

**CHAPTER 15
GROUP SELF-INSURANCE**

Authority

N.J.S.A. 17:1-8.1, 17:1-15e, 17:49A-1 et seq., 34:15-77 et seq., 18A:18B-1 et seq., and 40A:10-36 et seq.

Source and Effective Date

R.1999 d.350, effective September 14, 1999.
See: 31 N.J.R. 2125(b), 31 N.J.R. 3091(a).

Executive Order No. 66(1978) Expiration Date

Chapter 15, Group Self-Insurance, expires on September 14, 2004.

Chapter Historical Note

Chapter 15, Group Self-Insurance, was 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 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, Group Self-Insurance, 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, Group Self-Insurance, was readopted as 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).

Subchapter 4, Joint Insurance Funds for School Boards Providing Property and Liability Coverages, was adopted as R.1996 d.277, effective June 17, 1996. See: 28 N.J.R. 765(a), 28 N.J.R. 3135(a).

Subchapter 5, Joint Insurance Funds for School Boards Providing Group Health and Term Life Benefits, was adopted as R.1996 d.278, effective June 17, 1996. See: 28 N.J.R. 779(a), 28 N.J.R. 3156(a).

Subchapter 6, Joint Insurance Funds for Nonprofit Corporations and Keys Amendment Facilities, was adopted as R.1997 d.151, effective April 7, 1997. See: 28 N.J.R. 4708(a), 29 N.J.R. 1326(a).

Pursuant to Executive Order No. 66(1978), Chapter 15, Group Self-Insurance, was readopted as R.1999 d.350, effective September 14, 1999. See: Source and Effective Date. See, also, section annotations.

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APPENDIX. CERTIFICATION OF JOINT INSURANCE FUND PROFESSIONALS

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 the New Jersey Department of Banking and Insurance or an employee of the Department designated by him or her to act on his or her behalf.

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

“Department” means the New Jersey Department of Banking and Insurance.

“Excess insurance” means insurance, purchased from an insurance company appropriately licensed in the State of New Jersey or qualified by the Commissioner as a surplus lines insurer, covering losses in excess of an amount established between the group and the insurer up to the limits of coverage set forth in the insurance or indemnity agreement on a specific per occurrence or per accident or annual aggregate basis.

“Group” means a self-insurance group organized by 10 or more hospitals which enter into agreements to pool their liabilities for worker’s compensation benefits and employer’s liability obligations in a manner approved by the Commissioner under the authority of the Act and these regulations.

“Hospital” means a health care facility licensed as a hospital by the New Jersey Department of Health pursuant to N.J.S.A. 26:2H-1 et seq.

“Indemnity and trust agreement” means a written contract signed by the members of the group under which each

agrees to jointly and severally assume and discharge the liabilities of each and every party to such agreement for workers’ compensation benefits, which agreement shall also create a trust and govern the operation thereof under which monies shall be held by one or more trustees as fiduciaries for the benefit of persons qualifying to receive workers’ compensation awards or payments from employers participating in the group.

“Insolvent” or “Insolvency” means the inability of a hospital workers’ compensation self-insurance group to pay its outstanding lawful obligations as they mature in the regular course of business, as may be shown either by an excess of its required reserves and other liabilities over its assets or by its not having sufficient assets to reinsure all its outstanding liabilities after paying all accrued claims owed by it.

“Service organization” means a person, partnership, corporation or other legal entity which provides services to a group not provided by the administrator, including but not limited to:

1. Claims adjustment,
2. Safety engineering,
3. Compilation of statistics and the preparation of contribution, loss expense and tax reports,
4. Preparation of other required self-insurance reports, and
5. Development of any member’s contribution and fees.

“Workers’ compensation”, when used as a modifier of “benefits”, “liabilities”, or “obligations”, means both workers’ compensation and employer’s liability.

Amended by R.1999 d.350, effective October 18, 1999.

See: 31 N.J.R. 2125(b), 31 N.J.R. 3091(a).

Rewrote “Commissioner”; and inserted “Department”.

11:15-1.3 Qualifications for initial approval and continued authority to act as a group

(a) A proposed group shall file its application with the Commissioner for his approval on a form prescribed by him and accompanied by a nonrefundable processing fee in the amount of \$1,000. The application shall include the group’s name, location of its principal office, date of organization, name and address of each of its trustees and its administrator or general manager, and service organizations, the name and address of each member hospital, and such other information as the Commissioner may reasonably require, together with the following:

1. Proof of compliance with the provisions of subsection (b) below;
2. A copy of the articles of association, if any;