



The New Jersey Safety Net

# 2021 Annual Report

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## New Jersey Property-Liability Insurance Guaranty Association

### THE NEW JERSEY SAFETY NET

The New Jersey Property-Liability Insurance Guaranty Association (NJPLIGA) was established in 1974 to provide statutory benefits to insureds and claimants of insolvent property-casualty insurance companies. The industry safety net is provided to New Jersey policyholders and claimants when they find themselves without certain types of insurance coverage. NJPLIGA works in conjunction with its Board of Directors, member companies and the New Jersey Department of Banking and Insurance (NJDOBI) to satisfy its statutory responsibilities.

NJPLIGA also administers the following statutory entities:

**Workers' Compensation Security Fund (WCSF).** The WCSF was created in 1935 and administers the claims of insolvent workers' compensation insurance carriers arising from the coverage of risks located or resident in New Jersey. In January 2010, responsibility for the administration of the WCSF was transferred to NJPLIGA.

**New Jersey Surplus Lines Insurance Guaranty Fund (NJSLIGF).** NJSLIGF was established in 1984 to provide statutory benefits to the policyholders and claimants of insolvent surplus lines insurance carriers. At year end, surplus lines membership totaled 184 eligible insurers.

**Unsatisfied Claim and Judgment Fund (UCJF).** The UCJF was established in 1952 to pay the damages of uninsured claimants who were injured in an accident with an uninsured motorist. From 2004 to March 31, 2016, the UCJF provided private passenger automobile and commercial motor vehicle stranger pedestrian personal injury protection (PIP) benefits. On or before March 31, 2016, commercial motor vehicle insurance carriers became obligated to provide commercial motor vehicle stranger pedestrian PIP coverage.

NJPLIGA is also responsible for the reimbursement to insurance carriers handling certain excess medical benefits (EMBs) paid on PIP claims and provides third party administrator (TPA) services to the NJDOBI.

Figure 1: Disbursements on Estates, below, shows the top ten estates with the largest disbursements for insolvency claims involving NJPLIGA, NJSLIGF and the WCSF from inception through December 31, 2021.

<b>Figure 1: Disbursements on Estates</b>	
<b>Inception to 12/31/2021 (in millions)</b>	
<b>Top 10 Estates</b>	<b>Disbursements</b>
Reliance Insurance Company	\$157.3
Legion Insurance Company	\$110.8
PHICO Insurance Company	\$81.5
Midland Insurance Company	\$80.4
MIIX Insurance Company	\$75.8
Integrity Insurance Company	\$74.4
Home State Insurance Company	\$70.0
Ambassador Insurance Company	\$67.5
Fremont Indemnity Insurance Company	\$64.2
Guarantee Insurance Company	\$54.0
<b>Total</b>	<b>\$835.9</b>



# **NJPLIGA CLAIMS AND FINANCIAL ACTIVITY**



## Statements of Assets, Liabilities and Fund Balance – Modified Cash Basis

	December 31,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 54,526,052	\$ 59,156,123
Investments, at cost	212,581,638	193,672,032
Assessments receivable due from member companies, net of allowance of \$842,801 in 2021 and 2020	-	-
Due from affiliated funds	1,314,545	1,383,237
Property and equipment, net of accumulated depreciation and Amortization	1,567,375	1,732,531
Other assets	<u>85,298</u>	<u>80,860</u>
Total assets	<u>\$ 270,074,908</u>	<u>\$ 256,024,783</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Employee benefits payable	\$ 11,711	\$ 14,211
Funds held under TPA contracts	<u>2,150,589</u>	<u>1,807,289</u>
Total liabilities	<u>2,162,300</u>	<u>1,821,500</u>
Fund balance	<u>267,912,608</u>	<u>254,203,283</u>
Total liabilities and fund balance	<u>\$ 270,074,908</u>	<u>\$ 256,024,783</u>



