

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND
BYLAWS**

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NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND
BYLAWS

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Park 80 West, Plaza One
Saddle Brook, New Jersey 07662

Bylaws

Adopted August 21, 1991

Revised Draft dated July 18, 2006
August 2006

WHEREAS: Public Law 1983, c.372 (N.J.S.A. 40A:10-36 et seq) permits utility authorities to join together to form a joint insurance fund; and

WHEREAS: Said statute was designed to give utility authorities an opportunity to use alternative risk management techniques, providing they are based on sound actuarial principles; and

WHEREAS: The New Jersey Utility Authorities Joint Insurance Fund, hereinafter the Fund, was established effective August 21, 1991 pursuant to said statutes,

WHEREAS: Revisions to said statute and the regulations promulgated by the Department of Banking and Insurance pursuant thereto require the Fund to revise its existing bylaws.

NOW THEREFORE, the membership of the Fund hereby adopts the following bylaws;

ARTICLE I - DEFINITIONS

"ACTUARY" means a person who is a fellow in good standing of the Casualty Actuarial Society with three years recent experience in loss reserving; an associate in good standing of the Casualty Actuarial Society with five years recent experience in loss reserving; or an associate in good standing of the American Academy of Actuaries who has been approved as qualified for signing loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries and who has seven years recent experience in loss reserving.

"ADMINISTRATOR" means a person, partnership, corporation or other legal entity engaged by the Fund to act as Executive Director, to carry out the policies established by the fund commissioners or Executive Committee and to otherwise administer and provide day-to-day management of the Fund.

"ALLOCATED CLAIMS EXPENSE" means attorneys' fees, expert witness fees (i.e. engineering, physicians, etc.), medical reports, professional photographers' fees, police

reports and other similar expenses. The exact definition of "Allocated Claims Expense" or similar terms for any line of insurance coverage shall be the definition in the insurance policy issued by the Fund.

"COMMISSIONER" means the Commissioner of the Department of Banking and Insurance.

"DEPARTMENT" means the Department of Banking and Insurance.

"EMPLOYER'S LIABILITY" means the legal liability of an employer to pay damages because of bodily injury or death by accident or disease at any time resulting therefrom sustained by an employee arising out of and in the course of his employment by the public employer, which is not covered by a workers' compensation law. The exact definition of "Employer's Liability" or similar terms shall be the definition used in the insurance policy issued by the Fund.

"ENVIRONMENTAL IMPAIRMENT LIABILITY FUND" means a joint insurance fund formed for the sole purpose of insuring against bodily injury and property damage claims arising from environmental liability and legal representation therefore to the extent and for coverages set forth in N.J.A.C. 11:15-2 et. seq.

"EXCESS INSURANCE" means insurance purchased from an insurance company authorized or admitted in the State of New Jersey or deemed eligible by the Commissioner as a surplus lines insurer or any other entity authorized to provide said coverage in this state pursuant to law, covering losses in excess of an amount established between the Fund and the insurer up to the limits of coverage set forth in insurance contract on a specific occurrence, or per accident or annual aggregate basis.

"FUND" means the New Jersey Utility Authorities Joint Insurance Fund (hereinafter referred to as the Fund)

"FUND YEAR" means the Fund's fiscal year of January 1st through December 31st.

"GENERAL LIABILITY" means any and all liability which may be insured under the laws of the State of New Jersey, excluding workers' compensation, and employer's liability. The exact definition of a "General Liability" or similar terms is the definition used in the insurance policy issued by the Fund.

"INCURRED CLAIMS" means claims which occur during a Fund year, including claims reported or paid during a later period. The exact definition of "Incurred Claims" or any similar term is the definition used in the insurance policy issued by the Fund.

"INDEMNITY AND TRUST AGREEMENT" means a written contract signed by and duly adopted by the members of the Fund under which each agrees to jointly and severally assume and discharge the liabilities of each and every party to such agreement arising from

their participation in the Fund. The agreement shall specify the extent of the member's participation in the Fund with respect to the types of coverage to be provided by the Fund and shall include the duration of Fund membership which shall not exceed three years pursuant to N.J.S.A. 40A:11-15 (6). The agreement shall also specify that the member has never defaulted on claims if self-insured and has not been canceled for non-payment of insurance premiums for a period of at least two years prior to application to the Fund.

"MANUAL PREMIUM" means the premium computed according to the Experience Rating Plan provided for in the New Jersey Worker's Compensation and Employer's Liability Insurance Manual on file with the Commissioner and similar insurance industry rating plans for other lines of coverage.

"MOTOR VEHICULAR AND EQUIPMENT LIABILITY" means liability resulting from the use or operation of motor vehicles, equipment or apparatus owned by or controlled by the participating utility authority, or owned by or under the control of any subdivision thereof including its departments, boards, agencies or commissions. The exact definition of "motor vehicular and equipment liability" or any similar terms shall be the definition of the insurance policy issued by the Fund.

"OCCURRENCE" means a single event. The exact definition of "occurrence" or any similar term shall be the definition used in the insurance policy issued by the Fund.

PROPERTY DAMAGE" means any loss or damage, however caused, to property including monies and securities, motor vehicles or apparatus owned by the participating utility authority or owned by or under the control of any of its departments, boards agencies or other entities which the membership may provide coverage for. The exact definition of "property damage" or similar terms shall be the definition in the insurance policy issued by the Fund.

"SERVICING ORGANIZATION" means an individual, partnership or corporation other than an administrator that has contracted with the Fund to provide, on the Fund's behalf, any function as designated by the Fund Commissioners including but not limited to: actuarial services, claims administration, cost containment services, loss prevention/safety engineering services, legal services, auditing services, financial services, compilation and maintenance of the Fund's underwriting file, coordination and preparation of coverage documents, risk selection and pricing, excess insurance or reinsurance producer services, which include producer negotiations on behalf of the Fund for excess insurance or reinsurance from an insurer, member assessment and fee development, report preparation pursuant to N.J.S.A. 40A:10-36, et seq. and N.J.A.C. 11:15-2 et. seq., and such other duties as designated by the Fund.

"SURPLUS" means that amount of monies in a trust account that is in excess of all costs, earned investment income, refunds, incurred losses and loss adjustment expenses and incurred but not reported reserves including the associated loss adjustment expenses

attributed to the Fund net of any recoverable per occurrence or aggregate excess insurance or reinsurance for a particular year.

"WORKERS' COMPENSATION" means the provisions of N.J.S.A. 34:15-7 et seq. The exact definition of "workers' compensation" or similar terms shall be the definition in the insurance policy issued by the Fund.

