



New Jersey Schools Insurance Group
6000 Midlantic Drive, Suite 300 North
Mount Laurel, New Jersey 08054
www.njsig.org

Board of Trustees Meeting March 20, 2023
Action Item
Resolution Authorizing the Issuance of Partial Member Refunds
NJSIG No. 0323-04

Pursuant to NJSIG Policy 3410, NJSIG proposes conducting a partial refund of member contributions from the workers' compensation fund from the 2019/2020 fiscal year, in the amount of \$2,599,938.00, to be performed in accordance with N.J.A.C. 11:15-4.21(d) and paid in proportion to the member's participation in the 2019/2020 workers' compensation fund.

This partial refund would be conducted pursuant to N.J.A.C. 11:15-4.21(a), and the refund amount of \$2,599,938.00 constitutes a portion of member contributions for the workers' compensation fund which is in excess of the amount necessary to fund all obligations for that fund for the 2019/2020 fiscal year.

N.J.A.C. 11:15-4.21(b) provides that "[t]he fund may seek approval from the Commissioner to make initial refund payments from a claims or loss retention fund account remaining from any year which has been completed at least 24 months by submitting a written notification to the Department, with accompanying documentation as set forth in this subsection, at least 30 days prior to the proposed refund. If the Commissioner does not disapprove, in writing, the request to make the refund within the 30 day period, the request shall be deemed approved. The Commissioner may also affirmatively approve the request prior to the expiration of the 30 day period." Thus, NJSIG must first seek the approval of the Commissioner of the Department of Banking and Insurance prior to conducting a partial member refund.

Recommended Resolution (NJSIG No. 0323-04): Attached.



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WHEREAS, the New Jersey Schools Insurance Group (“NJSIG”) is a school board insurance group authorized by N.J.S.A. 18A:18B-1, et seq. to provide risk transfer mechanisms for its members;

WHEREAS, NJSIG seeks to refund \$2,599,938.00 of member contributions for the workers’ compensation fund from the 2019/2020 fiscal year;

WHEREAS, N.J.A.C. 11:15-4.21(a) provides that “[a]ny monies for a fund year in excess of the amount necessary to fund all obligations for that fiscal year as certified by an actuary may be declared to be refundable by the fund not less than 24 months after the end of the fiscal year[;]”

WHEREAS, more than 24 months have elapsed since the end of NJSIG’s 2019/2020 fiscal year for the workers’ compensation fund, which ran from July 1, 2019 to June 30, 2020, as required by N.J.A.C. 11:15-4.21(a);

WHEREAS, NJSIG Member Equity (Surplus) Policy, Policy 3410 governs NJSIG’s surplus retention requirement minimum, to effectuate NJSIG’s surplus retention goal of maintaining adequate capital to address its risk exposures, so as to

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avoid the need to issue supplemental assessments to members for supplemental contributions.

WHEREAS, NJSIG's surplus retention requirement minimum on the workers' compensation 2019/2020 fund year trust account is \$0, as determined by the methodology outlined in NJSIG Member Equity (Surplus) Policy, Policy 3410, and N.J.A.C. 11:15-4.21;

WHEREAS, NJSIG's Board of Trustees has not established a surplus retention goal for the workers' compensation fund for 2019/2020;

WHEREAS, NJSIG's current total surplus for the workers' compensation 2019/2020 fund year trust account is \$19,397,399 as of June 30, 2022;

WHEREAS, \$2,599,938.00 of member contributions for the workers' compensation fund from the 2019/2020 fiscal year is well below NJSIG's surplus retention requirement minimum for the workers' compensation fund year 2019/2020 trust account, which is \$0 as of June 30, 2022. Therefore, \$2,599,938.00 of member contributions for the workers' compensation fund from the 2019/2020 fiscal year constitute "monies for a fund year in excess of the amount necessary to fund all obligations for that fiscal year as certified by an actuary," pursuant to N.J.A.C. 11:15-4.21(a). As such, these funds "may be declared to be refundable by the fund not less than 24 months after the end of the fiscal year," pursuant to N.J.A.C. 11:15-4.21(a);

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WHEREAS, N.J.A.C. 11:15-4.21(b) provides that “[t]he fund may seek approval from the Commissioner to make initial refund payments from a claims or loss retention fund account remaining from any year which has been completed at least 24 months by submitting a written notification to the Department, with accompanying documentation as set forth in this subsection, at least 30 days prior to the proposed refund[;]” and,

NOW THEREFORE, BE IT RESOLVED, that:

- 1) \$2,599,938.00 of member contributions from NJSIG’s workers’ compensation fund from the 2019/2020 fiscal year are hereby “declared to be refundable” at this time, pursuant to N.J.A.C. 11:15-4.21(a), being in excess of 24 months after the end of the NJSIG 2019-2020 fiscal year, and constituting “monies for a fund year in excess of the amount necessary to fund all obligations for that fiscal year as certified by an actuary,” N.J.A.C. 11:15-4.21(a); and
- 2) The Executive Director is hereby authorized to seek approval from the Commissioner of the New Jersey Department of Banking and Insurance pursuant to N.J.A.C. 11:15-4.21(b) to conduct a partial member refund of \$2,599,938.00 on the workers’ compensation line for the 2019/2020 fiscal year upon receipt of such approval;
- 3) Upon receipt of approval of the Commissioner, the Executive Director is authorized to conduct an initial refund of \$2,599,938.00 in workers’

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compensation member contributions for the 2019/2020 fiscal year, to be performed in accordance with N.J.A.C. 11:15-4.21(d) and paid in proportion to the member's participation in the 2019/2020 workers' compensation fund.

I certify that the foregoing is a true copy of a Resolution passed by the New Jersey Schools Insurance Group at the meeting duly held on the 20th day of March, 2023.

New Jersey Schools Insurance Group

By: _____
Christopher Russo, Chairperson

Board Secretary
Use Only

DATE:

MOVED BY:

SECONDED BY:

VOTE: