



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

Board of Trustees Meeting September 16, 2020
Action Item
Resolution Authorizing the Issuance of Initial Member Refunds

At the June 17, 2020 Board of Trustees meeting, the Board voted to authorize management to explore returning a portion of the members' contributions for the 2019/2020 fiscal year due to the reduced claims activity associated with the closure of members' schools due to the COVID-19 pandemic. For the period of March 16, 2020 through June 30, 2020, NJSIG's workers' compensation and auto liability claim activity was substantially reduced compared to that of March 16, 2019 through June 30, 2019.

To this end, management has determined that the most effective way to return a portion of members' contributions would be to conduct an initial refund of member contributions for the 2019/2020 fiscal year. This initial refund would be conducted pursuant to N.J.A.C. 11:15-4.21(a), and the refund would be of a portion of member contributions for the workers' compensation fund and commercial automobile liability fund which is in excess of the amount necessary to fund all obligations for those funds for the 2019/2020 fiscal year. However, in light of N.J.A.C. 11:15-4.21(b), which requires 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[,]" NJSIG must first seek the approval of the Commissioner of the Department of Banking and Insurance prior to conducting an initial member refund.

Recommended Resolution (NJSIG No. 0920-2): Attached

Michele Carosi
Chief Financial Officer



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NJSIG No. 0920-2

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, in response to the COVID-19 pandemic, on March 16, 2020, the Governor of the State of New Jersey, Philip D. Murphy, signed Executive Order 104, which stated in pertinent part “[a]ll public, private, and parochial preschool program premises, and elementary and secondary schools, including charter and renaissance schools, shall be closed to students beginning on Wednesday, March 18, 2020, and shall remain closed as long as this Order remains in effect[,]” and this order remained in effect through June 30, 2020;

WHEREAS, in response to the COVID-19 pandemic, on May 12, 2020, the Commissioner of the New Jersey Department of Banking and Insurance, Marlene Caride, signed Bulletin No. 20-22, ordering “insurers to make an initial premium refund or other adjustment to all adversely-impacted New Jersey policyholders” for the lines



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of insurance listed in Bulletin No. 20-22, including “Commercial automobile insurance” and “Workers’ compensation insurance[;]”

WHEREAS, although NJSIG is not an “insurer” under N.J.S.A. 18A:18B-3(d), NJSIG has received member inquiries regarding return of contributions in response to commercial insurers conducting premium refunds pursuant to Bulletin No. 20-22;

WHEREAS, for the period of March 16, 2020 through June 30, 2020, NJSIG’s workers’ compensation and auto liability claim activity was substantially reduced compared to that of March 16, 2019 through June 30, 2019;

WHEREAS, as a member-focused school board insurance group, NJSIG has endeavored to support our member schools in any way possible during this extraordinarily challenging time;

WHEREAS, NJSIG seeks to refund a certain percentage of member contributions for the workers’ compensation fund and commercial automobile liability fund from the 2019/2020 fiscal year;



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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, 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) 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 request a waiver of the twenty-four month requirement of N.J.A.C. 11:15-4.21(a) due to the COVID-19 pandemic, and to



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conduct an initial member refund on the workers' compensation and commercial automobile liability lines for the 2019/2020 fiscal year upon receipt of such approval;

- 2) Upon receipt of approval of the Commissioner, the Executive Director is authorized to conduct an initial refund of \$3,100,232 in workers' compensation member contributions for the 2019/2020 fiscal year, and of \$178,967 in auto liability 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 respective funds.

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 16th day of September, 2020.



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New Jersey Schools Insurance Group

By: _____

Irene Le Febvre, Chairperson

Board Secretary
Use Only

DATE:

MOVED BY:

SECONDED BY:

VOTE: