of Insurance to supplement the Insurance Commission's claim, loss retention or administrative accounts to assure the payment of the Insurance Commission's obligations. All supplemental assessments are charged to the participating member entities by applicable Insurance Commission year, and shall be apportioned by the year's assessments for that line of coverage.
- f.) Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Insurance Commission fail to assess funds required to meet its obligations, the Chairman, or in the event by his or her failure to do so, the custodian of the Insurance Commission's assets, shall notify the Commissioner of Insurance and the Director of Community Affairs. Past due assessments shall



bear interest at the rate established annually by the Insurance Commission's Governing Body.

6.) Procedures governing loss adjustment and legal expenses.

- a.) The Insurance Commission engages a claims service company to handle all claims. The performance of the claims adjusters is monitored and periodically audited by the Executive Director's office, the Insurance Commission Attorney, the NJC's attorney's office, as well as the claims department of the NJC's five major excess insurers (i.e. Underwriters at Lloyds, National Casualty for excess liability; Safety National Casualty Company for workers' compensation). Every three years, the NJC's internal auditors also conduct an audit.
- b.) Each member entity is provided with a claims reporting procedure and appropriate forms.
- c.) In order to control workers' compensation medical costs, the Insurance Commission has engaged a managed care organization (MCO) *through the claims service company* whose procedures are integrated into the Insurance Commission's claims process.
- d.) To provide for quality defense and control costs, the Insurance Commission has established an approved defense attorney panel with firms which specialize in Title 59 matters. The performance of the defense attorneys is overseen by the Insurance Commission Attorney, as well as, the various firms which audit the claims adjusters.

7.) Coverage to be purchased from a commercial insurer, if any.

The Insurance Commission does not purchase commercial insurance.

8.) Reinsurance to be purchased.

The Insurance Commission does not purchase reinsurance.

9.) Procedures for the closure of Insurance Commission years, including the maintenance of all relevant accounting records.

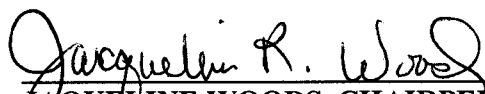
- a.) Not applicable at this time.

10.) Assumptions and Methodology used for the calculation of appropriate reserves requirements to be established and administered in accordance with sound actuarial principles.

- a.) The general approach in estimating the loss reserves of the Insurance Commission is to project ultimate losses for each Insurance Commission year using paid and incurred loss data. Two traditional actuarial methodologies are used: the paid loss development method and the incurred loss development method. From the two different indications resulting from these methods the Insurance Commission Actuary chooses a "select" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or Insurance Commission funding requirement.
- b.) The following is an overview of the two actuarial methods used to project the ultimate losses.
- Paid Loss Development Method - This method uses historical accident year paid loss patterns to project ultimate losses for each accident year. Because this method does not use case reserve data, estimates from it are not affected by changes in case reserving practices. However, the results of this method are sensitive to changes in the rate of which claims are settled and losses are paid, and may underestimate ultimate losses if provisions are not included for very large open claims.
  - Case Incurred Loss Development Method - This method is similar to the paid loss development method except it uses historical case incurred loss patterns (paid plus case outstanding reserves) to estimate ultimate losses. Because the data used includes case reserve estimates, the results from this method may be affected by changes in case reserve adequacy.
- 11.) The maximum amount a certifying and approving officer may approve pursuant to N.J.A.C. 11:15-2.22.
- \$15,000 for workers compensation claims
  - \$7,500 for liability claims
  - With the advance approval of the Insurance Commission Attorney or Executive Director, the certifying and approving officer may also pay hospital bills if waiting until after the next regularly scheduled Insurance Commission meeting would result in the loss of a discount on such bills. When the certifying and approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.

Adopted by the Governing Body this 8th day of January, 2016.

**ATLANTIC COUNTY INSURANCE COMMISSION**

  
\_\_\_\_\_  
JACQUELINE WOODS, CHAIRPERSON

ATTEST:

  
\_\_\_\_\_  
TAMMI ROBBINS, VICE- CHAIRPERSON

**ADDENDUM I**

2016 Risk Management Plan

Addendum #1  
NEW JERSEY PERSONAL INJURY PROTECTION

With respect to coverage provided by this Addendum, the provisions of Policy PK1019016 – Coverage forms CA 00 01 12 93, IL 00 17 11 98, IL 00 21 07 02, IL 02080702 apply unless modified by this Addendum for a covered **auto** licensed or principally garaged in, or **garage operations** conducted in, New Jersey

This Addendum is effective January 1, 2016.

**MEDICAL EXPENSE BENEFITS DEDUCTIBLE**

The medical expense benefits are subject to a deductible of \$250 per **occurrence**.