ARTICLE II - MEMBERSHIP

Membership Applications

1. Pursuant to N.J.A.C. 40A:10-36, et seq., the governing body of a qualified utility authority shall by resolution agree to join the Fund. The resolution shall provide for execution of a written agreement specifically providing for acceptance of the Fund's bylaws as approved and adopted pursuant to N.J.A.C. 40A:10-36, et seq. The resolution shall also provide for the execution of an Indemnity and Trust agreement as defined in Article I.
2. Any utility authority seeking membership shall submit an application to the Fund on a form acceptable to the Commissioner. The application shall include an executed Indemnity and Trust agreement and other documentation required above.
3. An application may be approved by a two-thirds vote of the full authorized membership of the Executive Committee based on the following criteria:
 - a. The applicant's claims history shows safety performance consistent with the Fund's objectives and the applicant's physical location and makeup indicates a prospective likelihood of satisfactory future claim performance.
 - b. The Fund has the administrative capability to absorb additional memberships without undue inconvenience or strain.
 - c. The applicant agrees to form a safety committee and to actively participate in all Fund sponsored safety programs.
4. Within 15 days of its approval by the Fund, the executed Indemnity and Trust Agreement and the resolution required under Subsection 1 above shall be concurrently filed with the Department and the Department of Community Affairs and shall be accompanied by such amendments to the Fund's Budget and Plan of Risk Management as well as any other documents required pursuant to N.J.A.C. 11:15-2 et. seq..
5. If a non-member is not approved for membership, the Fund shall set forth in writing the reasons for disapproval and send the reasons for disapproval to the non-member.

The Fund shall retain a copy of all membership application disapproval's for five years.

Membership Renewals:

1. Members may renew their participation by execution of a new agreement to join the Fund ninety (90) days prior to the expiration of the term.
2. The Executive Committee must act upon any renewal application no later than forty five (45) days prior to the expiration of the term period. Otherwise, the renewal application is automatically approved.
3. In order to deny a renewal application, the Fund's Executive Committee shall find by majority vote that the applicant has failed to fulfill its responsibilities as a member or no longer meets the Fund's risk management or underwriting standards or other reasons approved by the Commissioners as reasons for termination.
4. If a member's renewal application is rejected, the Fund shall comply with the termination provisions as outlined below.
5. Non-renewal of a Fund member does not relieve the member of responsibility for claims incurred during its period of membership.

Termination And/Or Withdrawal Of Fund Members

1. A participating utility authority must remain in the Fund for the full term of membership unless earlier terminated by a a two-thirds vote of the Executive Committee for non-payment of assessments or continued non-compliance after receiving written notice to comply with the Fund's bylaws or underwriting standards, or other reasons approved by the Executive Committee as reasons for termination. However, a participating utility authority shall not be deemed terminated until:
 - a. The fund gives by registered mail to the member a written notice of its intention to terminate the member in thirty (30) days; and
 - b. Like notice shall be filed with the Department and Department of Community Affairs, together with a certified statement that the notice provided for above has been given; and
 - c. Thirty (30) days have elapsed after the filing required by "b" above.
2. Notwithstanding number 1 above, within ninety (90) days after the effective date of any amendment to these bylaws, a member which did not approve the amendment may withdraw from the Fund.

3. A member of the Fund that does not desire to continue as a member after the expiration of its membership term shall give written notice to the Fund of its intent ninety (90) days before the expiration of the term period. The Fund shall immediately notify the Department and the Department of Community Affairs that the member has given notice to leave the Fund.
4. A member that has been terminated or does not continue as a member of the Fund shall remain jointly and severally liable for claims incurred by the Fund and its members during the period of its membership, including, but not limited to being subject to and liable for supplemental assessments.
5. The Fund shall immediately notify the Department of Insurance and the Department of Community Affairs if the termination or withdrawal of a member causes the Fund to fail to meet any of the requirements of N.J.A.C. 40A:10-36 et seq. or any other law or regulation of the State of New Jersey. Within fifteen (15) days of such notice, the Fund shall advise the Department and the Department of Community Affairs of its plan to bring the Fund into compliance.

ARTICLE III - ORGANIZATION

Commissioners:

1. Appointment:

- a. **Commissioners:** In the manner generally prescribed by law, each participating utility authority shall appoint one (1) commissioner to the Fund. Each participating utility authority shall select either a member of its governing body or one of its employees.
- b. **Alternate:** Each participating utility authority shall appoint one (1) alternate to attend either regular or special meetings on behalf of the utility authority in the absence of the Fund Commissioner. The alternate shall exercise the full power and authority of the Fund commissioner in his/her absence, including the right to vote. Each participating utility authority shall select either a member of its governing body or one of its employees.
- c. **Special commissioner:** In the event that the number of participating utility authorities is an even number, one (1) additional commissioner and an alternate to the special commissioner shall be appointed annually by a participating utility authority on a rotating basis determined alphabetically.

The utility authority's privilege to appoint the special commissioner shall remain with that utility authority for one entire Fund year and the subsequent admission to the Fund of a utility authority with a preceding alphabetical prefix shall not deprive any utility authority already a member of the Fund of its prerogative to appoint a special commissioner during a current Fund year.

2. Terms of Office and Vacancy:

- a. All terms of office shall expire on January 1st or until a successor is duly appointed and qualified.
- b. A commissioner, other than the special commissioner, who is a member of the appointing utility authority's governing body shall hold office for two years or for the remainder of his/her term of office as a member of the governing body, whichever shall be less.
- c. Commissioners who are employees of the appointing utility authority shall hold office at the pleasure of the utility authority and can be removed by the utility authority at any time without cause.
- d. The special commissioner, if any, shall serve until January 1st of the year following appointment provided, however, that if the special commissioner is an employee of the appointing utility authority, he or she can be removed by the appointing utility authority at any time without cause.
- e. The unexpired term of a commissioner other than the special commissioner, shall be filled by the appointing utility authority in the manner generally prescribed by law.
- f. In the event of a vacancy of the special commissioner caused by reason other than the expiration of the term of office, the utility authority which appointed the commissioner shall appoint the replacement for the unexpired term.
- g. Any commissioner can be removed from office for cause by two-thirds vote of the full membership of the Executive Committee. Upon such a vote, it shall be incumbent upon the member utility authority to replace the commissioner.

3. Responsibilities:

- a. The commissioners shall cause the Fund to be operated in accordance with these bylaws and appropriate state laws and regulations

- b. In the event the membership is less than seven (7), the commissioners shall assume all of the responsibilities assigned to the Executive Committee under these bylaws.
- c. Each commissioner shall have one vote provided, however that the special commissioner, if any, shall only vote in the event of a tie.

Officers:

- 1. As soon as possible after the beginning of each year, the commissioners shall meet to elect the officers of the Fund from their own membership. Fund officers shall serve until January 1st of the following year, or until a successor is duly elected and qualified.
 - a. **Chairperson:** The Chairperson shall preside at all meetings of the Fund commissioners and the Executive Committee and shall perform such other duties provided for in these bylaws and the laws and regulations of the State of New Jersey.
 - b. **Secretary:** The Secretary shall serve as Acting Chairperson in the absence of the Chairperson and shall perform such other duties as provided for in these bylaws and the laws and regulations of the state of New Jersey.
- 2. In the event of a vacancy in any of the officer positions caused by other than the expiration of the term of office, the Executive Committee shall by majority of vote fill the vacancy for the unexpired term. In the event of a vacancy of both the Chairperson and Secretary, the longest serving member of the Executive Committee, or otherwise the longest serving commissioner shall serve as Acting Chairperson until the vacancies are filled.
- 3. Any officer can be removed with cause at any time by a two-thirds vote of the full membership of the Fund commissioners.

