



The New Jersey Safety Net

2023 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 206 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, 2023.

Figure 1: Disbursements on Estates	
Inception to 12/31/2023 (in millions)	
Top 10 Estates	Disbursements
Reliance Insurance Company	\$160.2
Legion Insurance Company	\$112.6
PHICO Insurance Company	\$81.5
Midland Insurance Company	\$80.9
MIIX Insurance Company	\$76.4
Integrity Insurance Company	\$74.5
Home State Insurance Company	\$70.0
Guarantee Insurance Company	\$69.5
Ambassador Insurance Company	\$67.6
Fremont Indemnity Insurance Co	\$66.7
Total	\$859.9



NJPLIGA CLAIMS AND FINANCIAL ACTIVITY

**Statements of Assets, Liabilities and Fund Balance**
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 71,883,468	\$ 36,863,055
Investments, at cost	228,646,966	234,033,616
Assessments receivable due from member companies, net of allowance of \$842,801 in 2023 and 2022	-	-
Due from affiliated funds	1,358,386	1,361,340
Property and equipment, net of accumulated depreciation and amortization	1,268,799	1,266,795
Other assets	<u>58,569</u>	<u>92,272</u>
 Total assets	 <u>\$ 303,216,188</u>	 <u>\$ 273,617,078</u>
LIABILITIES AND FUND BALANCE		
Employee benefits payable	\$ 12,637	\$ 9,482
Due to affiliated fund	37,851	-
Funds held under TPA contracts	<u>2,505,151</u>	<u>2,227,538</u>
 Total liabilities	 2,555,639	 2,237,020
 Fund balance	 <u>300,660,549</u>	 <u>271,380,058</u>
 Total liabilities and fund balance	 <u>\$ 303,216,188</u>	 <u>\$ 273,617,078</u>

Statements of Assessments Charged and Collections, Expenses and Changes in Fund Balance
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
Assessments charged and collections:		
Members' assessments charged, net of refunds	\$ 101,888,235	\$ 94,876,222
Investment and interest income	6,791,848	2,397,641
Distributions collected in connection with insolvency proceedings (including interest thereon)	16,451,622	3,336,108
Fund transfer from State of New Jersey – TPA	<u>1,142,711</u>	<u>1,263,028</u>
 Total assessments charged and collections	 <u>126,274,416</u>	 <u>101,872,999</u>
 Expenses:		
Claims paid	3,170,921	4,875,615
Claims paid – excess medical benefit	87,362,599	86,511,930
Claims paid – TPA	948,487	1,070,794
Claim expenses paid	599,082	1,344,625
Claim expenses paid – excess medical benefit	844,104	627,977
Claim expenses paid – TPA	176,601	167,344
Premium refunds paid (received)	166,776	(4,731)
Administrative expenses paid – direct	16,541,586	15,949,811
Administrative expenses reimbursed and due from other funds	(15,225,500)	(14,501,833)
Administrative expenses charged – excess medical benefit	2,386,563	2,333,670
Administrative expenses charged – TPA	<u>22,706</u>	<u>30,347</u>
 Total expenses	 <u>96,993,925</u>	 <u>98,405,549</u>
 Excess of assessments charged and collections over expenses	 29,280,491	 3,467,450
 Fund balance at beginning of year	 <u>271,380,058</u>	 <u>267,912,608</u>
 Fund balance at end of year	 <u>\$ 300,660,549</u>	 <u>\$ 271,380,058</u>

NJPLIGA

RECEIPTS

At the May 10, 2023 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 \$101.9 million in assessments from 530 member companies in 2023.

Distributions from insolvent estates totaled \$16.5 million in 2023.

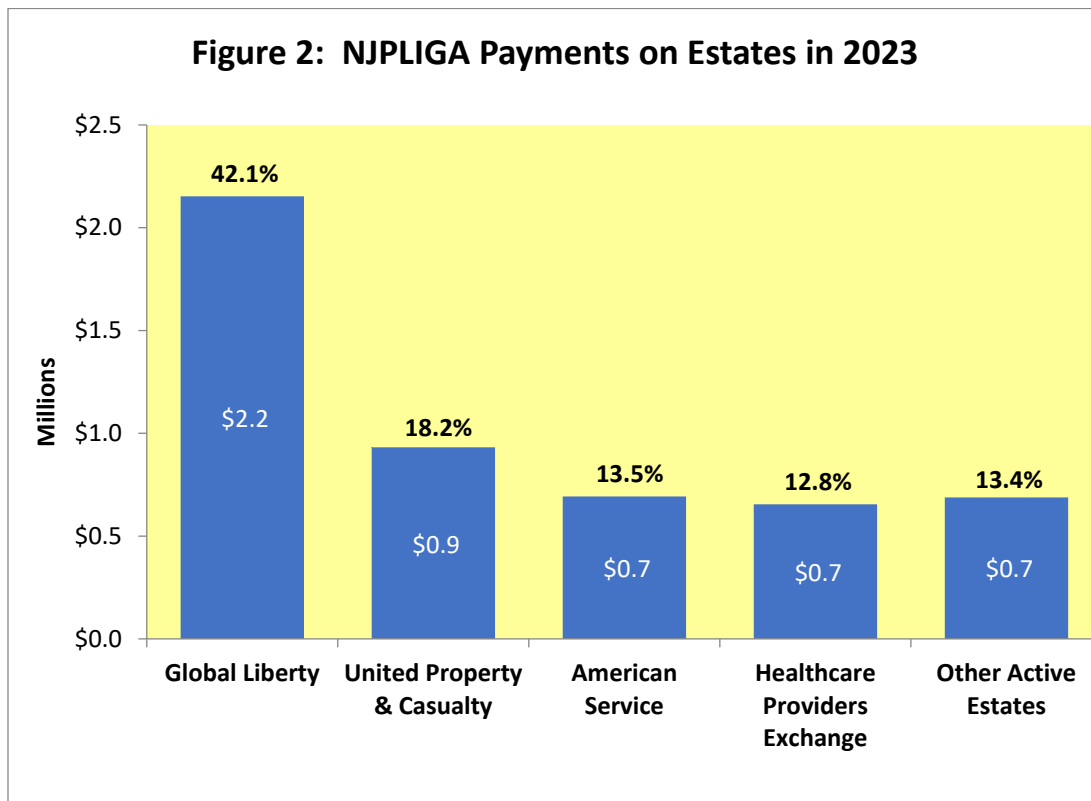
DISBURSEMENTS

In 2023, the total losses paid by the Association on insolvency, EMB and TPA claims combined were \$91.6 million and total loss adjustment expenses (LAE) were \$1.6 million. Operating expenses totaled \$3.7 million in 2023. NJPLIGA's indemnity payments on insolvent estates totaled \$3.3 million with \$0.6 million of LAE. In 2023, EMB claims averaged \$7.3 million per month totaling \$87.4 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 \$300.7 million with combined reserves of \$300.2 million including insolvency reserves of \$84.1 million and a two year EMB reserve of \$213.7 million.

Figure 2: NJPLIGA Payments on Estates in 2023, below, shows the estates with the largest disbursements in 2023.



INSOLVENCY ACTIVITY

The primary function of the organization is the management of the claims of insolvent property-casualty insurance companies. In 2023, 38 insolvent estates were administered by NJPLIGA with one estate closure. There were two new insolvencies in 2023.

United Property & Casualty Insurance Company was domiciled in Florida and was declared insolvent on February 27, 2023. NJPLIGA received 81 homeowners claims with approximately \$621 thousand dollars paid in loss and LAE and \$1.5 million in combined loss and LAE reserves. Of those claims, 36 were closed.

Arrowood Insurance Company was domiciled in Delaware and was declared insolvent on November 8, 2023. At year end, NJPLIGA did not receive any claims which will include general liability and environmental claims.



