



The New Jersey Safety Net

2022 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 197 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, 2022.

Figure 1: Disbursements on Estates	
Inception to 12/31/2022 (in millions)	
Top 10 Estates	Disbursements
Reliance Insurance Company	\$158.9
Legion Insurance Company	\$111.7
PHICO Insurance Company	\$81.5
Midland Insurance Company	\$80.6
MIIX Insurance Company	\$76.4
Integrity Insurance Company	\$74.4
Home State Insurance Company	\$70.0
Ambassador Insurance Company	\$67.5
Fremont Indemnity Insurance Company	\$65.4
Guarantee Insurance Company	\$62.3
Total	\$848.7



NJPLIGA CLAIMS AND FINANCIAL ACTIVITY

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

	<u>December 31.</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 36,863,055	\$ 54,526,052
Investments, at cost	234,033,616	212,581,638
Assessments receivable due from member companies, net of allowance of \$842,801 in 2022 and 2021	-	-
Due from affiliated funds	1,361,340	1,314,545
Property and equipment, net of accumulated depreciation and amortization	1,266,795	1,567,375
Other assets	<u>92,272</u>	<u>85,298</u>
Total assets	<u>\$ 273,617,078</u>	<u>\$ 270,074,908</u>
LIABILITIES AND FUND BALANCE		
Employee benefits payable	\$ 9,482	\$ 11,711
Funds held under TPA contracts	<u>2,227,538</u>	<u>2,150,589</u>
Total liabilities	<u>2,237,020</u>	<u>2,162,300</u>
Fund balance	<u>271,380,058</u>	<u>267,912,608</u>
Total liabilities and fund balance	<u>\$ 273,617,078</u>	<u>\$ 270,074,908</u>



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

	Year Ended December 31.	
	<u>2022</u>	<u>2021</u>
Assessments charged and collections:		
Members' assessments charged, net of refunds	\$ 94,876,222	\$ 105,821,591
Investment and interest income	2,397,641	2,144,859
Distributions collected in connection with insolvency proceedings (including interest thereon)	3,336,108	4,237,525
Fund transfer from State of New Jersey – TPA	<u>1,263,028</u>	<u>1,200,311</u>
Total assessments charged and collections	<u>101,872,999</u>	<u>113,404,286</u>
Expenses:		
Claims paid	4,875,615	2,261,957
Claims paid – Excess Medical Benefit	86,511,930	89,967,362
Claims paid – TPA	1,070,794	985,267
Claims expense paid	1,344,625	1,982,119
Claims expense paid – Excess Medical Benefit	627,977	553,548
Claims expense paid – TPA	167,344	215,226
Premium refunds paid	(4,731)	51,876
Administrative expenses paid – direct	15,949,811	15,474,106
Administrative expenses reimbursed and due from other funds	(14,501,833)	(14,240,173)
Administrative expenses charged – Excess Medical Benefit	2,333,670	2,414,890
Administrative expenses charged – TPA	<u>30,347</u>	<u>28,783</u>
Total expenses	<u>98,405,549</u>	<u>99,694,961</u>
Excess of assessments charged and collections over expenses	3,467,450	13,709,325
Fund balance at beginning of year	<u>267,912,608</u>	<u>254,203,283</u>
Fund balance at end of year	<u>\$ 271,380,058</u>	<u>\$ 267,912,608</u>

RECEIPTS

At the May 11, 2022 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 0.5% assessment. NJPLIGA collected \$94.9 million in assessments from 500 member companies in 2022.

Distributions from insolvent estates totaled \$3.3 million in 2022.