Executive Committee:

- 1. If the total number of commissioners exceeds seven (7), as soon as possible after the beginning of the year, the Fund commissioners and Special Commissioner, if any, shall meet and elect five (5) commissioners to serve with the Chairperson and the Secretary as the Executive Committee of the Fund. During their term of office,

members of the Executive Committee shall exercise the full power and authority of the commissioners except as otherwise provided.

2. The Executive Committee shall serve until January 1st of the following year, or until their successors are duly elected and qualified.
3. In the event the Commissioners shall elect an Executive Committee as provided for above, they shall also elect four (4) Commissioners to serve as alternate members of the Executive Committee to attend either regular or special meetings to serve in the absence of a member or members of the Executive Committee. An alternate or alternates serving in the absence of a member, or members, of the Executive Committee shall exercise the full power and authority of that absent member or members. Alternates are expected to attend all meetings.
 - a. Alternates shall serve in established priority order, designated as alternate #1, alternate #2, alternate #3 and alternate #4. Alternate #1 shall serve in the absence of one member of the Executive Committee or in the absence of Alternate #1, Alternate #2 may serve. Alternate #3 would serve in the absence of Alternate #2. Alternate #4 would serve in the absence of Alternate #3. Alternates #1 and #2 shall serve in the absence of two or more Executive Committee members. Alternates #1, #2 and #3 shall serve in the absence of three or more Executive Committee members. Alternates #1, #2, #3 and #4 shall serve in the absence of four or more Executive Committee members.
4. Vacancies on the Executive Committee caused by a reason other than the expiration of the term of office shall be filled by a majority vote of the full remaining membership of the Executive Committee.
5. The Executive Committee shall have the following responsibilities:
 - a. Operate the Fund in accordance with these bylaws and appropriate state laws and regulations in the interests of the total membership of the Fund
 - b. Determine and establish the Fund's budget, assessments, loss reserves, surplus, limits of coverage, limits of excess insurance or reinsurance, coverage documents, refunds and other financial and operating policies of the Fund
 - c. Cause the Treasurer to invest monies held in trust in any account in accordance with the Fund's cash management plan and consistent with the statutes and rules governing the investment of public funds by joint insurance funds established pursuant to N.J.S.A. 40A:10-36, et seq

- d. Cause the Treasurer to collect and disburse all money due to or payable by the Fund, or authorize such collection and disbursement.
 - e. Enter into contracts with other persons or with public bodies of this state for any professional, administrative or other services as may be necessary to carry out the purposes of the Fund
 - f. Purchase and serve as the master policy holders, if desired, for any insurance, including excess insurance or reinsurance
 - g. Prepare, or cause to be prepared, a risk management plan for the Fund.
 - h. As the need arises, amend the bylaws and the risk management plan of the Fund pursuant to N.J.S.A. 40A:10-36, et seq
 - i. Authorize the Fund to become a member of other joint insurance Funds organized pursuant to N.J.S.A. 40A:10-36, et seq. including, but not limited to the MEL, for the purpose of providing excess, environmental impairment liability, residual liability, and or other insurance, and may authorize the Fund Chairman to execute such documents including but not limited to an indemnity and trust agreement as required to secure such membership(s)
 - j. Do all other things necessary and proper to carry out the purposes for which the Fund is established.
6. The Executive Committee may vote to pay themselves a fee for attending meetings, not to exceed \$150 per meeting as authorized by Section 2 of P.L.1983 c.372 (C.40A:10l-37)

Fund Professionals

As soon as possible after the beginning of each year, the Executive Committee shall meet and select persons to serve in the following professional positions. No professional nor any employee, officer or director, or beneficial owner thereof, shall be a Fund Commissioner. All professionals shall be retained pursuant to the "Local Public Contracts Law."

- 1. **Treasurer:** The Treasurer shall be a Certified Municipal Finance Officer or Certified Public Accountant and shall have the following duties and responsibilities.
 - a. Custodian of the Fund's assets and shall maintain the various trust funds.

- b. Approval all receipts, payments, and financial records.
- c. Draft the cash management plan and shall invest all balances.
- d. Serve as the Fund's representative to the MEL Investment Committee
- e. Ascertain availability of sufficient unencumbered funds in any account to fully pay all charges or commitments prior to any payment or commitment.
- f. The Treasurer shall perform such other duties as provided for by the Executive Committee, these Bylaws and in the laws and regulations of the State of New Jersey.
- g. The Treasurer shall be covered by a fidelity bond protecting the Fund's assets in a form and amount to be determined annually by the Executive Committee. Said bond to be paid for by the Fund.

2. Executive Director/Administrator:

- a. The Administrator shall serve as Executive Director of the Fund and shall be experienced in risk management matters and self-funded entities
- b. The Administrator shall have the following duties and responsibilities:
 - 1) Carry out the policies established by the Executive Committee and to otherwise supervise the management of the Fund.
 - 2) Advise the commissioners on risk management matters and shall prepare a draft risk management plan.
 - 3) Prepare the Fund's budget, compile and bill assessments.
 - 4) Maintain underwriting files, prepare new members submissions for review of the commissioners.
 - 5) Prepare draft bid specifications for services to be provided by servicing organizations and monitor the performance of service companies.
 - 6) Prepare filings required by state regulations.
 - 7) Coordinate the Fund's meeting agenda, minutes, elections, contracts, and maintain the Fund's official records and office

- 8) Maintain the Fund's general ledger, accounts payable and accounts receivable function.
 - 9) Perform such other duties as provided for by the Executive Committee, these bylaws, and in the laws and regulations of the State of New Jersey.
- c. The Administrator shall assume overall executive responsibility for the operations of the Fund except that the Administrator shall not be responsible for the errors and omissions of any other servicing organization except as to generally monitor the compliance of said organization with the directives of the Fund Commissioners, its Service Provider contract, or the applicable statutes and regulations as to the form and timeliness of said undertaking. For example, the Executive Director shall be responsible to verify the issuance of excess or reinsurance policies, and the timely receipt of said policies by the Fund, however, the Executive Director shall not be responsible for the content of the policies or the adequacy of the coverage.
 - d. The Administrator shall be bonded in a form and amount acceptable to the Commissioner. The Administrator shall also be covered by Errors and Omissions insurance as provided by NJAC 11:15-2. Said coverage to be paid by the Fund.
- 3. Auditor:** The Auditor shall be an independent certified public accountant (CPA) or a registered municipal accountant (RMA) who has evidenced the ability and experience to properly examine a joint insurance fund. The Auditor shall conduct the annual audit of the Fund in accordance with N.J.S.A. 40A:10-36, and N.J.A.C. 11:15-2.24 and shall perform such other duties as provided for by the Executive Committee, these Bylaws and in the laws and regulations of the State of New Jersey.
- 4. Attorney:**
- a. The Attorney shall be admitted to the New Jersey Bar and shall provide advice to the Fund on legal matters such as advising the commissioners of their obligations and responsibilities under N.J.S.A. 40A:10-36, et seq., the regulations and other pertinent law such as the Open Public Meetings Act.
 - b. The attorney shall have the following responsibilities:
 - 1) The Attorney shall advise the Fund on legal matters and the appropriateness of claim settlements recommended by the claims administrator.

