January 23, 2018

MEMO TO: INSURANCE FUND CHAIRMAN FERNANDEZ

FROM: PATRICK J. DEBLASIO, CPA, CMFO, CGFM, -FUND TREASURER

Please be advised that the following is an update of the status of the Public Entity Joint Insurance Fund:

		November 2017	December 2017
Beginning Cash Balance	Operating Account-Bank of America	$ 190,293.02	$ 44,880.04
	Claims Fiduciary Account-Bank of America	8,254.19	8,254.19
	Claims-TD Bank	8,471.62	8,305.30
	Custodial-Investments	410,211.74	814,805.49
	Total Balance	$ 617,230.57	$ 876,245.02
Receipts:			
Operating Account-Bank of America		$ 21,742.81	$ 323,333.32
D&H Claims Fiduciary Account-Bank of America		115,183.78	176,570.52
Claims-TD Bank		13,363.32	2,519.98
Custodial-Deposits and Interest Income		404,593.75	
Total Receipts		$ 554,883.66	$ 502,423.82
Disbursements:			
Operating Account-Bank of America		$ (167,155.79)	$ (244,296.43)
D&H Claims Fiduciary Account-Bank of America		(115,183.78)	(176,570.53)
Claims-TD Bank		(13,529.64)	(2,686.99)
Custodial-Investments			(697,065.72)
Total Disbursements		$ (295,869.21)	$ (1,120,619.67)
Ending Cash Balance	Operating Account-Bank of America	$ 44,880.04	$ 123,916.93
	Claims Fiduciary Account-Bank of America	8,254.19	8,254.18
	Claims-TD Bank	8,305.30	8,138.29
	Custodial-Investments	814,805.49	117,739.77
		-	-
Total Cash Account Balance		$ 876,245.02	$ 258,049.17
Beginning Investment Balance		$ 4,211,914.89	$ 3,806,533.84
Change in Accrued Income		(879.20)	1,224.40
Change in Unrealized gain		(5,701.49)	(1,463.37)
Income Received		4,593.75	637.40
Realized Gain/Loss		569.64	
Transfer to/From Custodial Account		(403,963.75)	397,065.72
Total Investment Account		$ 3,806,533.84	$ 4,203,997.99
Ending Cash and Investment Balance		$ 4,682,778.86	$ 4,462,047.16

BANK RECONCILIATION

	ACCT.NAME	Bank of America	
	BANK/ACCT#	Custody Investment Acct -XXXXXXX	
		From	To
	DATE	12/01/17	12/31/17
BOOK BALANCE AS OF	12/01/17	$	4,611,160.04
ADD DEPOSITS (PER BANK LEDGER)			396,239.75
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			697,065.72
BOOK BALANCE AS OF	12/31/17	$	4,310,334.07

BALANCE PER BANK STATEMENT	12/31/17		$4,310,334.07

ADD: DEPOSIT IN TRANSIT

DATE AMOUNT

TOTAL	0.00		0.00

SUBTRACT: CHECKS OUTSTANDING

DATE CHECK# AMOUNT

TOTAL	0.00		0.00

LIST ITEMS IN LEDGER NOT ON STATEMENT

DATE AMOUNT

TOTAL	$ -		0.00

LIST ITEMS ON STATEMENT NOT IN LEDGER

DATE AMOUNT

TOTAL	-		0.00
ADJUSTED BANK BALANCE(BOOK BAL)AS OF	12/31/17		4,310,334.07
		Difference	0.00

PREPARED BY Patrick J. DeBlasio, CPA REVIEWED BY Mary Foulks

BANK RECONCILIATION

	ACCT.NAME	Bank of America	
	BANK/ACCT#	D & H Claims Fiduciary Acct -XXXXXXXX	
		From	To
	DATE	12/01/17	12/31/17
BOOK BALANCE AS OF	12/01/17	$	8,254.19
ADD DEPOSITS (PER BANK LEDGER)			176,570.52
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			176,570.53
BOOK BALANCE AS OF	12/31/17	$	8,254.18

BALANCE PER BANK STATEMENT	12/31/17		$87,478.13
ADD: DEPOSIT IN TRANSIT			
DATE AMOUNT			
TOTAL	0.00		0.00
SUBTRACT: CHECKS OUTSTANDING			
DATE / CHECK# / AMOUNT			
various / list / 79,223.95			
TOTAL	79,223.95		(79,223.95)
LIST ITEMS IN LEDGER NOT ON STATEMENT			
DATE AMOUNT			
TOTAL	$ -		0.00
LIST ITEMS ON STATEMENT NOT IN LEDGER			
DATE AMOUNT			
TOTAL	-		0.00
ADJUSTED BANK BALANCE(BOOK BAL)AS OF	12/31/17		8,254.18
		Difference	(0.00)

PREPARED BY Patrick J. DeBlasio, CPA REVIEWED BY Mary Foulks, CPA

BANK RECONCILIATION

	ACCT.NAME	Bank of America	
	BANK/ACCT#	Claims/Operating Account -XXXXXXXX	
		From	To
	DATE	12/01/17	12/31/17
BOOK BALANCE AS OF	12/01/17	$	44,880.04
ADD DEPOSITS (PER BANK LEDGER)			323,333.32
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			244,296.43
BOOK BALANCE AS OF	12/31/17	$	123,916.93
BALANCE PER BANK STATEMENT	12/31/17		$178,873.60

ADD: DEPOSIT IN TRANSIT

DATE	AMOUNT			
		TOTAL	0.00	0.00

SUBTRACT: CHECKS OUTSTANDING

DATE	CHECK#	AMOUNT		
12/12/17	460	52,750.00		
12/12/17	462	1,590.00		
12/12/17	464	200.00		
12/12/17	466	416.67		
		TOTAL	54,956.67	(54,956.67)

LIST ITEMS IN LEDGER NOT ON STATEMENT

DATE	AMOUNT			
		TOTAL	$ -	0.00

LIST ITEMS ON STATEMENT NOT IN LEDGER

DATE	AMOUNT			
		TOTAL	-	0.00

ADJUSTED BANK BALANCE(BOOK BAL)AS OF	12/31/17		123,916.93
		Difference	0.00

PREPARED BY Patrick J. DeBlasio, CPA REVIEWED BY Mary Foulks, CPA

BANK RECONCILIATION

ACCT.NAME	TD Bank		
BANK/ACCT#	Claims Acct -XXXXXXX		
	From		To
DATE		12/01/17	12/31/17

BOOK BALANCE AS OF	12/01/17	$	8,305.30
ADD DEPOSITS (PER BANK LEDGER)			2,519.98
SUBTRACT:DISBURSEMENTS(PER BANK LEDGER)			2,686.99
BOOK BALANCE AS OF	12/31/17	$	8,138.29

BALANCE PER BANK STATEMENT	12/31/17	$9,583.29

ADD: DEPOSIT IN TRANSIT

DATE	AMOUNT		
TOTAL	0.00		0.00

SUBTRACT: CHECKS OUTSTANDING

DATE	CHECK#	AMOUNT		
Various	list	1,445.00		
	TOTAL		1,445.00	(1,445.00)

LIST ITEMS IN LEDGER NOT ON STATEMENT

DATE	AMOUNT			
	TOTAL	$	-	0.00

LIST ITEMS ON STATEMENT NOT IN LEDGER

DATE	AMOUNT		
	TOTAL	-	0.00

ADJUSTED BANK BALANCE(BOOK BAL)AS OF	12/31/17	8,138.29
	Difference	0.00

PREPARED BY Patrick J. DeBlasio, CPA REVIEWED BY Mary Foulks

RESOLUTION NO. 01-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "Fund")

CERTIFYING THE ELECTION OF
CHAIRPERSON AND SECRETARY

BE IT RESOLVED, by the Governing Body of the Fund that the following persons have been elected as Chairperson and Secretary:

Chairperson –
Secretary –

BE IT FURTHER RESOLVED that the Chairperson and Secretary shall serve for the year 2018 and until their successors shall be elected and qualified.

ADOPTED:

This day before the Governing Body,

__________________________ January 23rd, 2018
Chairman Date

__________________________ January 23rd, 2018
Secretary Date

RESOLUTION NO. 02-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "Fund")

CERTIFYING THE ELECTION OF
EXECUTIVE COMMITTEE

BE IT RESOLVED, by the Governing Body of the Fund that the following persons have been elected to the Fund Executive Committee:

Chairperson –
Secretary –
Member –
Member –
Member –
Member –
Member –
Alternate –

BE IT FURTHER RESOLVED that the Executive Committee members shall serve for the year 2018 and until their successors shall be elected and qualified.

ADOPTED:

This day before the Governing Body,

______________________	January 23rd, 2018
Chairman	Date
______________________	January 23rd, 2018
Secretary	Date

RESOLUTION NO. 03-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

ESTABLISHING PUBLIC MEETING PROCEDURES

WHEREAS, the FUND must establish meeting procedures for Fund Year 2018, and

NOW, THEREFORE BE IT RESOLVED, by the Board of Fund Commissioners of the FUND that:

I. The Board of Fund Commissioners shall conduct Public Meetings at the **NIP Group Conference Center and/or The Auditorium – 900 Route 9 North Woodbridge, NJ 07095** and such other locations as may be necessary, to conduct the official business of the FUND on the fourth Tuesday of every month at 10:00 a.m. for the **2018 Fund Year** (unless noted otherwise)**.**

II. The following are hereby designated the official newspaper(s) of the Fund:

Newark Star Ledger
The Times of Trenton

III. The FUND Attorney or designated assistant shall provide notice of any and all meetings, including special or emergency meetings, to each official newspaper and shall issue all official notices required to be published in at least one of the official newspapers.

ADOPTED: ***this day by the Board of Fund Commissioners;***

_________________________ January 23rd, 2018
Chairman Date

_________________________ January 23rd, 2018
Secretary Date

RESOLUTION NO. 04-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

ESTABLISHING A FISCAL MANAGEMENT PLAN

FOR THE 2018 FUND YEAR

WHEREAS, THE FUND is duly constituted as a Joint Insurance Fund, as permitted under the laws promulgated by the State of New Jersey, (N.J.S.A. 40A-36, et seq.); and

WHERES, THE FUND is subject to the requirements contained within the Local Fiscal Affairs Law (N.J.S.A. 40A-5, et seq.); and

NOW, THEREFORE BE IT RESOLVED, by the FUND's Board of Fund Commissioners that:

I. The following financial institution(s) are hereby declared as the FUND's Official Depositories for 2018:

Bank of America

II. All funds for Administrative Expenses, Reinsurance, Dividends and Miscellaneous Expenses, shall be withdrawn from the Officially named Depository(ies) by check, which shall bear the signatures of two (2) of the following persons, duly authorized pursuant to this Resolution. In no event shall a check be issued wherein at least one signatory is not the Chairperson or Treasurer. In addition, upon approval of such disbursements by the Fund Commissioners, funds may be withdrawn for payment via electronic transfer.

_________________________, Chairperson

_________________________, Treasurer

_________________________, Executive Director

_________________________, CFO, NIP Management Services, LLC

III. All funds for Claims payments in excess of any member's self-insured retention shall be withdrawn from the Official Depository(ies) by check, which shall bear the signatures of two (2) of the following persons, duly authorized pursuant to this Resolution.

Patrick DeBlasio, Treasurer
, Chairperson
, Commissioner

IV. The Cash and Investment Policy attached herewith shall be adopted.

V. Prime Advisors, Inc. shall be the FUND's asset manager and advisor.

VI. The rate of interest assessed by the Fund, for delinquent assessments shall be ten (10) percent per annum, from the due date for any such assessment with a grace period for the first (1^{st}) assessment installment paid to be February 15, and the second (2^{nd}) assessment installment paid to be August 15.

VII. Certifying and Approval Officer for all FUND expenses shall be the FUND's Executive Director.

ADOPTED: ***this day before the Board of Fund Commissioners:***

_________________________ January 23^{rd}, 2018__
Chairman Date

_________________________ January 23^{rd}, 2018__
Secretary Date

2016 CASH MANAGEMENT AND INVESTMENT POLICY

1.) *Cash Management and Investment Objectives*

The Public Entity Joint Insurance Fund (hereinafter referred to as the FUND) objectives in this area are:

a.) Preservation of capital.
b.) Adequate safekeeping of assets.
c.) Maintenance of liquidity to meet operating needs, claims settlements and dividends.
d.) Diversification of the FUND's portfolio to minimize risks associated with individual investments.
e.) Maximization of total return, consistent with risk levels specified herein.
f.) Investment of assets in accordance with State and Federal laws and Regulations.
g.) Accurate and timely reporting of interest earnings, gains and losses by line of coverage in each Fund year.
h.) Where legally permissible, cooperation with other local entity joint insurance funds, and the New Jersey Division of Investment in the planning and execution of investments in order to achieve economies of scale.
i.) Stability in the value of the FUND's economic surplus.

2.) *Permissible Investments*

Investments shall be limited to the following:

a.) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.

b.) Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

c.) Bonds or other obligations of the 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; or

d.) Bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Investment of the Department of Treasury for investment by local units.

e.) Debt obligations of federal agencies or government corporations with maturities not greater than ten (10) years from the date of purchase, excluding mortgage backed obligations, providing that such investments are purchased through the New Jersey Division of Investment and are consistent with the Division's own investment guidelines, and providing that the investment has a fixed rate of interest not dependent on any index or external factors.

f.) Repurchase agreements of fully collateralized securities, subject to rules and conditions established by the N.J. Department of Community Affairs.

No investment or deposit shall have a maturity longer than ten (10) years from date of purchase.

3.) *Authorized Depositories*

In addition to the above, the FUND is authorized to deposit funds in certificates of deposit and other time deposits in banks covered by the Governmental Unit Depository Protection Act, NJSA 17:9-14 et seq. (GUDPA). Specifically authorized depositories are as follows:

Bank of America

The FUND is also authorized to invest its assets in the New Jersey Cash Management Fund.

4.) *Authority for Investment Management*

The Treasurer is authorized and directed to make investments, with a maturity of three months or longer, through asset managers that may be selected by the Executive Board. Such asset managers shall be discretionary trustees of the 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 purchasing securities on a competitive basis. When possible, federal securities shall be purchased directly from the US Treasury. Transactions shall not be processed through brokerages which are organizationally affiliated with the asset manager. Transactions may also be processed through the New Jersey Division of Investment by the Fund's asset managers.

5.) *Preservation of Capital*

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

6.) *Safekeeping*

Securities purchased on behalf of the FUND shall be delivered electronically or physically to the FUND's custodial bank, which shall maintain custodial and/or safekeeping accounts for such securities on behalf of the FUND.

7.) *Selection of Asset Managers, Custodial Banks and Operating Banks*

Asset managers, custodial banks and operating banks shall be retained for contract periods of one (1) year. Additionally, the 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 policy or procedures.

8.) *Reporting*

Asset managers will submit written statements describing the proposed investment strategy for achieving the objectives identified herein. Asset managers shall also submit revisions to strategy when justified as a result of changing market conditions or other factors. Such statements shall be provided to the Treasurer and Executive Director.

The Treasurer shall report to the Executive Committee at all regular meetings on all investments. This report shall include information on the balances in all bank and investment accounts, and purchases, sales, and redemptions occurring in the prior month.

9.) *Audit*

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

10.) *Cash Flow Projections*

Asset maturity decisions shall be guided by cash flow factors payout factors supplied by the Fund Actuary and reviewed by the Executive Director and the Treasurer.

11.) *Cash Management*

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

In the event a check is made payable to the Treasurer rather than the Fund, the following procedure is to be followed:

a.) The Treasurer endorses the check to the Fund and deposits it into the Fund account.

b.) The Treasurer notifies the payer and requests that in the future any check be made payable to the Fund.

The Treasurer 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 promptly swept into the investment portfolio.

The method of calculating banding fees and compensating balances shall be documented to the Executive Committee at least annually.

Cash may be withdrawn from investment pools under the discretion of asset managers only to fund operations, claims imprest accounts, or approved dividend payments.

The Treasurer shall escheat to the State of New Jersey checks which remain outstanding for twelve or more months after the date of issuance. However, prior to implementing such procedures, the Treasurer, with the assistance of the claims agent, as needed, shall confirm that the outstanding check continues to represent a valid claim against the FUND.

RESOLUTION NO. 05-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

ESTABLISHING A FUND RECORDS PROGRAM

WHEREAS: The FUND must establish a formal record retention program for the 2018 Fund Year.

