

**CHAPTER 15
GROUP SELF-INSURANCE**

Authority

N.J.S.A. 17:1C-6(e), 17:1-8.1, 34:15-77 et seq., and 40A:10-36 et seq.

Source and Effective Date

R.1994 d.551, effective October 17, 1994.
See: 26 N.J.R. 2518(a), 26 N.J.R. 3356(a), 26 N.J.R. 4407(b).

Executive Order No. 66(1978) Expiration Date

Chapter 15, Group Self-Insurance, expires October 17, 1999.

Chapter Historical Note

Chapter 15, Group Self-Insurance, was originally adopted as R.1984 d.172, effective May 21, 1984. See: 16 N.J.R. 340(a), 16 N.J.R. 1273(a). Subchapter 2, Joint Insurance Funds for Local Government Units, was originally adopted as R.1984 d.540, effective December 3, 1984. See: 16 N.J.R. 1164(a), 16 N.J.R. 3310(b). Pursuant to Executive Order No. 66(1978), Chapter 15 was readopted as R.1989 d.585, effective October 26, 1989. See: 21 N.J.R. 1817(a), 21 N.J.R. 3668(a). Subchapter 3, Joint Insurance Funds for Local Governmental Units Providing Group Health and Term Life Benefits, was adopted as R.1993 d.354, effective July 19, 1993. See: 25 N.J.R. 436(a), 25 N.J.R. 3220(a).

Pursuant to Executive Order No. 66(1978), Chapter 15 was readopted as R.1994 d.551. See: Source and Effective Date.

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APPENDIX

SUBCHAPTER 1. HOSPITAL WORKERS' COMPENSATION GROUP SELF-INSURANCE

11:15-1.1 Purpose

P.L. 1983, c.376, approved November 10, 1983, authorizes 10 or more employers licensed by the state as hospitals under the Health Care Facilities Planning Act, N.J.S.A. 26:2H-1 et seq., to apply to the Commissioner of Insurance, pursuant to rules and regulations established by him, for his permission to enter into agreements to pool their liabilities under the New Jersey Workers' Compensation Law for the purpose of qualifying as self-insurers. The general purpose of this chapter is to promulgate such rules and regulations as are deemed by the Commissioner to be necessary to implement, supplement, and effectuate the minimum conditions and provisions of P.L. 1983, c.376.

11:15-1.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

"Act" means the provisions of the New Jersey Workers' Compensation Law regarding self-insurance as contained in N.J.S.A. 34:15-77, as amended and supplemented by P.L. 1983, c.376.

"Actuary" means a person who is a fellow in good standing of the Casualty Actuarial Society with three years recent experience in loss reserving or an associate in good standing of the Casualty Actuarial Society with five years recent experience in loss reserving.

"Administrator" means an individual, partnership, or corporation engaged by a group to carry out the policies established by the group and to provide day-to-day management of the group.

"Bona fide hospital association" means any association of more than 10 hospitals which has been in existence for more than five years.

"Commissioner" means the Commissioner of Insurance of the State of New Jersey or an employee of the New Jersey Department of Insurance designated by him to act on his behalf.

"Contribution" means the amount contributed by each member of a group.

(c) Upon a finding, after notice and opportunity for a hearing, as provided in N.J.A.C. 11:15-5.28, the Commissioner may issue an order requiring the trustees to dismiss an administrator, servicing organization or program manager or terminate the contract of an administrator, servicing organization or program manager because of any fraud, material misrepresentation, incompetence or untrustworthiness, misappropriation or conversion of monies or violation of any fiduciary responsibilities by the administrator, servicing organization or program manager, or any of the employees, officers or directors thereof.

11:15-5.30 Severability

The rules contained in this subchapter and any of the provisions thereof shall be severable, and if any of its provisions shall be held to be unconstitutional or otherwise invalid, the decision of the court shall not affect the validity of the remaining rules and regulations or any of the provisions thereof.

11:15 APPENDIX

Exhibit A

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE CERTIFICATION OF JOINT INSURANCE FUND PROFESSIONALS FOR THE FUND YEAR ENDING JUNE 30, 199__ OR DECEMBER 31, 199__ (as applicable)

I, _____, hereby certify that:
 (Name)
 a) I am the chairman of the _____
 (Joint Insurance Fund)
 _____, and am authorized to execute this certified statement.

The terms and conditions for all renewal agreements or contracts, and the parties thereto, have not changed from the prior year, with exception of compensation as set forth below:

<u>Compensation Contractor</u>	<u>Prior Amount</u>	<u>New Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

b) To the extent the terms and conditions of any renewal agreements or contracts, or the parties thereto, have changed since the prior year, copies of such renewal/new agreements or contracts are enclosed.

c) I am aware that the New Jersey Department of Banking and Insurance will rely on this certification in connection with determination of the above-referenced Joint Insurance Fund's compliance with applicable law.

 (Signature)

 (Date)

New Rule, R.1996 d.277, effective June 17, 1996.
 See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).
 Amended by R.1996 d.534, effective November 18, 1996.
 See: 28 N.J.R. 4027(a), 28 N.J.R. 4877(a).

**Exhibit B
 DATA FORM**

(Print or Type)

Name and Address of Administrator or Servicing Organization

 In connection with the above-named company, I herewith make representations and supply information about myself as herein-after set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS "NONE" OR "NO EXCEPTION", SO STATE.

- Affiant's Full Name: _____
- Other Names Used at any Time: _____
- Date of Birth: _____ Place of Birth: _____
- Social Security Number: _____
- For the last 10 years, I have lived at the following address or addresses:

<u>ADDRESS</u>	<u>CITY</u>	<u>DATES</u>
_____	_____	_____
_____	_____	_____
- Schooling: College: _____
 Graduate: _____
 or Professional: _____
 Degree (List): _____

(ATTACH LIST OF ALL EDUCATIONAL INSTITUTIONS AND LOCATION—CITY AND STATE)

- Member of Professional Societies or Association (List):

- I presently hold or have held, in the past, the following professional, occupational, and vocational licenses issued by public or governmental licensing agencies or authorities (state date license issued, issuer of license, date terminated, reason for termination):

- Present Chief Occupation:
 Position or Title: _____
 Employer's Name: _____
 Address: _____
 How long in this Position? _____
 How long with this employer? _____ Where? _____
- Other jobs, positions, directorates or officerships concurrently held at present:

11. Complete Employment Record for Past 20 Years:
DATES EMPLOYER AND ADDRESS TITLE

12. I control directly or indirectly or own legally or beneficially 10% or more of the outstanding capital stock (in voting power) of the following companies:

- 12a. If any of the above stock is pledged or hypothecated in any way, please detail fully: _____
13. I have never been adjudicated as bankrupt, except as follows: _____
14. I have never been convicted or had a sentence imposed or suspended, or had pronouncement of a sentence suspended, or been pardoned for conviction of, or pleaded guilty of or nolo contendere to an information or an indictment charging a felony for embezzlement, theft or larceny, mail fraud, or violating any corporate securities statute or any insurance law, nor have I been the subject of a cease and desist order or consent order of any federal or state regulatory agency, except as follows: _____
15. During the last 10 years, I have neither been refused a professional, occupational or vocational license by any public or governmental licensing agency or regulatory authority, nor has such a license held by me ever been suspended or revoked, except as follows: _____
16. I have never been an officer, director, key employee or controlling stockholder of a company which, while I occupied any such position or capacity with respect to it, became insolvent or was enjoined from or ordered to cease and desist from violating any law, except as follows: _____
17. Neither I nor any company of which I was an officer, director or key management person at the time has ever been subject to any civil action alleging fraud, negligence or violation of any applicable racketeering statutes (state or Federal), except as follows: _____
18. I am not and none of the employees, officers or directors of (name of company) is an employee, officer or director of any other administrator, program manager, servicing organization or insurance producer of the Fund, nor do I or any of the employees, officers or directors of (name of company) have a direct or indirect financial interest in any other administrator, program manager, servicing organization or insurance producer of the Fund, except as follows: _____
- 18a. Any direct or indirect financial interest or any position held as employee, officer or director in any other administrator, program manager, servicing organization, or insurance producer of the Fund, as described above, has been disclosed to the Fund commissioners or executive committee, as applicable. (Yes/No) _____

Dated and signed this ___ day of _____ at _____.

I hereby certify under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge and belief and further, by the affixation of my signature hereon, I hereby give my certified consent to the New Jersey Department of Banking and Insurance to verify the representations and information supplied in response to all questions on the biographical data form, with any Federal, State, municipal or other agency which may have knowledge and/or information thereon.

(Signature of Affiant)

State of _____

County of _____

Personally appeared before me the above named _____ personally known to me, who, being duly sworn, deposes and says that affiant executed the above instrument and that the statements and answers contained therein are true and correct to the best of affiant's knowledge and belief.

Subscribed and sworn to before me this ___ day of _____,

(Notary Public)

(SEAL)

My Commission Expires _____

New Rule, R.1996 d.277, effective June 17, 1996.
 See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).
 Amended by R.1996 d.534, effective November 18, 1996.
 See: 28 N.J.R. 4027(a), 28 N.J.R. 4877(a).