- 2) The Attorney shall advise the commissioners on the selection of counsel to represent the Fund in the defense of claims. The Fund attorney may also provide representation concerning incidental aspects of claim matters such as motions where it is more expeditious, cost effective or otherwise to do so. However, the attorney or any member of the attorney's law firm shall not defend claims which are the responsibility of the Fund without the authorization of the Commissioners.

5. **Actuary:**

The actuary shall certify the actuarial soundness of the Fund and shall report to the Executive Committee in a manner and at such times established by them, and shall provide such actuarial reports as required by the Department. The actuary shall certify claim reserves, reserves for "Incurred but Not Reported" (IBNR) losses, and unearned assessments and shall comment on the adequacy of the budget.

6. **Service Agent:** The Fund shall designate and appoint an agent in New Jersey to receive service and process on behalf of the Fund.
7. All Fund Professionals shall be retained on a contractual basis which shall be approved by the Executive Committee and submitted to the Commissioner and the Commissioner of Community Affairs.
8. Fund Professionals officials shall be compensated for their services pursuant to written fee guidelines submitted annually and approved by the Executive Committee. The written fee schedule shall be part of the official contract.

Servicing Organizations:

1. The Fund may contract to have the following services performed:
 - Actuarial services
 - Claims administration
 - Cost containment services
 - Loss prevention/safety engineering services
 - Legal services
 - Auditing services
 - Financial services
 - Compilation and maintenance of the Fund's underwriting file
 - Coordination and preparation of coverage documents
 - Risk selection and pricing
 - Development of members assessments and fees
 - Excess insurance or reinsurance producer services

- . Compilation of statistics and the preparation of assessments, loss and expense reports
 - . Preparation of reports required pursuant to PL 1983 c.372 or any regulations and/or rules of the New Jersey Department of Insurance including but not limited to N.J.A.C. 11:15-1
 - . Other duties as designated by the Fund
2. a. No servicing organization of the Fund or producer that may be appointed pursuant to N.J.A.C. 11:15-2.6(c)10, or their employees, officers or directors shall have either a direct or indirect financial interest in an Administrator of the Fund or be an employee, officer or director of an Administrator unless notice of such interest has been provided to the Fund Commissioners and members.
 - b. No administrator of the Fund, or their employees, officers or directors shall be an employee, officer or director of, or have either a direct or indirect financial interest in, a servicing organization of the Fund, or the insurance producer that may be appointed by that fund pursuant to N.J.A.C. 11:15-2.6(c)10-1 unless notice of such interest has been provided to the Fund Commissioners and members.
 - c. Any employee, officer or director of the administrator, servicing organization or insurance producer that may be appointed pursuant to N.J.A.C. 11:15-2.6(c)10 shall disclose to the Fund Commissioners any direct or indirect financial interest such employee, officer or director has in any other administrator, servicing organization or insurance producer.
 3. Each service contract shall include a clause stating "unless the Fund Commissioners otherwise permit, the servicing organization shall handle to their conclusion all claims and other obligations incurred during the contract period."
 4. Each servicing organization shall provide a surety bond and Errors and Omissions coverage if required by law or determined by the Executive Committee in a form and amount acceptable to the Commissioner.
 5. All officers, employees and agents, including the Administrator and Servicing Organization of the Fund, on the final day of their contract or employment shall surrender and deliver to their successors all accounts, funds, property, records, books and any other material relating to their contract or employment, or if no successor has been designated, delivery shall be made to the Administrator or Fund Chairperson.

Indemnification Of Officers And Employees:

1. The Administrator, Claims Service Provider(s), Producer, Risk Management Consultant(s) and such others as are required by regulation to do so, shall, provide Errors and Omissions coverage in a form satisfactory to the Commissioner. The

Executive Committee may also require other professionals or service providers to provide evidence of Errors and Omissions coverage, and any other coverage as a requirement of their contract.

2. Except to the extent covered by Errors and Omissions insurance as may be required, as set forth above, the Fund shall indemnify any past, present or future Fund commissioner, and may indemnify such other officials or professionals or service providers as the Fund Commissioners determine for claims arising from an act or omission of such Fund commissioner, official or employee within the scope of the performance of such individuals' duties as Fund commissioner, officials, professional or employee within the scope of the performance of such individual's duties as Fund Commissioner, official, professional or employee. Such indemnification shall include reasonable cost and expenses incurred in defending such claims. Nothing contained herein shall require the Fund to pay punitive damages or exemplary damages or damages arising from the commission of a crime by such an individual and the Fund shall not be required to provide for the defense or indemnification of such an individual when the act or omission which caused the injury was the result of actual fraud, actual malice, gross negligence or willful misconduct of such individual or in the event of a claim against such an individual by the State of New Jersey or if such Fund commissioner, official, professional or employee is either covered, or required to be covered by Errors & Omissions liability insurance.

The determination as to whether an individual's conduct falls within any of the above exceptions shall be made by the Fund's Executive Committee. Nothing herein contained is intended to shield omission or wrongdoing which would not customarily be covered by Errors & Omissions insurance if same had been required of said employee or appointed official.

3. A present, past or future Fund commissioner, official, professional or employee of the Fund shall not be entitled to request a defense or indemnification from the Fund unless:
 - a. Within ten (10) calendar days of the time he or she is served with the summons, complaint, process, notice or pleading, he or she delivers the original or exact copy to the Fund Chairperson with a copy to the Fund Attorney, together with a request that the Fund provide for his or her defense.
 - b. In the event the Fund provides a defense or indemnification, he or she cooperates in the preparation and presentation of the defense with the attorney selected to defend the case; and
 - c. Except in those instances where a conflict of interest exists, as determined by an attorney selected by the Fund to handle such matters, the past, present or future Fund commissioner, official, professional or employee shall agree that

the Fund and its counsel shall have exclusive control over the handling of the litigation.

4. The foregoing right of indemnification shall not be exclusive of any other rights to which any Fund commissioner, official, professional or employee may be entitled as a matter of law or which may be lawfully granted to him or her; and the right to indemnification hereby granted by this Fund shall be in addition to and not in restriction or limitation of any other privilege or power which the Fund may lawfully exercise with respect to the indemnification or reimbursement of a Fund commissioner, official, professional or employee; except that in no event shall a Fund commissioner, official, professional or employee receive compensation in excess of the full amount of a claim and reasonable costs and expense incurred in defending such claim.
5. Expenses incurred by any Fund commissioner, official, professional or employee in defending an action, suit or proceeding may be paid by the Fund in advance of final determination of such action, suit or proceeding as authorized by the Fund in a specific case upon receipt of an undertaking by or on behalf of such member or officer to repay such amount in the event of an ultimate determination that his or her conduct was such as to fall outside the scope of coverage under this indemnification provision.

Advisory Committees:

1. From time to time, the Fund Chairperson may establish advisory committees and may appoint any individual to serve on these committees except that only Fund Commissioners may serve on a Nominations Committee, if any, established for the purpose of proposing candidates to stand for election as a Fund officer or member/alternate of the Executive Committee.
2. Safety Committee
 - a. Membership: Each participating utility authority shall appoint its safety director, or equivalent, to serve as a delegate on the Fund's Executive Safety Committee which shall also be comprised of at least one Executive Committee member. Each utility authority shall also select an alternate, and each delegate and alternate on the Executive Safety Committee shall serve at the pleasure of the appointing utility authority. The Executive Safety Committee may also request additional members to join.
 - b. Organization: At the beginning of each year the Executive Safety Committee shall select a chairperson, a vice chairperson and a secretary.

c. Duties: The Committee shall meet monthly (except July and August) and shall have the following duties or responsibilities.

- i) Work to develop a comprehensive safety and loss control program.
- ii) Review accident reports and monitor accident trends and frequencies.
- iii) Coordinate the annual safety inspections and identify locations requiring more frequent inspections.
- iv) Review safety education programs.
- v) Review the activities of each utility authority's safety committee and report to the Executive Committee.
- vi) Perform such other duties that are requested by the Executive Committee or are provided for by state regulation and law.

Risk Managers:

1. Each member local unit may appoint an Insurance Producer as a Risk Management Consultant who shall not be a Fund Commissioner .
2. The Risk Management Consultant's specific responsibilities shall include, but not be limited to:
 - a.) Evaluation of the member's exposures.
 - b.) Explanation of the various coverages available from the Fund and assisting the member in the selection of proper coverage.
 - c.) Preparation of applications, statements of values, etc. required by the Fund.
 - d.) Review of the member's assessment and assisting in the preparation of the local unit's insurance budget.
 - e.) Assisting in the claims settlement process.
 - f.) Review of losses and engineering reports and providing assistance to the member's safety committee.
3. The Risk Management Consultant(s) shall be appointed in conformance with the Public Contracts Law.

4. The consultant shall be paid by the Fund a fee of 6% of the member's assessment for the current Fund year. The fee shall be paid within thirty (30) days from receipt by the Fund of the member's assessment. In the event the consultant is replaced during the year, the fee shall be prorated based on the period served.

Each member shall have the option to either direct the treasurer of the Fund to pay in accordance with the Bylaws of the Fund a fee of six percent (6%) of that member's assessment for the calendar year to the Risk Management Consultant named by the member or to pay to the member six percent (6%) of its assessment, with the member having the continuing obligation to retain a Risk Management Consultant and provide for his or her compensation for the services to be provided by the Risk Management Consultant, pursuant to section 2 above, entitled "The Risk Management Consultant's Specific Responsibilities Shall Include....".

In the event that any member shall elect to perform all or any portion of the duties of the Risk Management Consultant, and so advises the Fund, the member agrees to indemnify and hold harmless the Fund and the commissioners and appointed officers from any and all claims arising from its decision to assume all or part of the duties normally assigned to a Risk Management Consultant.

Each member shall advise as to the option selected by all or any in connection with a Risk Management Consultant in writing prior to the effective or renewal date of its coverage for the ensuing Fund year. If the member elects to perform all or any portion of the duties of the Risk Management Consultant, the member's assessment shall be computed and billed net of the fee. In the event a member does not advise the Fund that it wishes to have the six percent (6%) paid to it the Fund shall proceed to pay the six percent (6%) to the Risk Management Consultant previously named by that member.

ARTICLE IV - OPERATION OF THE FUND

General Operation:

1. The Fund shall be subject to and operate in compliance with the provisions of the Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.), the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.) and regulations (including but not limited to N.J.A.C. 5:34) and the various statutes authorizing the investment of public funds, including but not limited to N.J.S.A. 40A:10-10 (b), 17:12B-241 and 27:9-4.1.
2. The Fund shall be considered a local unit for purposes of the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.) and shall be governed by the provisions of that law in the purchase of any goods, materials, supplies and services.

3. The Fund shall be operated with sufficient aggregate financial strength and liquidity to assure that all obligations will be promptly met. The Fund shall prepare a financial statement on a form acceptable to the Commissioner showing the financial ability of the Fund to meet its obligations. The members may, upon majority vote, request that the Commissioner order an examination of any Fund member which the Fund commissioners or Executive Committee in good faith believes may be in a financial condition detrimental to other Fund members or to the public.
4. All monies, assessments, funds and other assets of the Fund shall be under the exclusive control of the Executive Committee.
5. The Fund shall adopt a resolution designating its fiscal year as January 1 through December 31st.
6. The Fund shall adopt a resolution designating a public depository or depositories for its monies pursuant to N.J.S.A. 40A:5-14. The resolution shall also designate a person to be custodian of funds for the Fund and shall authorize the custodian to invest temporarily free balances of any claim or administrative accounts periodically as authorized by law. The custodian of funds shall possess a Certified Municipal Finance Officer certificate issued pursuant to N.J.S.A. 40A:9-140.2. or shall be a Certified Public Accountant. The custodian shall quarterly report to the Fund Commissioners on investment and interest income.
7. All books, records, files, documents and equipment of the joint insurance fund are the property of the Fund and, except as provided at N.J.A.C. 11:15-2.21(e), shall be retained by the Fund Administrator at the discretion of the Executive Committee in accordance with a record retention program adopted by the Fund. All books, records, files and documents of the Fund shall be retained for not less than five years. The Fund shall also retain claims information as per N.J.A.C. 11:15-2.4(g).
8. The minimum Workers' Compensation contribution of the members shall be at least \$250,000 for the Fund's first year and at least \$500,000 for each subsequent year of operation unless otherwise approved by the Commissioner.

Risk Management Plan:

1. The Executive Committee shall prepare or cause to be prepared, a Plan of Risk Management for the Fund including all of the information required in N.J.A.C. 11:15-2.6(e). The Risk Management Plan shall be adopted and approved by resolution of the Executive Committee.

2. The Risk Management Plan and all amendments must be approved by the Commissioner and the Commissioner of the Department of Community Affairs before it takes effect.

Financial Statement And Reports:

1. The Executive Committee shall provide or cause to provide its members with periodic reports concerning the activities and status of the Fund for the reporting period. Such reports shall be made at least quarterly and may be made more frequently at the discretion of the Fund commissioners, and shall include, but not be limited to, the minutes, the Administrator's report, the Treasurer's report, and a summation of Fund activity, including comments on previously reported claims and newly reported claims, and any other information required by the Commissioners. The Treasurer's report shall include budget status, account balances, claims information, investment status, earnings and the costs of making investments. These reports shall also be submitted, with a copy of the minutes of the closed session, to the Department..
2. A sworn annual report in a form prescribed by the Commissioner shall be prepared by the Fund, filed with the Department and made available to each Fund member not later than one hundred eighty (180) days after the end of each Fund year. The report shall be accompanied by an annual audited statement of the financial condition of the Fund prepared by the auditor and performed in accordance with generally accepted accounting principles and N.J.S.A. 40A:10-36 and these bylaws.
3. The Fund shall file with the Department semi-annual unaudited statements of the financial condition of the Fund in a form acceptable to the Commissioner within 60 days after the end of each six month period. The semiannual report covering the six month period ending December 31 shall include a compilation of the results reported in the semiannual report for the period ending June 30 immediately preceding.
4. Such other information as may be required by the Department pursuant to N.J.A.C. 11:15-2.24.