NOW, THEREFORE BE IT RESOLVED, by the FUND's Board of Fund Commissioners that:

I. ______________________, **Fund Secretary**, is hereby designated as custodian of the FUND records, which shall be kept at the office of the Fund Administrator, located at:

NIP Group, Inc.
900 Route 9 North, Suite 503
PO Box 39
Woodbridge, NJ 07095

II. Jonathan Hall, President for NIP Management Services, LLC is hereby designated as **Assistant Fund Secretary.**

III. The records of the FUND shall be retained in accordance with the municipal records retention schedule as promulgated by the New Jersey Division of Archives and Records Management, and/or otherwise specified by the New Jersey Department of Insurance and Community Affairs.

IV. Each fund professional and service organization shall have the duty and obligation to maintain such records as are entrusted to him/her and to relinquish such records to the Fund Secretary upon termination of services or otherwise upon request.

ADOPTED: ***this day by the Board of Fund Commissioners***

__________________________ January 23rd, 2018
Chairman Date

__________________________ January 23rd, 2018
Secretary Date

RESOLUTION NO. 06-18

PUBLIC ENTITY JOINT INSURANCE FUND

(Hereinafter the "Fund" or the "PEJIF")

ESTABLISHING THE 2018 PLAN OF RISK MANAGEMENT

BE IT RESOLVED by the Fund's Board of Commissioners that the 2018 Plan of Risk Management shall be:

2018 RISK MANAGEMENT PLAN

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

The following coverages are provided to the Fund's members.

- ☐ **Excess Workers' Compensation**
- ☐ **Excess General Liability**
- ☐ **Excess Auto Liability**
- ☐ **Excess Public Officials Liability (including Errors & Omissions, Employment Practices, Sexual Harassment and Sexual Abuse)**
- ☐ **Excess Employee Benefits Liability**
- ☐ **Excess Law Enforcement Activities Liability**
- ☐ **Property (including Auto Physical Damage)**
- ☐ **Boiler & Machinery**
- ☐ **Crime (with Statutory Position Bonds)**
- ☐ **Non-Owned Aircraft Liability**
- ☐ **Cyber Liability**
- ☐ **Disaster Management Services**
- ☐ **Pollution & Tank Liability (on an optional basis)**
- ☐ **Hull and Machinery Physical Damage (on an optional basis)**
- ☐ **Annual Aggregate Protection**

2.) **The limits of coverage.**

a) Workers' Compensation

The PEJIF covers excess claims to the following limits:

- ☐ Workers' Compensation - Statutory inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office). The minimum Fund retention is $500,000 inclusive of Member deductible/SIR.
- ☐ Employer's Liability - $13,500,000 inclusive of member deductible/SIR (Per SIR Exhibit on file with the Administrator's office). The minimum Fund retention is $500,000 inclusive of Member deductible/SIR.
- ☐ USL&H – included in Workers' Compensation for damages arising out of NJ State Law.
- ☐ Merchant Marine Act / Jones Act - included in Employer's Liability.

b) General Liability

The PEJIF covers General Liability claims as follows:

- ☐ General Liability - $15,000,000 per occurrence, subject to a $15,000,000 annual aggregate limit per Member inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office).
- ☐ The minimum Fund retention is $250,000 inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office).

c) Automobile Liability

The PEJIF covers Automobile Liability claims as follows:

- ☐ Automobile Liability Limit: $15,000,000 any one occurrence inclusive of member deductible/SIR (Per SIR Exhibit on file with the Administrator's office), subject to the following sublimits:
  - o Automobile Medical Payments: $5,000 ground up any one person, $50,000 ground up any one occurrence.
  - o Uninsured Motorists/ Underinsured Motorists: $15,000 ground up any one person, $30,000 ground up any one occurrence.
  - o No Fault Insurance (PIP) NJ minimum statutory limits.
- ☐ The minimum Fund retention is $250,000 inclusive of Member deductible/SIR.

b) Public Officials Liability (POL)

- ☐ The PEJIF covers $15,000,000 per occurrence and in the aggregate on a claims-made basis per Member for each Fund year, inclusive of member deductible/SIR and coinsurance payments (per SIR Exhibit on file with the Administrator's office).

- ☐ Public Officials Liability coverage includes:

  - **a. Errors & Omissions**
  - **b. Employment Practices Liability**
  - **c. Sexual Harassment Liability**
  - **d. Sexual Abuse Liability**

- ☐ The minimum Fund retention for POL is $250,000, inclusive of Member deductible/SIR / coinsurance.

c) Employee Benefits Liability

The PEJIF covers Employee Benefits Liability claims as follows:

- ☐ Employee Benefits Liability - $15,000,000 per claim, or in the aggregate per Member per Fund year.

- ☐ The minimum Fund retention is $250,000, inclusive of Member deductible/SIR / coinsurance. Member deductible/SIR is the same as the General Liability deductible /SIR (Per SIR Exhibit on file with the Administrator's office).

d) Law Enforcement Activities Liability

- ☐ The PEJIF covers $15,000,000 per occurrence, and in the aggregate per Member, for each Fund year, inclusive of Member deductible / SIR / coinsurance (Per SIR Exhibit on file with the Administrator's office).

- ☐ The minimum Fund retention for all Law Enforcement Activities Liability claims is $250,000, inclusive of Member deductible/SIR.

e) **Property**

- ☐ The PEJIF has purchased Property insurance with total limits of $350,000,000.
    - A sublimit of $25,000,000 (annual aggregate) for the peril of Flood, except as follows:
        - $1,000,000 as respects Zone A locations.
        - Flood Zone V is excluded.
        - Other sublimits and any member-specific limits are per the excess policy form.
- ☐ The Fund retention is $50,000, except as follows:
    - $100,000 for: Named Windstorm (all locations).
    - $100,000 for Earthquake.
    - $100,000 for Flood in Zones B, X (shaded), X-500.
    - FEMA maximum limits (or $250,000 for FEMA non-eligible items) in Flood Zone A.
- ☐ Limits, sublimits and Fund retentions are inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office).
- ☐ Automobile Physical Damage: Included in property limit, subject to $5,000,000 sublimit. The Fund retention is the first $50,000 of any automobile physical damage loss inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office).
- ☐ Vehicles manufactured 10 or more years prior to current membership year, with an original cost new of less than $50,000, are not covered for physical damage. This exclusion may be waived on a Member-by-Member basis, subject to Underwriting.

f) **Boiler & Machinery**

- ☐ The PEJIF has purchased Boiler & Machinery insurance with coverage at limits of $100,000,000, inclusive of Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office).
- ☐ The minimum Fund retention is $25,000 inclusive of Member deductible/SIR.

g) Crime

- ☐ The PEJIF has purchased Crime insurance with limits of $1,000,000 for Employee Dishonesty & related perils.
- ☐ The Fund retention is $10,000, including the Member deductible of $1,000.
- ☐ The PEJIF has extended its Crime insurance to include Statutory Position Bonds on file with the insurer, with limits of $1,000,000. There is no Fund retention or Member deductible for this extension. Higher limits are available where required, subject to underwriting acceptance by the insurer.

h) Non-Owned Aircraft Liability

- ☐ The PEJIF has purchased Non-Owned Aircraft Liability insurance with limits of $5,000,000/ Occurrence & Policy Aggregate. The Fund retention is -0- and there is no Member deductible.

i) Cyber Liability

- ☐ The PEJIF has purchased Cyber Liability insurance with an annual aggregate limit of $1,000,000 per Member and a Fund-wide annual aggregate limit of $3,000,000.
- ☐ Coverage includes Information Security, Privacy Notification Costs, Regulatory Defense and Penalties, Website Media Content Liability, PCI Fines and Costs ($500,000 sublimit), and First Party Coverages (Cyber Extortion, Security Breach, Business Interruption.
- ☐ The Fund Retention is -0- and the Member deductible is $25,000 per claim.

j) Disaster Management Services Insurance

- ☐ The GSMJIF has purchased Disaster Management Services Insurance, with limits of $10,000,000 per occurrence subject to an annual aggregate limit (Fund-wide) of $20,000,000.
- ☐ The cost of the services is insured; no Member deductible or Fund retention.

k) Site Pollution Liability

- ☐ The PEJIF has made available separate optional Pollution Liability insurance outside of the Fund budget, for participating Members, with limits of $1,000,000/ Pollution Incident, $2,000,000 Per Member Aggregate Limit and $3,000,000 Policy Aggregate Limit, subject to a Member deductible of $25,000/Incident. There is no Fund retention.

l) Underground Storage Tank Liability

- ☐ Underground Tank Liability insurance is available to Members on an optional basis outside of the Fund budget, subject to underwriters' acceptance, with limits (per NJS requirements) of $1,000,000/ Incident and an Aggregate Limit that varies by policy, subject to a $1,000,000 Legal Defenses Aggregate Limit, and subject to a Member deductible (per SIR Exhibit on file with the Administrator's office). The Fund is not party to this insurance and there is no Fund retention. Currently no members have purchased this optional coverage.

m) Hull and Machinery

- ☐ The PEJIF has purchased, outside of the Fund budget, Hull and Machinery Damage insurance for participating Members, with limits per a Schedule of Vessels, subject to a Member deductible per scheduled Vessel. Member deductible/SIR (Per SIR Exhibit on file with the Administrator's office). There is no Fund retention.

n) Annual Aggregate Protection

- ☐ The PEJIF has purchased Excess Insurance with a limit of $5,000,000 in excess of $3,600,000 Fund-retained loss in the aggregate for the 2018 Fund Year, as respects all lines covered under the Specific Excess sections of the Brit policy, PLUS Fund – retained Property and Automobile Physical Damage Losses under the Travelers' Property policy. Fund-retained Loss Corridors applicable under Specific Excess coverages are included in the losses subject to aggregate excess protection.

3) <u>The amount of unpaid claims to be established.</u>

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 Fund expects the claims servicing company to set reserves at 85% accuracy. The Fund also establishes reserves recommended by the Fund's actuary for claims that have been incurred but not yet reported so that the Fund has adequate reserves to pay all claims and allocated loss adjusted expense liability.

b) Claims reserves are subject to regular review by the Fund's Executive Director/Administrator, Actuary, Attorney, Executive Committee 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 Fund.

4) **The method of assessing contributions to be paid by each member of the Fund.**

a) By November 15th of each year, the actuary computes the probable net cost for the upcoming Fund year by line of coverage and for each prior Fund year. The actuary includes all budget items in these computations. The annual assessment of each participating municipality is its pro rata share of the probable net cost of the upcoming Fund year for each line of coverage as computed by the actuary.

b) The calculation of pro rata shares is based on each municipality's experience modified manual premium for that line of coverage. The total amount of each member's annual assessment is certified by majority vote of the Fund's Executive Committee or Board of Commissioners at least one (1) month prior to the beginning of the next fiscal year (usually at the PEJIF's budget hearing).

c) The treasurer deposits each member'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 member participates.

d) If a local unit becomes a member of the Fund or elects to participate in a line of coverage after the start of the Fund year, such participant's assessments and supplement assessments are reduced in proportion to that part of the year which had elapsed.

e) The Fund's Executive Committee may by majority vote levy upon the participating municipalities additional assessments wherever needed or so ordered by the Commissioner of Insurance to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. All supplemental assessments are charged to the participating municipalities by applicable Fund 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 Fund 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 Fund'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 Fund's Executive Committee.

5) **Procedures governing loss adjustment and legal expenses.**

a) The Fund 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 PEJIF's attorney's office, as well as the claims department of the PEJIF's three major insurers/reinsurers. Every three years, the PEJIF's internal auditors also conduct an audit.

b) Each member local unit is provided with a claims reporting procedure and appropriate forms.

c) To provide for quality defense and control costs, the Fund has established an approved defense attorney panel with firms that specialize in Title 59 matters. Any member that carries a self-insured retention may appoint an approved defense attorney of its choice to the panel for purposes of defense of claims within that self-insured retention. The performance of the defense attorneys is overseen by the Fund Litigation Managers, as well as the various firms that audit the claims adjusters.

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

a) Excess Workers' Compensation - The PEJIF purchased an excess specific Workers' Compensation policy from Safety National Casualty Insurance Co. and Lloyd's of London (Brit Syndicate 2987) at limits of:

i) Workers' Compensation – Statutory including $500,000 Fund retention.
ii) Employer's Liability - $13,500,000 including $500,000 Fund retention.
iii) USL&H - included in Workers' Compensation for damages arising out of NJ state law.
iv) Merchant Marine Act / Jones Act- Included in Employer's Liability.

b) Excess Liability - The PEJIF has purchased excess General Liability, Automobile Liability, Law Enforcement Liability, Public Official's Liability, Employment Practices Liability, Employee Benefits Liability coverage, and Aggregate Excess Protection, from Lloyd's of London (Brit Syndicate 2987) at limits of:

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i. Excess General Liability - $15 million including $250,000 retention.
ii. Excess Auto Liability - $15 million including $250,000 retention.
iii. Excess POL (Claims-Made) - $15 million including $250,000 retention.
iv. Excess Law Enforcement Liability - $15 million including $250,000 retention.
v. Excess Employee Benefits Liability (Claims-Made): $15,000,000 including $250,000 retention.
vi. Aggregate Excess Protection: $5,000,000 in excess of $3,600,000 Fund-retained loss in the aggregate for the 2018 Fund Year, as respects all lines covered under the Specific Excess sections of the Brit policy, PLUS Fund – retained Property and Automobile Physical Damage Losses under the Travelers' policy. Fund-retained Loss Corridors applicable under Specific Excess coverages are included in the losses subject to aggregate excess protection.

c) Property - The PEJIF has purchased Property insurance (including Auto Physical Damage) from Travelers Insurance Company, at a limit of $350,000,000, exceeding the probable maximum loss exposure of the Fund members.

d) Boiler & Machinery- The PEJIF has purchased Boiler & Machinery insurance from Travelers Insurance Company, at a limit of $100,000,000, exceeding the probable maximum loss exposure of the Fund members.

e) Crime/ Statutory Position Bond - The PEJIF has purchased Crime/ Statutory Position Bond insurance from Fidelity & Deposit Insurance Company~~,~~ at a limit of $1,000,000.

f) Non-Owned Aircraft Liability - The PEJIF has purchased Non-Owned Aircraft Liability insurance from Global Aerospace, Inc., at a limit of $5,000,000

g) Cyber Liability Coverage - The PEJIF has purchased Cyber Liability insurance from Beazley Insurance Company, at a limit of $3,000,000, with a per Member aggregate sublimit of $1,000,000.

h) Site Pollution Liability – The PEJIF has made available optional Pollution/ Liability insurance outside the PEJIF budget for participating Members from the ACE American Insurance Company, at limits of $1,000,000 per Pollution Incident, $2,000,000 Per Member Aggregate Limit and $3,000,000 Policy Aggregate Limit.

i) Underground Storage Tank Liability - There are no member UST Tank Liability insurance placements as of January 1, 2018.

j) Hull and Machinery Physical Damage – The PEJIF has purchased optional Hull and Machinery Physical Damage insurance from Atlantic Specialty Insurance Co., at limits per a Schedule of Vessels on file with the Administrator's office).

k) Disaster Management Services - The GSMJIF has purchased Disaster Management Services Insurance). The insurance covers all incurred costs from disaster management services, and is provided by XLC Syndicate 2003 (Lloyd's of London) at a limit of $10,000,000, subject to a $20,000,000 Fund-wide annual aggregate limit.

Please Note: The PEJIF follows the policy forms of its excess insurers in determining coverage for its retained layers (SIRs) noted in Section 2. In the event that the excess insurer determines that no coverage exists for all or part of a claim made against or by a Member of the PEJIF, the Member shall be responsible for all or a portion of any uncovered claims expense, indemnity settlement or other costs associated with such claim. Please also note that the coverage descriptions herein, in all particulars, are superseded by the applicable policy wordings including all limits, terms, conditions, exclusions and endorsements. This document is not intended to be all-inclusive, and does not alter, amend or change the Fund's coverage. Please refer to specific policies for limits, terms, conditions and exclusions.