**Statements of Assessments Charged and Collections, Expenses and Fund Balance – Modified Cash Basis**

	Year Ended December 31,	
	2021	2020
<b>Assessments charged and collections:</b>		
Members' assessments charged, net of refunds	\$ 105,821,591	\$ 106,602,356
Investment and interest income	2,144,859	3,487,904
Distributions collected in connection with insolvency proceedings (including interest thereon)	4,237,525	1,290,982
Fund transfer from State of New Jersey – TPA	1,200,311	3,726,124
	<u>113,404,286</u>	<u>115,107,366</u>
<b>Expenses:</b>		
Claims paid	2,261,957	5,329,219
Claims paid – Excess Medical Benefit	89,967,362	93,643,098
Claims paid – TPA	985,267	3,171,945
Claims expense paid	1,982,119	2,012,496
Claims expense paid – Excess Medical Benefit	553,548	632,622
Claims expense paid – TPA	215,226	466,524
Premium refunds paid	51,876	-
Administrative expenses paid – direct	15,474,106	15,281,477
Administrative expenses reimbursed and due from other funds	(14,240,173)	(14,516,800)
Administrative expenses charged – Excess Medical Benefit	2,414,890	2,349,314
Administrative expenses charged – TPA	28,783	51,847
	<u>99,694,961</u>	<u>108,421,742</u>
<b>Excess of assessments charged and collections over expenses</b>	<b>13,709,325</b>	<b>6,685,624</b>
Fund balance at beginning of year	<u>254,203,283</u>	<u>247,517,659</u>
<b>Fund balance at end of year</b>	<b>\$ <u>267,912,608</u></b>	<b>\$ <u>254,203,283</u></b>

**RECEIPTS**

At the May 12, 2021 Annual Meeting/Board of Directors' Meeting, the NJPLIGA Board of Directors reviewed the funding needs of the organization to satisfy insolvency and other statutory obligations. The Board determined that an assessment of member companies was necessary and authorized a 0.6% assessment. NJPLIGA collected \$105.8 million in assessments from 499 member companies in 2021.

Distributions from insolvent estates totaled \$4.2 million in 2021.

