



## New Jersey Schools Insurance Group

6000 Midlantic Drive, Suite 300 North  
Mount Laurel, New Jersey 08054  
(609) 386-6060 • FAX (609) 386-8877  
[www.njsig.org](http://www.njsig.org)

Board of Trustees Meeting of September 21, 2016

Action Item

Safety Grant

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NJSIG's Safety Grant Policy #3710 states the following:

**The purpose of the Safety Grant program is to provide NJSIG members the resources needed to complete risk reduction projects. By reducing the risk at member districts the Group's overall claim severity or frequency will be reduced. Thus reducing the cost of membership going forward.**

**Membership in the Group at safety grant distribution is required. This requirement ensures that the safety grant distribution will meet the purpose of reducing Group risk.**

**The Safety Grant program is based on a snapshot in time coinciding with the fiscal year-end financial results. The current year's underwriting surplus or loss will be used to determine the availability and amount of that year's grant.**

**Underwriting surplus is dependent on the actuary's determination of ultimate risk for all open claims. The Group may not choose to use an ultimate liability projection below the 50% confidence level determined by the independent actuarial study valued as of June 30th of any fund year.**

**A grant may only be declared in a fiscal year in which the Group's net income exceeds its investment income. The allocation of the grant will be determined by an actuarial study, conducted by the Group's contracted actuary, taking into account premium dollars and losses.**

**The NJSIG Board of Trustees will determine each year whether a grant will be offered and the total amount of any grant. The Group's Executive Director will have the authority to declare a grant not to exceed 50% of the net underwriting surplus. This authority will permit the grant to be expensed in the year in which the underwriting surplus occurred.**

**Distribution of the grants may be made in any future year.**

The most recent fund year ending 6/30/2016 resulted in a \$13.9 million change in net position (when using the actuary's 65% confidence level reserving methodology). The 06/30/2016 net investment income is \$848,396. The resulting underwriting surplus is \$13.1 million.



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The 2015/2016 recommendation is to award a \$3.0 million safety grant and also retain a portion of the underwriting surplus to partially offset the 2013/2014, 2014/2015 and 2015/2016 GASB68 cumulative surplus usage of \$12.7 million.

A \$3.0 million safety grant will result in a \$10.9 million increase in the Group's net change in surplus. The 2015/2016 surplus will be \$68.2 million after awarding the \$3.0 million of safety grants.

**Recommended Resolution:** Approve \$3.0 million to be expensed from the 2015/2016 fund year for future safety grant awards. This award is to be distributed after 7/1/2017 to NJSIG 2015/2016 members of record as of 7/1/2017.

*Michele Carosi*

Michele Carosi, Comptroller