7) Procedures for the closure of Fund years, including the maintenance of all relevant accounting records.

a) The Fund adopts a resolution closing the year and transfers all remaining assets to the closed Fund year account. This amount is allocated by member local units using the same procedure as is used to calculate a dividend. Each month, interest is credited to the closed Fund year account by member.

b) Each year, the Fund's Executive Committee will determine if a dividend is appropriate from the closed Fund year account, and will make application to the Department of Insurance as appropriate. Further, in the event an open Fund year incurs a deficit, the Fund's Executive Committee will consider an inter-year transfer from the closed Fund year account to offset the deficit. In either case, the dividend or inter-Fund year transfer will be calculated on a member by member basis.

c) A member may apply to the Fund's Executive Committee 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 Fund's Executive Committee will decide on the former member's request after evaluating the likelihood of any additional assessments.

d) The Fund will retain all records in accordance with the Fund's record retention program.

8) <u>Assumptions and Methodology used for the calculation of appropriate reserve requirements to be established and administered in accordance with sound actuarial principles.</u>

a) The general approach in estimating the loss reserves of the Fund is to project ultimate losses for each Fund year using paid and incurred loss data. At least 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 Fund Actuary chooses a "selected" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields the loss reserve liability or funding requirement.

b) The following is an overview of the two actuarial methods used to project the ultimate losses.

<u>Paid Loss Development Method</u> - 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.

<u>Case Incurred Loss Development Method</u> - 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.

9) **<u>The maximum amount a certifying and approving officer may approve pursuant to N.J.A.C. 11:15-2.22.</u>**

a) $10,000, but up to $25,000 with verbal or written approval from the affected municipality commissioner or alternate commissioner.

b) $25,000 Emergency Court House Authority upon the joint authorization of the Fund Attorney and Executive Director, but up to $50,000 with verbal or written approval of a majority of the executive Committee.

c) Any and all actions must be ratified by the entire Board of Fund Commissioners at the meeting immediately following the authorization.

10) **Special Assessments -** NJSA 11:15-2.16 provides for additional assessments "…to supplement the fund's claim or loss retention or administrative accounts to ensure payment of the fund's obligations…" Should the Fund levy a special assessment in accordance with such provision, each affected member shall have the option to pay the additional amount due in ten (10) equal annual installments, subject to adjustment each year based on actual incurred losses for the special assessment years. Should any member subject to such special assessment discontinue its membership in the PEJIF, the full balance of any remaining unpaid installments shall become immediately due and payable to the PEJIF.

11) Retrospective Rating Plan

The following Retrospective Rating Endorsement is hereby included in the Plan of Risk Management:

PUBLIC ENTITY JOINT INSURANCE FUND
900 ROUTE 9 NORTH, SUITE 503
WOODBRIDGE, NJ 07095
PROPERTY/CASUALTY POLICIES

POLICY ENDORSEMENT - RETROSPECTIVE RATING PLAN – PAID/INCURRED LOSSES

MEMBER: ____________________

This ENDORSEMENT modifies such insurance as is afforded by the provisions of the Policies for the **20__** fund year relating to the following:

WORKERS' COMPENSATION
COMPREHENSIVE GENERAL, LAW ENFORCEMENT AND AUTO LIABILITY
PROPERTY AND BOILER AND MACHINERY
COMPREHENSIVE CRIME
PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY

RETROSPECTIVE RATING PLAN ASSESSMENT STANDARD ELEMENTS

For the purposes of this ENDORSEMENT, the standard elements are explained here:

A. STANDARD ASSESSMENT shall be the assessment we would charge during the rating plan period if you had not chosen a retrospective rating plan
B. BASIC ASSESSMENT shall be less than STANDARD ASSESSMENT. It shall be STANDARD ASSESSMENT multiplied by the BASIC ASSESSMENT FACTOR. The BASIC ASSESSMENT FACTOR shall be the ratio of the following items to the STANDARD ASSESSMENT:
    1. Excess Insurance Costs
    2. General Expenses
    3. Risk Management Expenses
    4. Underwriting Expenses
    5. Administrative Fees

   The actual BASIC ASSESSMENT FACTOR will be determined after the STANDARD ASSESSMENT is determined.
C. LIMITED PAID/INCURRED LOSSES RETAINED BY THE FUND shall mean the FUND'S financial responsibility for claims paid by the member after due credit for any excess insurance or subrogation receivable. Specifically, it shall include 1) losses paid/incurred and reserved, plus 2) allocated loss adjustment expense (ALAE), and 3) this total then limited to the FUND's retention.

RETROSPECTIVE RATING PLAN ASSESSMENT FORMULA

A. RETROSPECTIVE RATING PLAN ASSESSMENT is the sum of BASIC ASSESSMENT and LIMITED PAID/INCURRED LOSSES RETAINED BY THE FUND.
B. The retrospective rating plan assessment shall not be more than the MAXIMUM ASSESSMENT. The maximum assessment is determined by applying the maximum retrospective rating plan assessment factor, shown in the Schedule, to the STANDARD ASSESSMENT.

PROVISIONS

The provisions of the coverage form or policy to which this ENDORSEMENT is attached apply, unless modified by this ENDORSEMENT.

A. In the fashion provided for in the Fund's by-laws, plan of risk management, cash management plan and policies and procedures, the MEMBER shall pay the FUND the STANDARD ASSESSMENT.
B. As of a valuation date of Eighteen (18) months after the inception of the fund year, and every Twelve (12) months thereafter, the FUND shall compute the RETROSPECTIVE RATING PLAN ASSESSMENT, subject to the MAXIMUM ASSESSMENT.
C. The final computation of the RETROSPECTIVE RATING PLAN ASSESSMENT shall be as of the valuation date when the FUND closes the fund year to which this ENDORSEMENT applies.
D. Notwithstanding any subsection above, the MEMBER shall remain subject to FUND-wide dividends and additional assessments in accordance with the FUND's bylaws. These additional assessment or dividends, if any, shall be computed based on the MEMBER'S RETROSPECTIVE RATING PLAN ASSESSMENT, subject to the MAXIMUM ASSESSMENT.
E. Upon computation of any RETROSPECTIVE RATING PLAN ASSESSMENT, the MEMBER shall owe the FUND or the FUND shall owe the MEMBER as the case may be, the difference between amount paid/incurred by the MEMBER to date and the MEMBER'S RETROSPECTIVE RATING PLAN ASSESSMENT, subject to the MAXIMUM ASSESSMENT.
F. If the MEMBER owes the FUND an additional assessment under this ENDORSEMENT, this amount shall be payable to the FUND within 180 days after the FUND bills the MEMBER, or upon the MEMBER withdrawing from the FUND, whichever is earlier.
G. If the FUND owes the MEMBER a return assessment under this ENDORSEMENT, this amount shall be payable to the MEMBER 180 days after the next meeting of the FUND's Board of Fund Commissioners, or Executive Committee thereof.
H. This endorsement shall only be effective if approved by resolution of the MEMBER'S Governing Body.

Schedule

A. Other policies subject to this Retrospective Rating Plan Endorsement
   WORKERS' COMPENSATION
   COMPREHENSIVE GENERAL AND AUTO LIABILITY
   EXCESS LIABILITY
   PROPERTY AND BOILER AND MACHINERY
   COMPREHENSIVE CRIME
   PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES

B. Maximum Retrospective Rating Plan Assessment Factor:________

C. The standard maximum assessment is based on estimates of standard assessment. The actual maximum assessment will be calculated based on the actual standard assessment and the factor, shown in the Schedule, Item B :

The coverage provided under this ENDORSEMENT is subject to all of the terms and CONDITIONS of this policy. All other terms and CONDITIONS of this Policy remain unchanged.

Effective Date:

12) Self-Insured Retention Endorsement

THIS DOCUMENT IS INCORPORATED IN THE PEJIF PLAN OF RISK MANAGEMENT. PLEASE READ IT CAREFULLY.

MEMBER:_________________________________

SELF-INSURED RETENTION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
AUTOMOBILE LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
LAW ENFORCEMENT LIABILITY COVERAGE PART

It is understood and agreed that such insurance as provided by this policy, specifically the Insuring Agreement and Supplementary Payments Provisions are modified and subject to the following provisions:

1. The total limit of liability of the Public Entity Joint Insurance Fund ("PEJIF") as stated in the Plan of Risk Management shall apply excess of the retained limit (herein called the Self-Insured Retention) as stated in the endorsement, and the Insured Member agrees to assume this retained limit:

   Self Insured Retention: $ ___________________ per Occurrence
   $ ___________________ per claim

2. The PEJIF's obligation under this policy applies only to the amount excess of the Self-Insured Retention. Your bankruptcy, insolvency, or inability to pay the Self- Insured Retention shall not increase our obligation under the policy.

   The Insured Member shall have the obligation to provide, at its own expense, proper defense and investigation of any claim and to accept any reasonable offer of settlement within the Self-Insured Retention. The Insured Member's obligation to provide for its own defense is terminated upon the exhaustion of the Self-Insured Retention referenced above. In the event that there is any other insurance, whether or not collectible, applicable to an occurrence, claim or suit within the Self-Insured Retention, the Insured Member must make actual payment for the full Self-Insured Retention amount before the limits of insurance under this policy apply.

Compliance with this clause is a condition precedent for coverage under this policy. In the event of the failure of the Insured Member to comply with this clause, no loss, cost or expense shall be payable by the PEJIF.

3. In the event of a claim or claims arising which appear likely to exceed the Self-Insured Retention, no costs, other than adjusting expenses, shall be incurred by the Insured Member without the written consent of the PEJIF. Furthermore, the Insured Member's claims third party administrator shall invoice the PEJIF Administrator within 30 days of the date of payment of any claims cost incurred and paid above the Insured Member's Self-Insured Retention.

4. The PEJIF shall have the right, but not the duty, in all cases to assume charge of the investigation, defense and/or settlement of any claim and upon written request from the PEJIF the Insured Member shall pay directly any expense or loss incurred by the PEJIF in the investigation, defense and/or settlement of any claim or reimburse the PEJIF for any and all amounts paid by the PEJIF within the Self-Insured Retention.

5. Commercial General Liability - Insured Member's Duties in the Event of Occurrence, Claim or Suit:

   a) The Insured Member shall report promptly to the PEJIF each claim or loss for which the estimated amount of net loss is 50% or more of the Self-Insured Retention listed above.

   b) The Insured Member shall report all cases of serious injury which, notwithstanding consideration of liability or coverage might involve this insurance but not limited to the following:
      1) Spinal Cord injury - paraplegia, quadriplegia;
      2) Amputations - requiring prosthesis;
      3) Brain damage affecting mentality or central nervous system such as permanent disorientation, behavior disorder, personality change, seizures, motor deficit, inability to speak (aphasia), hemiplegia or unconsciousness (comatose);
      4) Blindness;
      5) Burns - involving over 10% of body with third degree, or 30% of body with second degree;
      6) Multiple fractures - involving more than one member or non-union;
      7) Fracture of both heel bones (fractured bilateral or calcis);

8) Nerve Damage causing paralysis and loss of sensation in arm and hand (brachial plexus nerve damage);
9) Massive internal injuries affecting body organs;
10) Injury to nerves at base of spinal canal (Cauda Equina) or any other back injury resulting from incontinence of bowel and/or bladder;
11) Fatalities;

12) Any other serious injury which, in the judgment of the Insured Member, might involve the PEJIF;
13) Sexual Assault / Molestation
14) All construction defect claims.

It is agreed that the above reporting requirements shall be a condition precedent to coverage. Notwithstanding the above provisions the responsibility to guarantee proper reporting remains that of the Insured Member. The failure of the Insured Member to comply with the reporting requirements may result in a denial of coverage under the policy.

c) The Insured Member shall cooperate with the PEJIF and, upon the PEJIF's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured Member because of liability with respect to which insurance is afforded under the policy; and the Insured Member shall attend hearings and trials and assist in securing and giving evidence and obtaining witnesses.

6. The Insured Member shall at all times:

a) Give to the PEJIF, or their duly appointed representatives, such information, assistance, and signed statements as the PEJIF may require, and
b) Assist in the defense of any claim without charge to the PEJIF.

7. The Insured Member shall indemnify and hold harmless the PEJIF from any and all loss and all costs, including but not limited to adjusting expense and attorney’s fees incurred in the investigation, defense and/or settlement of any claim incurred by the PEJIF included within the Self-Insured Retention.

The Insured Member shall further indemnify and hold the PEJIF harmless from any and all costs incurred by the PEJIF, including but not limited to the reasonable value of PEJIF employee services and attorney's fees incurred in the enforcement of this agreement.

13) Establishing loss reporting guidelines.

PEJIF THIRD PARTY CLAIMS ADJUSTING ORGANIZATION
LOSS REPORTING GUIDELINES
FOR CLAIMS UNDER BRIT INSURANCE SERVICES USA, INC.
POLICIES INCEPTING MAY 1, 2009 AND LATER
EFFECTIVE OCTOBER 1st 2011

As the MGA for the Underwriters at Lloyd's on the excess policy for the Named Assured, Brit Insurance Services USA Inc. are taking this opportunity to advise you, as the Assured's Third Party Claims Adjusting Organization (TPA), of the reporting criteria, format of reports and distribution list when advising losses to Underwriters. If the TPA has not received a copy of the policy they should contact PSI Program Managers urgently. Please provide this information to your account handlers.

MANNER OF REPORTING AND DISTRIBUTION OF REPORTS:

Whenever possible, reports should be sent via e-mail. Documents should be included as Word, Excel, or .pdf attachments. Pictures can be sent as .tif or .mpeg, but .pdf is preferred. **Please do not send documents (letters, suits, reports, etc.) in .tif or WordPerfect format.**

The adjuster should not send a hard copy of anything already sent by e-mail, unless specifically requested.

Please make sure that any document created from a template is saved with a name in non-template format. Otherwise, each time the document is opened the date changes to the date opened; and there is no way for Underwriters to reliably determine the date the document was created.

Initial reports should be identified as such in the subject line of the e-mail, and should be sent to each of the following:

Cindy_whiteaker@rpsins.com

PSI-Claims@rpsins.com for PSI

Subsequent reports should be sent directly to Cindy Whiteaker, with a copy sent to Philip_Vaughan-Fowler@rpsins.com

If documentation is too large to send via e-mail and needs to be sent via mail or courier, please contact Cindy for an address.

Sending claim reports to the wrong person or to any other addresses will result in delays.
Telephone numbers for voice contact are: Cindy Whiteaker 919-785-1336

INITIAL CASUALTY CLAIMS REPORTING:

*Per the Policy wording, loss reporting is **required** for any claims involving: -*

1. Catastrophic Losses (fatalities, amputation of major extremity, paraplegia/quadriplegia, severe burns, significant brain injuries)
2. Discrimination or Violation of Civil Rights.
3. Third Party claims, other than Auto Liability, involving Law Enforcement Activities.
4. Environnemental impact/Toxic tort.
5. Any alleged Sexual/Physical Abuse.
6. Coverage questions.
7. (a) any claim whose value reaches 75% of the retention; and/or
   (b) the cost of which is likely to result in payment by Underwriters under this Policy.
8. Any loss where there is a question as to whether there will be coverage under Underwriters' policy.

Losses should be reported within 30 days of when the loss meets the reporting criteria.

A captioned claim report completed by the handling adjuster, based upon the formats below and
inclusive of all of the details indicated, must be sent. Reports should include copies of the following documents when available: incident and accident reports (both internal and official),
suit papers, tort claim/statutory notice of claims, and/or EEOC (or similar state agency) complaints or notices.

Please do not send medical records or bills (unless specifically requested), blank discovery, or
non-substantive pleadings.

Whenever possible, the report and supporting documents should be sent electronically, as more fully explained below.

INITIAL WORKERS COMPENSATION CLAIM REPORTING

*Loss Reporting is **required** for claims involving:-*

1. Fatalities.
2. Amputation of Major Extremity.
3. Paraplegia.
4. Quadriplegia.
5. Severe Burns.
6. Significant brain injuries.
7. (a) any claim whose value reaches 75% of the retention; and/or
   (b) the cost of which is likely to result in payment by the Company under this Policy.

8. Where it is anticipated that the claimant will be determined to be permanently and totally disabled.

Losses should be reported within 30 days of when the loss meets the reporting criteria.

A captioned claim report completed by the handling adjuster, based upon the formats below and inclusive of all of the details indicated, must be sent. Reports should include copies of the following documents when available: claimant's state "First Report of Injury", incident and accident reports (both internal and official), suits, pertinent narrative medical reports.

Please do not send routine medical records or bills (unless specifically requested), blank discovery, nor non-substantive pleadings.