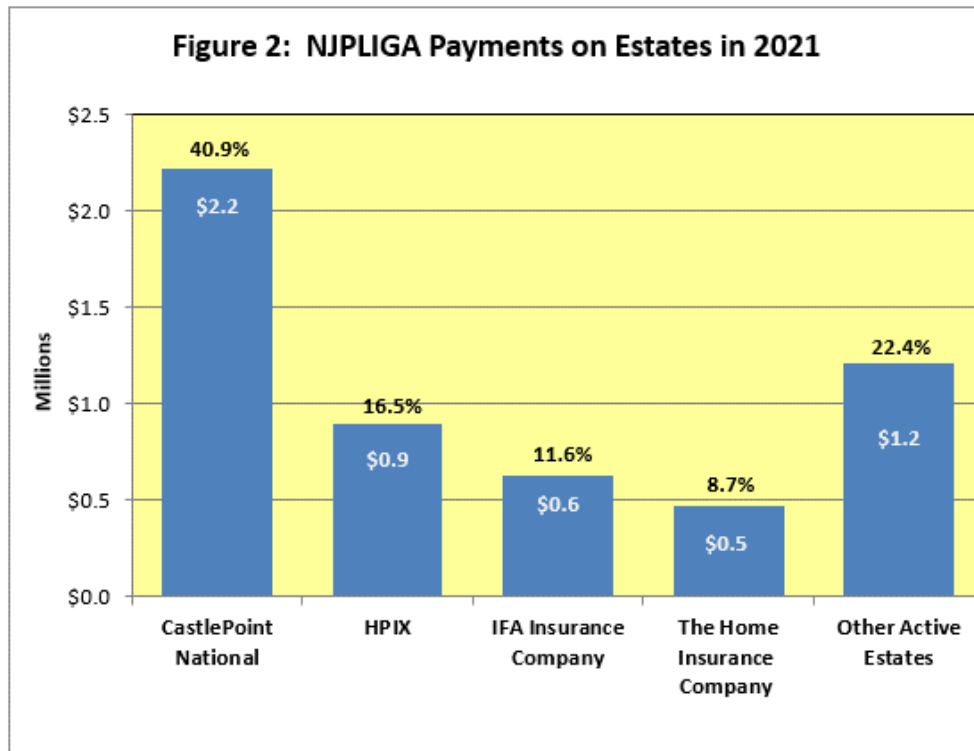
**DISBURSEMENTS**

In 2021, the total losses paid by the Association on insolvency, EMB and TPA claims combined were \$93.3million and total loss adjustment expenses (LAE) were \$2.8 million. Operating expenses totaled \$3.7 million. NJPLIGA's indemnity payments on insolvent estates totaled \$2.3 million with \$2.0 million of LAE. In 2021, EMB claims averaged \$7.5 million per month totaling \$90.0 million for the year in reimbursements to member companies and the organization on PIP claims.

**BALANCE AND RESERVES**

At year end, the NJPLIGA fund balance was \$267.9 million with combined reserves of \$321.3 million including insolvency reserves of \$97.2 million and a two year EMB reserve of \$224.1 million.

**Figure 2: NJPLIGA Payments on Estates in 2021**, below, shows the four estates with the largest disbursements in 2021.





## INSOLVENCY ACTIVITY

The primary function of the organization is the management of the claims of insolvent property-casualty insurance companies. In 2021, 38 insolvent estates were administered by NJPLIGA with no estate closures. There were four new insolvencies in 2021. NJPLIGA received a total of 741 new insolvency claims with approximately \$585,509 dollars paid in loss and LAE and \$13.0 million in combined loss and LAE reserves.

There were several new insolvencies in 2021. Bedivere Insurance Company was domiciled in Pennsylvania and was declared insolvent on March 11, 2021. NJPLIGA received 504 commercial liability and commercial automobile liability claims with approximately \$585,509 dollars paid in loss and LAE and \$12.9 million in combined loss and LAE reserves.

Western General Insurance Company was domiciled in California and was declared insolvent on August 5, 2021. NJPLIGA received 100 unearned premium claims with no money paid or reserved with respect to those claims.

Global Liberty Insurance Company of New York was domiciled in New York and was declared insolvent on October 12, 2021. NJPLIGA received 108 commercial automobile liability claims with nothing paid in loss and LAE and \$71 thousand in combined loss and LAE reserves.

Highlands Insurance Company was domiciled in Texas and was declared insolvent on October 29, 2021. NJPLIGA received 29 general liability claims with nothing paid in loss and LAE and \$15 thousand in combined loss and LAE reserves.





## **WCSF CLAIMS AND FINANCIAL ACTIVITY**



Statements of Assets, Liabilities and Fund Balance – Modified Cash Basis

	December 31,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,241,530	\$ 15,173,609
Investments, at cost	227,525,144	215,717,321
Assessments receivable due from member companies, net of allowance of \$181,654 in 2021 and 2020	-	-
Due from affiliated fund	-	<u>23,510</u>
Total assets	<u>\$ 229,766,674</u>	<u>\$ 230,914,440</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to affiliated funds	<u>\$ 397,866</u>	<u>\$ 465,071</u>
Total liabilities	397,866	465,071
Fund balance	<u>229,368,808</u>	<u>230,449,369</u>
Total liabilities and fund balance	<u>\$ 229,766,674</u>	<u>\$ 230,914,440</u>



Statements of Assessments Charged and Collections, Expenses and Fund Balance – Modified Cash Basis

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
<b>Assessments charged and collections:</b>		
Members' assessments charged	\$ 21,046,485	\$ 23,565,543
Investment and interest income	2,065,306	3,764,226
Litigation settlement	-	1,525,000
Distributions collected in connection with insolvency proceedings (including interest thereon)	5,426,565	5,478,439
Large deductible recoveries	<u>106,385</u>	<u>677,424</u>
 Total assessments charged and collections	 <u>28,644,741</u>	 <u>35,010,632</u>
<b>Expenses:</b>		
Claims paid	21,830,029	25,702,938
Claims expenses paid	3,015,212	2,779,171
Administrative expenses charged – association	4,802,914	4,794,910
Administrative expenses paid – direct	<u>77,147</u>	<u>89,823</u>
 Total expenses	 <u>29,725,302</u>	 <u>33,366,842</u>
 <b>(Deficiency) excess of assessments charged and collections over expenses</b>	 <b>(1,080,561)</b>	 <b>1,643,790</b>
 Fund balance at beginning of year	 <u>230,449,369</u>	 <u>228,805,579</u>
 <b>Fund balance at end of year</b>	 <b><u>229,368,808</u></b>	 <b><u>230,449,369</u></b>

# WCSF

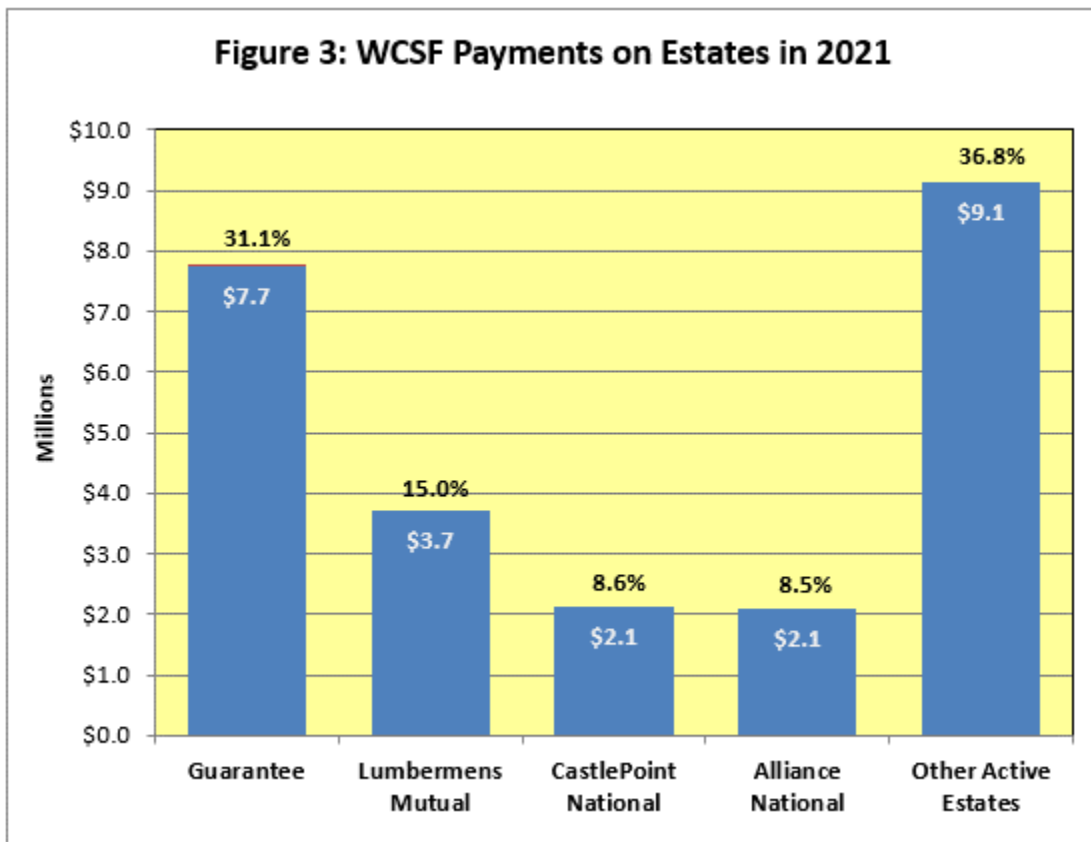
## RECEIPTS

Distributions from insolvent estates in 2021 totaled \$5.5 million. The WCSF collected \$21.0 million in assessments from 291 member companies in 2021.

## DISBURSEMENTS

In 2021, the WCSF's loss payments on insolvent estates totaled \$21.8 million and \$3.0 million of LAE.

Figure 3: WCSF Payments on Estates in 2021, below, shows the four estates with the largest disbursements in 2021.





## **BALANCE AND RESERVES**

The year-end available funds for the WCSF totaled \$229.4 million with loss and LAE reserves of \$271.4 million and \$14.7 million, respectively.

