



New Jersey Schools Insurance Group
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Board of Trustees Meeting of June 20, 2018
Action Item
Second Policy Reading
Policy 3710 Safety Grant

Recommended Resolution: Approve policy 3710 as a second reading.

William Mayo

William Mayo, CPCU, ARM
Executive Director

NJSIG Policies

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

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SAFETY GRANT POLICY

The purpose of the Safety Grant goal of NJSIG's safety grant program is to provide NJSIG members the necessary resources needed to complete risk reduction projects and improve the safety of the population NJSIG members serve. By reducing the risk at member districts the Group's overall claim severity or frequency will be reduced. Thus reducing the cost of membership going forward.

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

In order to be eligible for a safety grant, members must: Membership in the Group at safety grant distribution is required. This requirement ensures that the safety grant distribution will meet the purpose of reducing Group risk.

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

The Safety Grant program is based on a snapshot in time coinciding with the fiscal year end financial results. The current year's underwriting surplus or loss will be used to determine the availability and amount of that year's grant.

That underwriting surplus is dependent on the actuary's determination of ultimate risk for all open claims. The Group may not choose to use an ultimate liability projection below the 50% confidence level determined by the independent actuarial study valued as of June 30th of any fund year.

A grant may only be declared in a fiscal year in which the Group's net income exceeds its investment income. The allocation of the grant will be determined by an actuarial study,

~~conducted by the Group's contracted actuary, taking into account premium dollars and losses.~~

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

~~Distribution of the grants may be made in any future year.~~