SUBSEQUENT CASUALTY/WORKERS COMPENSATION CLAIM REPORTING:

Subsequent formal reporting should be done via a captioned report completed by the handling adjuster, at appropriate intervals as conditions warrant (typically every 60 days). However, the TPA shall be responsible for reporting more frequently if the file is particularly active; and critical events should be reported as soon as practical, regardless of the "due date" of the next formal report.

Periodic formal reporting shall follow the same format (below) as the initial report, noting any updates. Reports should include copies of the following documents when available: incident and accident reports (both internal and official), suits, tort claim/statutory notice of claims, complaint notices, defense counsel's substantive reports.

Please do not send medical records or bills (unless specifically requested), blank discovery, or non-substantive pleadings.

Whenever possible, the report and supporting documents should be sent electronically, as more fully explained below.

ADJUSTER'S CAPTIONED CASUALTY/WORKERS COMPENSATION REPORT FORMAT:

1. Identify by type of report (include all that apply)

    A. Initial
    B. Coverage questions
    C. Interim
    D. Authority request
        - Include what has been paid, status of the SIR, status of the aggregate if applicable.
    E. Reimbursement request
        - Show payments by claimant/line of business, less SIR and less any amounts previously paid.

F. Closing/Final

2. Information to be included (A thru D should be in the reference section of the header):

A. *Insured* - This is to include the name of the Named Assured, any "Member" entity and/or the department within the Named Assured/"Member"

B. *Claimant(s)* - This is to include the name of each claimant, age, involvement in the loss (i.e. if auto whether the operator, passenger, pedestrian, etc.)

C. *Date of Loss* - This is the date the event/accident actually occurred.

Date Claim was First Made to the Assured – Date that the Assured first received any type of notice that a claim was being made against them.

Date Claim was First Made to TPA - Date the TPA was first advised by the Insured of the loss.

D. Coverage - This is to include the correct policy number; effective dates; the line(s) of coverage applicable to the loss; the SIR applicable; and Underwriters' excess limits. If applicable, information on any other excess coverage should also be provided.

E. Description of loss - To include full details of how the accident/event occurred, and what investigation has been completed to date.

F. Liability - To include adjuster's assessment of liability; any immunity law that may be applicable (including caps on damages); whether the negligence scheme in the applicable venue is pure or modified comparative negligence/fault, or strict contributory negligence; other parties that may be responsible or may contribute (including name of carrier/limits if known)

G. Injuries/Damages - Details on injury to each claimant, age, occupation, medical expense, wage information, MIB/CIB report information, disability if any, future treatment,

H. Litigation - If applicable include copy of complaint; name of defence counsel; who is being Defended; reputation of plaintiff counsel if known; any comment on jurisdiction if known; defence counsel's initial/subsequent evaluation; defence counsel's litigation plan and budget

I. Mediation Date/Arbitration Date/Trial Date - If case in suit advise of these dates as soon as they are learned.

J. Pre-Mediation/Pre-Arbitration/Pre-Trial Evaluation – Include the *adjuster's* evaluation as well as defence counsel's evaluation, to include a discussion of the major issues; pluses and minuses of our defence; potential verdict, arbitration, or mediation settlement range; worst case scenario; best case scenario; adjuster's/defence counsel's recommendation; Assured's input/opinion. Ideally, this should be received no later than thirty five days before the scheduled mediation, arbitration, or trial date; even if there is the potential that the mediation, arbitration, or trial will not proceed on the date scheduled. It is Underwriters' expectation that both counsel and the adjuster should not be called to mediation, arbitration or trial without sufficient notice.

K. Demand/Offer - Advise of demands/offers and if there are any time limits on the demands by the claimant. Include comments on whether the insured has been contacted for authority within the SIR and whether granted/denied (with explanation).

L. Comments - This should include what needs to be done yet, time frame for completion and next date a report can be expected.

M. Total Experience - Indicate Loss and Expense payments, remaining reserve, and Total Experience for each claimant.

INITIAL PROPERTY CLAIM REPORTING:

Loss reporting is required for claims involving:

1. Claims involving a coverage question.
2. (a) any claim whose value reaches 75% of the retention; and/or
   (b) the cost of which is likely to result in payment by the Company under this Policy.

An Initial Advice/Loss Notice providing basic scope of loss and reserve information should be submitted within 10 working days whenever possible.

The Initial Advice/Loss Notice should include the following: Insured, risk location, policy number, deductible & SIR, date of loss, date loss reported, a brief description of the scope of the loss, and an initial reserve recommendation if possible.

The adjuster's initial captioned report should follow within 30 days.

The adjuster's initial captioned report should include the following:

Date of loss
Description of Peril resulting in direct physical loss to the Insured Property
Any other perils involved
Any coverage issues identified
Location(s)/Property (ies) Involved (as named in Schedule of Values) and Scheduled Value

Scope of damage by Insured Location, including any Coverage Extensions applicable
What has been done and what requires to be done
Salvage/Subro potential
Reports (fire, weather, expert, etc.), photos, diagrams
Date of next report (estimate)

The adjuster's subsequent captioned reports should follow every 60-90 days.

The adjuster's subsequent captioned report should include the following (where applicable):

What has been done since the last formal report
Verified and agreed repair estimate(s)
Discussion of salvage/subrogation activity
What requires to be done
Date of next report (estimate)
Request for authorisation to obtain proofs (if applicable)

USE AND ASSIGNMENT OF EXPERTS

If a claim investigation requires the use of an expert (i.e. engineering, construction, cause and origin, etc.), authorisation must be approved prior to engaging the expert in order to assure that the cost will be considered part of **Ultimate Net Loss** (see General Policy Definitions). The adjuster will be expected to explain why an expert is needed and what is expected to be accomplished that cannot be accomplished by other means. Underwriters will make every reasonable effort to accommodate requests where the need can be supported.

In the event of a bona fide emergency need for an expert after hours or on weekends, and contact with PSI has not been able to be accomplished within 24 hours of the initial attempt, the adjuster
should proceed with the assignment. However, please note that Underwriters' expectation is that the need for experts should not, typically, arise on an emergency basis.

REQUESTS FOR SETTLEMENT AUTHORITY

The adjuster should be aware that settlement authority requests should be made timely, and they should be made for all of the authority reasonably necessary for the situation at hand: settlement offer, mediation, arbitration, pre-trial conferences, etc. Emergency requests for authority in excess of a $100,000 above the SIR or additional authority in that amount are difficult to accommodate from a logistical standpoint. This process can take as long as a week, or more; especially when there are coverage issues involved. Emergency requests for authority, or additional authority, are difficult to accommodate from a logistical standpoint.

IMPORTANT INFORMATION AND REPORTING REQUIREMENTS INVOLVING PER OCCURRENCE RETENTIONS AND MULTIPLE LINES LOSSES

The adjuster should be aware that the Assured's Self Insured Retention for any single line of coverage under the policy is written on an "each and every" basis. Further, the policy may have a "Clash Coverage" or "Multiple Lines Loss Protection" feature that may apply when a single occurrence or event results in claims under more than one line of coverage under the policy.

Thus, it is important to recognize that if the total incurred for the total number of claims within any one line of coverage meets the 75% of SIR reporting threshold, ALL claims within that line of coverage need to be reported.

Further, in the event that one occurrence results in claims under multiple lines of coverage under the policy, and any one claim meets the 75% of SIR reporting requirement, ALL claims insured under the Policy arising from the occurrence must be reported.

CATASTROPHE LOSS HANDLING

Immediately survey accounts that are located in the affected area to determine degree of damage or confirm damages will not exceed the S.I.R. Note - the account may have a specific S.I.R. for wind or flood and the S.I.R. applies on an occurrence basis.

A report is required confirming damages and suggested reserve within 10 working days. If emergency advances above the SIR are required, the request for funds should detail amounts already expended and intended incurred expenditures to support the advance request. An Adjuster's Initial Report should follow within 30 days.

All reports should refer to the correct CAT Number if known/available.

AGGREGATE COVERAGE

In addition to the loss reports on the specific losses you are required to provide quarterly loss reports for the Aggregate Loss Funds in an acceptable/approved format to:

PSI to the attention of Philip Vaughan-Fowler

Please note that if you are handling run-off losses previously handled by another TPA (also known as "run-in" claims), all data from the prior TPA needs to be included.

IMPORTANT INFORMATION REGARDING MANDATORY REPORTING UNDER SECTION 111 OF THE MEDICARE, MEDICAID AND SCHIP EXTENSION ACT OF 2007 (MMSEA)

Pursuant to the terms of the policy between Underwriters and the Named Assured, it is Underwriters interpretation of Section 111 of the MMSEA that the Assured is the Responsible Reporting Entity (RRE) for any claims made against the Assured that may be covered under the policy. Therefore, compliance with the Act in regard to RRE's rests with the Assured. If the TPA is designated by the Assured as the party responsible for making reports on behalf of the Assured under the act for claims that fall within the Self Insured Retention, it is Underwriters position that the TPA has that same duty for claims in excess of the Self Insured Retention.

If there are any questions regarding any of the above, or if for any reason you are not able to comply with theses reporting guidelines, please contact Cindy or Philip as soon as possible.

Auto Physical Damage and Property claims must be reported to Travelers when the value is at 50% or will exceed the PEFJIF retention of 50,000. The claims should be called into Travelers at 1-800-238-6225 until further notice.

For workers compensation **Safety National** provides excess coverage statutory or unlimited excess 1,250,000. (Brit 500,000 x PEJIF 750,000) If the exposure exceeds or likely to exceed 50% of the retention the claim must be reported to Safety National. Immediate reporting should occur on fatalities, spinal cord injuries (Para/quads), second or third degree burns over 25% or more of the body, brain injuries, amputation of a major extremity, and multiple serious injuries to two or more employees. The reports can be sent to Safety by fax: 314.995.3897 or email via safety's web site. Safetynational.com

Please visit their web site for further instruction. A SN reporting form is noted above.

When reporting to the excess carrier, please copy the PEJIF Litigation Manager on liability claims and the VP of Claims on workers' compensation and property.

In regard to data, on a monthly basis submit the TPA must submit to the PEJIF SVP of Claims:

- Detailed loss runs for both members (copy data reported for PEJIF).
- A report that identifies claims that have been noted for subrogation potential.

Adopted: ***this day by the Board of Fund Commissioners***

_________________________ January 23, 2018

Chairman Date

_________________________ January 23, 2018

Secretary Date

RESOLUTION NO. 07-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

APPOINTING CERTAIN PROFESSIONALS AND SERVICE ORGANIZATIONS

WHEREAS, the FUND is duly constituted as a Public Entity Joint Insurance Fund, as permitted under the laws promulgated by the State of New Jersey, (N.J.S.A. 40A-36, et seq.); and

WHEREAS, the FUND finds it necessary and appropriate to obtain certain professional services and other extraordinary and other unspecifiable services, as defined in the Local Public Contracts Law, (N.J.S.A. 40A-11, et seq.) for the 2018 Fund Year.

NOW, THEREFORE BE IT RESOLVED, by the FUND's Board of Commissioners that the following professional services are being awarded under a fair and open process:

- ***Pringle Quinn Anzano*** is hereby appointed as **Fund Attorney** and shall serve at an hourly rate of $155 not to exceed $15,000 annually.

- ***Mercadien, P.C.***. is hereby appointed as **Fund Auditor** for the Audit of the Financial Statements for the Year Ended December 31, 2017, with services to be performed in 2018, and shall serve at an annual fee not to exceed $16,000, which includes administrative costs.

- ***NIP Management Services, LLC*** *is hereby reappointed as* **Claims Administrator – Professional Lines and Property & Liability Lines for Selected Members** at an annual fee not to exceed 3.45% of members' gross joint insurance fund assessment.

- ***AON Risk Consultants*** is hereby appointed as **Actuary** for the Fund and shall be appointed and qualified at an annual amount not to exceed $24,000.

- ***NIP Management Services, LLC*** is hereby appointed to provide **Claims and Risk Control Management Services** at an annual fee not to exceed 3% of members' gross joint insurance fund assessment.

- ***NIP Management Services, LLC***. is hereby appointed to provide **Loss Control Services** to the Fund and shall serve at an annual fee not to exceed $125,000.

- ***Business and Governmental Insurance Agency*** is hereby appointed as **Underwriting Manager/Insurance Broker** for the Fund and shall serve at an annual fee not to exceed 2% of members' gross joint insurance fund assessment.

- ***Patrick J .DeBlasio, CPA, CFMO*** is hereby appointed as **Fund Treasurer** and shall serve at an annual fee not to exceed $6,000.

- ***NIP Management Services, LLC*** is hereby appointed as **Administrator** for the Fund and shall serve at an annual fee not to exceed 6% of members' gross joint insurance fund assessment.

- ***Prime Advisors, Inc.*** is appointed as **Investment Advisor** for the Fund and shall serve at a fee of 0.00025 of the Accout Balance, not to exceed $17,000 annually.

- ***Princeton Public Affairs Group***. Is hereby appointed as **Governmental Affairs Consultant** for the Fund and shall serve at an annual fee not to exceed $5,000

  All Professionals and Service Organizations appointed pursuant to this Resolution shall serve the Fund pursuant to the terms of their Professional Services Contract(s) attached hereto.

ADOPTED: ***this day by the Board of Fund Commissioners,***

______________________	January 23rd, 2018
Chairman	Date
______________________	January 23rd, 2018
Secretary	Date

RESOLUTION NO. 08-18

RESOLUTION APPOINTING APPROVED DEFENSE COUNSEL FOR THE PUBLIC ENTITY JOINT INSURANCE FUND
(“Hereinafter referred to as the “FUND”)

WHEREAS, the Public Entity Joint Insurance Fund is responsible for providing a defense to certain claims brought against its members in accordance with the Fund’s coverage documents; and

WHEREAS, in order to appoint defense counsel, a law firm must be on the approved counsel list of the Public Entity Joint Insurance Fund to defend any members of the Fund; and

WHEREAS, the law firms shown in this resolution have been proposed as Defense Counsel for the Public Entity Joint Insurance Fund for the year 2018;

NOW, THEREFORE BE IT RESOLVED, by the Board of Fund Commissioners of the Public Entity Joint Insurance Fund that the law firms named in this resolution be and the same are hereby appointed as an approved defense counsel for the Public Entity Joint Insurance Fund for the year 2018:

(See attached list of Fund Defense Counsel)

BE IT FURTHER RESOLVED that the Chairman of the Public Entity Joint Insurance Fund is hereby authorized to execute this resolution;

ADOPTED: ***this day by the Board of Fund Commissioners***

__________________________ January 23rd, 2018
Chairman Date

__________________________ January 23rd, 2018
Secretary Date

PEJIF DEFENSE PANEL LISTING 2018

Mark Blunda
C/O Apruzzese, McDermott, Mastro& Murphy, P.C.
Somerset Hills Corp. Center
25 Independence Boulevard
PO BOX 112
Liberty Corner, NJ 07938
(908)-580-1776

MICHAEL ARMSTRONG, LLC
79 Mainbridge Lane
Willingboro, NJ 08016

BELOTTA LAW FIRM
Anthony Belotta, LLC
292 Lafayette Street, Newark, NJ 07105 - (973) 474-2192

Eric Bernstein & Associates
34 Mountain Blvd., Bldg A
Warren NJ 07059
732-805-3360

Chasan Leyner& Lamparello
300 Harmon Meadow Boulevard
Seacaucus, NJ 07094
201-348-6000

CLARENCE BARRY-AUSTIN LLC
76 South Orange Avenue
South Orange, NJ 07079

CONNIE BENTLEY & MCGHEE
20 Northfield Avenue
West Orange, NJ 07052

Cruser, Mitchell & Sanchez, LLC
Mack-Cali Corporate Center
50 Tice Boulevard, Suite 363
Woodcliff Lake, NJ 07677
(201)- 474-7100
(732)-636-3344

DeCotiis Fitzpatrick & Cole, LLP
Glenpointe Centre West
500 Frank W. Burr Boulevard
Teaneck, NJ 07666
(201) 928-1100
(201) 928-0588

Dvorak & Associates, LLC
390 George Street
8th Floor
New Brunswick NJ 08901
732-317-0130

Florio & Kenny
S. Marine View Plaza, Suite 103
PO Box 771
Hoboken NJ 07030
201-659-8011

GENOVA BURNS
494 Broad Street
Newark NJ 07102

Gilberto M. Garcia
21 Main Street
West wing Suite 350
Hackensack NJ 07601

Grieco & DeFilippo, LLC
414 Eagle Rock Avenue
Suite 200
West Orange, NJ 07052
973-243-2099
Attn: Nicholas Grieco, Esq.

Thomas B. Hanrahan& Associates
80 Grand Avenue
Suite 2
River Edge, NJ 07661-1914
201-525-1011

JASINSKI, P.C.
Peter Perla, Esq.
60 Park Place, 8th Floor
Newark, NJ 07102
973-834-9700

LAMB KREITZER, LLC
110 B Meadowlands Parkway
Suite 201
Secaucus, NJ 07094

EVELYN D. LATSE LLC
3-5 Vose Avenue
South Orange, NJ 07079

LINDER & WING, LLC
1812 Front St
Scotch Plains NJ 07076

Mr. Sean X. Kelly
C/O **Marks, O'Neill, O'Brien, Doherty & Kelly, P. C.**
SUITE 300
Cooper River West
6981 North Park Drive
Pennsauken, NJ 08109

McDonald and Rogers, LLC
181 West High Street
Somerville NJ 08876
908.722.4100 phone
908.722.7532 fax (May 2014)

Fred Rubestein
c/o **James P. Nolan & Associates**
61 Green Street
Woodbridge, NJ 07095

O'Donnell, McCord, P.C.
15 Mount Kemble Avenue
Morristown, NJ 07960
973.538.1230100 phone
973.538.3301 fax

PASHMAN, STEIN, WALDER, HAYDEN
Court Plaza South, 21 Main Street, Suite 200
Hackensack, NJ 07601

James Jude Plaia, Esq.
10 S. Prospect Street
Verona NJ 07044
973-239-1899
973-571-2192 Fax

Scarinci Hollenbeck
1100 Valley Brook Avenue
PO Box 790
Lyndhurst NJ 07071-0790

DAVID STANZIALE, LLC
552 High Mountain Road, Suite 3
North Haledon, NJ 07508 - (973) 955-0470

Douglas Standriff
60 W. Ridgewood Avenue
Ridgewood NJ 07450

Joseph M. Wenzel, Esq.
1000 Clifton Ave # 101, Clifton, NJ 07013
(973) 546-0700

JOHN H. WATSON JR ESQUIRE
63 Washington St
East Orange NJ 07017

Weber Dowd Law
365 Rifle Camp Road
Woodland Park, NJ 07424
973-200-0805, ext. 102
Attn: Kraig Dowd, Esq

Whipple Azzarello, LLC
161 Madison Avenue
Suite 325
Morristown NJ 07960

JOHN ZIDZIUNAS, LLP
210 River Street, Suite 12
Hackensack, New Jersey 07601

RESOLUTION NO. 09-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

APPROVING THE FUND BUDGET FOR FISCAL YEAR 2017

WHEREAS, N.J.S.A. 11:15-2.4 requires that the Joint Insurance Fund commissioners approve the FUND budget by a majority vote; and

WHEREAS, the adopted FUND budget must be filed with the Commissioner of Banking and Insurance and the Commissioner of Community Affairs; and

WHEREAS, copies of the FUND budget must be made available to the governing bodies of each member municipality;

NOW, THEREFORE BE IT RESOLVED, by the FUND's Board of Commissioners that the attached revised budget (adjusted to add new members) is approved for the 2018 FUND fiscal year.

Adopted: ***this day by the Board of Fund Commissioners***

______________________	January 23rd, 2018
Chairman	Date
______________________	January 23rd, 2018
Secretary	Date

Public Entity Joint Insurance Fund
2018 Asssessment Summary
As of January 3, 2018

Loss Fund Assessments		
WC	667,790	
GL	331,295	
LEL	180,194	
AL	177,778	
Property	295,049	
EPL/POL	391,865	
Managed Care	-	
Total Loss Fund Assessments		2,043,971
Excess Insurance		
WC	1,130,712	
GL	470,987	
LEL	239,010	
AL	148,274	
EPL/POL	444,356	
Property	608,368	
Other	66,783	
Total Excess Insurance		3,108,490
Underwiiting Expenses		
General Expenses	673,718	
Risk Management Expenses	451,303	
Underwriting Expenses	133,159	
Administrative Fees	383,171	
Total Underwriting Expenses		1,641,350
Loss Contingency Fund		126,726
Other Costs		
Environmental Costs	20,396	
EANJ Costs	13,023	
Other Add-On(s)	78,564	
		111,983
Total 2018 Assessment		7,032,521
		-
		-

RESOLUTION NO. 10-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter the "FUND")

APPROVING CERTAIN DISBURSEMENTS

WHEREAS, the Bylaws of the FUND require that the Board of Commissioners approve all disbursements by a majority vote, and

WHEREAS, the attached bill of items sets forth certain bills or demands for monies;

NOW, THEREFORE BE IT RESOLVED, by the FUND's Board of Fund Commissioners that the attached bill of items totaling **$73,276.62** is approved for payment.

Adopted: ***this day by the Board of Fund Commissioners***

______________________	January 23rd, 2018
Chairman	Date
______________________	January 23rd, 2018
Secretary	Date

JANUARY 23 2018- PEJIF Commissioners Meeting Bills List

Date: 01.01.18
Bills List #: 45

PAY TO	DESCRIPTION	Check #/WT	Invoice Amt.
Pringle Quinn Anzano	inv#41397 Fund Attorney Svs. December 2017	**#470**	$ 496.00
Café on Nine	Catering for December PEJIF meeting	**#471**	$ 256.80
Prime Advisors	Quaterly Fee Investment Advisors	**#472**	$ 1,078.00
Patrick DeBlasio	Fund Treasurer January 2018	**#473**	$ 500.00
Princeton Public Affairs	inv#7732 Governmental Affairs January 2018	**#474**	$ 416.67
Borough of Roselle	Wellness Incetive Program (WIP)	**#475**	$ 500.00
Township of Teaneck	Wellness Incetive Program (WIP)	**#476**	$ 1,000.00
City of Passaic	Wellness Incetive Program (WIP)	**#477**	$ 500.00
City of Perth Amboy	Wellness Incetive Program (WIP)	**#478**	$ 500.00
The Star Ledger	PEJIF Meeting Posting December	**#479**	$ 17.05
The NJ Times	PEJIF Meeting Posting December	**#480**	$ 5.22
Connell Consulting	Inv# 3255-17Proactive Police Supervision West NY	**#481**	$ 600.00
EANJ	Inv# 1795 Town of West NY Harrassment & Ethics 10/12/17 **$300;** Inv# 1796 Harrassment & Ethics 10/24/17 **$330**; inv#1801 Avoiding Workplace Harrassment Plainfield -11/27/17 **$1,925**; inv#1803 Professionalism Appr. Workplace 12/6,18,19/17 East Orange **$1,650**; #inv 1804 Preventing Workplace Harrassment -East Orange **$1,320;** inv#1805 Harrassment Training 1/9/18 City of Plainfield **$440; EANJ Yearly Dues $13,023**	**#482**	$ 5,995.00
EANJ	2018 Annual Dues	**#483**	$ 13,023.00
	Total in Checks $24,887.74		
	WIRE TRANSFERS/ACH	**ACH**	
NIP Management	PEJIF Meeting Room for January 2018 $150	**ACH**	$ 150.00
	Total Payments to NIP Management $150.00		
	BGIA Payments		
BGIA	Inv#255424 NIP Mgmt. Svs. PEJIF Performance bond#106089945		$ 475.00
	inv#258602 Chubb/Ace Pollution Endr. Add East Orange eff. 7/31/17		$ 3,396.26
	inv#259046 2018 Beazley Ins. Co. Cyber Liab. Renewal		$ 44,367.62
	Total BGIA $48,238.88		
		Total	**$ 73,276.62**

RESOLUTION NO. 11-18

PUBLIC ENTITY JOINT INSURANCE FUND
(Hereinafter referred to as the "FUND")

APPROVING CLAIMS PAYMENTS

BE IT RESOLVED by the Board of Fund Commissioners of the Public Entity Joint Insurance Fund, that confirmation and authorization approval is made in issuance of the attached claims payments totaling **$761,030.87** against the fund.

ADOPTED: ***this day before the Board of Fund Commissioners:***

__________________________ January 23rd, 2018
Chairman Date

__________________________ January 23rd, 2018
Secretary Date

PEJIF MONTHLY PAYMENTS		
YEAR	2017	
MONTH	**December**	
D&H	**Amount**	Comments
PASSAIC		
WC	$ 46,486.52	
LIABILITY, PROP & APD	$ 14,517.40	
D&H		
PERTH AMBOY		
WC	$ 41,662.07	
LIABILITY & PROP	$ 34,994.67	
CRC		
PLAINFIELD		
WC	$ 137,949.09	
LIABILITY & PROP	$ 77,523.42	
D&H		
WNY		
WC	$ 24,029.36	
LIABILITY & PROP	$ 95,286.62	
NIP & D&H		
Roselle		
WC	$ 20,333.30	
Liability & Prop	$ -	
NIP & CRC		
East Orange		
WC	$ 78,253.67	
Liability &Prop	$ 19,564.52	
D&H		
Teaneck		
WC	$ 113,825.47	
Liability & Prop	$ 9,488.96	
NIP & CRC		
Orange		
WC	$ 46,760.10	
Liability &Prop	$ 355.70	
PEJIF Total for the month	**$ 761,030.87**	

Quarterly Investment Report

As of 12/31/2017

Table of Contents

Executive Summary

TRANSACTIONS:

Action	Total	Comments	Average Tax-Equivalent Yield
Sales, Calls, and Maturities	$950,000	Proceeds reflect the maturities of three Treasury positions over the fourth quarter.	0.69%
Purchases	$798,500	As maturities in the portfolio came due, we continued to build on the 1-2 year laddered strategy for the portfolio in highly liquid assets. Overall, given the short nature of the portfolio Fed rate hikes have been helpful in improving the portfolio book yield. Reinvestments of proceeds were executed at 92 basis points higher than maturing bonds. As a result, overall portfolio book yield improved 21 basis points to 1.12%. As of year-end, we were requested to retain some cash proceeds for operational requirements moving into the new year.	1.61%

PORTFOLIO STATISTICS:

Quarter Ending:	09/30/2017	12/31/2017
Tax-Equivalent Book Yield	0.91%	1.12%
Book Value	$4,613,617	$4,325,448
Projected Tax-Equivalent Annual Income	$42,049	$48,378
Unrealized Gain	-$6,163	-$15,132
YTD Realized Gain	$0	$0
Portfolio Duration	0.70	0.81
Average Credit Quality	AAA	AAA

PORTFOLIO ALLOCATION:

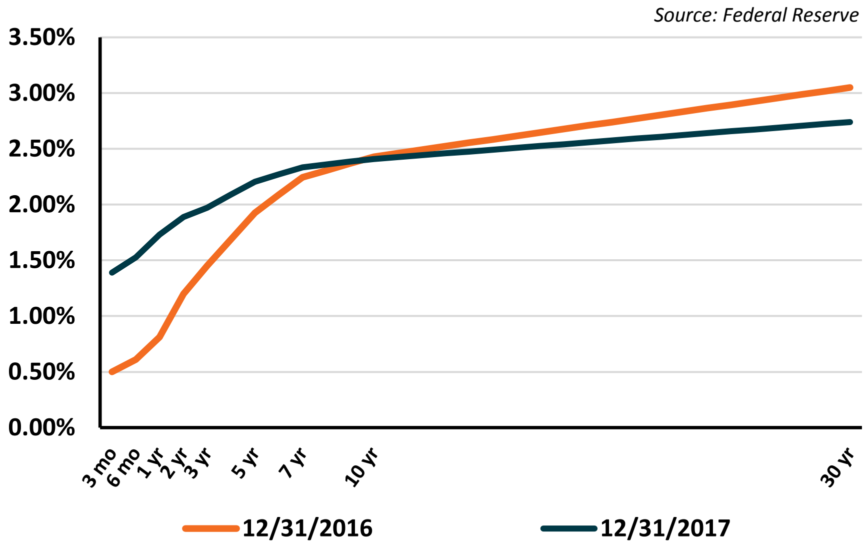
Sector	09/30/2017	12/31/2017
Treasury	91%	94%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	9%	6%

PERFORMANCE:

Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	$36,847	$29,611	$7,236
QTD Total Return	0.07%	0.09%	-0.02%
YTD Total Return	0.64%	0.73%	-0.09%

Economic Outlook

Treasury Yield Curves

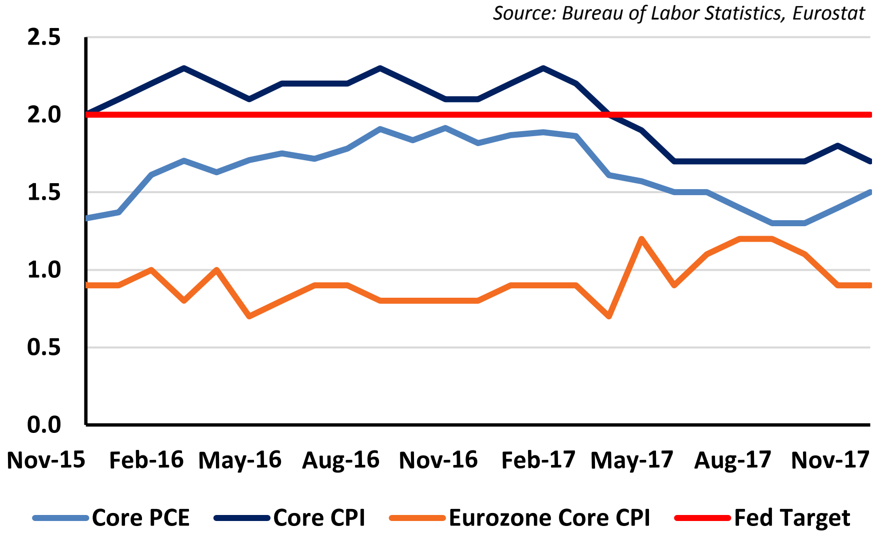


10 Year Treasury Yields

- 10 year Treasuries traded in a range of approximately 59 basis points (bps) in 2017
    - Reached high of 2.63% on expectations of growth and inflation
    - Touched low of 2.04% on market impatience over political gridlock and geopolitical concerns
    - 10 year yields finished the year at 2.41%, down only 2 bps of where it closed in 2016
- Flattening of the yield curve was the most significant change to rates in 2017
    - Brought on by the Fed's hawkish stance, driving short rates higher while simultaneously reducing long-term inflation concerns
    - Slope of the Treasury curve between 2 and 10 years flattened to the lowest levels since 2007
        - Difference between 2 and 10 year yields ended the year at 52 bps
- Fed remained active in 2017
    - Increased the Fed Funds rate three times
    - Implemented a tapering of reinvestments from the quantitative easing program
- Fed will continue to move at a gradual, consistent pace in 2018, as not to disrupt the financial markets
    - Dot plots for this year suggest three rate hikes, which is more hawkish than the market expectations of two
    - Only one hike is expected during the first half of 2018