Medical expense benefits applicable to:

A. The **named insured** and, if the **named insured** is an individual, any **family members** will be subject to a deductible of \$250 per **occurrence**.

B. **insured persons** other than the **named insured** and, if the **named insured** is an individual, any **family members** shall be subject to a separate deductible of \$250 per **occurrence**.

**MEDICAL EXPENSE BENEFITS CO-PAYMENT**

Medical expense benefits are subject to a co-payment of 20% per **occurrence** for amounts payable between the applicable deductible and \$5,000.

**DELETION OF BENEFITS OTHER THAN MEDICAL EXPENSES OPTION**

All Personal Injury Protection benefits other than medical expense benefits are deleted with respect to the **named insured** and, if the **named insured** is an individual, any **family members**, when indicated to the left. Refer to the Deletion Of Benefits Other Than Medical Expenses Provision.

**MEDICAL EXPENSE BENEFITS-AS-SECONDARY OPTION**

If the **named insured** is an individual, medical expense benefits with respect to the **named insured** and **family members**, are secondary to the health benefits plans under which the **named insured** and **family members** are insured, when indicated to the left.

A. Coverage

1. **Personal Injury Protection**

We will pay personal injury protection benefits for **bodily injury** sustained by an **eligible injured person** or an **insured person** caused by an **occurrence** occurring during the Policy period within the United States of America, its territories or possessions or Canada and arising out of the ownership, maintenance or use, including loading or unloading, of a **private passenger auto** as an auto.

These Personal Injury Protection Benefits consist of:

a. **Medical Expense Benefits**

An amount not exceeding **\$250,000** per person per **occurrence** for reasonable and necessary expenses incurred for medical, surgical, rehabilitation and diagnostic treatments and services, hospital expenses, ambulance or transportation services, medication and non-medical expenses that are prescribed by a treating **health care provider** for a permanent or significant brain, spinal cord or disfiguring injury.

Non-medical expense means charges for products and devices, not exclusively used for medical purposes or as durable medical equipment, such as vehicles, durable goods, equipment, appurtenances, improvements to real or personal property, fixtures and services and activities such as recreational activities, trips and leisure activities.

All medical expenses must be rendered by a **health care provider**, be **clinically supported** and consistent with the symptoms, diagnosis or indications of the **insured**. They must also be consistent with the most appropriate level of service that is in accordance with the standards of good practice and standard professional treatment protocols, including care paths for an **identified injury**. They must not be rendered primarily for the convenience of the **insured** or **health care provider** nor may they involve unnecessary testing or treatment.

However, medical expenses include any nonmedical remedial treatment rendered in accordance with recognized religious methods of healing.

b. **Income Continuation Benefits**

An amount not exceeding a limit of \$100 per week and a total limit of \$5,200 payable for the loss of income of an **income producer** during his or her lifetime, as a result of **bodily injury** disability, not to exceed net **income** normally earned during the period in which benefits are payable.

c. **Essential Services Benefits**

An amount not exceeding a limit of \$12 per day and a total limit of \$4,380 payable to an **eligible injured person** as reimbursement for payments made to others, for substitute essential services of the type actually rendered during his or her lifetime and which he or she would ordinarily have performed not for **income** but for the care and maintenance of himself or herself and persons related to the **eligible injured person** by blood, marriage or adoption (including a ward or foster child) who are residents of the same household as the **eligible injured person**.

d. **Death Benefits**

The amount or amounts payable in the event of the death of an **eligible injured person** as determined below:

- (1) If the **eligible injured person** was an **income producer** at the time of the **occurrence**, an amount equal to the difference between \$5,200 and all basic income continuation benefits paid for any loss of **income** resulting from his or her injury prior to his or her death;
- (2) If the **eligible injured person** ordinarily performed essential services for the care and maintenance of himself or herself, his or her family or family household, an amount equal to the difference between \$4,380 and all basic essential services benefits paid with respect to his or her injury prior to death.

e. **Funeral Expense Benefits**

An amount not exceeding \$1,000 of reasonable funeral, burial and cremation expenses incurred.

2. **Pedestrian Personal Injury Protection**

This coverage applies to **pedestrians** and only to **occurrences** which occur during the Policy period in New Jersey. With respect to an **insured motor vehicle** as described for this Coverage, Pedestrian Personal Injury

Protection Coverage is the only Personal Injury Protection Coverage for that vehicle.

**We will pay pedestrian personal injury protection benefits to an eligible injured person.** These Pedestrian Personal Injury Protection benefits consist of:

a. **Medical Expense Benefits**

An amount not exceeding **\$250,000** per person per **occurrence** for reasonable and necessary expenses incurred for medical, surgical, rehabilitative and diagnostic treatments and services, hospital expenses, ambulance or transportation services, medical and non-medical expenses that are prescribed by a treating **health care provider** for a permanent or significant brain, spinal cord or disfiguring injury.

Non-medical expense means charges for products and devices, not exclusively used for medical purposes or as durable medical equipment, such as vehicles, durable goods, equipment, appurtenances, improvement to real or personal property, fixtures and services and activities such as recreational activities, trips and leisure activities.

All medical expenses must be rendered by a **health care provider**, be **clinically supported** and consistent with the symptoms, diagnosis or indications of the **insured**. They must also be consistent with the most appropriate level of service that is in accordance with the standards of good practice and standard professional treatment protocols, including care paths for an **identified injury**. They must not be rendered primarily for the convenience of the **insured** or **health care provider** nor may they involve unnecessary testing or treatment.

However, medical expenses include any nonmedical remedial treatment rendered in accordance with recognized religious methods of healing.

b. **Income Continuation Benefits**

An amount not exceeding a limit of \$100 per week and a total limit of \$5,200 payable for the loss of income of an **income producer** during his or her lifetime, as a result of **bodily injury** disability; not to exceed net **income** normally earned during the period in which benefits are payable.

c. **Essential Services Benefits**

An amount not exceeding a limit of \$12 per day and a total limit of \$4,380 payable to an **eligible injured person** as reimbursement



for payment made to others, for substitute essential services of the type actually rendered during his or her lifetime and which he or she would ordinarily have performed not for **income** but for the care and maintenance of himself or herself and persons related to the **eligible injured person** by blood, marriage or adoption (including a ward or foster child) who are residents of the same household as the **eligible injured person**.

d. **Death Benefits**

The amount or amounts payable in the event of the death of an **eligible injured person** as determined below:

- (1) If the **eligible injured person** was an **income producer** at the of time the **occurrence**, an amount equal to the difference between \$5,200 and all basic income continuation benefits paid for any loss of **income** resulting from his or her injury prior to his or her death;
- (2) If the **eligible injured person** ordinarily performed essential services for the care and maintenance of himself or herself, his or her family or family household, an amount equal to the difference between \$4,380 and all basic essential services benefits paid with respect to his or her injury prior to death.

e. **Funeral Expense Benefits**

An amount not exceeding \$1,000 for reasonable funeral, burial cremation expenses incurred.

B. Exclusions

1. **Personal Injury Protection**

**We will not pay Personal Injury Protection benefits for bodily injury:**

- a. To a person whose conduct contributed to the **bodily injury** in any of the following ways:
  - (1) While committing a high misdemeanor or felony or seeking to avoid lawful apprehension or arrest by a police officer; or
  - (2) While acting with specific intent to cause injury or damage to himself or herself or others;
- b. To any person who, at the time of the **occurrence**, was the owner

- or registrant of a **private passenger auto** registered or principally garaged in New Jersey that was being operated without Personal Injury Protection Coverage;
- c. To any person who is not occupying a covered **auto**, other than the **named insured** or any **family member** or a resident of New Jersey, if the **occurrence** occurs outside of New Jersey;
  - d. Arising out of the ownership, maintenance or use, including loading or unloading, of any vehicle while located for use as a residence or premises other than for transitory recreational purposes;
  - e. Due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or **CONDITION** incident to any of the foregoing;
  - f. Resulting from the radioactive, toxic, explosive or other hazardous properties of nuclear material;
  - g. To any person, other than the **named insured** or any **family member**, if such person is entitled to New Jersey Personal Injury Protection Coverage as a **named insured** or **family member** under the terms of any other Policy with respect to such coverage;
  - h. To any **family member**, if such person is entitled to New Jersey Personal Injury Protection Coverage as a **named insured** under the terms of another Policy; or
  - i. To any person operating or occupying a **private passenger auto** without the permission of the owner or the **named insured** under the Policy insuring that **auto**.
  - j. To any person who is convicted of, or pleads guilty to:
    - (1) Operating a motor vehicle; or
    - (2) Allowing another person to operate a motor vehicle owned by that **insured** or in that **insureds** care, custody or control;  
while the **insured** or that other person:
      - (1) Is under the influence of intoxicating liquor or a narcotic, hallucinogenic or habit-producing drug; or
      - (2) Is later found to have a blood alcohol concentration by weight of alcohol in excess of the legal limit of the jurisdiction where the violation occurred.
  - k. To any person who refused to submit to a chemical test after being arrested for operating a motor vehicle while under the influence of intoxicating liquor or a narcotic hallucinogenic or habit-producing drug.