

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

9 Campus Drive, Suite 216

Parsippany, NJ 07054

Telephone (201) 881-7632

BULLETIN MEL 17-11

Date: January 1, 2017

To: Fund Commissioners of Member Joint Insurance Funds

From: Underwriting Manager
Conner Strong & Buckelew

Re: MEL Property & Equipment Breakdown Claims Reporting, Object Inspections,
Object Certificate Issuance, Loss Prevention Checklists

The bulletin does not apply to the members of the NJUA JIF, “workers compensation only” members of NJPHA JIF.

This will serve as a reminder of the claims reporting and object inspection aspects of the property and equipment breakdown insurance program.

Claims Handling

Zurich, the MEL property and boiler and machinery insurer, is responsible for the property claims handling function excess of \$500,000 per occurrence. Zurich is also responsible for the boiler and machinery claims handling if a claim exceeds the member entity deductible of \$50,000. Member entities should report their property and boiler & machinery claims to their local JIF claims administrator. The JIF claims administrator in turn will report them to Zurich as stated above. The information required when reporting claims to Zurich must include: Claims#; date of loss; town name; MEL member entity; Policy # ERP 9806147-06; deductible; member entity contact name including name, address, telephone, email; loss description; amount of loss and local adjuster name including name, address, telephone, e-mail. The claim can be reported by e mail to uszcarecenter@zurichna.com or by phone at 1-800-987-3373.

Object Inspections and Certificate Issuance

Zurich Services Corporation (Zurich) provides the boiler and machinery coverage and is responsible for object inspections and certificate issuance. Zurich has licensed inspectors to perform state inspections for jurisdictional objects.

The member entity shall contact the Zurich inspector prior to the expiration date of the certificate for the object and following the yearly maintenance that is to be performed on the object.

A Zurich inspector will arrange for a convenient time to perform these inspections. Zurich will ask that a designated person of the member entity accompany them during these inspections, if possible, to make the visit as efficient as possible. Zurich will front the cost of the certificates it must purchase from the State of New Jersey. Each certificate object normally generates a license fee of \$55 (1 year) per object for boilers or other “fired” objects; \$35 (3 year) for unfired” objects and \$45 (1 year) for air conditioning or refrigeration units. (In October, 2008, the State added new requirements to inspect “unfired pressure vessels” every three years.)

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Object Inspections and Certificate Issuance (cont'd)

Unfired pressure vessels” includes air tanks, expansion tanks, autoclaves and similar equipment.) Please note that the MEL has paid with their renewal insurance premium the cost of these certificates.

Therefore, member entity should not pay any fee invoices received from Zurich. As in the past, any invoices received from the insurance company should be sent to the attention of the Underwriting Manager, MEL Deputy Underwriting Manager at Conner Strong & Buckelew or return to Zurich.

If you require an immediate inspection due to an overdue certificate, or need assistance regarding inspections, please call the Zurich Inspection Hotline Telephone # at 800-562-5814 or send an email to BMProcessing@zurichna.com. In addition, if the 800# or e-mail is not meeting your needs or will not provide you the information you need, Zurich has assigned a “Point of Contact” for the MEL account. This person will be your point of contact for these matters.

Name:	Marc Brunelle
Phone Number:	413-533 1695
Internet Email:	marc.brunelle@zurichna.com

Loss Control/Prevention Information Checklists

Zurich Services Corporation inspectors are available to answer questions or provide information relative to inspections, loss control and prevention, and engineering. Beyond the inspectors, this information can be obtained from the contact previously mentioned above.

State of New Jersey Object Inspection Requirements

The State of New Jersey requires a number of heating and cooling objects to be inspected and given a certificate of safe operation by a representative of the State. Some of the common objects you may find in your facilities include Low and High Pressure Boilers, Storage Water Heaters (fired and electric), Steam Cookers and Refrigeration Systems.

The Law requires that all steam or hot water boilers, hot water heaters or similar equipment potentially capable of generating steam shall be inspected at least once each year at 12-month intervals. The inspection shall be an internal and external as construction conditions will permit.