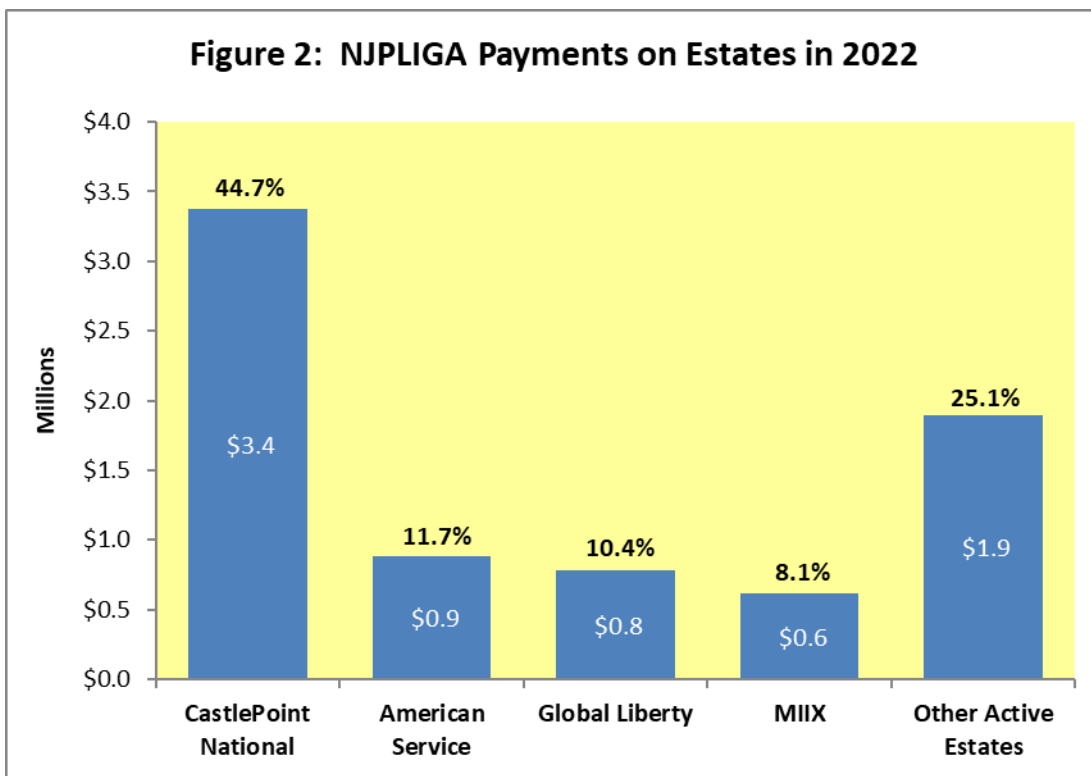
DISBURSEMENTS

In 2022, the total losses paid by the Association on insolvency, EMB and TPA claims combined were \$92.5 million and total loss adjustment expenses (LAE) were \$2.1 million. Operating expenses totaled \$3.8 million. NJPLIGA's indemnity payments on insolvent estates totaled \$4.9 million with \$1.3 million of LAE. In 2022, EMB claims averaged \$7.2 million per month totaling \$86.5 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 \$271.4 million with combined reserves of \$303.0 million including insolvency reserves of \$85.8 million and a two year EMB reserve of \$217.2 million.

Figure 2: NJPLIGA Payments on Estates in 2022, below, shows the four estates with the largest disbursements in 2022.





INSOLVENCY ACTIVITY

The primary function of the organization is the management of the claims of insolvent property-casualty insurance companies. In 2022, 37 insolvent estates were administered by NJPLIGA with one estate closure. There were no new insolvencies in 2022.



WCSF CLAIMS AND FINANCIAL ACTIVITY



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

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 10,019,689	\$ 2,241,530
Investments, at cost	226,066,173	227,525,144
Assessments receivable due from member companies, net of allowance of \$181,654 in 2022 and 2021	<u>-</u>	<u>-</u>
Total assets	<u>\$ 236,085,862</u>	<u>\$ 229,766,674</u>
LIABILITIES AND FUND BALANCE		
Due to affiliated funds	<u>\$ 377,689</u>	<u>\$ 397,866</u>
Total liabilities	377,689	397,866
Fund balance	<u>235,708,173</u>	<u>229,368,808</u>
Total liabilities and fund balance	<u>\$ 236,085,862</u>	<u>\$ 229,766,674</u>

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

	Year Ended December 31.	
	2022	2021
Assessments charged and collections:		
Members' assessments charged	\$ 22,256,766	\$ 21,046,485
Investment and interest income	2,113,124	2,065,306
Distributions collected in connection with insolvency proceedings (including interest thereon)	8,749,009	5,426,565
Large deductible recoveries	<u>731,596</u>	<u>106,385</u>
Total assessments charged and collections	<u>33,850,495</u>	<u>28,644,741</u>
Expenses:		
Claims paid	20,634,046	21,830,029
Claims expenses paid	2,612,373	3,015,212
Administrative expenses charged - association	4,229,606	4,802,914
Administrative expenses paid - direct	<u>35,105</u>	<u>77,147</u>
Total expenses	<u>27,511,130</u>	<u>29,725,302</u>
Excess (deficiency) of assessments charged and collections over expenses	6,339,365	(1,080,561)
Fund balance at beginning of year	<u>229,368,808</u>	<u>230,449,369</u>
Fund balance at end of year	<u>\$ 235,708,173</u>	<u>\$ 229,368,808</u>

