STATEWIDE INSURANCE FUND

Risk Management Program
Fund Year 2026

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2026 FUND YEAR RISK MANAGEMENT PROGRAM

Introduction

This Plan of Risk Management is prepared pursuant to NJCA 11:15-2.6 (d).

The STATEWIDE Insurance Fund ("STATEWIDE") is comprised of public entities ("local units") that have decided to pursue risk management alternatives. Each of the local units share similar risk characteristics and in a cooperative effort will work to control losses to reduce cost and achieve greater safety in the workplace.

The objective of the Fund is to reduce the cost of losses incurred in the workplace. It will use modern loss prevention techniques, loss control practices, and experienced refined claims adjustment techniques.

1. Perils or Liability to be Insured Against

A) The perils or liabilities to be insured against are as follows:

1) This Fund is established for the purpose of creating self-insurance opportunities or purchasing reinsurance/primary insurance and excess liability coverage from commercial insurance companies with A.M. Best Rating of A- or better.

2) Workers' Compensation Coverage is provided on a self-insured basis with the purchase of reinsurance or excess insurance in excess of the self-insured retention.

3) The property (including automobile physical damage), general liability and automobile liability coverages are provided on a self-insured basis with the purchase of reinsurance or excess insurance in excess of the self-insured retention, or applicable deductibles.

4) The boiler and machinery policy is purchased from a commercial reinsurer or insurance company on a group basis.

5) The public officials and employment practices liability coverages are provided on an individual member basis.

6) The environmental liability and excess liability coverage is provided on a primary group purchase basis.

7) The AL/GL/Law Enforcement coverage is provided on a self-insured basis with the purchase of reinsurance or excess insurance in excess of the self-insured retention.

8) The crime coverage is provided on a primary group purchase basis.

9) The cyber liability coverage is provided on an individual basis.

10) The non-owned aircraft liability is provided on a primary group basis.

11) The Fund is composed of the member local units as shown in the attached list.

12) The Fund shall purchase risk management, loss control and claims adjustment services.

13) This Risk Management Program will be attached to the copy of the coverage certificate issued to the Fund.

(a) Specific coverages are described in the Coverage Document attached.

2. <u>The Limits of Coverage, Whether Self-Insurance, Direct Insurance Purchased from a Commercial Carrier or reinsurer</u>

A) Specific coverages are described in the Coverage Document attached.

3. <u>The Amount to be Retained by the Fund</u>

A) Specific coverages are described in the Coverage Document attached.

4. <u>The Amount of Unpaid Claims to be Established</u>

Specific coverages are described in the Coverage Document attached.

5. <u>The Proposed Method of Assessing Contributions to be Paid by each Members of the Fund</u>

A) <u>Annual Assessment</u>

1) By October 15th of each year, the actuary will compute the probable net cost for the upcoming year by line of coverage and for each prior year. The actuary shall include all budget items in these computations.

2) The annual assessment of each participant will be its pro-rata share of the probable net cost for the upcoming year for each line of coverage.

3) The total amount of each participant's annual assessment will be certified by majority vote of the Executive Committee to the governing body of each participating local unit in accordance with the Funds Bylaws.

4) In the event that any assessment is not paid within ten (10) days of the due date set forth by the Fund, the local unit shall pay interest on the unpaid balance commencing on the tenth day after the due date. The interest rate shall be set annually by the Fund Commissioners or the Executive Committee, as the case may be, at the beginning of each year or at such other time as the Fund Commissioners or Executive Committee may determine.

5) The Treasurer will deposit each participant's assessment into the appropriate accounts including the administrative account, and the claim or loss retention trust fund account by fund year for each type of coverage in which the participant participates.

6) If the local unit becomes a participant for the Fund or elects to participate in a line of coverage after the start of the fund year, such participant's assessments and the supplemental assessment will be reduced in proportion to that part of the year, which has elapsed.

B) Supplemental Assessments

1) The Fund Commissioners or Executive Committee shall by majority vote levy upon members additional assessments whenever needed or so ordered by the Commissioner of Banking and Insurance to supplement the Fund's claim or loss retention or administrative accounts, to assure the payment of the Fund's obligations, including payment of benefits under workers' compensation law.

2) The Executive Committee shall assess each participating member an additional proportionate amount, as provided in the Fund's bylaws and risk management plan or as directed by the Commissioner of Banking and Insurance, to replenish claims or loss retention or administrative accounts:

(a) All supplemental assessments shall be charged to the member local unit by applicable fund year.

(b) All members shall be given thirty (30) days advance written notice of the Fund's intention to charge an additional assessment, and the Fund shall conduct a hearing before adopting the supplemental assessment.

(c) Members shall have thirty (30) days to pay the Fund from the date any supplemental assessment is adopted.

(d) The Fund has adopted a Retrospective Loss Funding Program effective January 1, 2026. The terms and conditions of the plan apply as it pertains to any supplemental loss funding assessments.

3) The Fund will submit to the Commissioner of Banking and Insurance and the Department of Community Affairs a report of the cause of the Fund's insufficiency, the assessment necessary to replenish it and the steps taken to prevent a recurrence of such circumstances.

C) Failure or Refusal to Provide Required Assessments

Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Fund fail to assess funds required to meet its obligations, the chairperson or in the event of his/her failure to do so, the Custodian of Fund Assets, shall notify the Commissioner of Banking and Insurance and the Department of Community Affairs. Past due assessments shall bear interest at the rate to be established annually by the Fund Commissioners or Executive Committee.

D) Insolvency and/or Bankruptcy of Fund Members

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

E) Procedures for the closure of fund years

The Fund shall, not less than sixty (60) months after the end of a fund year, evaluate and determine its retained outstanding ultimate net losses up to the attachment points of the specific and aggregate excess insurance. The Fund will close a Fund year only if:

1) A transfer of retained outstanding ultimate net losses and residual risk has been effected; or

2) Upon closure of all losses following an independent determination that the residual risk has been eliminated to all possible certainty.

A Fund year may only be closed by formal resolution adopted after a public hearing.

1) All Fund members must receive at least one month prior notice of the public hearing.

2) The resolution shall provide for the maintenance of all records in accordance with the requirement of the Commissioner of Banking and Insurance and the Department of Community Affairs, and any other regulations and statutes then in effect.

3) The resolution shall provide for written notice to the Commissioner of Banking and Insurance and the Department of Community Affairs at least ninety (90) days before the resolution becomes effective.

4) Each year, the Fund's Executive Committee will determine if a dividend is appropriate from a closed Fund year account and subject to Actuarial determination and will notify the Department of Banking and Insurance of a request to refund surplus. In the event of an open or closed Fund year that is currently in a deficit position, the Fund's Executive Committee will consider an inter-fund transfer from the closed Fund year account to offset the deficit. In any event, the return of surplus or inter-fund transfer will be calculated on a member basis and pro-rated in accordance with the applicable assessment for that Fund year.

5) A former member of the Fund may apply to the Executive Committee of the Fund for a return of that member's remaining share of the Closed Fund year account when five (5) years have passed since the last Fund year in which the member participated has been closed. The Executive Committee will decide on the former member's request after that statute of limitations as contained in P.L. 2019 C. 156, the "Thomas P. Canzanella Twenty First Century First Responders Protection Act" and/or the statute of limitations contained in P.L. 2019 C, 120 have been exhausted and thereby eliminating the likelihood of any additional supplemental assessments.

6) Any former member's net surplus, if any, will be held in a separate interest-bearing account until such time that section 5 above applies.

6. Procedures governing loss adjustment and legal fees.

A) Case Reserves

STATEWIDE's reserving philosophy involves establishing adequate reserves based upon our evaluation of the claim. The Fund strives to set reserves to meet the expected total cost of the claim at the time of conclusion.