## **INSOLVENCY ACTIVITY**

The WCSF received one new insolvency in 2021. Bedivere Insurance Company, domiciled in Pennsylvania, was declared insolvent on March 11, 2021. The WCSF received 120 new insolvency workers' compensation claims with approximately \$743 thousand paid in loss and LAE and \$22.9 million in combined loss and LAE reserves.

In 2021, 43 insolvent workers' compensation estates were managed by the WCSF and there was one estate closure.



## **NJSLIGF CLAIMS AND FINANCIAL ACTIVITY**



Statements of Assets, Liabilities and Fund Balance – Modified Cash Basis

	December 31,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 560,480	\$ 690,495
Reserve fund	37,000	37,000
Investments, at cost	7,451,874	7,298,938
Total assets	<u>\$ 8,049,354</u>	<u>\$ 8,026,433</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to affiliated fund	<u>\$ 6,153</u>	<u>\$ 1,179</u>
Total liabilities	6,153	1,179
Fund balance	<u>8,043,201</u>	<u>8,025,254</u>
Total liabilities and fund balance	<u>\$ 8,049,354</u>	<u>\$ 8,026,433</u>



Statements of Collections, Expenses and Fund Balance – Modified Cash Basis

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
<b>Collections:</b>		
investment and interest income	\$ 66,926	\$ 117,088
Distributions collected in connection with insolvency proceedings (including interest thereon)	<u>7,529</u>	<u>-</u>
Total collections	<u>74,455</u>	<u>117,088</u>
<b>Expenses:</b>		
Claims paid	6,543	1,741
Claims expenses paid (recovered)	5,762	2,220
Administrative expenses charged – association	41,141	35,500
Administrative expenses paid – direct	<u>3,062</u>	<u>3,061</u>
Total expenses	<u>56,508</u>	<u>42,522</u>
<b>Excess of collections over expenses and transfers out</b>	<b>17,947</b>	<b>74,566</b>
Fund balance at beginning of year	<u>8,025,254</u>	<u>7,950,688</u>
<b>Fund balance at end of year</b>	<b><u>\$ 8,043,201</u></b>	<b><u>\$ 8,025,254</u></b>





## **NJSLIGF**

### **RECEIPTS**

There were \$7.5 thousand distributions from insolvent estates in 2021.

### **DISBURSEMENTS**

NJSLIGF continued to experience minimal claim activity in 2021 with paid loss and LAE totaling \$12.0 thousand.

### **BALANCE AND RESERVES**

As of December 31, 2021, NJSLIGF had a fund balance of \$8.0 million with combined indemnity and LAE reserves of \$1.1 million.



## **UCJF CLAIMS AND FINANCIAL ACTIVITY**



Statements of Assets, Liabilities and Fund Balance – Modified Cash Basis

	December 31,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 36,366,090	\$ 33,193,529
Investments, at cost	27,563,022	24,870,143
Receivable from other funds	7,945	-
Assessments receivable due from member companies net of allowance of \$116,453 in 2021 and 2020	-	-
Total assets	<u>\$ 63,937,057</u>	<u>\$ 58,063,672</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Balances due plaintiffs arising from settlements	\$ 533,810	\$ 530,356
Due to affiliated fund	<u>914,833</u>	<u>940,221</u>
Total liabilities	1,448,643	1,470,577
Fund balance	<u>62,488,414</u>	<u>56,593,095</u>
Total liabilities and fund balance	<u>\$ 63,937,057</u>	<u>\$ 58,063,672</u>



**Supplementary Statement of Assessments Charged and Collections, Expenses and Fund Balance  
Modified Cash Basis  
Year Ended December 31, 2021**

	Private Passenger Auto	Commercial Auto	Total
<b>Assessments charged and collections:</b>			
Members' assessments charged	\$ 71,156,168	\$ 4,002,707	\$ 75,158,875
Claims recoverable	71,180	18,649	89,829
Net investment and interest income	265,101	28,246	293,347
 Total assessments charged and collections	 <u>71,492,449</u>	 <u>4,049,602</u>	 <u>75,542,051</u>
<b>Expenses:</b>			
Claims paid	49,073,860	3,210,107	52,283,967
Claims expense paid	7,279,074	635,120	7,914,194
Administrative expenses	<u>8,842,271</u>	<u>606,300</u>	<u>9,448,571</u>
 Total expenses	 <u>65,195,205</u>	 <u>4,451,527</u>	 <u>69,646,732</u>
 <b>Excess (deficiency of assessments charged and collections over expenses</b>	 <b>6,297,244</b>	 <b>(401,925)</b>	 <b>5,895,319</b>
 Fund balance at beginning of year	 <u>54,780,236</u>	 <u>1,812,859</u>	 <u>56,593,095</u>
 <b>Fund balance at end of year</b>	 <b><u>\$ 61,077,480</u></b>	 <b><u>\$ 1,410,934</u></b>	 <b><u>\$ 62,488,414</u></b>

## UCJF

### RECEIPTS

At the May 12, 2021 Annual Meeting/Board of Directors' Meeting, the NJPLIGA Board of Directors, as statutory administrator of the UCJF, reviewed the funding needs to satisfy responsibilities associated with stranger pedestrian PIP and uninsured motorist claims.

The Board determined that an assessment of private passenger automobile carriers was necessary and authorized a 1.4% assessment of each private passenger automobile carrier's net direct written premium (NDWP). The Board also determined that an assessment of commercial motor vehicle carriers was necessary and authorized a 0.3% assessment of each commercial motor vehicle carrier's NDWP. The UCJF collected \$75.2 million from 312 member companies.

### RECEIPTS – UCJF COLLECTION ACTIVITY

The services of a collection agency are utilized to recover the debts owed to the UCJF by uninsured automobile owners and drivers and \$89.8 thousand was collected in 2021.

### DISBURSEMENTS

The organization's UCJF responsibilities include the administration of uninsured motorist and private passenger automobile stranger pedestrian PIP claims. By Commissioner's Order No. A15-106 dated June 30, 2015, the NJDOBI withdrew the commercial motor vehicle pedestrian PIP claims from the UCJF's risk sharing mechanism. On or before March 31, 2016, commercial motor vehicle carriers became obligated to provide this coverage. After that date, in addition to its uninsured motorist claims' responsibilities, the UCJF is only responsible for private passenger automobile stranger pedestrian PIP claims and the run-off of older commercial motor vehicle pedestrian PIP claims.

In 2021, combined loss and LAE payments totaled \$60.2 million with \$52.3 million in indemnity and \$7.9 million in LAE. Those payments include loss and LAE for private passenger automobile stranger pedestrian PIP, commercial motor vehicle pedestrian PIP run-off and uninsured motorist claims.

### BALANCES AND RESERVES

The year-end available funds for the UCJF totaled \$62.5 million, including balances of \$61.1 million for private passenger automobile responsibilities and \$1.4 million for commercial motor vehicle responsibilities. The UCJF's year-end indemnity and LAE reserves were \$93.3 million.



## BOARD OF DIRECTORS

Pursuant to N.J.S.A. 17:30A-1 et seq., NJPLIGA is governed by a nine-member Board of Directors consisting of insurance industry representatives. The following is a list of the current Board of Directors.

### NJPLIGA

Jessica Schlee-Gilbert, Chair  
Thomas S. Hyman, Vice Chair  
James Doherty, Treasurer  
Georgia Flamporis  
Stacy Friend Bell  
Donald Baldini  
Susan Giacalone  
Maria Orecchio  
Peter Blackwell

New Jersey Manufacturers Insurance Company  
Federal Insurance Company  
Farmers Mutual Fire Insurance Company of Salem County  
Allstate New Jersey Insurance Company  
United Services Automobile Association  
Liberty Mutual Insurance Company  
AIG Property Casualty Company  
Selective Insurance Company of America  
State Farm Insurance Company

### NJSLIGF Advisory Body

Charles McCloskey, Jr.  
Frank Powell, Jr.

Metcom Excess  
FTP, Inc.

### Board Counsel

Cynthia Borrelli, Esq.

Bressler, Amery and Ross, P.C.

## BOARD MEETINGS

The Board of Directors met in regular session on May 12, 2021 and November 10, 2021.