WCSF CLAIMS AND FINANCIAL ACTIVITY

Statements of Assets, Liabilities and Fund Balance
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 10,855,056	\$ 10,019,689
Investments, at cost	232,391,652	226,066,173
Assessments receivable due from member companies, net of allowance of \$181,654 in 2023 and 2022	<u>-</u>	<u>-</u>
Due from affiliated fund	<u>37,851</u>	<u>-</u>
Total assets	<u>\$ 243,284,559</u>	<u>\$ 236,085,862</u>
LIABILITIES AND FUND BALANCE		
Due to affiliated fund	<u>\$ 320,641</u>	<u>\$ 377,689</u>
Total liabilities	320,641	377,689
Fund balance	<u>242,963,918</u>	<u>235,708,173</u>
Total liabilities and fund balance	<u>\$ 243,284,559</u>	<u>\$ 236,085,862</u>

Statements of Assessments Charged and Collections, Expenses and Changes in Fund Balance
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
Assessments charged and collections:		
Members' assessments charged	\$ 25,205,987	\$ 22,256,766
Investment and interest income	5,670,088	2,113,124
Distributions collected in connection with insolvency proceedings (including interest thereon)	2,620,921	8,749,009
Large deductible recoveries	<u>46,506</u>	<u>731,596</u>
 Total assessments charged and collections	 <u>33,543,502</u>	 <u>33,850,495</u>
Expenses:		
Claims paid	19,681,078	20,634,046
Claim expenses paid	2,539,555	2,612,373
Administrative expenses charged - Association	4,046,159	4,229,606
Administrative expenses paid - direct	<u>20,965</u>	<u>35,105</u>
 Total expenses	 <u>26,287,757</u>	 <u>27,511,130</u>
 Excess of assessments charged and collections over expenses	 7,255,745	 6,339,365
 Fund balance at beginning of year	 <u>235,708,173</u>	 <u>229,368,808</u>
 Fund balance at end of year	 <u>\$ 242,963,918</u>	 <u>\$ 235,708,173</u>