The Law also specifies requirements for air conditioning/refrigeration system inspections and certifications. For example, all refrigeration systems using flammable or toxic refrigerants having 36 driving horse power must be inspected and certified annually by an insurance company commissioned inspector or a State of New Jersey inspector.

Along with the above, the State of New Jersey has put into effect as of October 6, 2008 the enforcement of the registration and inspection of pressure vessels and it reads as follows:

“The State of New Jersey Bureau of Boiler and Pressure Compliance (BB&PVC) has mandated that owners of pressure vessels have their vessels inspected. This inspection is mandatory and must be done when the current boiler and refrigeration inspections are performed. After the initial inspection of the pressure vessel is completed thereafter, it must be inspected every three years. Inspection of pressure vessels is conducted by State and Insurance company inspectors certified by the BB&PVC. Boiler and refrigeration plants will continue to be inspected once per year.”

Zurich will provide the registration, inspection and the New Jersey Certificate object number, this will keep you in compliance with the in force unfired pressure vessel Code.

The State will issue fines for all objects that do not have the certificate up to date. N.J.S.A. 34:7-26 Penalties; Recovery states that the first offense can carry a penalty of \$500 to \$10,000 per object. The second offense can carry a penalty as much as \$25,000 per object. The fines will come directly from the State of New Jersey. The law requires the inspection to be internal and external as construction and conditions permit. In order for the Boiler to be ready for an inspection, *New Jersey Code 12:90-4.10(f)* requires the boiler to be "open, clean, cool and ready for the inspector."

For your reference, attached to this bulletin is documentation concerning the proper installation of the feed water check valves. These documents are directly from the State of New Jersey. It is emphasized that no other devices can be installed between the stop valve/check valve and the boiler.

If you have any questions concerning this bulletin, please contact your Risk Management Consultant, JIF Executive Director or the Underwriting Manager at Conner Strong & Buckelew.

This bulletin is for information purposes only. It is not intended to be all-inclusive but merely an overview. It does not alter, amend or change your coverage. Please refer to specific policies for limits, terms, conditions and exclusions.

cc: Risk Management Consultants
Fund Professionals
Fund Executive Directors

MELJIF

Your policy with ZURICH INSURANCE COMPANY includes equipment breakdown coverage as a part of your total insurance program. Zurich Services Corporation is an equipment specialist working with ZURICH SERVICES COMPANY to provide equipment related inspection services. Our combined goal is to provide the highest quality insurance program and services to protect your equipment and your business.

Jurisdictional Inspection Service

Zurich performs the inspection of your boilers, air conditioning and refrigeration systems, and pressure vessels as part of your insurance program; with no additional fee to you or MEL. The certificate fee, as mentioned above, is covered by Zurich. Any fine levied by the Jurisdiction for not complying with the laws or regulations, is not a part of this service.

If you answer yes to any of the following questions, you may require a certificate inspection. Contact the Zurich Hotline or drop an email to the above address and our customer service representative will assist you.

1. Does my location contain any heating or process boilers?
2. Does my location have any large hot water heaters (200,000+ btu/hr)?
3. Does my location contain any pressure vessels (air tanks, hot water storage tanks)?
4. Does my location have a central air conditioning system?

Zurich Inspection
Help-line
800-562-5814

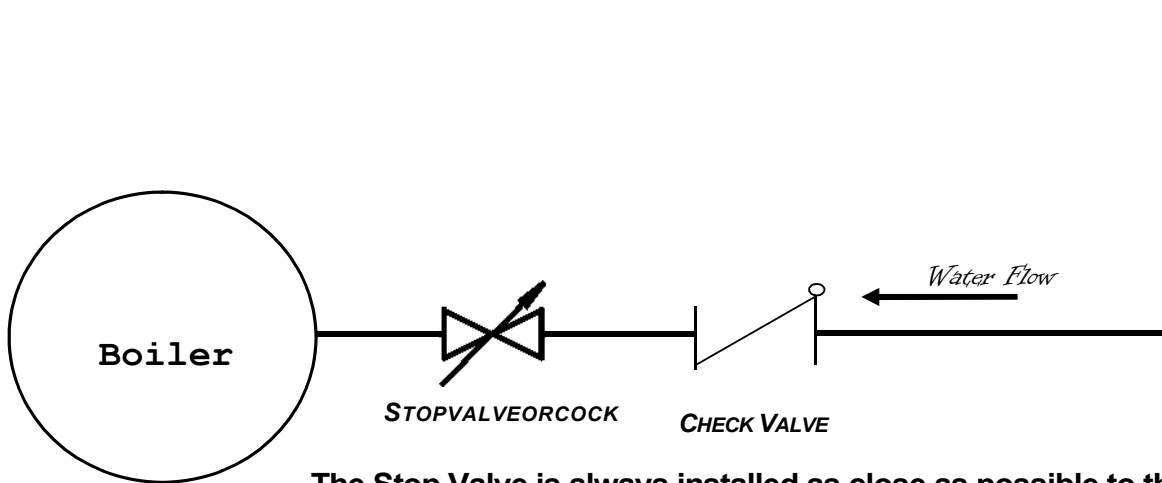
WHEN CALLING THE HELP-LINE or SENDING AN EMAIL PLEASE PROVIDE THE FOLLOWING INFORMATION:

1. Zurich Insurance Policy Number: ERP-9806147-06
2. Insured Name: Municipal Excess Liability Fund Joint Insurance Fund
3. Location Name and Address: Town Hall
123 Main St
Any Town, NJ
4. Contact Name, telephone number and email address: John Doe
xxx-yyy-zzzz
john.doe@abcdef.com

Boiler Regulation Advisory – Issued By: The Bureau of Boiler and Pressure Vessel Compliance on the Use of a Backflow Preventer in Boiler Applications

This simplified sketch is provided to assist the qualified boiler installer in the proper installation of the shut-off and check valve mandated by the Bureau of Boiler and Pressure Vessel Compliance. It is provided for clarification purposes only and does not show all possible connections, interfaces or integral piping possible and that may be required by all the jurisdictional authorities. ¹The type of stop valve or cock used is determined by the system designer.

² Regardless of the type of boiler, any other equipment is installed upstream of the arrangement shown in this sketch



The Stop Valve is always installed as close as possible to the boiler, downstream of the check valve.

CONTACT:
BUREAU OF BOILER AND PRESSURE VESSEL COMPLIANCE
PO BOX 392
TRENTON, NJ 08625-0392

VOICE: (609) 292-2345
FAX: (609) 984-1577



State of New Jersey

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Division of Public Safety and Occupational
Bureau of Boiler and Pressure
Vessel Compliance

P.O. Box 392
Trenton, NJ 08625-0392
Voice: (609) 292-2921
Fax: (609) 984-1577

JON S. CORZINE
Governor

DAVID J. SOCOLOW
Commissioner

January 2, 2007

BOILER REGULATION ADVISORY

Subject: Use of a Backflow Preventer in Boiler Applications

In accordance with the regulatory authority granted by the Boiler, Pressure Vessel and Refrigeration Laws, this advisory is being issued to ensure safety of the general citizenry in the installation, repair and operation of boiler plants which includes the appurtenances, devices, controls or any items that directly or indirectly impacts upon the regulated equipment that could potentially pose a hazard to the public. Specifically this advisory addresses the use of a Backflow Preventer (BFP) in all boiler related applications.

This Advisory responds to numerous inquiries that have been submitted concerning the position of the Bureau of Boiler and Pressure Vessel Compliance (BB&PVC) on the acceptance of ASME interpretation IV-95-02, future ASME Code addenda regarding BFP, and other written requests for an official determination on the acceptable use of a BFP in boiler applications that fall under the BB&PVC's jurisdiction.