Coverages:

The Fund may offer the following coverages to the members:

1. Workers' Compensation and Employer's Liability. The Workers' Compensation benefits levels will equal those required by the Workers' Compensation law and other applicable statutes. The Fund shall make payment to Workers' Compensation recipients in a timely fashion in accordance with the regulations of the Department.
2. Liability other than Motor Vehicles

3. Property Damage other than Motor Vehicle
4. Motor Vehicle Liability
5. Environmental impairment liability through membership in an Environmental Impairment Liability Fund.

Services:

The Fund may also provide its members with safety and loss control programs and may jointly purchase or lease, on behalf of its membership, safety and loss control services, training, equipment and apparatus, in connection with the provision of the coverage set forth above.

ARTICLE V - MEETINGS AND RULES OF ORDER

Meetings:

1. Annual Organization Meeting

As soon as possible after the beginning of the year, the Fund commissioners shall meet to elect officers and the Executive Committee, if any, to appoint professionals and conduct such other business as is necessary. The time and place for the meeting shall be established by the chairperson, and the secretary shall send written notice to the clerks of participating utility authorities at least two (2) weeks in advance.

2. Business Meetings

The Executive Committee shall establish a schedule of meetings to conduct the business of the Fund. All Fund commissioners may attend open or closed sessions of the Executive Committee.

3. Special Meetings

The Chairperson or three (3) Commissioners may call a special meeting by notifying the Secretary at least three (3) days in advance. The Secretary shall notify the Executive Committee by telephone. If the Secretary is unable to reach a member as of forty-eight (48) hours before the meeting, the Secretary shall telephone another official of the member utility authority using the following order: Authority's Executive Director/Administrator, Chairperson, Secretary.

Notice shall state the purpose of the meeting and whether it is called for the Executive Committee only or full membership of Fund commissioners.

4. Quorum

The quorum for a meeting of Fund commissioners shall be as follows:

- a. A majority of the total Fund commissioners unless the total number of members exceed 25.
 - b. If the total membership exceeds 25 in number, then a quorum shall be 13 plus a sum equal to 20% of the number of members in excess of 25 rounded to the next higher number.
5. A quorum for Executive Committee meetings shall be four, including the Chairperson, Secretary and alternates.
 6. Whenever an election is required, the Fund Chairperson may cause a paper ballot to be mailed to each Fund Commissioner which shall be counted at a time and place established by the Chairperson. In the event the number of valid ballots is less than a quorum, the vote shall be null and void.
 7. The Secretary shall cause written minutes to be maintained of all Fund meetings, and shall cause the minutes to be made available to the commissioner upon request.

Conduct Of Meetings:

1. All meetings of the Fund shall be subject to the rules and regulations of the Open Public Meetings Act.
2. Unless otherwise provided in these bylaws, or in the laws or regulations of the State of New Jersey, "Robert's Rules of Order" shall govern the conduct of all meetings.

Amendments To The Bylaws:

1. Any commissioner may propose an amendment to the bylaws by filing the proposed amendment in writing with the Secretary.
2. Upon receipt of a proposed amendment, the Secretary shall notify the Chairperson who shall schedule a meeting of the Executive Committee to conduct a hearing to be held not more than forty-five (45) days from the date the amendment was filed. The Secretary shall notify in writing all Fund commissioners of the hearing date and shall send all Fund commissioners a copy of the proposed amendment.

3. The amendment is adopted by the Fund when the governing bodies of three-fourths (3/4) of the member utility authorities approves the amendment within six (6) months of the hearing on the amendment. In the event Section 40A:10-43 is amended, the procedure and vote required by said statute as amended shall control. If after six (6) months the Secretary has not received written notice of approval from three-fourths (3/4) of the participating utility authorities, the Secretary shall notify the members that time has expired for the adoption of the amendment.
4. If adopted, the amendment shall not take effect until approved by the Commissioner and the Commissioner of the Department of Community Affairs.
5. Within ninety (90) days after the effective date of any amendment to the Bylaws, a member utility authority which did not approve the amendment may withdraw from the Fund provided that it shall remain liable for its share of any claims or expenses incurred by the Fund during its period of membership.

ARTICLE VI - BUDGETS

1. In November of each year, the Fund shall prepare the budget for the upcoming fiscal year. The budget shall identify the proposed items and amounts of expenditure for its operations, the anticipated amounts and sources of assessments and other income to be received during the fiscal year and the status of the self-insurance or loss retention accounts. The budget shall be prepared on a basis that does not recognize investment income or discounting of claim reserves, but recognizes all anticipated or forecasted losses and administrative expenses associated with that fiscal year.
2. The budget shall be reviewed by an actuary who shall comment on its adequacy and shall recommend changes, as appropriate. A copy of the Fund's proposed budget shall be made available to each member at least two (2) weeks prior to the time scheduled for its adoption. No budget shall be adopted until a hearing has been held in accordance with N.J.S.A. 40A:4-1 et. seq. giving all members the opportunity to present comments or objections.
3. Not later than December 31st of each year the Executive Committee shall adopt by majority vote the budget for the Fund's operation for the coming fiscal year.
4. A copy of the Fund's adopted budget and actuarial certification shall be filed with the Department and the Department of Community Affairs within 30 days of its adoption.

3. An adopted budget may be amended by majority vote of the Executive Committee.
4. A copy of any amendment to the budget shall be filed with the Commissioner, the Commissioner of the Department of Community Affairs and the governing body of each member within 30 days of the adoption of any budget amendment which either singly or cumulatively with other adopted budget amendments changes the total budget five (5) percent from the original budget or the latest filed amended budget.

ARTICLE VII - ASSESSMENTS

Annual Assessment

1. In November of each year, the Executive Director shall compute each member's assessments for the upcoming Fund year which shall consist of an amount allocated for the administrative account plus specific assessment to establish and/or replenish the claim or loss retention trust fund account for each type of coverage provided by the Fund and in which such member participates.
2. The annual assessment of each participating utility authority shall be its pro rata share of the Fund's budget for the upcoming year for each line of coverage provided to the member.
3. The calculation of pro rata shares shall be based on each utility authority's manual premium by Fund year for that line of coverage. To the extent possible, the Fund shall use experience modification formulas in computing manual premiums. Unless otherwise approved by the Commissioner, the assessment for Worker's Compensation and Employer's Liability shall be based upon the experience rating plan provided for in the New Jersey Worker's Compensation and Employer's Liability Insurance Manual on file with the Commissioner. The Executive Committee may also adopt a capping formula which limits the increase in any member's assessment to the fundwide average increase plus a percentage established by the Executive Committee.
4. The total amount of each member's annual assessment shall be certified by majority vote of the Executive Committee to the governing body of each participating utility authority at least one (1) month prior to the beginning of the next fiscal year.
5. The annual assessment shall be paid to the Fund in installments to be determined by the Executive Committee, which shall conform with N.J.A.C. 11:15-2.15(a).
6. In the event the final budget passed in December necessitates changes in the annual assessment, the second installment shall be adjusted to reflect this difference.