Reserves shall be established on each claim presented in a manner which accurately reflects the full known liability of the Fund at any given point in time.

The assumptions and methodology used for the calculation of appropriate reserves shall be established, maintained and administered in accordance with sound actuarial principles.

B) IBNR

For those coverages self-insured, it is the responsibility of the Actuary, on behalf of the Fund, to establish reserves for the claims that have been incurred but not yet reported.

C) Claims Handling Objectives

It is our objective to control claim costs through well planned claims management. We strive to control costs of claim benefits and expenses.

We employ experienced claim and management professionals. When a claim occurs, we form a team comprised of the employer, medical professionals, claims adjusters, the risk manager and legal professionals who work together on behalf of the member or its employees.

Whenever an investigation indicates that prompt, fair and equitable settlement of a claim is appropriate and possible, the claim servicing organization, insurer or reinsurer shall submit to the Executive Committee and the Administrator for review a notice of recommended settlement. The claim servicing organization is authorized to pay Auto Physical Damage and Workers Compensation claims up to $10,000 per claim and payment up to $5,000 per any other claim, or within the reserves previously established by the Fund. Medical bill payment authority for Workers Compensation claims extended to $20,000 for treatment that has been previously rendered.

D) Procedures Governing Loss Adjustment

The Fund has engaged the services of a Third Party Claims Administrator to receive incident reports, notices of claim and other related information for worker's compensation, property, general liability and automobile liability.

The claims servicing organization, reinsurer or insurance companies will, when it has been determined that a claim is compensable under contract to the Fund, perform the following:

1) Review every claim and loss report submitted by the participants during the term of this contract.

2) Conduct an investigation of each qualified claim or loss to the extent deemed necessary.

3) Maintain a file, either in paper or electronic form, for each qualified claim or loss, which shall be available for review by the Fund.

4) Adjust, settle, or advise of non-compensability or coverage

(a) within the stated settlement authority limit (for self-insured coverages);

5) with specific approval of the fund, if outside the stated limit of authority (for self-

insured coverages).Perform necessary and usual 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.

6) Establish and update claim reserves as needed.

7) Notify the Fund and the Fund's excess insurer and/or reinsurer as designated by the Fund, of all qualified claims or losses which may exceed the Fund's retention or limit and, if requested, provide information on the status of those claims or losses.

8) Coordinate all investigations on litigated claims with attorneys representing the Fund with representative of the excess insurer, as required. This includes negotiation of the settlements and preparation of subrogation and contribution actions.

9) Maintain an automated loss and information system and provide the Fund with the pre-agreed management reports.

10) Assist the Fund in selecting appropriate experts or specialists as the claims may require.

11) Provide experienced personnel needed to perform the services agreed to herein.

12) Maintain 24-hour emergency telephone service for claims reporting.

13) Acknowledge receipt of each claim in a timely basis.

14) Assist the Fund as needed in the filing of periodic reports required by the State or administrative regulation.

E) Procedures Governing Legal Counsel

The Fund realizes that every claim will not reach an amicable solution. Careful selection and control of claims defense is very important. The Fund has established procedures as follows to provide quality defense of claims and monitor the costs:

1) A list of approved and experience defense attorneys with the appropriate prior experience in the defense of work-related claims, automobile litigation, Title 59, Title 7, Civil Rights, and Employment Practices.

2) Establish a fee structure considered to be reasonable at the approval of the Commissioners or the Executive Committee.

3) Monitor the activities of defense counsel.

4) The Claims servicing organization, insurer or reinsurer, subject to respective coverages, will supervise all legal defense activity and experts.

5) The Fund attorney may direct the amount of legal discovery in an effort to control cost.

7. Coverage to be Purchased from a Commercial Insurer If Any

A) Specific coverages are described in the Coverage Document attached.

