

# GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND

## Administrative Policies & Procedures

Date Adopted: **00/00/2020**

**POLICY:** Estimating Assessment to a Department

**PURPOSE:** To establish a method in which to fairly allocate a percentage of a Municipality's Annual Assessment to a department

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Municipalities require an Assessment allocation by Department in order to be able to charge back (or allocate) insurance costs associated with the noted Department. As the JIF does not have published rates as an insurance company would, an alternative method was necessary. To accomplish this goal, the following guidelines shall be used in calculating an estimated Assessment:

1. The Fund Actuary provides the percentage in which to allocate each Member Municipality's Loss Funding (money used to pay claims within the JIF's SIR, which is thoroughly defined in "TRICO Assessment Allocation Policy") by Line of Coverage (LOC) on an annual basis.
2. The Member Municipality LOC is the Division of Local Government Services Flexible Chart of Accounts Allocation and includes the Fund Actuary's Loss Funding calculation, Operating Expenses, Excess / Standalone Premiums, and Risk Management Consultant Fees broken out by Line of Coverage.
3. The Member Municipality Representative will request an estimated Assessment while providing the following exposure data for a specific Department:
  - a. Total Insurable Values (TIV) – all building, contents, auto, equipment, etc. values
  - b. Auto Counts
  - c. Total Payroll and/or Number of Volunteers
  - d. Amount allocated in the Municipality's Budget Appropriations for the noted Department OR the Department's Annual Budget if appropriation is not available
4. The Executive Director's Office will utilize the Member Municipality's exposure data (provided during the latest Exposure Review Process) and the reported exposures for the Department (as provided in step 3 by the Member Municipality Representative) to calculate a proportionate share of exposures for the noted Department.
5. The Executive Director's Office will utilize the percentages calculated in step 4 and apply these percentages to the associated Member Municipality LOC as noted below to provide an estimated Assessment.
  - a. Property – TIV
  - b. Auto – Auto Counts
  - c. Workers' Compensation – Payroll
  - d. General Liability – Budget Appropriation