Exhibit C

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE CERTIFICATION OF JOINT INSURANCE FUND DATA FORMS FOR THE FUND YEAR ENDING JUNE 30, 199__ OR DECEMBER 31, 199__ (as applicable)

I, _____ hereby certify that:

(Name)

a) I am the chairman of the _____
 (Joint Insurance Fund)

_____, and am authorized to execute this certified statement.

The individuals and biographical information set forth in the data forms previously filed have not changed from the prior year.

b) To the extent the individuals or biographical information has changed since the prior year, copies of such new data forms are enclosed.

c) I am aware that the New Jersey Department of Banking and Insurance will rely on this certification in connection with determination of the above-referenced Joint Insurance Fund's compliance with applicable law.

(Signature)

(Date)

New Rule, R.1996 d.277, effective June 17, 1996.
 See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).

Amended by R.1996 d.534, effective November 18, 1996.
See: 28 N.J.R. 4027(a), 28 N.J.R. 4877(a).

New Rule, R.1996 d.277, effective June 17, 1996.
See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).
Amended by R.1996 d.534, effective November 18, 1996.
See: 28 N.J.R. 4027(a), 28 N.J.R. 4877(a).

Exhibit D

**NEW JERSEY DEPARTMENT OF BANKING AND
INSURANCE NEW MEMBER STATEMENT FOR
(NAME OF JOINT INSURANCE FUND)**

This shall notify the Department that effective (month, day, year) the (name of member) joined the (name of joint insurance fund) as described below:

Name of member: _____

Term of membership: _____

Address of member: _____

Name of risk manager if none, so state: _____

Name of trustee or contact person: _____

Lines of coverage with assessment amount (also list number of enrollees if health fund):

Lines of Coverage (List each separately)	Assessment Amount (Indicate annualized or pro rata)
Total Assessment:	\$ _____

I, _____
(name and title)

hereby certify that the above information is true to the best of my knowledge and belief, and that I am authorized to execute this statement on behalf of the above-captioned joint insurance fund. I further certify that in accepting the _____

_____ (name of new member) an application has been filed, the

_____ (name of joint insurance fund) has adhered to its bylaws and risk management program, and the agreement to participate and indemnity trust agreement have been filed with the fund.

Signature

Date

Exhibit E

Liability

Months of Maturity From End Of Fund Year	Paid Loss	Unpaid Claims
	Factor	Factor
24	225%	135%
36	90%	135%
48	30%	135%
60	5%	135%
72	2.5%	135%
84 and over	0%	135%

Workers' Compensation

Months of Maturity From End Of Fund Year	Paid Loss	Unpaid Claims
	Factor	Factor
24	45%	135%
36	25%	135%
48	15%	135%
60	10%	135%
72	5%	135%
84	2%	135%
96 and over	0%	135%

Property

Months of Maturity From End Of Fund Year	Paid Loss	Unpaid Claims
	Factor	Factor
24	5%	135%
36	2.5%	135%
48	0.5%	135%
60 and over	0%	135%

New Rule, R.1996 d.277, effective June 17, 1996.
See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).
Administrative correction.
See: 29 N.J.R. 426(a).

Exhibit F

AGGREGATE EXCESS CRITERIA

MAXIMUM ATTACHMENT POINT AT 125% BUDGETED LOSSES

MINIMUM REINSURANCE CAP REQUIRED

Specific Per Occurrence Retention

Range of Cumulated Budgeted Losses		\$100K	\$200K	\$250K	\$350K	\$500K	\$1MM
0	25,000	475.0%	525.0%	576.0%	613.0%	650.0%	750.0%
25,001	50,000	375.0%	450.0%	491.0%	521.0%	550.0%	650.0%
50,001	75,000	290.0%	350.0%	391.0%	421.0%	450.0%	550.0%
75,001	100,000	254.0%	290.0%	314.0%	332.0%	350.0%	450.0%
100,001	150,000	211.0%	227.0%	238.0%	246.0%	254.0%	290.0%
150,001	250,000	200.0%	205.0%	207.0%	209.0%	211.0%	227.0%

Specific Per Occurrence Retention

Range of Cumulated Budgeted Losses		\$100K	\$200K	\$250K	\$350K	\$500K	\$1MM
250,001	500,000	195.0%	200.0%	202.0%	204.0%	205.0%	211.0%
500,001	750,000	180.0%	188.0%	191.0%	193.0%	195.0%	200.0%
750,001	1,000,000	152.0%	160.0%	164.0%	167.0%	170.0%	180.0%
1,000,001	1,500,000	140.0%	145.0%	148.0%	150.0%	152.0%	161.0%
1,500,001	3,000,000	134.0%	136.0%	138.0%	139.0%	140.0%	145.0%
3,000,001	5,000,000	130.0%	133.0%	134.0%	135.0%	136.0%	140.0%
5,000,001	7,500,000	126.0%	130.0%	131.0%	132.0%	133.0%	135.0%
7,500,001	10,000,000	N/R	126.0%	128.0%	129.0%	130.0%	133.0%
10,000,001	22,000,000	N/R	N/R	N/R	N/R	N/R	130.0%
22,000,001	33,000,000	N/R	N/R	N/R	N/R	N/R	127.0%
33,000,001	55,000,000	N/R	N/R	N/R	N/R	N/R	N/R
55,000,001	95,000,000	N/R	N/R	N/R	N/R	N/R	N/R
Over 95,000,000		N/R	N/R	N/R	N/R†	N/R	N/R

