

IDENTIFICATION

I, Ann M. Conway, am associated with WTW. I am a member of the American Academy of Actuaries and meet its qualification standards for signing statements of actuarial opinion. I am a Fellow of the Casualty Actuarial Society. I was appointed by the Board of Directors of New Jersey Schools Insurance Group (the Group) to render this opinion.

SCOPE

I have examined the July 1, 2022 through June 30, 2023 budgeted loss and allocated loss adjustment expenses (ALAE) provision as shown in the Group's budget submitted to the New Jersey Department of Banking and Insurance.

Item

Budgeted 2022/23 loss and ALAE provision (net of ceded reinsurance)	\$66,779,695
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The amount above relates to loss and ALAE provisions for workers compensation, general liability, auto liability, auto physical damage, property and crime coverages. Several other coverages (including errors & omissions liability) are not included in this provision because they are fully reinsured.

My examination of the loss and ALAE provision was based upon data and related information prepared by the Group. In this regard, I relied on Jill Deitch, Esq., Executive Director of the New Jersey Schools Insurance Group, as to the accuracy and completeness of the data. I evaluated the data used directly in my analysis for reasonableness and consistency. My evaluation did not reveal any data points materially affecting my analysis that fell outside of the range of reasonable possibilities. In performing this evaluation, I have assumed that the Group (a) used its best efforts to supply accurate and complete data and (b) did not knowingly provide any inaccurate data. In other respects my examination included the use of such actuarial assumptions and methods and such tests of calculations as I considered necessary.

My review was limited to the item listed above and did not include an analysis of the budgeted financial statement as a whole. My opinion on the loss and ALAE provision is based upon the assumption that the provision will be backed by valid assets, which have suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

RELEVANT COMMENTS

Salvage and Subrogation

The loss and ALAE provision is established net of anticipated salvage and subrogation.

Discounting

The Group does not discount its loss and ALAE provision.

Asbestos and Environmental Exposures

I have reviewed the Group's exposure to asbestos and environmental claims. In my opinion, the chance of material liability related to asbestos and environmental claims is remote, since reported claim activity levels are minimal. The Group does write some expanded coverage for environmental exposures but utilizes reinsurance to minimize this exposure.

Reinsurance

My opinion on the loss and ALAE provision net of ceded reinsurance assumes that all ceded reinsurance is valid and collectible. All of the Group's ceded reinsurance is with companies rated A- or better by a reputable insurance rating agency. I have not anticipated any contingent provision if the reinsurers do not meet their obligations to the Group as reflected in my analysis and other information provided to me.

COVID-19

I considered the effects of COVID-19 on the Group's experience, including business volume, loss and loss adjustment expense experience and claim handling. I do not believe that the effects of COVID-19 are material to the development of my opinion on the Group's 2022/23 budget.

OPINION

In my opinion, the amounts recorded in the 2022/23 Group budget, assuming no material change in the estimated exposures:

- a) meet the requirements of the insurance laws of the State of New Jersey that are applicable to self-insurance pools of educational institutions
- b) are consistent with amounts computed in accordance with the relevant standards of practice promulgated by the Actuarial Standards Board and the Casualty Actuarial Society's Statement of Principles Regarding Property and Casualty Insurance Ratemaking
- c) make a reasonable provision for the July 1, 2022 through June 30, 2023 fund year ultimate loss and ALAE, net of ceded reinsurance, under the Group's contracts and agreements

VARIABILITY

In evaluating whether the projected losses and ALAE make a reasonable provision for the actual incurred fund year losses, it is necessary to project future loss and ALAE payments. Actual future losses and ALAE will not develop exactly as projected and may, in fact, vary significantly from the projections.

Further, my projections make no provision for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in the Group's historical data base or which are not yet quantifiable.

An actuarial report, including underlying workpapers supporting the findings expressed in this statement of actuarial opinion has been provided to the Group and is available for regulatory examination.

This statement of opinion is solely for the use of, and only to be relied upon by the Group and the State of New Jersey Department of Banking and Insurance with which the Group files its budget.



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