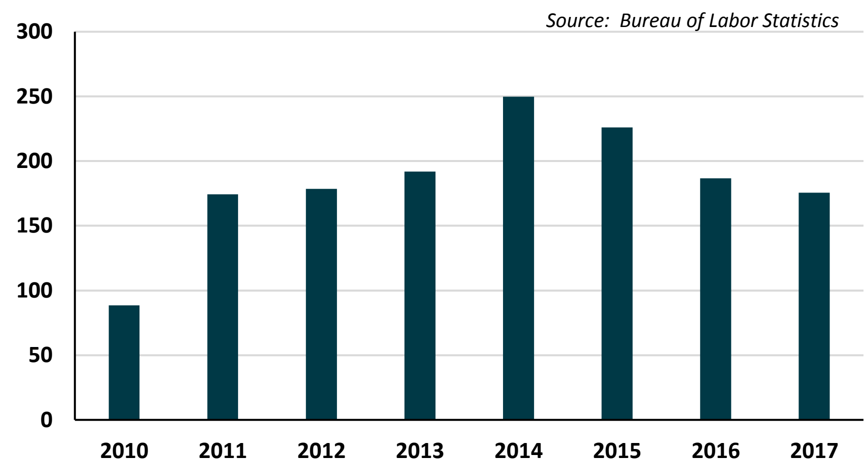
Economic Outlook

Inflation



Employment

Average Monthly Payroll Changes



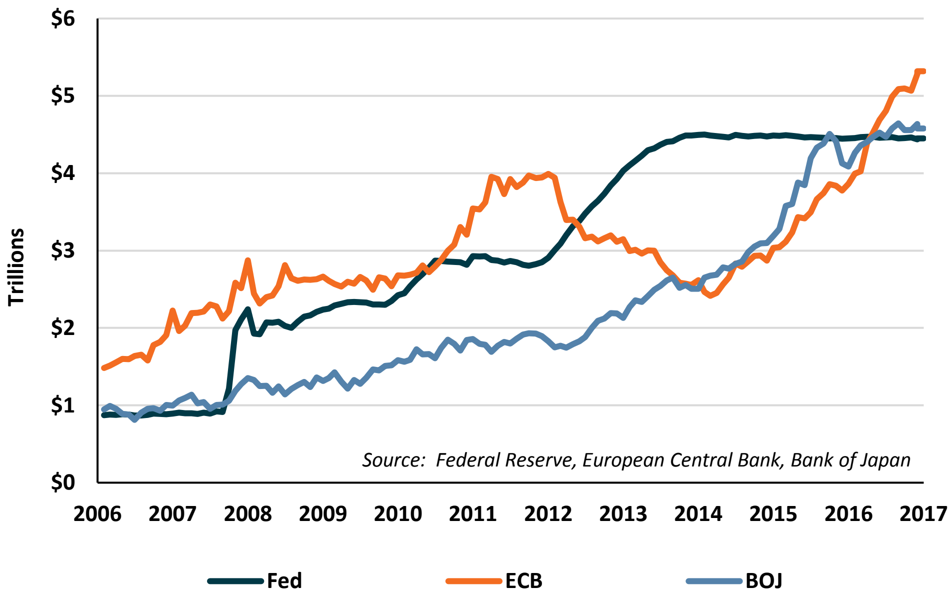
Employment and Inflation

- Federal Reserve continues to focus on their mandate of price stability and full employment
- Inflation showed signs of softening in 2017, while employment numbers remained strong and wage inflation contained
  - Eurozone data showed signs of increasing inflation mid-2017, but ended closer to 2016 levels and well below their target of 2%
- With the unemployment rate at cyclical lows of 4.1%, the Fed sees wage inflation in coming years as a catalyst for inflation to move closer to their 2% target
  - As a result, the Fed believes weaker inflation numbers are “transitory” and could reverse in coming quarters

Economic Outlook

Central Banks and World Bond Yields

Central Banks Balance Sheets (USD)



World Bond Yields

	12/31/2016	12/31/2017	Difference
US	2.43%	2.41%	(0.02%)
UK	1.24%	1.19%	(0.05%)
Germany	0.21%	0.42%	0.21%
France	0.68%	0.78%	0.10%
Italy	1.81%	2.01%	0.20%
Spain	1.38%	1.56%	0.18%
Japan	0.04%	0.04%	0.00%

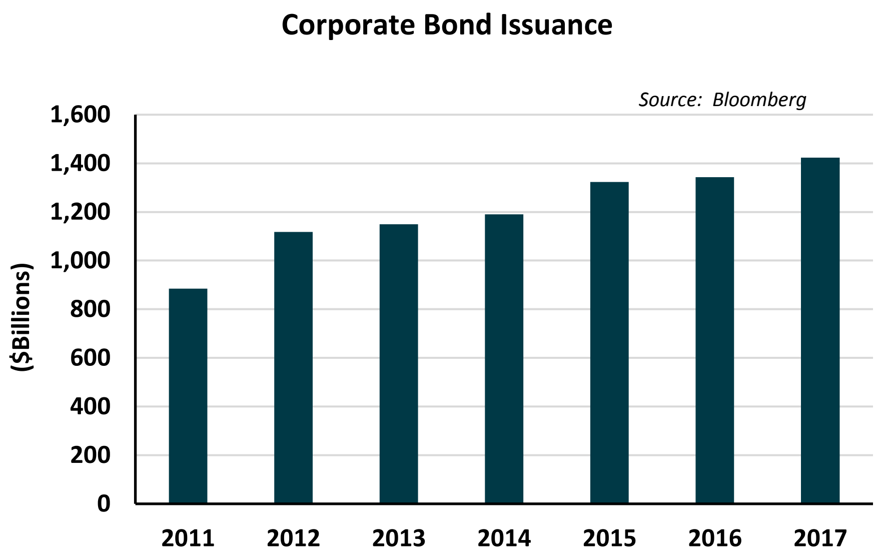
Source: Federal Reserve, Bloomberg

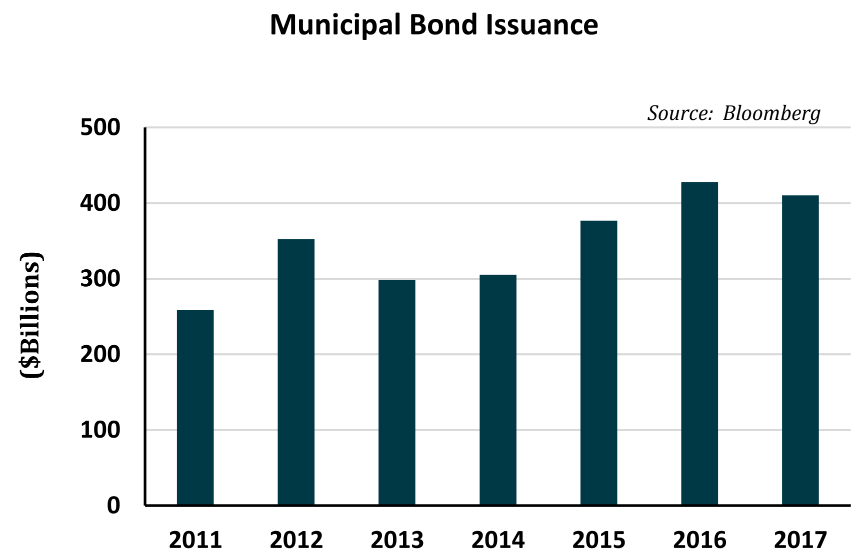
Global Considerations

- Even with low inflation, the ECB is taking steps to reduce liquidity by slowing purchases in their quantitative easing program
  - Beginning January and September 2018, the ECB will reduce monthly purchases from $60bn to $30bn euros
  - While slowing asset purchases, there is little expectation of rate hikes before 2019
- Globally, it is expected that major central banks will continue to reduce assets
- Over the short term, the yield effects of the Fed reducing holdings and slowly raising short rates, will be offset by continued foreign demand of US fixed income, which offers relative value and attractive yields versus other economies

Economic Outlook

Corporate and Municipal Bond Supply





Global Considerations

- Even with low inflation, the ECB is taking steps to reduce liquidity by slowing purchases in their quantitative easing program
  - Beginning January and September 2018, the ECB will reduce monthly purchases from $60bn to $30bn euros
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- Over the short term, the yield effects of the Fed reducing holdings and slowly raising short rates, will be offset by continued foreign demand of US fixed income, which offers relative value and attractive yields versus other economies

Economic Outlook

Municipals

The municipal bond market posted strong returns in 2017. According to Barclays, the full 30-year Municipal Bond Index had a pretax total return of 5.45% compared to 3.54% for the broad U.S. Aggregate. Duration was king with longer maturities outperforming shorter maturities by a wide margin.

Primary market supply posted near record numbers following a new high set for monthly issuance in December, as the potential for changes in the US tax code drove issuers to market. According to Barclays, over $439 billion was issued during the year, with over $64 billion issued in December.

The market digested the supply and demand remained strong throughout the year. Municipal bond funds saw modest outflows to begin the year, but finished the year with over $24 billion in net inflows. With minimal movement in rates, retail demand was strong. Healthy demand drove credit spreads tighter year over year, with lower rated securities outperforming higher rated names.

Currently, municipal spreads are less attractive from a historical perspective, like most fixed income asset classes. While municipals should continue to benefit from the anticipated reduction in supply with the elimination of tax-exempt advance refundings under the Tax Cuts and Jobs Act, the new lower tax rate for corporations will reduce the attractiveness of municipals on a tax adjusted basis for many corporations.

Corporates

Corporate spreads tightened 8 basis points (bps) during the fourth quarter. The tightening was impressive as significant new issue supply was offset by the hopes of a large corporate tax cut, strong economics, and continued demand from foreign central banks. High quality financials and utilities were the best performers followed by industrials.

For the full year, corporates OAS tightened in to 94 bps, closing within 6 bps of the 2006 tights. Financials tightened (35 bps) and BBB names tightened (33 bps). These gains were attributable to better earnings for banks, higher commodity prices, and a strong demand for yield for BBBs within a low yield environment. This marks the second consecutive year of tighter OAS for corporates, despite multiple (4) years of record new issuance.

Although the passage of tax reform could initially have a negative impact due to the loss of tax loss carryforwards, tax savings will add to corporations’ bottom line over time. Corporate bonds could also potentially benefit from repatriation of offshore cash holdings and lead to future investment in the U.S. This could further benefit the health of corporations and be supportive of spreads.

Reduced regulatory reform, coupled with Fed tightening and the shrinking of the Fed balance sheet will likely lead to higher lending rates and more interest income for financials. Financial spreads have the widest disparity to the 2006 tight levels when compared to other subsectors, this suggests that they have potential room to tighten.

Our outlook for corporate spreads remains cautiously constructive for 2018 given expectations for GDP growth and tax law changes. We will continue to monitor the markets carefully for increased volatility that could be sparked by any number of potential fuses such as mid-term elections, changing trade policies, North Korea, the Russia investigation, and BREXIT.

Economic Outlook

Mortgage and Asset Backed Securities (MBS and ABS)

Over the quarter, the market watched closely as the Fed began to taper its monthly paydown reinvestments of Agency MBS to the tune of $4B per month. The event was well-telegraphed and performance was little affected by the reduction with conventional 30yr MBS OAS widening a modest 2bps over the quarter to 30bps. Similarly, conventional 15yr MBS widened 1bp to 16bps. While spreads widened in 2017, MBS outperformed duration-neutral Treasuries by 24 bps over the quarter and 52 bps year to date.

MBS issuance remained robust in Q4 despite the typical decline in housing activity during the winter months. Q4 gross and net issuance is on pace to reach $338B and $74B, respectively. For 2017 those numbers grew to $1.3T and $308B. While the gross figure is behind 2016's $1.47T, the net issuance is roughly 35% higher due to a decline in refinancing activity given higher borrowing rates and a decreased pool of borrowers who haven't already refinanced their mortgages.

Beyond the Fed's tapering there were several headlines related to housing and the MBS market to follow over the quarter. After an abysmal third quarter for housing, partly due to the various hurricanes that hit the US, Q4 is shaping up to be a strong positive for the US economy. Sales, permits, homebuilder sentiment, and home prices all rose at a healthy pace which should bode well for Q4 GDP. Additionally, the GOP passed their historical tax reform which will impact the housing market in the form of reduced mortgage interest deduction and real estate tax deduction. While this optically is a negative for the housing sector the impact is likely to be minimal given the strong upward trajectory of the economy.

Going forward, we maintain our cautious view on the sector as we enter a period where the sponsor (buyer) of roughly a third of outstanding MBS begins to exit the market. By the end of 2018, the Fed will have reduced their monthly reinvestments by up to $16B per month. For context, the Fed has been reinvesting $15B-$25B monthly depending on the level of paydowns. The combination of MBS' future sponsorship combined with spreads hovering around historical tight levels leads us to remain slightly underweight on the sector. Our focus in residential mortgages remains in agency-backed products only.

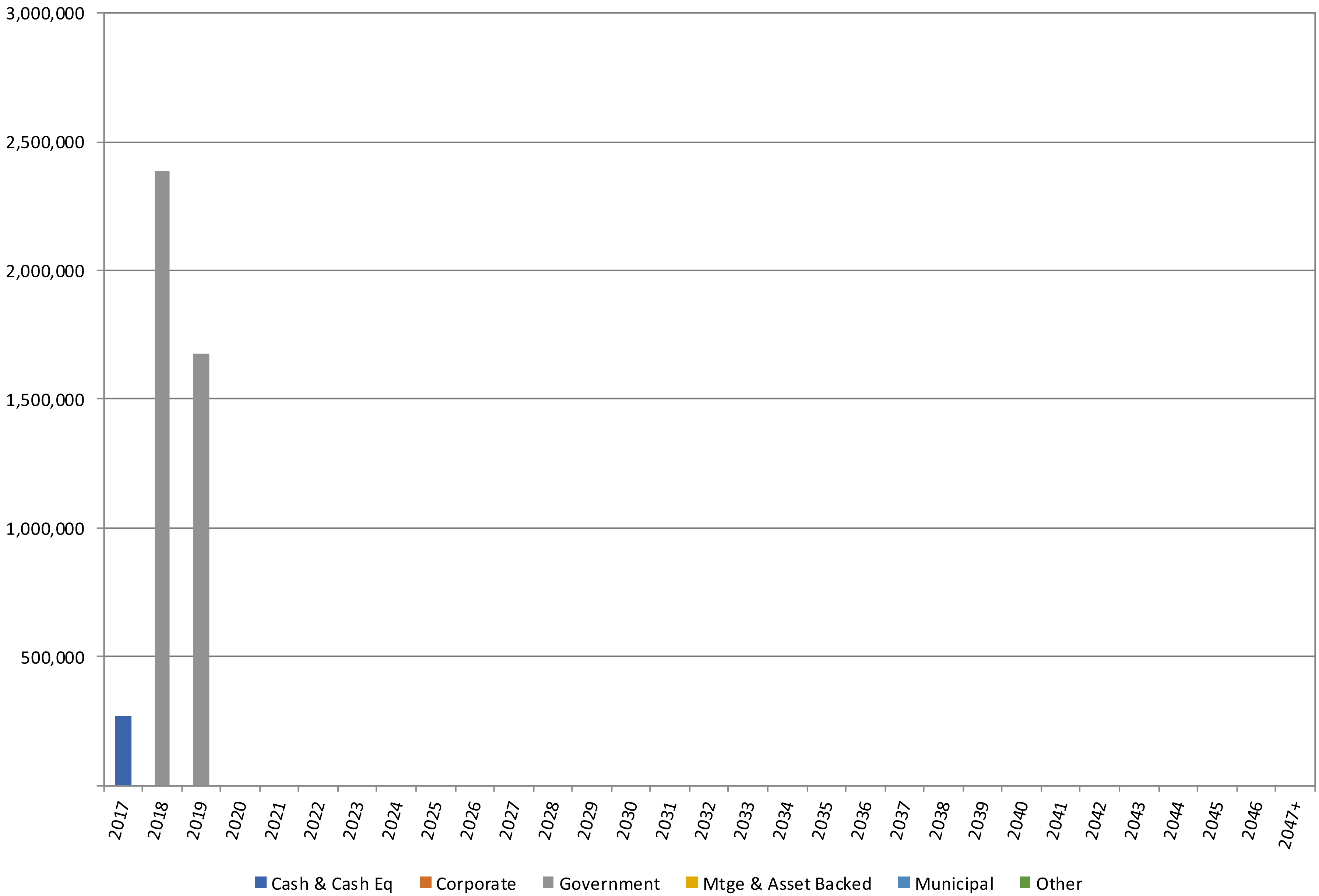
ABS posted a solid year in terms of performance and issuance, with Credit Card ABS outpacing Treasuries by 88 basis points while supply increased by 35% from 2016. After robust issuance in October, activity slowed the remainder of the quarter moving into year-end. October issuance totaled an impressive $8.8B, followed by a combined $1.2B in November and December. ABS spreads ended the year roughly 20bps tighter and near the tightest post-crisis levels we've seen.

Despite the historically tight spreads in shorter duration spread products, we remain overweight to AAA Credit Card ABS, as well as 10yr lower coupon MBS pools. We expect spreads to remain firm to slightly tighter in 2018 given continued global demand, strong consumer credit trends supported by further economic expansion, and a stable to slightly lower supply outlook. Both ABS and 10yr MBS pools provide attractive yields and spreads relative to agency debentures and Treasuries.