8. Reinsurance to be Provided if any, and the Amount of Premium Therefor

A) Specific coverages are described in the Coverage Document attached

9. Procedures for the Closure of Fund Years Including the Maintenance of all Relevant Accounting Records.

A) Relevant Accounting Records are maintained in accordance with DARMA and DOIB requirements.

10. The Assumption and Methodology Used for the Calculation of Appropriate Reserves Required to be Established, Maintained, Administered in Accordance with Sound Actuarial Principles

A) See 6 A, B and C above. The Fund hires highly qualified actuaries to evaluate the Fund exposure for IBNR and unresolved claims and to establish adequate assessment to cover future losses.

11. The Maximum Amount a Certifying and Approving Officer May Approve for Payment Pursuant to *NJAC* 11:15-2.22

The Maximum Amount is set by the Executive Committee. For 2026 it is $5,000.
Medical Bill Payment only for Workers Compensation is $25,000

STATEWIDE INSURANCE FUND
2026 FUND YEAR

The following information is intended for display purposes only and may not reflect changes made in policy terms and conditions prior to or following the effective date. Please refer to actual policies for specific information regarding insurance protection.

PROPERTY COVERAGE

A. POLICY LIMIT: $200,000,000 per the latest Statement of Values or other documentation on file with the Fund

B. LIMITS OF INSURANCE:

Buildings, in any one occurrence	per schedule
Business Personal Property, in any one occurrence	per schedule
Business Interruption	$10,000,000 with 72 hr. waiting period for Cat
Per Occurrence for Spoilage	Included
Per Occurrence for Debris Removal	25% of loss
Per Occurrence for Accounts Receivable	$5,000,000
Per Occurrence for Civil or Military Authority	30 days
Per Occurrence for Contractor's Equipment on file with Company	Included
Per Occurrence for Demolition and Increased Cost of Construction: Demolition Coverage A, B, & C	Included
Per Occurrence for Electronic Data Processing (EDP) Systems	Included
Per Occurrence for Electronic Data Processing (EDP) Media, Data, Programs and Software	$5,000,000
Per Occurrence for Errors and Omission	$1,000,000
Extended Period of Indemnity	Unlimited
Per Occurrence for Expediting Expenses	$2,500,000
Per Occurrence for Extra Expense	$10,000,000
Per Occurrence for Fine Arts	$1,000,000
Per Occurrence for Fire Brigade Charges	Included
Per Occurrence for Ingress/Egress. Insured Physical	30 days
Per Occurrence Leasehold Interests	$500,000 Each location Blanket
Per Occurrence and Annual Aggregate for Limited Pollution Coverage	$50,000 per location Blanket
Per Occurrence for Miscellaneous Unnamed locations excludes Flood occurring wholly or partially within Special Flood Hazard Areas (SFHA)	$1,000,000

Per Occurrence for Mobile Equipment	$5,000,000
Per Occurrence and Annual Aggregate for Mold/Fungus Resultant Damage	$250,000
Per Occurrence for Newly Acquired Property for a period of 180 days, excludes Flood Occurring wholly or partially within Special Flood Hazard Areas (SFHA),	$5,000,000
Per Occurrence for Outdoor Property	Per Schedule
Per Occurrence for Unscheduled Outdoor Property	$500,000
Per Occurrence for Property in the Course of Construction	$5,000,000
Per Occurrence for Professional Fees	$25,000 per location Blanket
Per Occurrence for Soft Costs	$100,000
Per Occurrence for Service Interruption	$1,000,000
Per Occurrence for Transit	$500,000 per conveyance/occ
Per Occurrence for Underground Pipes	$1,000,000
Per Occurrence for Upgrade to Green	Included
Per Occurrence for Valuable Papers and Records	$5,000,000
Per Occurrence for Vehicles including Automobile Physical Damage	$5,000,000
Per Occurrence for Watercraft Physical Damage	per schedule
Per Occurrence and Annual Aggregate for peril of Earth Movement	$100,000,000
Per Occurrence and Annual Aggregate for the peril of Flood	$50,000,000
Except: Flood occurring wholly or partially within Special Flood Hazard Areas (SFHA)	$25,000,000 Moderate Hazard Zone $10,000,000 High Hazard Zone
Drones Owned By A Member	$10,000 per Drone, $100,000 Fund Limit

