



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

**Board of Trustees Meeting of September 26, 2018**  
**Action Item**  
**Safety Grant**

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NJSIG's most recent fund year ending 6/30/2018 resulted in a \$15.4 million change in net position (when using the actuary's 65% confidence level reserving methodology). The 06/30/2018 net investment income is \$3.9 million. The resulting underwriting surplus is \$11.5 million.

NJSIG has consistently strengthened its reserves to the actuary's 65% confidence level over the past two years. NJSIG has also retained surplus within the actuarially determined Risk Based Capital (RBC) threshold of \$71.1 million and \$109.1 million.

Since NJSIG reserves and surplus are currently within the range of actuarially determined thresholds, there is no imperative for additional 2017/2018 funding to either of these line items. Therefore, NJSIG management recommends crediting the 2017/2018 surplus with the \$3.9 million of investment income (as mandated by NJSIG bylaws and safety grant policy). The remaining underwriting surplus of \$11.5 million would be available for distribution as safety grants of \$3 million in 2019, 2020, 2021 and \$2.5 million in 2022.

An \$11.5 million safety grant will result in a \$3.9 million increase in NJSIG's net change in surplus. The 2017/2018 surplus will be \$82.6 million after awarding the \$11.5 million of safety grants. The \$82.6 million surplus falls within the 2017/2018 adjusted Risk Based Capital (RBC) target threshold of \$71.1 million and \$109.1 million.

(Please see the following page for the Safety Grant policy)

**Recommended Resolution:** Approve \$11.5 million safety grant to be expensed from the 2017/2018 fund year for future safety grant award distributions of \$3 million in 2019, 2020, 2021 and \$2.5 million in 2022. This award is to be distributed after July first of each respective year to NJSIG members of record as of that July first date.

*Michele Carosi*

Michele Carosi  
Comptroller



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## NJSIG Policies

Adopted: 06/11  
Amended: 02/15, 06/18  
Reviewed: 04/22/11, 05/18, 06/18

Index #: 3710  
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### **SAFETY GRANT POLICY**

The goal of NJSIG's safety grant program is to provide members the necessary resources to complete risk reduction projects and improve the safety of the population NJSIG members serve.

A safety grant may only be declared in a fiscal year in which NJSIG's change in net position exceeds its non-operating revenue. 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 will be used to determine the availability and amount of that year's grant. The allocation of the grant will be determined by an actuarial study, conducted by NJSIG's actuary, taking into account contribution dollars and losses. The actuary determines allocation by sub-fund and then by member.

In order to be eligible for a safety grant, members must:

1. Be a NJSIG member when the safety grant is declared by the Board of Trustees and when distributed by NJSIG;
2. Have their three (3) year resolution signed, approved and filed with NJSIG; and
3. Follow the grant application requirements set forth each year by NJSIG.

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