

**Cumberland County Insurance Commission
2024 Plan of Risk Management**

BE IT RESOLVED by the Insurance Commission's governing body that effective 00/00/2024 the 2024 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 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 the County's membership in the New Jersey Counties Excess Joint Insurance Fund (NJCF):
 - Excess Workers' Compensation
 - Excess Liability
 - Excess Property including Boiler and Machinery
 - Public Officials Liability/School Board Legal/Employment Practices Liability
 - Crime
 - Pollution Liability
 - Medical Professional and General Liability
 - Employed Lawyers Liability
 - Cyber Liability
 - Non-Owned Aircraft Liability
 - Active Assailant

2.) The limits of coverage.

a.) Workers' Compensation limits.

- Workers' Compensation: Statutory
- Employer's Liability – \$26,150,000 per occurrence.
- USL&H – Included
- Harbor Marine/Jones Act – Included

b.) Liability (General, Automobile, Law Enforcement, Employee Benefits) limits.

- \$21,500,000 each / \$31,500,000 aggregate (Automobile Liability is unaggregated).
- Subsidence - \$750,000 per occurrence
- Owned Watercraft 35' in length or less - \$750,000.
- Garage Liability - \$750,000
- The Insurance Commission covers \$250,000 for Personal Injury Protection (PIP).
- The Insurance Commission covers \$15,000/\$30,000/\$5,000 for Underinsured/Uninsured Motorists Liability for all vehicles part of the Cumberland Area Transit System (CATS)
- The Insurance Commission covers the following Medical Expenses:
 - All vehicles part of Cumberland Area Transit System (CATS): 1) \$250,000 per passenger, per vehicle; and 2) \$10,000 all other.
 - All vehicles part of the Holding Cell Transportation Unit while transporting inmates: \$15,000 Per Person

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

- Limit: \$10,000,000 each claim and in the annual aggregate

- Retentions:
 - Cumberland County - \$100,000 POL/\$250,000 EPL
 - Cumberland County IA - \$25,000 POL/\$50,000 EPL
 - Cumberland County UA - \$25,000 POL/\$25,000 EPL
- d.) Property/Equipment Breakdown
- a. All Risk: \$260,000,000 Per Occurrence
 - b. Flood: \$100,000,000 Aggregate, except
 - i. Flood, High Hazard: \$75,000,000 Aggregate
 - ii. Flood, Unreported: \$10,000,000 Aggregate
 - c. Earthquake: \$100,000,000 Aggregate
 - d. Vehicles (PD Only): \$10,000,000
 - i. Time Element/Extra Expense: \$500,000 (NJCE/Member)
 - e. UAS (Drones) - \$100,000
 - f. Working Dogs - \$100,000

Property Deductibles

- All Other: \$250,000
 - Cumberland County - \$5,000 Property and Auto Physical Damage Comprehensive
 - Cumberland County IA- \$5,000 Property and \$1,000 Auto Physical Damage
 - Cumberland County UA - \$1,000 Property and \$1,000 Auto Physical Damage
- The Equipment Breakdown deductible is \$50,000 member entity deductible per occurrence.
- Flood (SFHA), Per Location
 - Building: Maximum Available Limit from NFIP (typically \$500,000)
 - Contents: Maximum Available Limit from NFIP (typically \$500,000)
 - Time Element: \$500,000
- Named Storm:
 - Property Damage: 5% of the value per Schedule of Values on file with the company for those buildings where the direct physical loss or damage occurred, per occurrence

- Time Element: 5% 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.
 - Minimum Deductible: \$500,000 per occurrence
- Note: Where there is an underlying Insurance Commission such as exist in Cumberland, the Cumberland County Insurance Commission provides coverage for the difference in deductible for “insured property” resulting from “insured perils” (per the terms and conditions of the excess policy through the NJC JIF), but only for what is not reimbursed by FEMA and less the member entity deductible. The Cumberland County Insurance Commission will not provide coverage for the difference in deductible for time element loss.

e.) Crime

Limit per occurrence:

- Cumberland County – \$1,000,000
- Cumberland County Improvement Authority - \$2,000,000

Deductible per occurrence:

- Cumberland County – \$25,000
- Cumberland County Improvement Authority - \$10,000

f.) Pollution Liability

- Limit of Liability:
 - \$10,000,000 Per Claim / \$25,000,000 Aggregate
- Member Entity Deductible: \$50,000

g) Medical Professional General Liability/Excess Medical Professional

- Limit per claim/annual aggregate: \$1,000,000/\$3,000,000
- Excess Limit annual aggregate: \$20,000,000/\$20,000,000
- Member Entity Deductibles GL and PL:
 - Cumberland County Outpatient Clinic – \$50,000
 - Cumberland County – Department of Human Services – Division of Mental Health & Addiction Services. - \$50,000

- h.) Employed Lawyers Professional Liability
 - Limit per claim and annual aggregate: \$5,000,000/\$10,000,000
 - Member Entity Self Insured Retentions:
 - Cumberland County \$25,000
 - All Other Entities: Not applicable

- i.) Cyber Liability – Network Privacy & Security Liability

Please consult your Executive Director or Risk Manager

- j.) Non-Owned Aircraft.
 - Limit: \$9,000,000 CSL for Bodily Injury and Property Damage Liability
 - Medical Expense: \$5,000
 - Rotor Wing: \$5,000,000

- k.) Active Assailant
 - Limit: \$5,000,000 each occurrence/aggregate
 - Deductible: \$25,000
 - Waiting Period: 12 Hours
 - Insured Entities: Cumberland County, Cumberland County Utilities Authority, Cumberland County Improvement Authority

Cumberland Empowerment Zone (CEZ), with an address of 745 Lebanon Road, Millville, NJ 08332, and Food Specialization Redevelopment Corporation (FSRC), with an address of 355 Martin Luther King Kr. Way, Bridgeton, NJ 08302, are added as Named Insureds as part of Cumberland County Improvement Authority on the following policies effective 1/1/19. Cumberland Empowerment Zone (CEZ)'s coverage has ceased effective 01/19/2022.

The Cumberland Empowerment Zone (“CEZ”) and Food Specialization Redevelopment Corporation (“FSRC”) are members of the Insurance Commission as part of the Cumberland County Improvement Authority. CEZ only receives coverage for Public Officials Liability/Employment Practices Liability, Workers’ Compensation, General Liability, Hired/Non-Owned Automobile Liability, Excess Liability, Crime, Cyber and Property. FSRC only receives coverage for General Liability (not including Excess Liability limits), Public Officials/Employment Practices Liability and Property. Cumberland Empowerment Zone (CEZ)'s membership has ceased effective 01/19/2022.

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

- 3.) The amount of risk to be retained by the Insurance Commission (except as noted in section 2. Limits of coverage).
 - a.) Workers' Compensation (all coverages) - \$300,000 CSL
 - b.) Liability (all coverages) - \$250,000 CSL
 - Underinsured/Uninsured - \$15,000/\$30,000/\$5,000 CSL
 - Personal Injury Protection - \$250,000 CSL
 - Medical Expenses (CATS) - \$250,000 CSL
 - c.) Public Officials Liability/School Board Legal/Employment Practices Liability – None
 - d.) Property/APD - \$250,000 per occurrence less member deductibles.
 - Flood, SFHA:
 - Building: Max available limit from NFIP (typically \$500,000)
 - Contents: Max available limit from NFIP (typically \$500,000)
 - Equipment Breakdown: \$50,000 excess of \$50,000
 - e.) Crime – None
 - f.) Pollution Liability – None
 - g.) Medical Professional General Liability – None
 - h.) Employed Lawyers Liability – None
 - i.) Cyber Liability – None
 - j.) Active Assailant – 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 major excess insurers (i.e. Munich, Old Republic liability reinsurance; and Safety National Casualty Company for workers' compensation). Every three years, the NJC's internal auditors may conduct an audit.
 - b.) Each member entity is provided with a claims reporting procedure and appropriate forms.
 - c.) In order to control workers' compensation medical costs, the Insurance Commission has engaged a managed care organization (MCO) *through the claims service company* whose procedures are integrated into the Insurance Commission's claims process.
 - d.) To provide for quality defense and control costs, the Insurance Commission has established an approved defense attorney panel with firms which specialize in Title 59 matters. The performance of the defense attorneys is overseen by the Insurance Commission Attorney, as well as, the various firms which audit the claims adjusters.

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

The Insurance Commission 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.