Portfolio Statistics

Security Type	Book Value	Market Value	Gain / (Loss)	Tax-Equivalent Book Yield	Tax-Equivalent Market Yield	Effective Duration	Convexity	Securities at Gain		Securities at Loss	
								#	Amount	#	Amount
Fixed Income											
Treasury	4,057,709	4,042,576	(15,132)	1.19	1.68	0.86	0.01	0	0	20	(15,132)
Agency	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Corporate	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Taxable Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Tax-exempt Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Mortgage Pass-Through	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMOs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
ARMs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Asset Backed	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMBS	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Other	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	**4,057,709**	**4,042,576**	**(15,132)**	**1.19**	**1.68**	**0.86**	**0.01**	**0**	**0**	**20**	**(15,132)**
Short Term											
Sweep Money Market	117,740	117,740	0	0.00	0.00	0.00	0.00	0	0	0	0
Commercial Paper	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
(Payable)/Receivable	150,000	150,000	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	**267,740**	**267,740**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0**	**0**	**0**	**0**
Total Fixed Income & Short Term											
Total	**4,325,448**	**4,310,316**	**(15,132)**	**1.12**	**1.58**	**0.81**	**0.01**	**0**	**0**	**20**	**(15,132)**
Equity											
Common Stock	0	0	0					0	0	0	0
Total	**0**	**0**	**0**					**0**	**0**	**0**	**0**
Grand Total											
Total	**4,325,448**	**4,310,316**	**(15,132)**					**0**	**0**	**20**	**(15,132)**

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2017	0	0.00	0%
2018	2,385,249	1.00	59%
2019	1,672,460	1.46	41%
2020+	0	0.00	0%
Subtotal	**4,057,709**	**1.19**	**100%**
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	**4,057,709**	**1.19**	**100%**

Performance

Tax-Equivalent Total Return
as of 12/31/2017
Inception Date: 08/01/2014

	Prime	Benchmark	Difference
Quarter to Date	0.07%	0.09%	-0.02%
Year to Date	0.64%	0.73%	-0.09%
Since Inception	0.47%	0.51%	-0.04%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury

Bond Purchases

Trade Date	Description	Security Type	S&P Rating	Moody's Rating	Coupon	Maturity Date	Call Date	Price	Cost	Pre-Tax Book Yield	Tax-Equivalent Book Yield
10/03/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.500	05/31/2019	N/A	100.10	200,203	1.44	1.44
10/03/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.625	06/30/2019	N/A	100.30	200,594	1.45	1.45
12/01/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.250	08/31/2019	N/A	99.10	198,195	1.78	1.78
12/01/2017	US TREASURY N/B	Treasury	AA+	Aaa	1.625	07/31/2019	N/A	99.75	199,508	1.78	1.78
Total									**798,500**	**1.61**	**1.61**

Bond Sales, Calls & Maturities

Trade Date	Trade Type	Description	Security Type	S&P Rating	Moody's Rating	Coupon	Effective Maturity	Maturity Date	Price	Book Value	Realized Gain/(Loss)	Pre-Tax Book Yield	Tax-Equivalent Book Yield
10/31/2017	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.750	10/31/2017	10/31/2017	100.00	400,000	0	0.64	0.64
11/30/2017	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.625	11/30/2017	11/30/2017	100.00	400,000	0	0.70	0.70
12/31/2017	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.750	12/31/2017	12/31/2017	100.00	150,000	0	0.76	0.76
Total										**950,000**	**0**	**0.69**	**0.69**

Appendix

Detailed Portfolio Report

Portfolio Holdings Report

Date Acquired	S&P Rating	Moody's Rating	Quantity	Description	Coupon	Effective Maturity	Maturity	Original Cost	Book Value	Market Value	Unrealized Gain/(Loss)	Book Yield	Market Yield	Effective Duration	Avg Life	Convexity
Money Market																
11/30/2017			117,740	BANK OF AMER/MERRILL LYNCH	0.00			117,740	117,740	117,740	0	0.00	0.00	0.00	0.00	
12/31/2017			150,000	Securities (Payable) / Receivable	0.00			150,000	150,000	150,000	0	0.00	0.00	0.00	0.00	0.00
			267,740					**267,740**	**267,740**	**267,740**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	
Treasury																
12/01/2017	AA+	Aaa	200,000	US TREASURY N/B	1.25	08/31/2019	08/31/2019	198,195	198,275	197,974	(301)	1.78	1.87	1.64	1.67	0.04
06/30/2016	AA+	Aaa	100,000	US TREASURY N/B	0.75	04/15/2018	04/15/2018	100,293	100,047	99,821	(226)	0.59	1.37	0.28	0.29	0.00
02/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.00	08/15/2018	08/15/2018	249,941	249,975	249,013	(963)	1.02	1.64	0.61	0.62	0.01
04/04/2017	AA+	Aaa	135,000	US TREASURY N/B	1.25	11/15/2018	11/15/2018	135,084	135,046	134,391	(655)	1.21	1.77	0.86	0.88	0.01
07/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	12/15/2018	12/15/2018	249,795	249,859	248,700	(1,159)	1.31	1.80	0.94	0.96	0.01
04/01/2016	AA+	Aaa	200,000	US TREASURY N/B	0.75	01/31/2018	01/31/2018	199,969	199,999	199,902	(97)	0.76	1.33	0.08	0.09	-0.01
08/28/2017	AA+	Aaa	200,000	US TREASURY N/B	1.00	03/15/2019	03/15/2019	199,063	199,270	198,006	(1,264)	1.31	1.84	1.18	1.20	0.02
03/06/2017	AA+	Aaa	250,000	US TREASURY N/B	1.38	09/30/2018	09/30/2018	250,654	250,313	249,358	(955)	1.21	1.72	0.74	0.75	0.01
07/27/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	01/31/2019	01/31/2019	249,717	249,796	248,433	(1,364)	1.33	1.84	1.06	1.09	0.02
08/01/2017	AA+	Aaa	225,000	US TREASURY N/B	1.38	02/28/2019	02/28/2019	225,229	225,169	223,781	(1,388)	1.31	1.85	1.14	1.16	0.02
09/15/2017	AA+	Aaa	200,000	US TREASURY N/B	1.25	04/30/2019	04/30/2019	199,672	199,731	198,414	(1,317)	1.35	1.86	1.31	1.33	0.02
04/11/2016	AA+	Aaa	200,000	US TREASURY N/B	0.75	02/28/2018	02/28/2018	200,164	200,014	199,814	(200)	0.71	1.32	0.16	0.16	0.00
04/11/2016	AA+	Aaa	200,000	US TREASURY N/B	0.75	03/31/2018	03/31/2018	200,094	200,012	199,680	(332)	0.73	1.40	0.24	0.25	-0.01
03/17/2017	AA+	Aaa	250,000	US TREASURY N/B	1.25	10/31/2018	10/31/2018	250,000	250,000	248,973	(1,028)	1.25	1.75	0.82	0.84	0.01
10/03/2017	AA+	Aaa	200,000	US TREASURY N/B	1.50	05/31/2019	05/31/2019	200,203	200,174	198,998	(1,176)	1.44	1.86	1.39	1.42	0.03
10/03/2017	AA+	Aaa	200,000	US TREASURY N/B	1.63	06/30/2019	06/30/2019	200,594	200,513	199,304	(1,209)	1.45	1.86	1.47	1.50	0.03
12/01/2017	AA+	Aaa	200,000	US TREASURY N/B	1.63	07/31/2019	07/31/2019	199,508	199,531	199,266	(265)	1.78	1.86	1.54	1.58	0.03
02/03/2017	AA+	Aaa	200,000	US TREASURY N/B	1.00	05/15/2018	05/15/2018	200,125	200,037	199,742	(295)	0.95	1.35	0.37	0.37	0.00
02/03/2017	AA+	Aaa	150,000	US TREASURY N/B	1.13	06/15/2018	06/15/2018	150,322	150,108	149,753	(356)	0.96	1.49	0.45	0.46	0.00
02/17/2017	AA+	Aaa	200,000	US TREASURY N/B	0.88	07/15/2018	07/15/2018	199,586	199,840	199,256	(584)	1.02	1.57	0.53	0.54	0.01
			4,060,000					**4,058,208**	**4,057,709**	**4,042,576**	**(15,132)**	**1.19**	**1.68**	**0.86**	**0.88**	**0.01**
			4,327,740					**4,325,948**	**4,325,448**	**4,310,316**	**(15,132)**	**1.12**	**1.58**	**0.81**	**0.82**	**0.01**

Glossary of Terms

Security Types

Adjustable Rate Mortgage (ARM)	A mortgage in which the interest rate is changed at regular intervals to reflect fluctuations in market interest rates. Because the borrower takes some of the risk of rising interest rates, the initial rate may be lower than that on a fixed-rate mortgage. There are often limitations on the interest rate change from one period to the next, with a rate cap for the life of the loan.
Agency	A fixed income security issued by a government-sponsored agency, such as Ginnie Mae, Freddie Mac, or the Tennessee Valley Authority. Depending on the issuer, these bonds may or may not be backed by the full faith and credit of the U.S. government.
Asset-Backed Security (ABS)	A fixed income security backed by the cash flows from loans or leases. Auto loans, home equity loans, and credit card receivables are the most common assets backing these securities. Principal and interest payments made by borrowers are redirected to owners of ABS to meet the scheduled coupon and principal payments.
Collateralized Mortgage Obligation (CMO)	A security similar to a mortgage-pass through. In a CMO, the principal and interest received from borrowers is split into different classes called tranches. The structure of CMO payment tranches makes the timing of cash flows more certain for owners of some tranches and less certain for owners of other tranches. More uncertain tranches typically provide higher yields.
Commercial Mortgage-Backed Security (CMBS)	A fixed income security backed by the cash flows from commercial real estate mortgages. All principal and interest from the mortgages flow to bond holders in a defined sequence. Common types of real estate involved are apartment buildings, office and retail space, hotels, and health care facilities.
Corporate (Corp)	A fixed income security issued by a private corporation.
Mortgage Pass-Through (MPT)	A fixed income security backed by the cash flows from residential mortgages. Monthly principal and interest payments made by borrowers are redirected to owners of MPTs as they are received. Because borrowers may prepay their mortgages (perhaps due to refinancing or selling the house), the timing of cash flows on these securities is uncertain.
Preferred Stock (Preferred)	Capital stock having priority over a corporation's common stock in the distribution of dividends. In the event of a liquidation, preferred stock's claim on assets ranks above that of common stock but below that of bank loans or corporate bonds.
Tax-exempt Municipal (ExMuni)	A fixed income security, issued by a state or municipality, paying interest that is exempt from federal income tax. Interest may or may not be exempt from state and local tax.
Taxable Municipal (TaxMuni)	A fixed income security, issued by a state or municipality, paying interest that is subject to federal income tax. Typically issued much less commonly than tax-exempt municipals.
Treasury	A marketable fixed income security issued by the U.S. Department of the Treasury and backed by the full faith and credit of the U.S. government.

Glossary of Terms

Definitions

Average Life	The dollar-weighted average time to maturity of a stream of principal cash flows. Also referred to as “weighted average life” or “WAL”.
Basis Point (bp)	1/100 of 1% (or equivalently .0001).
Benchmark	An index against which performance can be measured. Attributes of a good benchmark include: *Objective*: The index should be identified ahead of the time, it should be easily understood, and the construction rules should be clearly defined. *Replicable*: The manager should be able to replicate the returns passively. *Relevant*: The index should represent the manager’s neutral position. In other words, without the manager’s input, the index should represent a reasonable portfolio the company would purchase. *Tax Adjusted*: The benchmark should adjust for the different tax rates on various security types
Book Income	Dollars of investment income that flow through an insurance company’s income statement. This is equal to coupon received plus any accretion/ (amortization) of book value. It can also include any realized gains or losses in the portfolio.
Book Value	The value of a security that is reflected on an insurance company’s balance sheet. For fixed income securities on a statutory and tax basis this is the amortized value. The amortized value periodically writes up any accrual of purchase discount (or writes down amortization of premium) over the life of the security. The amortized value holds the underlying “book yield” constant and therefore does not swing with movements in the market.
Book Yield	The average annual yield which a bond purchased and held to maturity will earn over the period it is owned. This is generally fixed at the time of purchase of the security. The book yield can be used to calculate the book value of the security at any time between purchase and maturity.
Cash Flow	Interest and principal payments from the securities in a fixed income portfolio. A bullet (non-callable) bond will typically pay a coupon payment every 6 months, with a return of principal at maturity. For mortgage-backed securities and asset-backed securities, cash flows generally arrive monthly from both interest and principal. This principal portion contains both the planned return of principal and prepayment of principal due to reasons such as mortgage refinancing.
Convexity	Describes the sensitivity of a bond’s duration to a change in yield. As yields decrease, duration increases on bonds with positive convexity and decreases on bonds with negative convexity. This causes bonds with negative convexity to underperform when yields increase or decrease by large amounts.
Credit Risk	The risk that the issuer of a fixed income security may default and be unable to make timely interest and principal payments on the security.
Duration	The sensitivity of a bond’s price to a change in yield. Duration generally increases for bonds with longer maturities, meaning these bonds are more sensitive to yield changes. Bond price and yield move in opposite directions. Example: A bond with a duration of 5.0 would experience a price decrease of 5% for every 1% (100 bps) increase in interest rates.

Glossary of Terms

Definitions (cont.)

DYCARR℠	A proprietary model designed specifically for P/C insurance companies to maximize investment income while managing interest rate risk (see definition.) The model applies stress tests to projected operational cash flow and finds the likelihood that bonds in the portfolio will need to be liquidated in order to meet cash flow needs (such as the payment of losses). This may allow a company to invest in longer duration securities with higher yields.
FICO Score	A generic credit score developed by Fair, Isaac and Company, Inc., designed to predict the likelihood of borrowers becoming delinquent in their credit obligations.
Gross Domestic Product (GDP)	The total market value of all final goods and services produced in a country in a given year; it is equal to total consumer, investment, and government spending, plus exports, minus imports.
Interest Rate Risk	The risk to a bondholder that an increase in interest rates will cause bond prices to fall. Interest rates and market prices for fixed income securities generally move in opposite directions. Interest rate changes are the largest cause of changes in the market value of a bond portfolio.
Loan to Value (LTV)	A lending risk assessment ratio used in mortgage lending. LTV is calculated by dividing the mortgage amount by the lesser of appraised value or selling price. Residential mortgage loans conforming to agency guidelines have LTV ratios of 80% or lower at origination. Lenders will frequently require lower LTV ratios for commercial or investment properties.
Market Value	Estimated value of the bond based on current market price. This value fluctuates continually with interest rates and perceived risk of the issuer. Reflects the amount that could be received by selling the bond.
Option Adjusted Spread (OAS)	The portion of a bond's yield which is attributable to the credit risk of a bond as perceived by the market. This allows for comparison between bonds with or without embedded options such as calls, puts, and prepayment features.
Realized Gain/(Loss)	Difference between market and book value when a bond is sold. If market is greater than book value the bond was sold at a realized capital gain. Realized capital gains/(losses) flow through an insurer's income statement.
Tax Equivalent Yield	Yield adjusted for taxes, which allows for comparison of taxable bonds to tax-exempt bonds. Calculated by dividing after-tax yield by 0.65 (1 minus 35%).
Total Return	The return on a security or portfolio that reflects both income and price change. Assumes that the security or portfolio is priced using fair value at the end of the evaluation period.
Unrealized Gain/(Loss)	The difference between market value and book value on a bond. If market value is greater than book value the bond is at an unrealized gain. Under statutory accounting rules, changes in unrealized gain/(loss) do not affect income.
Volatility Adjusted Duration	A portfolio duration which has been adjusted for the lower observed price volatility seen in tax-exempt municipal bonds. Historically municipals appear to have about 15% lower price volatility than their stated durations suggest; this measure takes that observance into account.
Whole Loan	An original residential mortgage loan; distinct from a pooled pass-through which contains multiple loans. Non-agency CMOs use whole loans as collateral. They usually include jumbo mortgages and other mortgages which do not conform to the standards required for securitization by the agencies (GNMA, FNMA, FHLMC).
Yield	The implied return achievable for purchasing a bond at a given price.