Deductibles:

Fund Deductibles:

The Fund's deductible for each claim for loss or damage under the property policy shall be subject to a per occurrence deductible of $250,000 unless a specific deductible amount is shown below applies:

Flood deductible is $250,000 per occurrence; however, flood deductible for locations wholly or partially within Special Flood Hazard Areas, the deductible is $500,000 per premises involved in the loss or damage.

Windstorm deductible 2% of Total Insurable Values per location subject to a minimum deductible of $250,000 any one occurrence.

Member Deductible:

$1,000 for each claim for loss or damage under the property policy shall be subject to a per occurrence deductible, unless a specific deductible amount is shown below applies:

Flood Deductible:

(a) In any one occurrence except for locations wholly or partially within the Special Flood Hazard Areas (SFHA), areas of 100-year flooding as defined by the Federal Emergency Management Agency: $2,500 per occurrence.

(b) In any one occurrence for locations wholly or partially within Special Flood Hazard Areas (SFHA), areas of 100 year flooding, as defined by the Federal Emergency Management Agency (if these locations are not excluded elsewhere in the policy with respect to the peril of flood), the deductible is $500,000 for Buildings and $500,000 for Contents, per location involved in the loss or damage. For property that is not eligible to be insured through NFIP for locations wholly or partially within Special Flood Zone Hazards (SFHA) areas of 100-year flooding, as defined by the Federal Emergency Management Agency: $500,000 each occurrence.

Windstorm or Hail Deductible:

(a) $1,000 per occurrence except as follows:

(b) For locations and property located in Atlantic, Ocean, Monmouth and Burlington Counties located East of the Garden State Parkway and Cape May County: 2% of Total Insurable Values at the time of loss at each location involved in the loss or damage subject to a minimum of $250,000 for each premises for any one occurrence.

(c) For all other locations and property: $1,000 or as on file with Statewide Insurance Fund

Boiler & Machinery / Equipment Breakdown:

A. POLICY LIMIT: $100,000,000 Combined Property Damage

Business Interruption (Ordinary Payroll Included)	$ Combined
Blanket Limit Including:	
Expediting Expense	
Electronic Data	
Water Damage	
Public Safety Service Charge	
Spoilage – Scheduled locations	
Spoilage – Utility Owned Equipment	$250,000
Loss of Utilities	$100,000
Pollutant Clean Up or removal – Property Damage	$50,000
Pollutant Clean Up or removal – Business Income	$50,000
Fungus Clean Up	$50,000
Ammonia Contamination	$100,000
Dependent Business Income	$100,000

Valuation: Repair or Replacement

Deductible:
$10,000 - Applicable to Property Damage
24 hours – With respect to Business Income/Extra Expense/Service Interruption/Spoilage

CRIME COVERAGE

All bonded employees are included in the coverage, within the limit. Retroactive date for $2,000,000 crime limit on Employee Theft and Faithful Performance is 1-1-2020. Limit for losses originating prior to 1-1-2020 will be subject to a $1,000,000 limit. Includes $75,000 expenses incurred to establish the amount of a covered loss.