WCSF

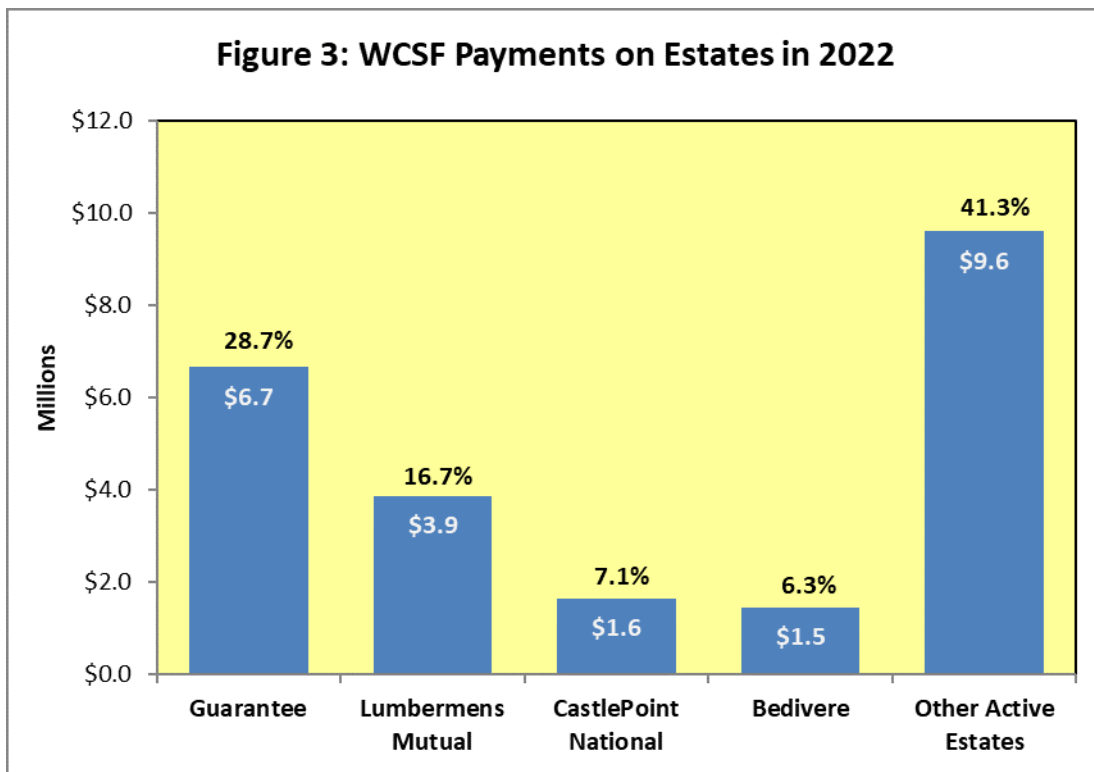
RECEIPTS

Distributions from insolvent estates in 2022 totaled \$8.7 million. The WCSF collected \$22.3 million in assessments from 302 member companies in 2022.

DISBURSEMENTS

In 2022, the WCSF's loss payments on insolvent estates totaled \$20.6 million and \$2.6 million of LAE.

Figure 3: WCSF Payments on Estates in 2022, below, shows the four estates with the largest disbursements in 2022.





BALANCE AND RESERVES

The year-end available funds for the WCSF totaled \$235.7 million with loss and LAE reserves of \$254.0 million and \$15.2 million, respectively.

INSOLVENCY ACTIVITY

The WCSF received no new insolvencies in 2022.

In 2022, 49 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

	<u>December 31.</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 556,783	\$ 560,480
Reserve fund	37,000	37,000
Investments, at cost	<u>7,469,726</u>	<u>7,451,874</u>
Total assets	<u>\$ 8,063,509</u>	<u>\$ 8,049,354</u>
LIABILITIES AND FUND BALANCE		
Due to affiliated fund	<u>\$ 2,663</u>	<u>\$ 6,153</u>
Total liabilities	2,663	6,153
Fund balance	<u>8,060,846</u>	<u>8,043,201</u>
Total liabilities and fund balance	<u>\$ 8,063,509</u>	<u>\$ 8,049,354</u>



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

	Year Ended December 31.	
	2022	2021
Collections:		
Investment and interest income	\$ 69,463	\$ 66,926
Distributions collected in connection with insolvency proceedings (including interest thereon)	<u>-</u>	<u>7,529</u>
Total collections	<u>69,463</u>	<u>74,455</u>
Expenses:		
Claims paid	4,234	6,543
Claims expenses paid	6,192	5,762
Administrative expenses charged - association	38,375	41,141
Administrative expenses paid - direct	<u>3,017</u>	<u>3,062</u>
Total expenses	<u>51,818</u>	<u>56,508</u>
Excess of collections over expenses and transfers out	17,645	17,947
Fund balance at beginning of year	<u>8,043,201</u>	<u>8,025,254</u>
Fund balance at end of year	<u>\$ 8,060,846</u>	<u>\$ 8,043,201</u>

NJSLIGF

RECEIPTS

There were no distributions from insolvent estates in 2022.