WCSF

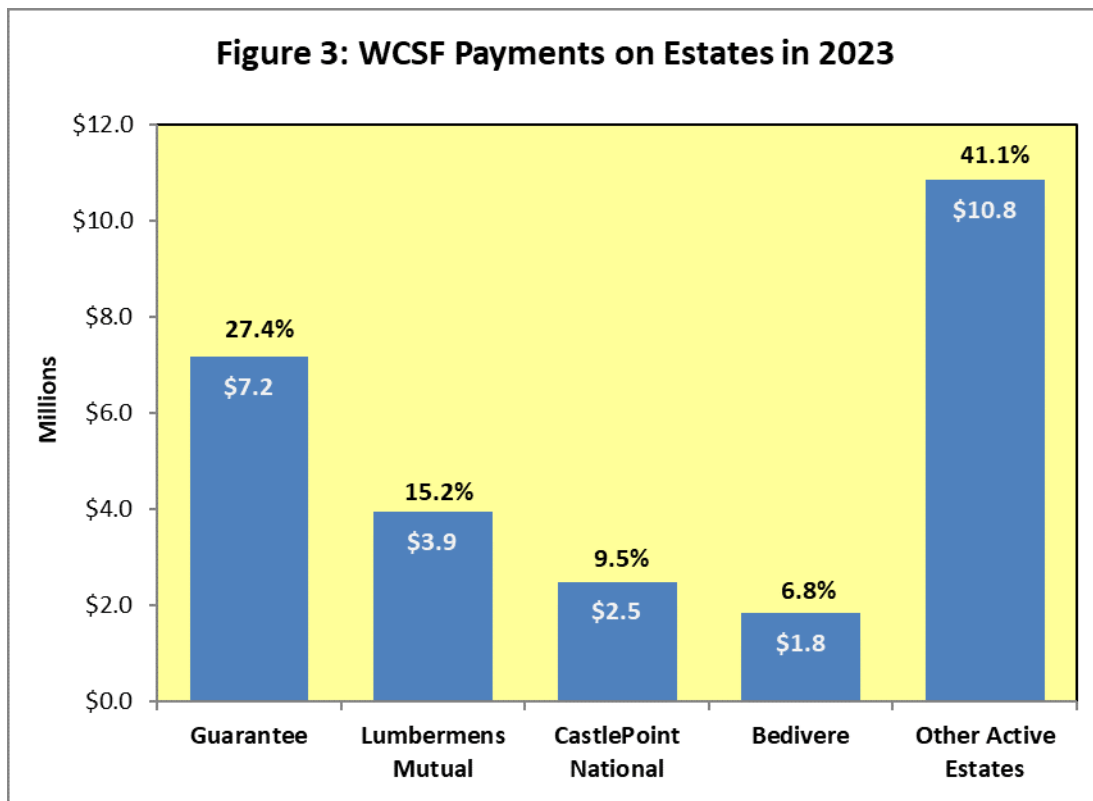
RECEIPTS

Distributions from insolvent estates in 2023 totaled \$2.6 million. The WCSF collected \$25.2 million in assessments from 316 member companies in 2023.

DISBURSEMENTS

In 2023, the WCSF's indemnity payments on insolvent estates totaled \$19.7 million and \$2.5 million of LAE. Operating expenses totaled \$4.1 million in 2023.

Figure 3: WCSF Payments on Estates in 2023, below, shows the estates with the largest disbursements in 2023.



BALANCE AND RESERVES

The year end available funds for the WCSF totaled \$243.0 million with loss and LAE reserves of \$237.6 million and \$15.2 million, respectively.

INSOLVENCY ACTIVITY

The WCSF received one new insolvency in 2023. Arrowood Insurance Company, domiciled in Delaware, was declared insolvent on November 8, 2023. At year end, the WCSF did not receive any Arrowood workers' compensation claims.

In 2023, 51 insolvent workers' compensation estates were managed by the WCSF and there were no estate closures.



NJSLIGF CLAIMS AND FINANCIAL ACTIVITY



Statements of Assets, Liabilities and Fund Balance
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 931,005	\$ 556,783
Reserve fund	37,000	37,000
Investments, at cost	<u>7,529,659</u>	<u>7,469,726</u>
Total assets	<u>\$ 8,497,664</u>	<u>\$ 8,063,509</u>
LIABILITIES AND FUND BALANCE		
Due to affiliated fund	<u>\$ 6,868</u>	<u>\$ 2,663</u>
Total liabilities	6,868	2,663
Fund balance	<u>8,490,796</u>	<u>8,060,846</u>
Total liabilities and fund balance	<u>\$ 8,497,664</u>	<u>\$ 8,063,509</u>

Statements of Collections, Expenses and Changes in Fund Balance
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
Collections:		
Investment and interest income	\$ 182,232	\$ 69,463
Distributions collected in connection with insolvency proceedings (including interest thereon)	<u>299,831</u>	<u>-</u>
 Total collections	 <u>482,063</u>	 <u>69,463</u>
Expenses:		
Claims paid	2,952	4,234
Claim expenses paid	1,642	6,192
Administrative expenses charged – Association	44,982	38,375
Administrative expenses paid - direct	<u>2,537</u>	<u>3,017</u>
 Total expenses	 <u>52,113</u>	 <u>51,818</u>
 Excess of collections over expenses and transfers out	 429,950	 17,645
 Fund balance at beginning of year	 <u>8,060,846</u>	 <u>8,043,201</u>
 Fund balance at end of year	 <u>\$ 8,490,796</u>	 <u>\$ 8,060,846</u>

NJSLIGF

RECEIPTS

Distributions from insolvent estates totaled \$300 thousand in 2023.

DISBURSEMENTS

NJSLIGF continued to experience minimal claim activity in 2023 with paid loss and LAE totaling \$4.6 thousand.

BALANCE AND RESERVES

As of December 31, 2023, NJSLIGF had a fund balance of \$8.5 million with combined indemnity and LAE reserves of \$912 thousand.