Coverage	**Limit**	**Fund Deductible**	**Member Deductible**
Employee Theft & Faithful Performance – Per Loss	$2,000,000	$15,000	$7,500
Forgery & Alteration	$1,000,000	$7,500	$7,500
Money & Securities – Inside	$1,000,000	$7,500	$7,500
Robbery & Safe Burglary – Inside	$1,000,000	$7,500	$7,500
Outside the Premises	$1,000,000	$7,500	$7,500
Computer Fraud	$1,000,000	$7,500	$7,500
Funds Transfer Fraud	$1,000,000	$7,500	$7,500
Money Orders and Counterfeit Paper	$1,000,000	$7,500	$7,500
Treasurers & Tax Collectors	$1,000,000	$7,500	$7,500

LIABILITY

AUTOMOBILE AND GENERAL LIABILITY (including Employee Benefits Liability)

PRIMARY LIMIT: $10,000,000 General Liability CSL per Fund occurrence
$10,000,000 Automobile Liability per occurrence
$ 35,000 UM Limit per occurrence

Failure to Supply Sublimit Excluded-Except if sudden and accidental

Sewer Backup Sublimit $ 2,000,000 per Occurrence
` $10,000,000 Fund Aggregate

Sexual Abuse/Molestation Sublimit $1,500,000 per Occurrence
$5,000,000 Aggregate
Claims made form

Fund Retention: $1,000,000
Reinsurance Limit: $9,000,000 XS $1,000,000

Member Deductible: NIL auto liability / general liability
$1,000 per claim on Employee Benefits Liability **
**Coverage is claims made

LAW ENFORCEMENT LIABILITY

PRIMARY LIMIT: $10,000,000 Law Enforcement per occurrence / annual aggregate per member

Fund Retention: $1,000,000
Reinsurance Limit $9,000,000 XS 1,000,000
Member Deductible NIL. Certain members maintain a deductible

OPTIONAL EXCESS COVERAGE BY MEMBER:

$5,000,000, $10,000,000 or $15,000,000 xs Per Fund occurrence for General Liability. Automobile Liability and Employer's Liability (Coverage B of WC), Law Enforcement Liability, Professional Liability and Public Officials/Employment Practices Liability

PROFESSIONAL LIABILITY

PUBLIC OFFICIALS LIABILITY:

Limit of Liability	Up to $10,000,000 available Per wrongful act / annual aggregate, per member Claims made form
Deductible	Per Member per wrongful act

Includes Land Use Planning and Zoning and defense limit of 50% of the policy period aggregate limit of liability up to $500,000 for injunctive relief matters.

EMPLOYMENT PRACTICES LIABILITIY:

Limit of Liability	Up to $10,000,000 available Per wrongful act / annual aggregate, per member Claims made form
Deductible	Per Member per wrongful act

Defense is within the limit of liability

ENVIRONMENTAL LIABILITY

PRIMARY LIMIT OF LIABILITY

Per Incident Limit	$ 1,000,000
Aggregate Limit	$10,000,000
Fund Deductible:	$ 100,000
Member Deductible:	$ 50,000

EXCESS LIMIT OF LIABILITY

Aggregate Limit	$10,000,000

Coverage is optional

AIRCRAFT LIABILITY

Non-Owned Aircraft Liability
Single Limit Bodily Injury and Property Damage including Passenger Liability:

Aircraft Seating Capacity:	Not to exceed 50 seats
Territory:	Worldwide
Uses:	As required

Additional Coverages:	
Non-owned premises:	$5,000,000 each occurrence
Personal Effects:	$500 each person / $25,000 occurrence
Fellow Employee:	Included
Standard Airworthiness Extension:	Included
Contractual Liability:	$5,000,000 each occurrence
Medical Payments	$5,000 per passenger

Owned Aircraft Liability (Drone Only by member request)
Single Limit Bodily Injury and Property Damage including Passenger Liability $1,000,000

Coverage is optional

PRIVACY LIABILITY AND NETWORK RISK INSURANCE

Coverage is individually underwritten by member. Contact Member risk manager or Fund for more information.

Coverage is optional

WORKERS COMPENSATION

Workers' Compensation Benefits:	Statutory
Employer's Liability Limit	$2,000,000
Fund Retention:	$1,000,000

Member Deductible: Per file in office of Statewide Insurance Fund