DISBURSEMENTS

NJSLIGF continued to experience minimal claim activity in 2022 with paid loss and LAE totaling \$10.4 thousand.

BALANCE AND RESERVES

As of December 31, 2022, NJSLIGF had a fund balance of \$8.0 million with combined indemnity and LAE reserves of \$917.0 thousand.



UCJF CLAIMS AND FINANCIAL ACTIVITY



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

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 36,826,356	\$ 36,366,090
Investments, at cost	35,809,247	27,563,022
Receivable from other funds	13,716	7,945
Assessments receivable due from member companies, net of allowance of \$116,453 in 2022 and 2021	<u>-</u>	<u>-</u>
Total assets	<u>\$ 72,649,319</u>	<u>\$ 63,937,057</u>
LIABILITIES AND FUND BALANCE		
Balances due plaintiffs arising from settlements	\$ 540,690	\$ 533,810
Due to affiliated funds	<u>993,109</u>	<u>914,833</u>
Total liabilities	1,533,799	1,448,643
Fund balance	<u>71,115,520</u>	<u>62,488,414</u>
Total liabilities and fund balance	<u>\$ 72,649,319</u>	<u>\$ 63,937,057</u>

UNSATISFIED CLAIM AND JUDGMENT FUND

**Supplementary Statement of Assessments Charged and Collections, Expenses and Fund Balance – Modified Cash Basis
Year Ended December 31, 2022**

	Private Passenger Auto	Commercial Auto	Total
Assessments charged and collections:			
Members' assessments charged	\$ 73,975,958	\$ 6,519,044	\$ 80,495,002
Claims recoverable	55,584	16,931	72,515
Net investment and interest income	<u>808,720</u>	<u>61,538</u>	<u>870,258</u>
 Total assessments charged and collections	 <u>74,840,262</u>	 <u>6,597,513</u>	 <u>81,437,775</u>
Expenses:			
Claims paid	51,266,057	3,124,234	54,390,291
Claims expense paid	7,588,294	568,474	8,156,768
Administrative expenses	<u>9,646,701</u>	<u>616,909</u>	<u>10,263,610</u>
 Total expenses	 <u>68,501,052</u>	 <u>4,309,617</u>	 <u>72,810,669</u>
 (Deficiency) excess of assessments charged and collections over expenses	 6,339,210	 2,287,896	 8,627,106
 Fund balance at beginning of year	 <u>61,077,480</u>	 <u>1,410,934</u>	 <u>62,488,414</u>
 Fund balance at end of year	 <u><u>\$ 67,416,690</u></u>	 <u><u>\$ 3,698,830</u></u>	 <u><u>\$ 71,115,520</u></u>

UCJF

RECEIPTS

At the May 11, 2022 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 0.4% assessment of each commercial motor vehicle carrier's NDWP. The UCJF collected \$80.5 million from 309 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 \$72.5 thousand was collected in 2022.

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 2022, combined loss and LAE payments totaled \$62.5 million with \$54.4 million in indemnity and \$8.1 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 \$71.1 million, including balances of \$67.4 million for private passenger automobile responsibilities and \$3.7 million for commercial motor vehicle responsibilities. The UCJF's year-end indemnity and LAE reserves were \$86.7 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	New Jersey Manufacturers Insurance Company
Thomas S. Hyman, Vice Chair	Federal Insurance Company
Susan Giacalone, Treasurer	AIG Property Casualty Company
Georgia Flamporis	Allstate New Jersey Insurance Company
David Raczenbek	Cumberland Mutual Fire Insurance Company
Donald Baldini	Liberty Mutual Insurance Company
Jeff Beck	Selective Insurance Company of America
Peter Blackwell	State Farm Insurance Company
Stacy Friend Bell	United Services Automobile Association

NJSLIGF Advisory Body

Frank Powell, Jr.	FTP, Inc.
Charles McCloskey, Jr.	Metcom Excess

Board Counsel

Cynthia Borrelli, Esq.	Bressler, Amery and Ross, P.C.
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BOARD MEETINGS

The Board of Directors met in regular session on May 11, 2022 and November 2, 2022.