

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

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BULLETIN MEL 17-02

Date: January 1, 2017

To: Fund Commissioners of Member Joint Insurance Funds

From: Underwriting Manager
Conner Strong & Buckelew

Re: 2017 Property and Casualty Renewal Overview

Except for the Excess Workers Compensation section, this bulletin does not apply to the “workers compensation only” members of NJPHA JIF. Except for the Excess Workers Compensation, Non-Owned Aircraft, primary POL/EPL and Cyber Liability sections, this bulletin does not apply to the members of the NJUA JIF

Below is an overview of the 2017 MELJIF excess property and casualty renewal. Please find attached the Underwriting Manager’s Executive Summary from the renewal proposal.

Property / Equipment Breakdown – Zurich

The renewal for the excess Property/BM with Zurich was bound at the expiring rate and deductibles. Please note Zurich continues to require the following be scheduled individually with the JIF Administrator for 2017 in order for the applicable policy coverage to apply:

- Fire Trucks and Engines.
- Fine Arts items valued in excess of \$250,000 (per item).
- Watercraft 32’ or less in length. The policy excludes watercraft in excess of 32’ in length.
- Bridges and Dams. The policy provides for named peril coverage if scheduled; unless part of a scheduled insured location and then all risk perils apply except for Floor, Earthquake and Named Storm.
- Valuable Papers documents valued in excess of \$250,000 per item.
- Boardwalks, Piers, Wharfs, Bulkheads, Docks, Crossovers and Floating Docks. The policy provides named peril coverage for all Boardwalks, Piers, Wharfs, Bulkheads, Crossovers and Docks per the policy form with Zurich.

Excess Flood and Earth Movement – Quota Share

For 12/31/2016-2017, the MEL has renewed the standalone excess flood and earth movement coverage at limits of \$25 million excess of the \$50 million underlying annual aggregate flood and earth movement limits under the Zurich program. In addition, an additional \$25 million of limits were added with Everest above the current \$75 million. One change to the insurers in the \$25 million excess \$50 million “quota share” layer from the expiring is Ironshore is replaced by Lloyd’s of London.

Excess Liability and Optional Excess POL/EPL (\$8 Million x \$2 Million) – Genesis

The renewal for the excess liability and optional excess POL/EPL with Genesis resulted in a 5% rate decrease, which is reflected in the 2017 budget. Coverage is included on a blanket-basis for owned-drones; please see the separate bulletin regarding drones. All other coverage terms and conditions are as expiring. Genesis also agreed to a two-year term, which includes a 5% rate decrease in the second year, too.

Optional Excess Liability (\$15 Million x \$5 Million) – Munich Re

The renewal for the optional excess liability resulted in a 2% rate reduction over expiring. This rate reduction is reflected in the 2017 budget. Munich also is including coverage for owned drones with a \$5 million sublimit. Munich also agreed to increase its aggregate from \$40 million to \$50 million. All other coverage terms and conditions are as expiring. Munich also agreed to a two-year term, with a flat rate in the second year.

Excess Workers Compensation – Safety National

The 2017 renewal for the excess workers compensation with Safety National is renewed on a two year agreement with guaranteed rates for 2016 and 2017. The rate for the 2017 renewal represents a 5% rate reduction over the expiring rate. The guaranteed rate for the 2018 excess workers compensation will be flat. The coverage terms and conditions are as expiring.

Non-Owned Aircraft Liability – Endurance

The non-owned aircraft liability is renewed with a 25% premium reduction over expiring. The terms and conditions are per expiring, which includes coverage for non-owned drones. The coverage is written via a program run by W. Brown & Associates, which has changed its backing insurer from XL Catlin to Endurance.

Primary Public Officials / Employment Practices Liability (JIF) – QBE

The participating member JIFs enter the second year of the two-year commitment with a pre-agreed 5% statewide program increase for 2017. Changes in premium will differ amongst each member.

While most public officials and employment practices liability policies available to New Jersey municipalities exclude land use matters, the MEL was able to negotiate with QBE to include some limited coverage for the 2016 policy. QBE notified the MEL in during the renewal process of its intent to exclude land use matters in the 2017 renewal policy due to a series of adverse decisions. After a claims analysis and further negotiations, QBE bound the renewal including modified land use coverage with a \$150,000 sublimit per claim for cases where there is a demand for monetary damages. As in the current policy, there remains no coverage for land use matters where the demand is solely for injunctive relief. The \$150,000 sublimit is in addition to (not eroded by) the member's retention and coinsurance.

The renewal policy also clarifies reporting requirements by removing the limitation on the number of days a claim must be reported in, and uses the more favorable "as soon as practicable" language. Finally, other reporting language is modified so notice of a "potential claim" will bring back future related claims to the period when the "potential claim" was reported.

Volunteer Directors & Officers Liability – QBE

The Volunteer Directors and Officers Liability program is renewed with QBE for 2017 at the expiring rates, policy terms and conditions.

Privacy / Cyber Liability – XL Catlin

The cyber liability coverage is renewed with XL Catlin for 2017 at the expiring terms and conditions. Besides the expiring options, XL Catlin has also offered a new higher limit option of \$10 million aggregate and \$5 million sublimits with a \$25,000 deductible. In addition, higher limit options are available with Beazley up to a \$20 million aggregate and \$10 million sublimits.

Please contact your Executive Director, Risk Manager or MEL Underwriting Manager if you have any questions.

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