The BB&PVC does not concur with ASME Code interpretation, IV-95-02 and officially declares future ASME Code addenda allowing such installation as invalid for the reasons that follow. The BFP and the check valve is designed for two disparate purposes and made to accomplish two distinct functions. The check valve required by Section IV, FIG-705 (a) (b), is intended for the sole purpose of preventing the water in the boiler from being forced out under pressure in the event of a piping break or loss of supply pressure. The backflow preventer is intended for the sole purpose of preventing normally contaminated (undrinkable) water found in the boiler from back-flowing into the potable water system as is required by the plumbing codes.

The BB&PVC staff has thoroughly reviewed product information from the manufacturer of a commonly used BFP. According to this manufacturer's documentation and information obtained from their corporate technical staff, their BFP has rubber-to-metal valve internals that would not be able to tolerate an incidental temperature excursion of 250°F without failing. These types of excursions might be experienced by low-pressure boilers during abnormal or malfunctioning conditions and as a result would melt the rubber internal components, which according to the design of the BFP would open the port to the atmospheric vent so as to prevent the undrinkable boiler water from contaminating the potable water supply. When this vent opens it creates an unacceptable event for boiler operation, because the melting internal component in the BFP puts the boiler at risk for a dry-firing condition which could result in a catastrophic failure or a boiler explosion.

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AD-18G (7-06)

For obvious reasons the melting of protective components is not acceptable for safety and contradicts the logical reasoning for the installation of a standard boiler check valve. Acceptable engineering practices requires that the valves, devices, controls and other similar appurtenances or appliances attached to the boiler or that are an integral part of the boiler be engineered to prevent a catastrophic failure. Clearly, the BFP installed by itself in the potable water supply line to a boiler defeats the practical safety applications meant for the various devices and components used in boiler systems.

The BB&PVC as the jurisdictional authority has determined that the installation of the BFP the way it is presently engineered must not be used by itself in the potable water supply line to the boiler as a replacement for the simple design and standard issue metal seated check valve. In addition, when the installation of the BFP is required by the plumbing codes in the potable water supply or makeup line to the boiler, it shall include the standard check valve as required by the² boiler safety codes and standards. Thus, the required metal seated and standard check valve must be installed downstream of the BFP and include a shut-off valve next to the boiler and be located downstream of the standard check valve for system isolation and maintenance purposes. See the supplemental document BPVC_ADVY2-5.2009 for guidance on the proper layout.

Rev.
5.09

Therefore, in accordance with N.J.A.C.12:90-4.2 (e), where it states that "only standards relating to public safety are adopted by any incorporation by reference as prescribed etc". The BB&PVC has conclusively determined that ASME Code Interpretation IV-9502 and any subsequent Code addenda or revisions regarding this .Advisory topic is not in the best interest of public safety for boiler operation thus is ruled invalid. Therefore, in accordance with this advisory any standard check valve and shut-off valve found to be installed in any other manner described herein shall be deemed to be in violation of the BB&PVC regulations and the owner will be subject to a monetary per diem penalty assessment until abatement of the violation occurs.

All questions regarding this advisory should be directed to the BB&PVC by calling. (609) 292-2921; by email to the Bureau Chief: MiltonWashington@dol.state.nj.us; by Fax at (609) 984-1577, or by written request to the address below.

Department of Labor and Workforce Development
Labor Standards and Safety Enforcement
Division of Public Safety and Occupational Safety &
Bureau of Boiler and Pressure Vessel Compliance
P.O. Box 392 Trenton, NJ
08625-0392

Signed:



Chief, BB&PVC

1. The BB&PVC recognizes that technological advances occur that could address the safety concerns of this Advisory and that improvement in the BFP is possible. However, until advances are made in the design of the BIT to address the concerns expressed, this Advisory shall be enforced and in effect until deemed otherwise necessary.
2. See 2004 ASME Code or any earlier code edition of Section IV, 'Rules for the Construction of Heating Boilers' at paragraph HG-705 for the installation detailed in this Advisory. Until proven otherwise, this Advisory renders paragraph HG-705 of the 2006 ASME Code Addenda and future revisions invalid when the design of a BFP is of the type as specified in this Advisory