7. The Treasurer shall deposit each member's assessment into the appropriate accounts, including the Administrative Account and the Claim or Loss Retention Trust Fund account by Fund year for each type of coverage in which the member participates.
8. If a utility authority becomes a member of the Fund, or elects to participate in a line of coverage after the start of the Fund year, such participant's assessments and supplemental assessments shall be reduced in proportion to that part of the year which had elapsed.

Supplemental Assessments:

1. The Executive Committee shall by majority vote levy upon the participating utility authorities additional assessments wherever needed or so ordered by the Commissioner to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.
 - a. All supplemental assessments shall be charged to the participating utility authorities by applicable Fund year, and shall be apportioned by that year's assessments for that line of coverage.
 - b. All utility authorities shall be given thirty (30) days advance written notice of the Fund's intention to charge an additional assessment.
 - c. Municipal utility authorities shall have thirty (30) days to pay the Fund from the due date established by the Executive Committee at the time any supplemental assessment is adopted. Whenever possible, the due date shall be no sooner than the beginning of the Fund's next fiscal year.
2. The Fund shall submit to the Commissioner and the Commissioner of Community Affairs a report of the causes of the Fund's insufficiency, the assessments necessary to replenish it and the steps taken to prevent a reoccurrence of such circumstances.

Failure Or Refusal To Provide Required Assessments:

Should any member fail or refuse to pay its assessments or supplemental assessments, or should the Fund fail to assess funds required to meet its obligations, the Chairperson or in the event by his or her failure to do so, the custodian of the Fund's assets, shall notify the Commissioner and the Commissioner of Community Affairs. Past due assessments shall bear interest at the rate of interest to be established annually by the Executive Committee.

Insolvency And/Or Bankruptcy Of Fund Members:

The insolvency or bankruptcy of a member does not release the Fund, or any other member, of joint and several liability for the payment of any claim incurred by the member during the period of its membership, including, but not limited to, being subject to and liable for supplemental assessments.

ARTICLE VIII - REFUNDS

- A. Any 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 in accordance with N.J.A.C. 11:15-2.21. The Fund shall submit a written notification to the Department and the Department of Community Affairs at least 30 days prior to the proposed refund
- B. The Fund may seek approval, as described in A above, for subsequent refund payments at any time from a claims or loss retention fund account remaining from any year which has been completed for at least 36 months.
- C. The Fund may apply a refund to any arrearage owed by the member to the Fund. Otherwise, a refund for any fiscal year shall be paid only in proportion to the member's participation in the Fund for such year. Payment of a refund on a previous year is not contingent on the member's continued membership in the Fund after that year.
- D. At the option of the member, the refund may be retained by the Fund and applied towards the member's next annual assessment.

ARTICLE IX - EXCESS INSURANCE

- A. Consistent with N.J.A.C. 11:15-2.6(a)6, and N.J.A.C. 11:15-2.23 the Fund shall secure excess insurance or reinsurance in a form, in an amount and by an insurer, or other entity authorized to provide such coverage in New Jersey pursuant to law, acceptable to the Commissioner, if commercially available and reasonably priced, as determined by the Executive Committee for each Fund year, and as approved by the Department and the Department of Community Affairs.
- B. The policies of excess insurance and/or reinsurance issued by an insurer to the Fund shall provide single accident (single occurrence) excess insurance and aggregate excess insurance.
- C. Certificates of excess insurance and/or reinsurance showing policy limits, specific and aggregate retention, and other information shall be available for the inspection by each member and shall be filed with the Commissioner.
- D. Losses in excess of the established self-insured retention shall be borne by the excess carrier(s) according to the terms and conditions of the excess contract(s).

- E. Any proposed change in the terms or limits of excess insurance and/or reinsurance shall be submitted to the Department and the Department of Community Affairs for approval at least 30 days prior to the effective date of the proposed change.
- F. Notwithstanding, A through E above:
 - 1. The Fund is not required to maintain single accident (single occurrence) excess insurance if the Fund's single accident (single occurrence) limit of liability as set forth in its approved plan of risk management is equal to or less than its single accident (single occurrence) self-insured retention as approved by the Department.
 - 2. The Fund is not required to maintain aggregate excess insurance if its accumulated budgeted losses pursuant to N.J.A.C. 11:15-2.23(g) qualify the Fund for an exemption pursuant to N.J.A.C. 11:15-2.23 (f), or the Fund maintains an excess loss contingency balance in the Claims Account in conformance with N.J.A.C. 11:15-2.23(f).

ARTICLE X - TRUST FUND ACCOUNTS, INVESTMENTS AND DISBURSEMENTS

Establishment Of Trust Fund Accounts

- 1. By resolution, the Fund shall designate a public depository or depositories for its monies pursuant to N.J.S.A. 40A:15-14. The resolution shall also designate a person to be custodian of funds for the Fund and shall authorize the custodian to invest temporarily free balances of any claim or administrative accounts periodically as authorized by law.
- 2. Consistent with N.J.A.C. 11:15-2.13, the Fund shall establish a separate Trust Fund Account from which monies shall be disbursed solely for the payment of claims, allocated claim expenses and excess insurance premiums designated as Claims or Loss Retention Fund Accounts.
 - a. Other than for claims, allocated claims expense, or excess insurance premiums, no transfers or withdrawals may be made from a Claim or Loss Retention Account without the prior written approval of the Commissioner except that refunds must be made in accordance with N.J.A.C. 11:15-2.21..
 - b. The Fund shall maintain accounting records allocating all income, disbursements, and assets in the Claims account by line of coverage and by Fund year. Accounting records for closed Fund year(s) shall be

allocated by member. Accounting records for loss fund contingency or excess loss contingency shall also be allocated by member.

3. The Fund shall also establish an Administrative Account which shall be utilized for payment of the Fund's general operating expenses, loss prevention activities, data processing services, and general legal expenses. The Fund shall maintain accounting records for the administrative account per 2(b) above.

Investments

1. The balance of any account shall be invested to obtain the maximum interest return practical. All investments shall be in accordance with the Fund's cash management plan and consistent with the statutes and rules governing the investment of public funds by local governments and pursuant to N.J.S.A. 40A:10-10b.
2. The investment and interest income earned by the investment of the assets of each claim or loss retention account shall be credited to each account.
3. The investment and interest income earned by investment of the assets of the administrative account shall be credited to that account.

Disbursements

1. Prior to any commitment or agreement requiring the expenditure of funds, the custodian of the Fund's assets shall certify as to the availability of sufficient unencumbered funds to fully pay all charges or commitments to be accepted.
2. All disbursements, payments of claims or expenditure of funds must be approved by a majority vote of the Executive Committee.
3. Notwithstanding numbers 1 and 2 above, the Fund may provide for the expedient resolution of certain claims by designating the Fund's Administrator or service organization as a "certifying and approving officer" pursuant to N.J.S.A. 40A:5-17. The Fund may authorize the certifying and approving officer to approve for payment any specified claims in an amount not to exceed an amount approved by the Commissioner in the Plan of Risk Management. The Fund shall establish such other procedures and restrictions on the exercise of this authority as the Fund deems appropriate.

