

STATEWIDE INSURANCE FUND

CASH MANAGEMENT AND INVESTMENT POLICY

Fund Year 2015

Cash Management and Investment Objectives:

- 1) Preservation of capital.
- 2) Provision for adequate safekeeping of assets.
- 3) Maintenance of liquidity to meet operating needs, claim payments and settlements and potential surplus return.
- 4) To maximize the total return consistent with the risk levels specified herein.
- 5) Investment of assets in accordance with State and Federal Laws and Regulations.

Permissible Investments:

The Fund's assets shall be invested to obtain the maximum interest return practicable. All investments shall be in accordance with N.J.S.A.40A:10-38, N.J.S.A. 40A-10-10, N.J.S.A. 40A:5-14, and N.J.S.A. 40A:5-15.1.

Investments and limitations upon maturity dates, the following investments are allowed in accordance with this cash management plan:

- 1) Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which has a maturity date *not greater than 397 days* from the date of purchase, provided it has a fixed rate of interest no dependent upon an index or external factor;
- 2) Bonds or other obligations having a maturity date *not more than 397 days* from the date of purchase, approved by the Division of Investment of the Department of the Treasury.
- 3) Agreements for the repurchase of fully collateralized securities, subject to a list of requirements as set forth in N.J.S.A. 40A:5-15.1a.(8) including the maturity of the agreement *not being more than 30 days*;

Other securities and investments that do not have maturity date limitations:

- 1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- 2) Government money market mutual funds;
- 3) Bonds or other obligations of a local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- 4) local government investment pools;

- 5) deposits with the State of New Jersey Cash Management Fund established pursuant to 52:18A-90.4.

Authorized Depositories:

In addition to the above, the Statewide Insurance Fund is authorized to deposit funds in certificates of deposit and other time deposits in banks covered by the Governmental Unit Depository Protection Act, N.J.S.A. 17:9-41, *et. seq.*

Authority for Investment Management:

The Statewide Insurance Fund Investment Committee is authorized and directed to make investments through asset managers which may be selected by the Statewide Insurance Fund Executive Committee and, if permitted by law, the New Jersey Division of Investments. Such asset managers shall be discretionary trustees of the Statewide Insurance Fund. Their actions and decisions shall be consistent with this plan and all appropriate regulatory constraints.

In executing investments, asset managers shall minimize transaction costs by querying prices from at least three (3) dealers and purchasing securities on a competitive basis. When possible, federal securities shall be purchased directly from the U.S. Treasury. Transactions shall not be processed through brokerages which are organizationally affiliated with the asset manager.

The Statewide Insurance Fund Investment Committee consists of: Chairman, Vice chairman and one Executive Committee member who is appointed by the Chairman.

Preservation of Capital:

Securities shall be purchased with the ability to hold until maturity.

Safekeeping:

Securities purchased on behalf of the Statewide Insurance Fund shall be delivered electronically or physically to the Statewide Insurance fund's custodial bank, which shall maintain custody and safekeeping of the accounts on behalf of the Fund.

Selection of Asset Managers, Custodial Banks and Operating Banks:

Asset Managers, custodial banks and operating banks shall be retained for one (1) year. Additionally, the Statewide Insurance Fund shall maintain the ability to change asset managers and/or custodial banks more frequently based upon performance appraisals and upon reasonable notice, and based upon changes in Statewide's policy and/or procedures.

Reporting:

Asset managers will submit written statements describing the proposed investment strategy for achieving the objectives identified herein. Asset manager shall also submit

revisions to market strategy when justified as a result of changing market conditions or other factors. Such statements shall be provided to the Treasurer and Administrator.

Asset managers and the custodial bank shall provide such other reports and documentation promulgated by the Statewide Insurance Fund. The asset manager shall provide such other reports as may be requested from time to time by the Treasurer and Administrator.

The Executive Committee shall be apprised at least quarterly on all investments as required by law.

Audit:

This plan, and all matters pertaining to the implementation of it, shall be subject to the Statewide Insurance Fund's annual audit.

Cash Flow Projections:

Asset Management decisions shall be guided by cash flow factors prepared by the Fund's actuary.

Cash Management:

All monies turned over to the Treasurer shall be deposited within forty-eight (48) hours in accordance with N.J.S.A. 40A:5-15.

All payers are notified to make checks payable to the Fund. In the event a check is made payable to the Treasurer or Administrator, the following procedure is followed:

- 1) The Treasurer or Administrator endorses the check to the Fund and the Treasurer deposits it into the Fund's account.
- 2) The Treasurer notifies the payer and requests in the future that any checks be made payable to the Fund.

The asset manager and or custodial bank shall minimize the possibility of idle cash accumulating in accounts by assuring that all amounts in excess of negotiated compensating balances are kept in interest bearing accounts or properly swept into the Fund's investment portfolio. Cash may be withdrawn from investment pools under the discretion of the asset managers only to fund operations, claim accounts or approved surplus distribution payments.

The method of calculating banking fees and compensating balances shall be documented by the Executive Board at least annually.