UCJF CLAIMS AND FINANCIAL ACTIVITY

**Statements of Assets, Liabilities and Fund Balance**
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 25,072,941	\$ 36,826,356
Investments, at cost	45,799,307	35,809,247
Receivable from other funds	-	13,716
Assessments receivable due from member companies, net of allowance of \$116,453 in 2023 and 2022	<u>-</u>	<u>-</u>
Total assets	<u>\$ 70,872,248</u>	<u>\$ 72,649,319</u>
LIABILITIES AND FUND BALANCE		
Balances due plaintiffs arising from settlements	\$ 546,538	\$ 540,690
Due to affiliated fund	<u>1,028,175</u>	<u>993,109</u>
Total liabilities	1,574,713	1,533,799
Fund balance	<u>69,297,535</u>	<u>71,115,520</u>
Total liabilities and fund balance	<u>\$ 70,872,248</u>	<u>\$ 72,649,319</u>

Statements of Assessments Charged and Collections, Expenses and Changes in Fund Balance
(Modified cash basis)

	<u>December 31.</u>	
	<u>2023</u>	<u>2022</u>
Assessments charged and collections:		
Members' assessments charged	\$ 76,358,142	\$ 80,495,002
Claims recoverable	45,487	72,515
Investment and interest income	<u>2,708,445</u>	<u>870,258</u>
 Total assessments charged and collections	 <u>79,112,074</u>	 <u>81,437,775</u>
Expenses:		
Claims paid	60,398,318	54,390,291
Claim expenses paid	9,416,559	8,156,768
Administrative expenses charged - Association	11,110,797	10,217,775
Administrative expenses paid - direct	<u>4,385</u>	<u>45,835</u>
 Total expenses	 <u>80,930,059</u>	 <u>72,810,669</u>
 (Deficiency) excess of assessments charged and collections over expenses	 (1,817,985)	 8,627,106
 Fund balance at beginning of year	 <u>71,115,520</u>	 <u>62,488,414</u>
 Fund balance at end of year	 <u>\$ 69,297,535</u>	 <u>\$ 71,115,520</u>

Supplementary Statement of Assessments Charged and Collections, Expenses and Changes in Fund Balance

(Modified cash basis)

Year Ended December 31, 2023

	<u>Private Passenger Auto</u>	<u>Commercial Auto</u>	<u>Total</u>
Assessments charged and collections:			
Members' assessments charged	\$ 71,081,217	\$ 5,276,925	\$ 76,358,142
Claims recoverable	34,482	11,005	45,487
Net investment and interest income	<u>2,560,140</u>	<u>148,305</u>	<u>2,708,445</u>
 Total assessments charged and collections	 <u>73,675,839</u>	 <u>5,436,235</u>	 <u>79,112,074</u>
Expenses:			
Claims paid	56,059,924	4,338,394	60,398,318
Claim expenses paid	8,566,546	850,013	9,416,559
Administrative expenses charged and paid	<u>10,286,618</u>	<u>828,564</u>	<u>11,115,182</u>
 Total expenses	 <u>74,913,088</u>	 <u>6,016,971</u>	 <u>80,930,059</u>
 Deficiency of assessments charged and collections over expenses	 (1,237,249)	 (580,736)	 (1,817,985)
 Fund balance at beginning of year	 <u>67,416,690</u>	 <u>3,698,830</u>	 <u>71,115,520</u>
 Fund balance at end of year	 \$ 66,179,441	 \$ 3,118,094	 \$ 69,297,535

UCJF

RECEIPTS

At the May 10, 2023 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 1.3% 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 \$76.4 million from 321 member companies in 2023.

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 \$45.5 thousand was collected in 2023.

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 2023, combined loss and LAE payments totaled \$69.8 million with \$60.4 million in indemnity and \$9.4 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. Operating expenses totaled \$11.1 million in 2023.

BALANCES AND RESERVES

The year end available funds for the UCJF totaled \$69.3 million, including balances of \$66.2 million for private passenger automobile responsibilities and \$3.1 million for commercial motor vehicle responsibilities. The UCJF's year end indemnity and LAE reserves were \$93.7 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
Tinna Quigley	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
Emma Smith	State Farm Insurance Company
Stacy Friend Bell	United Services Automobile Association

NJSLIGF Advisory Body

Frank Powell, Jr.	FTP, Inc.
Charles McCloskey, Jr.	Risk Placement Services, Inc.

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 10, 2023 and November 8, 2023.