4. Upon approval, the certifying and approving officer shall certify the amount and particulars of such approved claims to the custodian of the Fund's assets, directing that a check for payment be prepared.
5. Each month, the certifying and approving officer shall prepare a report of all claims approved since the last report, detailing the nature and the amount of the claim, the payee, the reasons supporting payment and any other pertinent information. This report shall be reviewed and approved or rejected by vote of the Executive Committee at their next regularly scheduled meeting. If any payment is not approved, appropriate action shall be taken.
6. All requests for payments must be accompanied by a detailed bill of items or demand, specifying particularly how the bill or demand is made up, with the certification of the party claiming payment that it is correct, and must carry the certification of some officer or duly designated agent or employee of the Fund having knowledge of the facts that the goods have been received by, or the services rendered to the Fund. In the case of claims or losses to be charged against any loss fund, the Fund's claims administrator shall certify as to the claims correctness and validity.
7. All claims shall be paid by check. The checks shall be signed by two persons so designated by the Executive Committee.
8. All claims or other disbursements approved for payment by the Fund shall be recorded in a claims register maintained by the custodian of the Fund's assets.

ARTICLE XI - CONFLICT OF INTEREST

- A. All officials or employees of a member local unit or any members of the family of such officials or employees shall comply with N.J.S.A. 40A: 22.1 et. seq. (The "Local Government Ethics Law").

ARTICLE XII - VOLUNTARY DISSOLUTION OF THE FUND

- A. If the Executive Committee deems it in the best interest of the members to dissolve the Fund, they shall by majority vote direct that a written Plan of Dissolution be prepared.
- B. The Plan of Dissolution must provide for the payment of all incurred losses of the Fund and its members, including all incurred but not reported losses, as certified by an actuary, before any assets of the Fund or the trust fund accounts may be used for any other purpose.
- C. Upon completion of the plan, the Chairperson shall call a general meeting of all Fund Commissioners who shall review the plan and make any appropriate amendments. By

majority vote, the Fund Commissioners may recommend to the members that the Fund be dissolved in accordance with the Plan of Dissolution.

- D. A majority of the governing bodies of the participating utility authorities must by resolution vote to accept the Plan of Dissolution in order to dissolve the Fund.
- E. Such Plan of Dissolution shall contain a statement of the Fund's current financial condition computed both on a statutory basis and according to generally accepted accounting principles as attested to by an independent certified accountant
- F. The Plan of Dissolution and other such information as may be required, must be filed with and approved in writing by the Commissioner and the Commissioner of the Department of Community Affairs not later than 90 days prior to the proposed effective date of dissolution.

ARTICLE XIII - CLAIMS HANDLING PROCEDURE

Claims Reporting:

Upon receipt of the initial notice of a claim, the member shall immediately forward the notice of claim and any other information available to the claims administrator and, where appropriate, to the Fund's attorney for initial contact, investigation, court actions or other appropriate response.

Registration Of Claims:

Upon receipt of initial notice of claim, whether by service of process, notice of claim or petition or otherwise, the claims administrator shall cause each claim to be numbered, and to be included on a monthly report to the Executive Director. The monthly report shall set forth the name of the claimant, the nature of the claim, the type insurance coverage claimed against, and to the extent known, an approximate estimate of the magnitude of the potential loss. This report shall be confidential

Notice Of Request for Settlement Authority:

Whenever an investigation discloses that the prompt fair and equitable settlement of a claim is appropriate and possible, and such settlement exceeds the authority of the claims administrator, the claims Administrator shall submit to the administrator for review at a Executive Committee meeting, a request for settlement authority. This notice shall be on forms approved by the Executive Committee and shall set forth identifying information concerning the claim, recommendations where appropriate concerning the legal liability of the Fund, a summary of investigative work concerning the merits of the claim and the reasons underlying the recommended settlement. This notice shall be confidential.

Approval Of Payments And Settlements:

Whenever the Fund shall make any payment or settlement of any claim, a notation thereof identifying the claim, the amount paid and the reasons underlying the payment shall be approved by the Executive Committee and entered upon a ledger of claims paid.

ARTICLE XIV - COMPLAINT HANDLING PROCEDURE

- A. Whenever any interested party shall submit a complaint in writing to the Fund, the administrator, or any member of the Fund, a copy thereof shall be forthwith communicated to the Executive Committee for consideration at its next regularly scheduled meeting.
- B. At said meeting the Executive Committee shall consider the complaint, and by recorded vote take such action as might be appropriate.
- C. The complaining party, and the Fund Commissioner from the utility authority shall receive written notice of the Executive Committee findings. The written notice to the complaining party, may where appropriate, include an opportunity for the complaining party to have a hearing concerning his/her complaint before the Fund Commissioners/Executive Committee.
- D. The Fund shall keep a separate record of all complaints received and the disposition of same.

ARTICLE XV - OTHER CONDITIONS

Inspection And Audit:

The Fund shall be permitted but not obligated to inspect, at any reasonable time, the workplaces and operations of each participant covered by this agreement. Neither the right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the participant or others, to determine or warrant that such workplaces, operations, are safe or healthful, or are in compliance with any law, rule or regulation.

The Fund shall be permitted to examine and audit the participant's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records at any reasonable time as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this agreement.

Notice Of Injury:

When an injury occurs, written notice shall be given by or on behalf of the participant to the Fund or any of its authorized agents as soon as practical. Such notice shall contain particulars sufficient to identify the participant and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses.

Notice Of Claim Or Suit:

If claim is made or formal petition or a suit or other proceedings are brought against the participant, the participant shall immediately forward to the Fund every demand, notice, summons or other process received by him or his representative.

Assistance And Cooperation Of The Participant:

The participant shall cooperate with the Fund, and upon the Fund's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings. The participant shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Workers' Compensation Law.

Action Against Fund:

No action shall lie against the Fund unless, as a condition precedent thereto, the Participant shall have fully complied with all the terms of this agreement, not until the amount of the participant's obligation to pay shall have been finally determined either by judgment against the participant after actual trial or by written agreement of the participant, the claimant and the Fund. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this agreement to the extent of the protection afforded by this agreement. Nothing contained in this agreement shall give any person or organization any right to join the Fund as a co-defendant in any action against the participant to determine the participant's liability.

Bankruptcy or insolvency of the participant shall not relieve the Fund of any of its obligations.

Subrogation:

In the event of any payment under the agreement, the Fund shall be subrogated to all rights of recovery therefore of the participant and any person entitled to the benefits of this agreement against any person or organization and the Participant shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The participant shall do nothing after loss to prejudice such rights.

Conformance With Statute:

In the event any portion of these bylaws conflict with any statute or administrative regulation covering joint insurance funds, the provision of any such regulation shall control to the extent it conflicts.

THUS DONE, READ AND PASSED in my office in _____,state of New Jersey.

NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND

BY:

Executive Director/Administrator