† N/R means not required

EXAMPLES OF MINIMUM AGGREGATE EXCESS CAP REQUIRED AT \$100,000 SPECIFIC PER OCCURRENCE RETENTION

Fund Year	Budgeted Losses		Attach. Point	Min. Reins. Cap	Dollar Amount	
	Annual	Cumulated			Attach. Point	Min. Reins. Cap
1986	970,000	2,910,000	125%	134%	1,212,500	1,299,800
1987	2,940,000	5,865,000	125%	126%	3,675,000	3,704,400
1988	3,200,000	7,110,000	125%	126%	4,000,000	4,032,000
1989	3,200,000	10,310,000	125%	N/R	4,000,000	0
1990	3,000,000	13,310,000	125%	N/R	3,750,000	0
1991	3,400,000	15,740,000	125%	N/R	4,250,000	0
1992	4,700,000	17,500,000	125%	N/R	5,875,000	0
1993	5,000,000	19,300,000	125%	N/R	6,250,000	0
1994	3,000,000	19,100,000	125%	N/R	3,750,000	0

New Rule, R.1996 d.277, effective June 17, 1996.
See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).

Administrative correction.
See: 29 N.J.R. 426(a).

Exhibit G

AGGREGATE EXCESS CRITERIA
AGGREGATE EXCESS LOSS CONTINGENCY FUND
AS PERCENTAGE OF BUDGETED LOSSES

Specific Per Occurrence Retention

Range of Cumulated Budgeted Losses		\$100K	\$200K	\$250K	\$350K	\$500K	\$1MM
0	25,000	34.3%	35.4%	35.8%	36.2%	36.5%	37.5%
25,001	50,000	27.9%	29.0%	29.4%	29.7%	30.0%	31.1%
50,001	75,000	20.8%	21.9%	22.3%	22.5%	22.8%	23.8%
75,001	100,000	19.6%	20.8%	21.2%	21.6%	21.9%	22.8%
100,001	150,000	17.2%	18.4%	18.9%	19.2%	19.6%	20.8%
150,001	250,000	15.4%	16.3%	16.7%	16.9%	17.2%	18.4%
250,001	500,000	14.5%	15.4%	15.8%	16.0%	16.3%	17.2%
500,001	750,000	12.7%	13.6%	14.0%	14.2%	14.5%	15.4%
750,001	1,000,000	9.6%	10.6%	11.0%	11.3%	11.6%	12.7%
1,000,001	1,500,000	7.8%	8.6%	9.0%	9.3%	9.6%	10.6%
1,500,001	3,000,000	6.8%	7.3%	7.5%	7.7%	7.8%	8.6%
3,000,001	5,000,000	6.2%	6.8%	7.0%	7.2%	7.3%	7.8%
5,000,001	7,500,000	5.7%	6.2%	6.4%	6.6%	6.8%	7.3%
7,500,001	10,000,000	0	5.7%	5.9%	6.1%	6.2%	6.8%
10,000,001	22,000,000	0	0	0	0	0	6.2%
22,000,001	33,000,000	0	0	0	0	0	5.7%
33,000,001	55,000,000	0	0	0	0	0	0
55,000,001	95,000,000	0	0	0	0	0	0
Over 95,000,000		0	0	0	0†	0	0

† 0 means not required

EXAMPLES OF EXCESS LOSS CONTINGENCY FUND AT \$100,000
SPECIFIC PER OCCURRENCE RETENTION

Fund Year	Budgeted Losses		Fund Percent	Annual Fund Contrib.	Aggregate Excess Loss Contingency Fund
	Annual	Cumulated			
1986	970,000	2,910,000	6.8%	65,960	65,960
1987	2,940,000	5,865,000	5.7%	167,580	233,540
1988	3,200,000	7,110,000	5.7%	182,400	349,980
1989	3,200,000	10,310,000	0.0%	0	182,400
1990	3,000,000	13,310,000	0.0%	0	0
1991	3,400,000	15,740,000	0.0%	0	0
1992	4,700,000	17,500,000	0.0%	0	0
1993	5,000,000	19,300,000	0.0%	0	0
1994	3,000,000	19,100,000	0.0%	0	0

New Rule, R.1996 d.277, effective June 17, 1996.
See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).

Administrative correction.
See: 29 N.J.R. 426(a).