Appendix

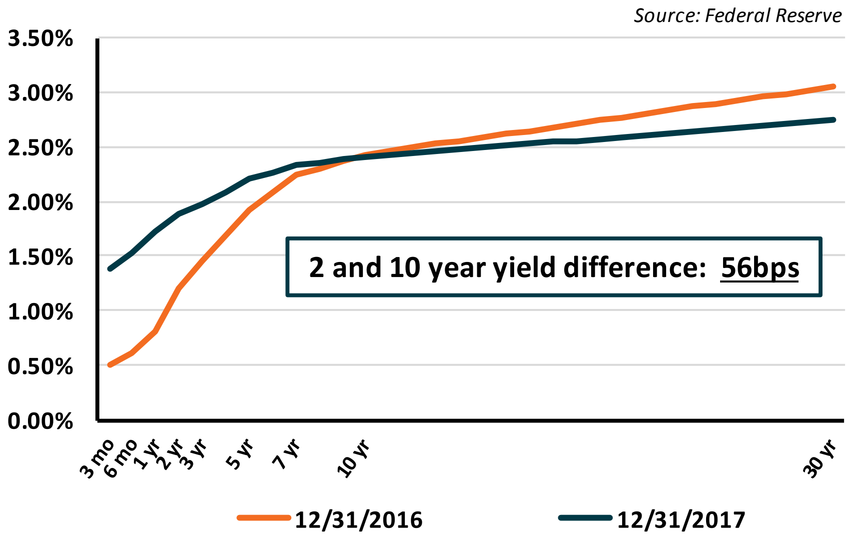
Presentation Overview

Overview

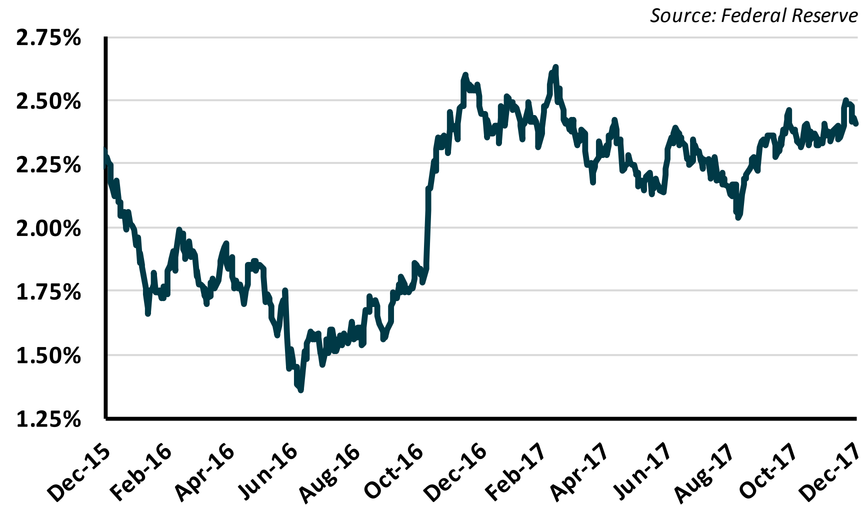
- Economic overview and market update
- Portfolio review
- Performance

Treasury Yields and Federal Reserve

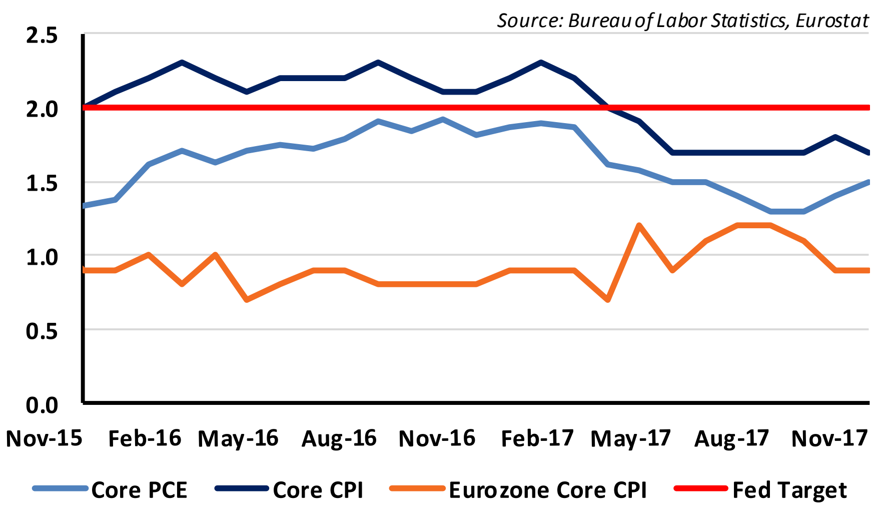
Treasury Yield Curves



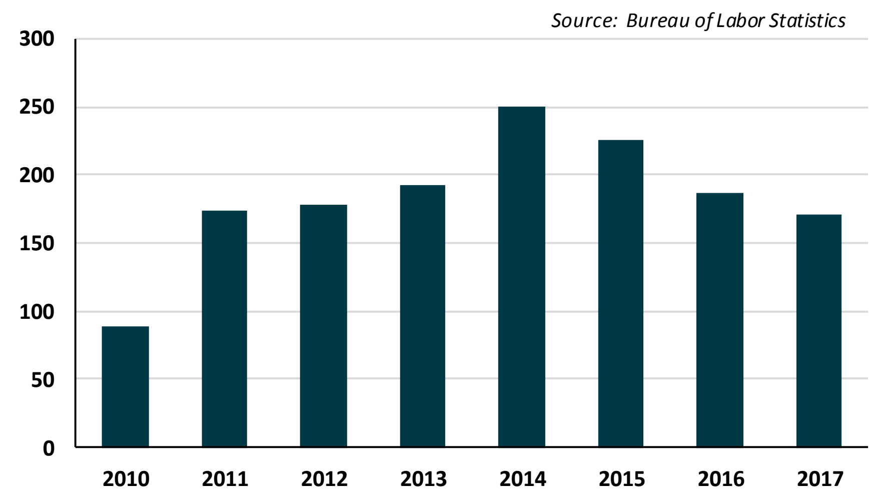
10 Year Treasury Yields



Inflation

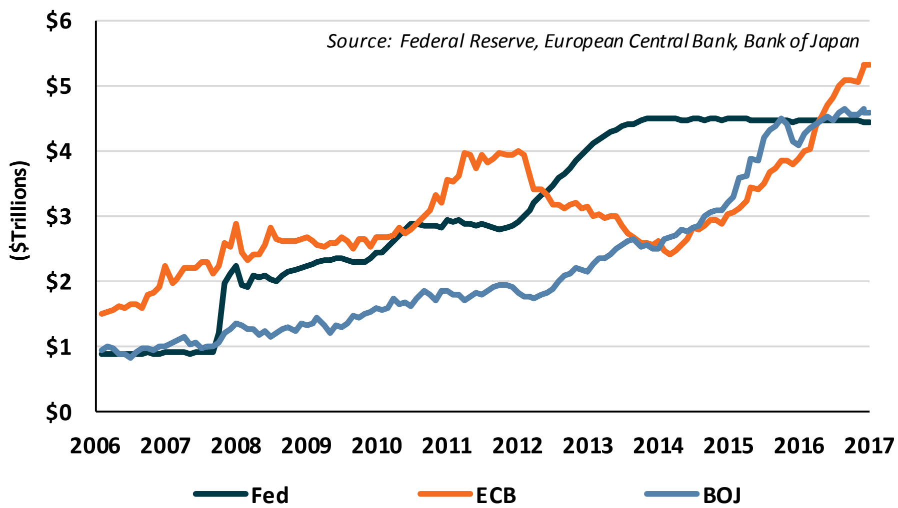


Average Monthly Payroll Changes



Market Indicators

Central Bank Balance Sheets (USD)

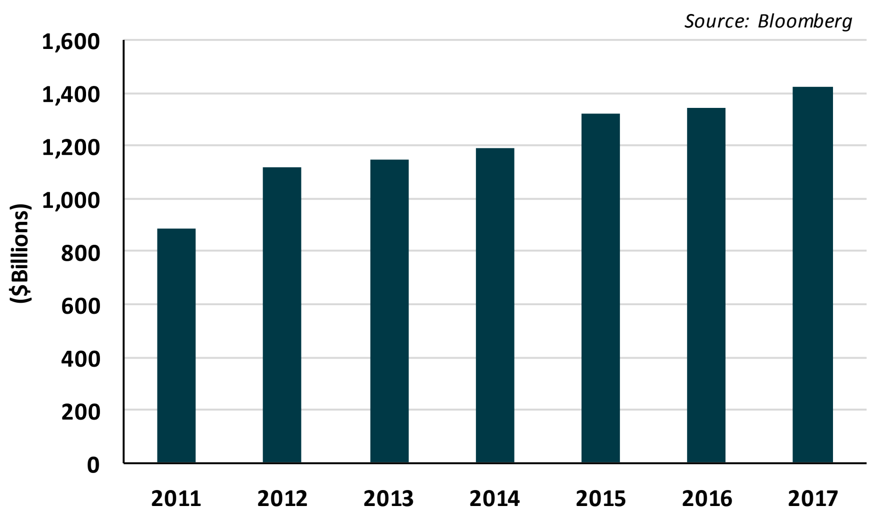


World Bond Yields

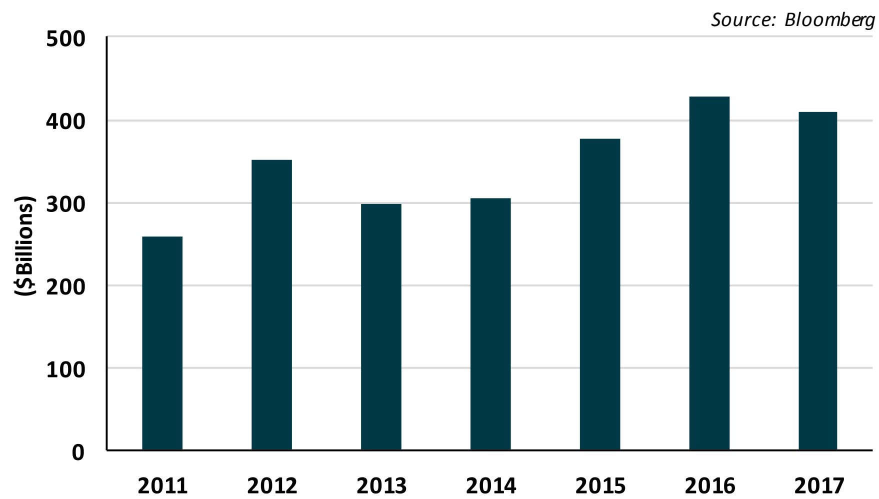
	12/31/2016	12/31/2017	Difference
US	2.43%	2.41%	(0.02%)
UK	1.24%	1.19%	(0.05%)
Germany	0.21%	0.42%	0.21%
France	0.68%	0.78%	0.10%
Italy	1.81%	2.01%	0.20%
Spain	1.38%	1.56%	0.18%
Japan	0.04%	0.04%	0.00%

Source: Federal Reserve, Bloomberg

Corporate Bond Issuance



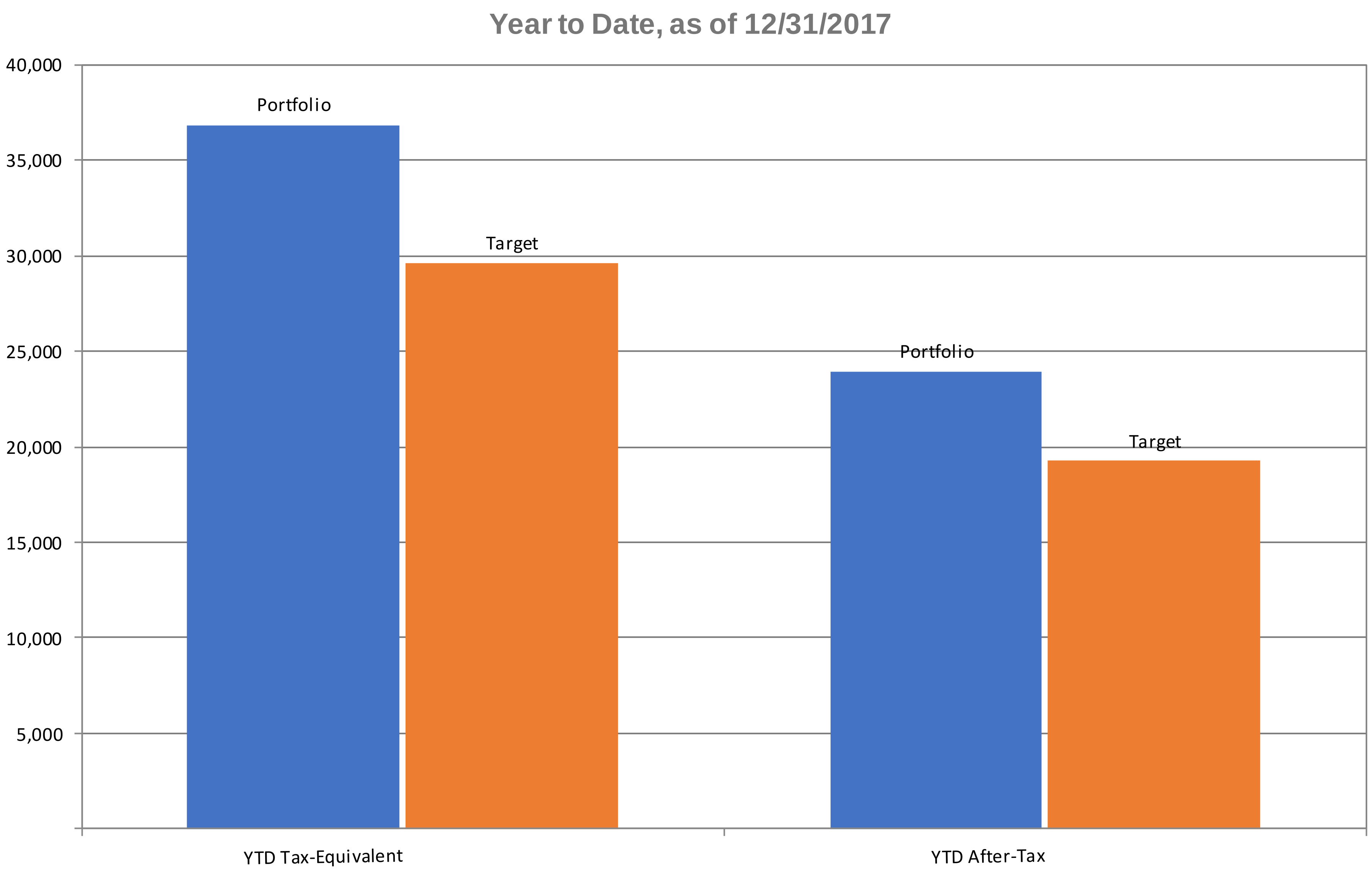
Municipal Bond Issuance



Portfolio Changes

Public Entity Joint Insurance Fund	12/31/2016	03/31/2017	06/30/2017	09/30/2017	12/31/2017
Treasury Yields					
2 yr Treasury Yield	1.20%	1.26%	1.38%	1.48%	1.89%
5 yr Treasury Yield	1.92%	1.93%	1.88%	1.93%	2.19%
10 yr Treasury Yield	2.43%	2.39%	2.30%	2.33%	2.41%
Book Statistics					
Tax-Equivalent Book Yield	0.63%	0.76%	0.83%	0.91%	1.12%
Book Value ($)	3,884,402	4,640,126	4,108,853	4,613,617	4,325,448
Projected Tax-Equivalent Income, next 12 months ($)	24,568	35,217	34,165	42,049	48,378
Unrealized Gains/(Losses) ($)	(4,329)	(5,916)	(7,863)	(6,163)	(15,132)
YTD Realized Gains/(Losses) ($)	38	0	0	0	0
Portfolio Risk Statistics					
Effective Duration	0.66	0.75	0.64	0.70	0.81
Convexity	0.01	0.01	0.01	0.01	0.01
Weighted Average Life	0.67	0.76	0.65	0.71	0.82
Average Rating	AAA	AAA	AAA	AAA	AAA
Portfolio Sector Allocation					
Treasury	96%	95%	100%	91%	94%
Agency	0%	0%	0%	0%	0%
Corporate	0%	0%	0%	0%	0%
Taxable Municipal	0%	0%	0%	0%	0%
Tax-exempt Municipal	0%	0%	0%	0%	0%
Mortgage Pass-Through	0%	0%	0%	0%	0%
CMOs	0%	0%	0%	0%	0%
ARMs	0%	0%	0%	0%	0%
Asset Backed	0%	0%	0%	0%	0%
CMBS	0%	0%	0%	0%	0%
Cash & Cash Equivalents	4%	5%	0%	9%	6%

Income Year to Date



Performance

Tax-Equivalent Total Return
as of 12/31/2017
Inception Date: 08/01/2014

	Prime	Benchmark	Difference
Quarter to Date	0.07%	0.09%	-0.02%
Year to Date	0.64%	0.73%	-0.09%
Since Inception	0.47%	0.51%	-0.04%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury