

MIDDLESEX COUNTY JOINT HEALTH INSURANCE FUND

BYLAWS

WHEREAS, Public Law 1983, c. 372 and Public Law 1990, c. 120 supplementing Chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.A. 40:A:10-36 et. seq.) permits two or more Local Units of government to join together to form a joint insurance fund for the purpose of providing contributory group health or group term life insurance or both to its employees and dependents; and

WHEREAS, certain Local Units in the State of New Jersey have concluded that cost savings can be achieved by self insuring their group health and group term life insurance benefits; and

WHEREAS, certain Local Units in the State of New Jersey jointly established a fund to provide group health and group term life insurance benefits to eligible employees and their dependents on a self-insured basis, hereinafter referred to as the Middlesex County Joint Health Insurance Fund (the “Fund”); and

WHEREAS, the Fund was established effective July 1, 1995; and

WHEREAS, the Fund desires to amend and restate its Bylaws effective as of January 1, 2011 to incorporate changes to Fund practice since the effective date of the Fund and to clarify certain and administrative practices of the Fund;

NOW THEREFORE, in consideration of the above premises, the Fund Bylaws are amended and restated as set forth below.

ARTICLE I

DEFINITIONS

1.01 For purposes of these Bylaws, unless the context requires otherwise, the following words and phrases shall have the meanings indicated. If no definition is given for a term and a definition appears within N.J.A.C. 11:15-3.2, then such definition shall be deemed to be incorporated hereunder.

“**Actuary**” means a person, as further described in Section 3.04(B), who is a fellow in good standing of the Society of Actuaries or the Casualty Actuarial Society qualified in loss reserves and rate making according to professional guides, recommendations, interpretations, and opinions of the Academy, and has at least three (3) years recent health and life insurance pricing experience in rate making and reserving who provides services to the Fund.

“**Administrator**” means a person, partnership, corporation or other legal entity, as further described in Section 3.04(A), engaged by the Fund to act as Administrator to carry out these Bylaws and the policies established by the Joint Insurance Fund Commissioners or Executive Committee, as the case may be, and to otherwise administer and provide day-to-day management of the Fund.

“Attorney” means a person, as further described in Section 3.04(D), who has a legal degree and provides counsel to the Fund.

“Auditor” means a person, as further described in Section 3.04(C), who is trained in audit responsibilities and provides services to the Fund.

“Bylaws” means the Fund administrative procedures as set forth herein and as may be amended from time to time.

“Chair” means the chair of the Joint Insurance Fund Commissioners elected pursuant to N.J.S.A. 40A:10-37.

“Claims Administrator” means the Fund or other organization engaged by the Fund to adjudicate claims under the Plans for and on behalf of the Fund, including but not limited to third-party administrative service providers now or hereinafter selected by the Fund to adjudicate and pay claims.

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“Department” means the Department of Banking and Insurance. The Department acts through its commissioner.

“Dependent” means a person in a relationship with an employee of a Local Unit who meets the eligibility requirements for participation in the Fund as defined pursuant to N.J.S.A. 40A:10-16 and who has been enrolled to receive benefits under a Plan through the Fund as an eligible dependent.

“Executive Committee” means the executive committee of the Joint Insurance Fund Commissioners as provided in N.J.S.A. 40:10-36, et seq.

“Excess or Stop-Loss Insurance or Reinsurance” means insurance purchased from an insurance company authorized or admitted in the State covering losses under a Plan in excess of an amount established between the Fund and an insurer up to the limits of coverage set forth in the insurance contract on a specific occurrence, per individual or annual aggregate basis.

“Fiscal Year,” “Fund Period” or “Fund Year” means the calendar year. Prior to 1997, the “Fiscal Year,” “Fund Period” and “Fund Year” was July 1st through June 30th.

“Fund” or “Joint Insurance Fund” means the Middlesex County Joint Health Insurance Fund, approved by the Department of Banking and Insurance pursuant to N.J.S.A. 40A:10-36 et seq. and N.J.A.C. 11:15-3.1 et seq., which is a fund established by two or more Local Units for the purposes of providing contributory and/or non-contributory group Health Insurance and/or group term Life Insurance under a Plan for eligible employees and Dependents and to any other person designated eligible for coverage under a Plan by the Local Unit in accordance with applicable law.

“Fund Commissioner” or **“Joint Insurance Fund Commissioners”** means one or more representatives of a Local Unit chosen to represent the Local Unit in the Fund, as provided in N.J.S.A. 40A:10-36 et seq. The Joint Insurance Fund Commissioners may act through its Executive Committee as described in Section 3.03.

“Health Insurance” means health insurance as defined pursuant to N.J.S.A. 17B:17-4; service benefits as provided by health service corporations, hospital service corporations or medical service corporations authorized to do business in the State of New Jersey, including basic health care services and/or supplemental health care services provided by health maintenance organizations; or dental care services provided by dental plan organizations and dental service corporations, prescription, or vision care services.

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996, as amended and the regulations promulgated thereunder, as they be amended from time to time, including the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act of 2009.

“Indemnity and Trust Agreement” means a written contract signed by and duly adopted by each Local Unit under which the Local Unit agrees to jointly and severally assume and discharge the liabilities of each and every party to the Fund with respect to participation in the Fund.

“Insolvent Fund” means a joint insurance fund which has been determined by a court of competent jurisdiction to be unable to pay its outstanding lawful obligations as they mature in the regular course of business, as may be shown either by an excess of its required reserves and other liabilities over its assets or by its not having sufficient assets to reinsure all of its outstanding liabilities after paying all accrued claims owed by it, or for which, or for the assets of which, a receiver or liquidator, however entitled, has been appointed by a court of competent jurisdiction and authority.

“Insolvent Fund Member” means a Local Unit which has been determined by a court of competent jurisdiction to be unable to pay its outstanding lawful obligations as they mature in the regular course of business.

“Lead Agency” means the Local Unit responsible for the custody and maintenance of the assets of the Fund and such other duties as may be designated by the Joint Insurance Fund Commissioners. The duties performed by a Lead Agency may include duties that may be performed by an Administrator or Servicing Organization. The County of Middlesex serves as the Lead Agency as of the date of the amendment and restatement of the these Bylaws.

“Life Insurance” means life insurance as defined pursuant to N.J.S.A. 17B:17-3.

“Local Unit of Government,” “Local Unit” or **“Member”** means a county, municipality, county hospital, county vocational school (pursuant to N.J.S.A. 18A:18B-8 and 40A:10-50), county college of the State of New Jersey (pursuant to N.J.S.A. 18A:64A-25.40 and 40A:10-51), any New Jersey contracting unit as defined in N.J.S.A. 40A:11-2, and a board of education of a school district (provided that the board of education joins together with the

corresponding municipality pursuant to N.J.S.A. 40A:10-52) which may participate in the Fund. The Local Units as of January 1, 2011 are set forth in Exhibit A.

“Plan” or **“Plans”** means the plan(s) of Health Insurance and/or Life Insurance benefits and the options thereunder payable through the Fund, along with any other benefits that are payable through the Fund.

“Plan Participant” means a covered employee of a Local Unit and his or her covered Dependent(s) who receives Health Insurance and/or Life Insurance and/or other reimbursable benefits under a Plan through the Fund.

“Program Manager” means a person with administrative responsibility for the Fund as further described in Section 3.04(F).

“Secretary” means the secretary of the Joint Insurance Fund Commissioners elected pursuant to N.J.S.A. 40A:10-37.

“Servicing Organization” or **“Service Provider”** means one or more individuals, partnerships, associations or corporations, other than the Administrator, that has contracted with the Fund to provide, on the Fund’s behalf, functions as designated by the Joint Insurance Fund Commissioners with respect to a Plan including, but not limited to, risk management services, actuarial services, claims administration, cost containment services, legal services, auditing services, financial services, compilation and maintenance of the Fund’s underwriting file, coordination and preparation of plan documents, employee booklets and other documents, risk selection and pricing, stop-loss or reinsurance producer services including producer negotiations on behalf of the Fund for stop-loss or reinsurance from an insurer, member assessment and fee development, report preparation pursuant to N.J.S.A. 40A:10-36 et seq., or N.J.A.C. 11:15-3.1 et seq. and such other duties as designated by the Fund.

“State” means the State of New Jersey.

“Treasurer” means a person as further described in Section 3.04(E).

“Trust Account” means the separate account established in accordance with N.J.A.C. 11:15-3.6(b) to hold contributions to the Fund and to pay claims.

“Vice Chair” means the vice chair of the Joint Insurance Fund Commissioners elected by the Fund as further described in Section 3.02(A).

ARTICLE II

PARTICIPATION

2.01 Agreement to Participate in the Fund.

A. Pursuant to N.J.S.A. 40A:10-36, the governing body of any Local Unit may, by resolution or ordinance, as appropriate, agree to participate in the Fund.

(1) The Local Unit resolution or ordinance shall provide for the execution of a written agreement specifically providing that the Local Unit accepts the Fund's Bylaws, as may be amended from time to time, as approved and adopted pursuant to N.J.S.A. 40A:10-36 et seq. (See Appendix A).

(2) The agreement shall specify the extent of the Local Unit participation in the Fund with respect to the types of coverage under a Plan to be provided by the Fund to Plan Participants of the Local Unit and shall include the duration of Fund membership, which in no event shall exceed three years pursuant to N.J.S.A. 40A:11-15(6) and subject to N.J.A.C. 11:15-3.10.

(3) The agreement shall include an executed Indemnity and Trust Agreement. (See Appendix B).

(4) The agreement shall require the Local Unit to certify that the Local Unit has never defaulted on claims due (if providing self-insured benefits for employees and their Dependents) and/or has not had coverage canceled for non-payment of insurance premiums for a period of at least 2 years prior to the application for participation.

2.02 Initial Participation.

Any Local Unit which participated in the initial Fund feasibility study was eligible to be a part of the Fund's initial application for approval by the Department of Banking and Insurance and the Department of Community Affairs if it agreed by resolution to become an initial participant in the Fund, to abide by the Bylaws, and to execute an Indemnity and Trust Agreement with respect to the Fund.

2.03 Subsequent Participation.

A. Any Local Unit seeking participation in the Fund after the Fund's initial approval by the Department of Banking and Insurance and the Department of Community Affairs shall submit an application for participation to the Fund on a form acceptable to the Department of Banking and Insurance. The application shall include an executed Indemnity and Trust Agreement and other documentation required under Section 2.01 above.

B. The Joint Insurance Fund Commissioners may approve the Local Unit's application for participation by two-thirds (2/3) vote of the full authorized membership thereof (or by two-thirds (2/3) vote of the Executive Committee) if:

(1) The applicant's benefit plan(s) and personnel practices are compatible with the Fund's objectives and the applicant meets other criteria established by the Fund; and

(2) The Fund has the administrative capability to absorb additional participation without undue inconvenience or strain.

C. If the Local Unit's application for participation is approved by the Fund, it shall be concurrently filed with the Department of Banking and Insurance and the Department of Community Affairs and shall be accompanied by a revised budget with assessment detail, the

names of the new Local Unit's Joint Insurance Fund Commissioners and alternates in accordance with N.J.A.C. 11:15-3.6(e), amendments to the Fund's Bylaws and plan of risk management, as may be necessary, and any other information the Joint Insurance Fund Commissioners deem appropriate.

D. No new participation in the Fund shall become effective until the Local Unit's application and accompanying amendments to the Fund's Bylaws and plan of risk management are approved by the Department of Banking and Insurance and the Department of Community Affairs.

E. If a Local Unit applies to participate in the Fund and such participation is not approved, the Fund shall set forth in writing the reason(s) for disapproval and send such reason(s) to the Local Unit. The Fund shall retain a copy of the written disapproval for five (5) years.

2.04 Participation Renewals, Termination or Withdrawal of Fund Participants.

A. Participation Renewals.

(1) Local Units may renew their participation in the Fund by executing an agreement to rejoin the Fund, adopted in accordance with the procedures set forth in N.J.A.C. 11:15-3.3(c), at least ninety (90) days prior to the expiration of the Local Unit's participation in the Fund.

(2) If timely submitted, the Joint Insurance Fund Commissioners will act upon a renewal application no later than forty-five (45) days prior to the expiration of the period for the Local Unit's participation in the Fund. If the Joint Insurance Fund Commissioners do not take action on the renewal application during this period, the renewal application is automatically approved.

(3) Subject to prior approval by the Department of Banking and Insurance, a Local Unit's renewal application may be rejected by a majority of the full membership of the Joint Insurance Fund Commissioners (or Executive Committee) based upon non-payment of assessment, continued non-compliance with these Bylaws after written notice to comply, non-compliance with risk management or underwriting standards or for other reasons.

(4) Non-renewal of Fund participation does not relieve the Local Unit of its responsibility for claims incurred through the Fund during Local Unit's period of Fund participation.

(5) If a Local Unit's renewal application is rejected, the Fund shall comply with subsections B, C and D below.

B. Termination.

(1) Participation of a Local Unit in the Fund may be terminated before the end of its term by a two-thirds (2/3) vote of the full governing body of the Joint Insurance Fund Commissioners. Subject to the prior approval of the Department of Banking and Insurance,

termination of participation may occur for non-payment of assessments, continued non-compliance with these Bylaws after written notice to comply, non-compliance with risk management or underwriting standards or for other reasons. The participating Local Unit shall not be deemed terminated from participating in the Fund until:

(a) The Fund sends to the Local Unit, by registered or certified mail, ten (10) days prior written notice of its intention to terminate the Local Unit's participation in the Fund stating the reason for termination;

(b) The Fund files similar notice with the Department of Banking and Insurance and the Department of Community Affairs, together with a certified statement that the notice in Section 2.04(b)(1)(a) has been sent to the Local Unit; and

(c) Ten (10) days have elapsed after the filing required under Section 2.04(B)(1)(a) above.

(2) A Local Unit may withdraw from the Fund before the end of its Fund participation term period by sending written notice of its intent to withdraw to the Fund accompanied by a certified copy of a resolution adopted by the Local Unit's governing body authorizing the withdrawal. The Fund shall adopt a standard withdrawal resolution, satisfactory to the Department of Banking and Insurance, and the Local Unit shall use this standard withdrawal resolution to effect its withdrawal. Written notice of the intent to withdraw must be received by the Fund at least ninety (90) days before the date of withdrawal. The Fund shall promptly notify the Department of Banking and Insurance and the Department of Community Affairs that the Local Unit has given notice to cease its participation in the Fund.

(3) A Local Unit that does not desire to continue as a participant in the Fund after the expiration of its participation term period shall give written notice of its intent to terminate participation at least ninety (90) days before the expiration of the participation term period. The Fund shall promptly notify the Department of Banking and Insurance and the Department of Community Affairs that the Local Unit has given notice to cease its participation in the Fund.

(4) A Local Unit whose participation in the Fund has been terminated or who does not continue as its participation in the Fund shall share in any surplus or deficit in the appropriate Fund accounts for that Fund Year pro rata according to its participation, and will remain jointly and severally liable for claims incurred by the Fund and its Plan Participants during the period of its participation, including, but not limited to being subject to and liable for supplemental assessments. It is understood and agreed that a separate and independent Fund Trust Account exists for each type of coverage offered or to be offered under a Plan through the Fund and that the liability of a Local Unit exists only with respect to those Trust Accounts and types of coverage in which it has Plan Participants. The Fund may retain such portions of the Local Unit's pro rata share of surplus as it deems appropriate to satisfy claims incurred. A Local Unit is not relieved of the claims against it during its period of participation in a type of coverage under a Plan through the Fund except through payment of those claims by the designated Trust Account of the Fund or by the Local Unit.

(5) Prior to the conclusion of the Fund's Fiscal Year, the Fund shall provide written notification to a Local Unit that has been terminated by or who has withdrawn from or who has or terminated its participation in the Fund of the estimated surplus or estimated supplemental assessment for which the Local Unit may share or be liable pursuant to N.J.A.C. 11:15-3.10(d).

(6) The Fund shall promptly notify the Department of Banking and Insurance and the Department of Community Affairs if the termination or withdrawal of a Local Unit causes the Fund to fail to meet any of the requirements of N.J.S.A. 40A:10-36 et seq. or N.J.A.C. 11:15-3.1 et seq. or any other law or regulation of the State. Within fifteen (15) days of such notice, the Fund shall advise the Department of Banking and Insurance and the Department of Community Affairs of its plan to bring the Fund into compliance.

(7) A Local Unit is not relieved of the claims against it during its period of participation in a type of coverage under a Plan through the Fund except by payment of those claims by the designated Trust Account of the Fund or by the Local Unit.

ARTICLE III

ORGANIZATION

3.01 Fund Commissioners.

A. Appointment.

(1) Fund Commissioners: In the manner generally prescribed by law, each participating Local Unit shall appoint one (1) person to represent the Local Unit as a Joint Insurance Fund Commissioner. The person appointed shall be either a member of its governing body or one of its employees.

(2) Alternate Fund Commissioner: Each participating Local Unit shall appoint an alternate Joint Insurance Fund Commissioner who shall be a member of its governing body or employee of the Local Unit and who shall serve as the Local Unit's Joint Insurance Fund Commissioner in the absence of the appointed regular Joint Insurance Fund Commissioner.

(3) Special Fund Commissioner:

(a) In the event that the number of participating Local Units is an even number, one (1) additional Fund Commissioner shall be appointed annually by a participating Local Unit on a rotating basis for each Fund Year. The first Special Fund Commissioner shall be designated by the County Board of Freeholders. Thereafter, the order for appointment shall be as follows: County College, Improvement Authority, Mosquito Extermination Commission, Roosevelt Hospital, Board of Social Services, and the Utilities Authority. Any new Local Units shall be added to the rotation in the order in which they join the Fund. The special Fund Commissioner shall be a member of the Local Unit's governing body or one of its employees.

(b) The Local Unit's privilege to appoint the special Fund Commissioner shall remain with that Local Unit for one entire Fund Year and the subsequent

admission to the Fund of a Local Unit with a preceding alphabetical prefix shall not deprive any Local Unit already a participant in the Fund of its authority to appoint a special Fund Commissioner during a current Fund Year. The Local Unit next in alphabetical order after the appointing Local Unit shall appoint in the following year and so on.

B. Terms of Office and Vacancy.

(1) All terms of office shall expire on December 31st or, if later, when a successor is duly appointed and qualified.

(2) Fund Commissioners, other than the special Fund Commissioner, who are members of the appointing Local Unit's governing body shall hold office for two (2) years or for the remainder of their term of office as a member of the governing body, whichever shall be less.

(3) Fund Commissioners who are employees of the appointing Local Unit shall hold office at the direction of the Local Unit and can be removed by the Local Unit at any time with or without cause.

(4) The special Fund Commissioner, if any, shall serve until December 31st of the year of appointment or until a successor is duly appointed and qualified; provided, however, that if the special Fund Commissioner is an employee of the appointing Local Unit, such special Fund Commissioner may be removed by the appointing Local Unit at any time without cause.

(5) Ex-Officio Participant: A Local Unit may appoint ex-officio a person who can attend and participate in Fund Commissioner meetings, but who will be excluded from those meetings where confidential information regarding Plan Participants or such other subjects confined by law to the Fund Commissioners or Executive Committee is to be discussed.

(6) The unexpired term of a Fund Commissioner, other than the special Fund Commissioner, shall be filled by the appointing Local Unit in the manner generally prescribed by law or as provided in its bylaws.

(7) In the event of a vacancy of the special Fund Commissioner caused by reason other than the expiration of the term of office, the Local Unit which appointed the special Fund Commissioner shall appoint a replacement for the unexpired term.

(8) The Joint Insurance Fund Commissioners shall serve without compensation, but may elect to reimburse themselves for reasonable and necessary expenses paid on behalf of the Fund.

C. Powers and Responsibilities of Fund Commissioners.

(1) The Joint Insurance Fund Commissioners are required, authorized and empowered to operate the Fund in accordance with these Bylaws and appropriate State laws and regulations. They shall employ or retain such clerical and other assistance as is necessary to operate the Fund appropriately and efficiently. If an employee of the Fund is also an employee of a Local Unit, the employee's compensation shall be fixed and paid by the Local Unit and the Fund shall reimburse the Local Unit pro-rata for the time allocated for work done for the Fund;

provided, however, if an individual is directly employed by the Fund, the Fund may pay that individual's compensation directly.

(2) The Joint Insurance Fund Commissioners shall invest the monies of the Fund in securities as they deem best suited in accordance with statutory limitations, and with the advice of appropriate Fund professionals as set forth in Section 3.04 that the Joint Insurance Fund Commissioners may retain to advise them on such matters.

(3) The Joint Insurance Fund Commissioners shall adopt rules and regulations for the control and investment of the Fund.

(4) The Joint Insurance Fund Commissioners shall fix reasonable rates of premiums for all Plan insurance and/or benefits coverage carried and/or provided by the Fund, and shall effect all coverage under a Plan through the Fund with any insurance companies or Service Providers authorized to do business in the State.

(5) Each Fund Commissioner shall have one vote, provided however, that the special Fund Commissioner, if any, shall only vote in the event of a tie.

(6) Each Fund Commissioner shall be responsible to monitor all Fund activities through attendance at meetings, and/or examination of the Fund minutes and reports.

(7) The Joint Insurance Fund Commissioners shall have exclusive control of all the assets of the Fund, and this control may be delegated to its Executive Committee.

3.02 Officers.

A. As soon as possible after the beginning of each Fund Year, the Joint Insurance Fund Commissioners shall meet to elect the officers of the Fund from their own membership. Such officers shall include a Chair, a Vice Chair and a Secretary who shall each serve for one Fund Year term and who will be elected annually. Fund officers shall serve until December 31st of the Fund Year, or until a successor is duly elected and qualified.

(1) Chair: The Chair shall preside at all meetings of the Joint Insurance Fund Commissioners and shall perform such other duties provided for in these Bylaws and the laws and regulations of the State.

(2) Vice Chair: The Vice Chair shall preside over the meetings of the Joint Insurance Fund Commissioners in the absence of the Chair and shall perform such other duties as directed by the Chair in accordance with these Bylaws and the laws and regulations of the State.

(3) Secretary: The Secretary shall preside over the meetings of the Joint Insurance Fund Commissioners in the absence of the Chair and Vice Chair, maintain written minutes of its meetings, and retain all books, records, files and other documents of the Fund at the office of the Fund as from time to time designated by the Joint Insurance Fund Commissioners, to which office the Secretary shall have access. The Secretary will perform such other duties as provided for in these Bylaws and the laws and regulations of the State. The

Secretary may delegate its responsibilities (other than the responsibility to preside over meetings of the Joint Insurance Fund Commissioners in the absence of the Chair or Vice Chair) to the Fund Administrator. In the absence of a Secretary, the Chair may appoint a Fund Commissioner as acting Secretary.

B. In the event of a vacancy in any of the officer positions caused by other than the expiration of the term of office, the Joint Insurance Fund Commissioners shall, by majority vote, fill the vacancy for the unexpired term.

C. Any officer can be removed without cause at any time by a two-thirds vote of the full membership of the Joint Insurance Fund Commissioners. In this event, the Joint Insurance Fund Commissioners shall, by full majority vote, fill the vacancy for the unexpired term.

3.03 Executive Committee.

A. If the total number of Joint Insurance Fund Commissioners exceeds seven (7), as soon as possible after the beginning of the Fund Year they shall meet and elect [**five (5) Fund Commissioners including the Chair, Vice Chair and Secretary to serve as the Executive Committee.**] The Joint Insurance Fund Commissioners may select alternate Fund Commissioners to serve on the Executive Committee. The Joint Insurance Fund Commissioners may designate a specific alternate to serve in the case of absence for a specific Fund Commissioner serving on the Executive Committee. Except as otherwise specifically set forth in these Bylaws, the Executive Committee shall exercise the full power and authority to act on behalf of the Joint Insurance Fund Commissioner and act on behalf of the Fund.

B. The Executive Committee shall serve until the last day of the Fund Year, or until their successors are duly elected and qualified.

C. Vacancies on the Executive Committee caused by a reason other than the expiration of the term of office shall be filled by a majority vote of all of the Joint Insurance Fund Commissioners.

D. Any member of the Executive Committee can be removed for cause by a two-thirds vote of the full membership of the Joint Insurance Fund Commissioners.

E. The Executive Committee shall oversee the Servicing Organizations, Fund Professionals and operation of the Fund to assure compliance with these Bylaws and applicable rules and regulations.

F. The Executive Committee shall not have power to act on behalf of the Joint Insurance Fund Commissioners: (1) to remove an officer of the Fund as set forth in Section 3.02(C); (2) to remove a member of the Executive Committee as set forth in Section 3.04(D); or (3) to approve the budget as set forth in Section 6.02.

3.04 Fund Professionals.

As soon as possible after the beginning of each year, the Joint Insurance Fund Commissioners or Executive Committee, if one is established, shall meet and select persons to

serve in the professional positions set forth below. These individuals shall serve for a one-year period or until a successor is duly elected and qualified. No professional nor any employee, officer or director, or beneficial owner thereof, shall be a Joint Insurance Fund Commissioner. All professionals must be retained pursuant to the Local Public Contracts Law. N.J.S.A. 40A:11-1, et. seq. Each year the Joint Insurance Fund Commissioners shall establish the compensation to be paid for services provided to the Fund. Such compensation may be paid directly by the Fund.

A. Administrator.

(1) The Administrator shall be experienced in risk management matters.

(2) The Administrator, including its employees, officers or directors, shall not be an employee, officer or director of, or have either a direct or indirect financial interest in a Plan, Servicing Organization or the Program Manager or any organization which acts as an insurance producer for Local Units or the insurance producer appointed by the Fund pursuant to N.J.A.C. 11:15-3.6(e)15 or a provider under a Plan.

(3) The Administrator shall have the following duties and responsibilities:

(a) Carry out the policies established by the Joint Insurance Fund Commissioners and to otherwise administer and provide for the day to day management of the Fund.

(b) Prepare the Fund's operation manual and policy and procedures manual for approval by the Joint Insurance Fund Commissioners.

(c) Implement the Fund's operation manual and policy and procedures manual.

(d) Prepare the Fund's budget.

(e) Compile and bill monthly assessments.

(f) Maintain the Fund's underwriting files including census data, prepare new Local Unit submissions for review by the Joint Insurance Fund Commissioners and supply underwriting data to other Fund professionals as needed.

(g) Maintain the Fund's general ledger, accounts payable and accounts receivable.

(h) Coordinate the Fund's meeting agendas, minutes, elections, contracts as well as maintain the Fund's official records and office.

(i) Prepare all filings required by State regulations.

(j) Attend all meetings of the Joint Insurance Fund Commissioners and Executive Committee.

(k) Perform such other duties specified by the Joint Insurance Fund Commissioners.

(l) Assume overall executive responsibility for the operation of the Fund except that the Administrator shall not be responsible for the errors and omissions of any other Servicing Organization of the Fund except as to generally monitor the compliance of a Servicing Organization with directive of the Joint Insurance Fund Commissioners, a Servicing Organization contract, or the applicable statutes and regulations as to the form and timeliness of its stated undertakings. For example, the Administrator shall be responsible to verify the issuance of excess or reinsurance policies and timely receipt of the policies by the Fund; however, the Administrator shall not be responsible for the content of the policies or adequacy of the coverage.

(4) The Administrator shall be bonded in a form and amount acceptable to the Department of Banking and Insurance. The Administrator shall be covered by errors and omissions insurance as provided by N.J.A.C. 11:15-3.6(e)7 and/or supplements or amendments pertaining thereto. The Administrator shall bear the cost of its bond and its errors and omissions insurance.

B. Actuary. The Actuary shall certify the actuarial soundness of the Fund and shall report to the Joint Insurance Fund Commissioners in a manner and at such times established by them and shall provide such actuarial reports as required by the Department of Banking and Insurance. The Actuary shall certify loss reserves, reserves for Incurred But Not Reported (IBNR) losses and unearned assessments. The Actuary shall also compute the probable net cost for each Fund Year and shall review and comment on the adequacy of the budget, shall provide such actuarial reports as required by the Department of Banking and Insurance, and shall do such other services as required by N.J.S.A. 40A:10-36 et seq., N.J.A.C. 11:15 3.1 et seq., the Fund's Bylaws, the Joint Insurance Commissioners and the laws and regulations of the State or as otherwise directed by the Fund.

C. Auditor. The Auditor shall be a registered municipal accountant or a certified public accountant (CPA) who has evidenced the ability to properly examine a local governmental entity such as a joint insurance fund. The Auditor shall not be a Fund Commissioner. The Auditor shall conduct the annual audit of the Fund in accordance with Section 4.04 and shall perform such other duties as directed by the Joint Insurance Fund Commissioners, these Bylaws and the laws and regulations of the State.

D. Attorney.

(1) The Fund Attorney shall be admitted to the Bar of the State of New Jersey and shall not be a Fund Commissioner.

(2) The Fund Attorney shall have the following responsibilities:

(a) Advise the Fund on legal matters with respect to the Fund and the Plans and the appropriateness of claim settlements recommended by the Claims Administrator.

(b) Be available to assist the Local Units and their attorneys in negotiation with bargaining units concerning Plan designs, coverage, etc.

(c) Advise the Joint Insurance Fund Commissioners on the selection of outside counsel to represent the Fund as and when appropriate.

(d) Perform such other duties as directed by the Joint Insurance Fund Commissioners, these Bylaws and the laws and regulations of the State including the representation of the Fund as attorney of record in legal proceedings where appropriate.

(3) The Fund shall retain outside counsel each year to represent the Fund in litigation matters.

E. Treasurer.

(1) The Treasurer shall be a certified municipal finance officer and not a Fund Commissioner. The Treasurer shall be an employee of the Fund.

(2) The Treasurer shall have the following duties and responsibilities:

(a) Act as custodian of Fund assets and maintain various trust funds accounts.

(b) Approve receipts, disbursements and financial records.

(c) Prepare the cash management plan and invest all balances.

(d) Maintain a claims register for recording of all claims under a Plan paid through the Fund and other disbursements approved by the Joint Insurance Fund Commissioners.

(3) Ascertain availability of sufficient unencumbered funds in any account to fully pay all charges or commitments prior to any payment or commitment.

(4) Perform other related duties as directed by the Joint Insurance Fund Commissioners, these Bylaws and the laws and regulations of the State and discharge the duties of office as set forth in N.J.S.A. 40A:10-36 et seq. and N.J.A.C. 11:15-3.1 et seq.

F. Program Manager.

(1) The Program Manager shall be experienced in Health Insurance matters.

(2) The Program Manager shall have the following duties and responsibilities:

(a) Act as Plan design consultant and once per year prepare a report to the Joint Insurance Fund Commissioners concerning overall trends and developments in employee benefits, along with a statistical analysis of the Fund's Plan claim data to identify trends and potential cost containment strategies.

(b) Meet with and advise various subcommittees established by the Fund for purposes of Plan design and cost containment and prepare written reports concerning the deliberation of these subcommittees.

(c) Prepare written specifications for review by the Joint Insurance Fund Commissioners for the Plan including health maintenance organizations (“HMOs”), preferred provider organizations (“PPOs”), conversion benefits, benefits under COBRA, third-party administrators, managed care and cost containment providers, reinsurance, claim auditors, technical writers and, at the request of the Joint Insurance Fund Commissioners, secure these services and/or reinsurance in compliance with the Local Public Contracts Law, subject to approval of the Joint Insurance Fund Commissioners.

(d) Once per Fund Year, prepare a written report to the Joint Insurance Fund Commissioners and Administrator concerning the compliance of the various Servicing Organizations with respect to the written specifications; provided, however, that this evaluation is not intended to be in the scope of an audit and shall not include financial-related reviews or evaluate the accuracy of claim payments.

(e) Provide field services to participating Local Units including:

(i) Resolve Plan coverage, claim and service questions for employees and bargaining units. The Program Manager shall maintain a complaint log and shall review each month the complaint log prepared by the Claims Administrator and other third-party administrator(s) and the third-party administrator(s)’ compliance with the disputed claim procedure. The Program Manager shall prepare a written report each month to the Joint Insurance Fund Commissioners and the Administrator and shall deliver the Program Manager’s complaint log at the end of each quarter to the Administrator for inclusion in the Fund’s official records. The Program Manager shall also prepare a written recommendation to the Joint Insurance Fund Commissioners of disputed claims which are referred to the Joint Insurance Fund Commissioners for decision.

(ii) Coordinate the preparation of all Plan documents, employee booklets, identification cards and other employee communications as well as be available for meetings with Local Units to explain benefit issues as requested.

(iii) Advise Local Units concerning Plan design changes, present such changes to the Joint Insurance Fund Commissioners for approval in accordance with the Fund’s procedures and coordinate all appropriate revisions to documents necessitated by such changes.

(iv) Prepare employee Plan communication documents concerning initial enrollment and annual open enrollment, and coordinate the Plan enrollment process between the Local Units and other Fund professionals.

(f) Identify Local Units which may qualify for participation in the Fund, be available to discuss the Fund with potential Local Unit participants, assist in preparation of applications, review new Local Unit submissions prepared by the Administrator

and coordinate the field level implementation of the program in the event the Local Unit is accepted for participation in the Fund by the Joint Insurance Fund Commissioners.

(g) Attend all meetings of the Joint Insurance Fund Commissioners and Executive Committee.

(h) Perform such other duties as may be reasonably requested by the Joint Insurance Fund Commissioners.

(3) The Program Manager shall be bonded in a form and amount acceptable to the Department of Banking and Insurance. The Program Manager shall be covered by errors and omissions insurance. The Program Manager shall bear the cost of its bond and its errors and omissions insurance.

G. **Service Agent.** The Fund shall designate and appoint an agent in New Jersey to receive service and legal process on behalf of the Fund.

H. All professionals other than the Treasurer who is an employee of the Fund shall be retained in conformance with the Local Public Contracts Law. All contracts for Fund professionals shall be approved by the Joint Insurance Fund Commissioners.

3.05 Indemnification of Officers and Employees.

A. The Administrator, Program Manager, Claims Administrator, and such others as are required by regulation to do so, shall provide errors and omissions liability insurance coverage in a form satisfactory to the Department of Banking and Insurance. The Joint Insurance Fund Commissioners, in its discretion, may require any or all other contracted officials to provide evidence of errors and omissions liability insurance coverage, and any other liability insurance coverage as a requirement of their contract with the Fund.

B. Except to the extent covered by errors and omissions liability insurance coverage required as set forth above, the Fund shall indemnify hold harmless and defend any past or present Fund Commissioner, and may indemnify hold harmless and/or defend such other past or present officers, employees, Fund professionals or Servicing Organizations as the Joint Insurance Fund Commissioners determine, for claims arising from an act or omission of such Joint Insurance Fund Commissioner, officer, employee, Fund professional or Servicing Organization within the scope of the performance of such individual's duties. Such indemnification shall include the reasonable costs and expenses incurred in defending claims. Nothing contained herein shall require the Fund to pay punitive, exemplary or extra-contractual damages arising from the commission of a crime by such an individual and the Fund shall not be required to provide for the defense or indemnification of such an individual if the individual's act or omission was the result of actual fraud, actual malice, gross negligence or willful misconduct of such individual, or in the event of a criminal prosecution or claim against such an individual by the State, or if such Fund Commissioner, officer, employee, Fund professional or Servicing Organization is either covered, or is required to be covered, by errors and omissions liability insurance. The determination as to whether an individual's conduct falls within any of the above exceptions shall be made by the Joint Insurance Fund Commissioners. Nothing herein contained is intended to shield any act, omission or wrong doing which would not customarily be covered

by errors and omissions liability insurance if such policy had been required of the employee, officer, Fund professional or Servicing Organization.

(1) A Fund Commissioner, officer, employee, Fund professional or Servicing Organization of the Fund shall not be entitled to indemnification from the Fund unless:

(a) Within ten (10) calendar days of the time he or she is served with a summons, complaint, process, notice or pleadings he or she delivers the original or an exact copy to the Chair with a copy to the attorney selected by the Fund to handle such matters, together with a request that the Fund provide for his or her defense; and

(b) In the event the Fund provides a defense or indemnification for the Fund Commissioner, officer, employee, Fund professional or Servicing Organization, such person cooperates in the preparation and presentation of the defense with the attorney selected to defend the case; and

(c) Except in those instances where a conflict of interest exists, as determined by an attorney selected by the Fund to handle such matters, the past or present Fund Commissioner, officer, employee, Fund professional or Servicing Organization shall agree that the Fund and its counsel shall have exclusive control over the handling of the litigation.

(d) The foregoing right of indemnification shall not be exclusive of any other rights to which any Fund Commissioner, officer, employee, Fund professional or Servicing Organization may be entitled as a matter of law or which may be lawfully granted to such person; and the right to indemnification hereby granted by the Fund shall be in addition to and not in restriction or limitation of any other privilege or power which the Fund may lawfully exercise with respect to the indemnification or reimbursement of any Fund Commissioner, officer, employee, Fund professional or Servicing Organization; except that in no event shall a Fund Commissioner, officer, employee, Fund professional or Servicing Organization receive compensation in excess of the full amount of a claim and the reasonable costs and expenses incurred in defending such claim.

(2) Expenses incurred by any Fund Commissioner, officer, employee, Fund professional or Servicing Organization in defending an action, suit or proceeding may be paid by the Fund in advance of final determination of such action, suit or proceeding as authorized by the Fund in a specific case upon receipt of an undertaking by or on behalf of such person to repay such amount in the event of an ultimate determination that such person's conduct was such as to fall outside the scope of coverage under this indemnification provision.

ARTICLE IV

OPERATION OF THE FUND

4.01 General Operation.

A. The Fund shall provide for Plans to provide Health Insurance and other approved benefits to eligible individuals of a participating Local Unit. In so doing, the Fund may purchase direct insurance or may self-insure benefits. In any event, the Fund shall have procedures for the establishment, maintenance and administration of appropriate reserves in accordance with sound actuarial principals.

B. The Fund shall be subject to and operate in compliance with the provisions of the Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.), the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq. and N.J.A.C. 5:34), and the various statutes authorizing the investment of public funds, including but not limited to, N.J.S.A. 40A:10-10(b), 17:12B-241 and 17:161-1 et seq.

C. The Fund shall be considered a Local Unit for purposes of the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.) and shall be governed by the provisions of that law in the purchase of any goods, materials, supplies and services.

D. The Fund shall be operated with sufficient aggregate financial strength and liquidity to assure that all obligations and obligations of a Plan will be promptly met. The Fund shall prepare a financial statement on a form acceptable to the Department of Banking and Insurance showing the financial ability of the Fund to meet its obligations. The Joint Insurance Fund Commissioners, may, upon majority vote, request that the Department of Banking and Insurance order an examination of any Local Unit which the Joint Insurance Fund Commissioners, in good faith believes may be in a financial condition detrimental to other Local Units or to the public.

E. All monies, assessments, funds and other assets of the Fund shall be under the exclusive control of the Department of Banking and Insurance or the Fund Commissioners, as applicable.

F. The Fund shall, through resolution, designate a public depository or depositories for its monies pursuant to N.J.S.A. 40A:5-14; designate a person to be custodian of funds for the Fund, and authorize the custodian to invest temporarily free balances of any claim or administrative accounts periodically as authorized by law. The custodian of funds shall possess a certified municipal finance officer certificate issued pursuant to N.J.S.A. 40A:9-140.2. The custodian shall report to the Joint Insurance Fund Commissioners on investment and interest income on a monthly basis.

G. All books, records, files, documents and equipment of the Fund are the property of the Fund and, except as provided at N.J.A.C. 11:15-3.21(e), shall be retained by the Administrator at the discretion of the Joint Insurance Fund Commissioners. All books, records, files and documents of the Fund shall be retained for not less than five years.

H. The Fund may utilize the services of a Local Unit to serve as Lead Agency for the Fund.

4.02 Risk Management Plan.

A. The Fund Commissioners shall prepare or cause to be prepared a plan of risk management for the Fund pursuant to N.J.A.C. 11:15-3.6(d).

4.03 Servicing Organizations.

A. The Fund may contract to have the following services performed for the Fund and the Plan:

- (1) claims administration, adjudication and administration;
- (2) actuarial evaluation;
- (3) compilation of statistics and preparation of assessments, loss and expense reports;
- (4) preparation of reports required pursuant to N.J.S.A. 40:A10-36 et seq. and N.J.A.C. 11:15-3.1 et seq.;
- (5) development of Local Units' assessments and fees;
- (6) cost containment services;
- (7) legal services;
- (8) risk selection and pricing;
- (9) stop-loss or reinsurance producer services;
- (10) such other services as the Joint Insurance Fund Commissioners deem necessary to properly manage the Fund.

B. Except with the prior approval of the Department of Banking and Insurance, no Servicing Organization or its employees, officers or directors shall have either a direct or indirect financial interest in the Administrator or be an employee, officer or director of the Administrator.

C. The Fund may at its option contract for services from more than one Servicing Organization.

D. Each contract with a Servicing Organization shall be in writing and shall include a clause stating "unless the Commissioner of the Department of Banking and Insurance otherwise permits, the servicing organization shall handle to conclusion all claims and other obligations incurred during the contract period."

E. Each Servicing Organization shall provide a surety bond and errors and omissions liability insurance coverage in a form and amount acceptable to the Department of Banking and Insurance.

F. All officers, employees and agents, including the Administrator and any Servicing Organization, on the final day of the contract or employment, shall surrender and deliver to their successors all accounts, funds, property, records, books and any other material relating to their contract or employment.

G. Any employee, officer or director of the aforementioned entities, any Administrator, or any other Servicing Organization appointed pursuant to N.J.A.C. 11:15-3.6(e)15 shall disclose to the Joint Insurance Fund Commissioners, any direct or indirect financial interest such individual has in any other administrator, program manager, insurance producer, and/or related servicing organization.

4.04 Financial Statement and Reports.

A. The Fund shall provide its Local Units with periodic reports concerning the activities and status of the Fund. Such reports shall be made at least quarterly and may be made more frequently at the discretion of the Joint Insurance Fund Commissioners and shall include, but not be limited to, the minutes, the Administrator's report and a summation of Fund activity, including information with respect to the Plan, comments on previously reported claims and newly reported claims, and any other information required by the Joint Insurance Fund Commissioners. The Department of Banking and Insurance may require submission of the reports if deemed necessary to ensure compliance with these reporting requirements. The reports shall also be made available to the Department of Banking and Insurance for review during any examination of the Fund.

B. A sworn annual report in a form prescribed by the Department of Banking and Insurance shall be prepared by the Fund, filed concurrently with the Department of Banking and Insurance and the Department of Community Affairs and made available to each participating Local Unit on or before May 31st of each year. The report shall be accompanied by:

(1) An annual audited statement of the financial condition of the Fund prepared by the Auditor and performed in accordance with generally accepted accounting principles and Section 11 of P.L. 1983, c. 372. and P.L. 1990 c. 120. (N.J.S.A. 40A:10-46), and shall include a statement of the organization of the Fund, including its balance sheet and receipts and disbursements for the preceding year.

(2) Reports of outstanding liabilities showing the number of claims, amounts paid to date, current reserves incurred but not reported, reserves for losses, and claims and unearned assessments by line of coverage as certified by the Actuary.

(3) Reports of all incurred but not reported liabilities certified by the Actuary.

C. Such other information as may be required by the Department of Banking and Insurance pursuant to N.J.A.C. 11:15-3.24.

4.05 Coverages.

Through the Plan, the Fund shall offer Health Insurance and other approved benefits to employees of Local Units and their eligible dependents. Upon a majority vote of the Joint Insurance Fund Commissioners, and approval of the Department of Banking and Insurance, the Fund may also offer to employees of Local Units and their eligible Dependents other employee benefits permitted pursuant to N.J.S.A. 40:A10-36, et seq. At least thirty (30) days prior to the beginning of each Fund Year renewal and in accordance with applicable law, the Fund shall notify the Department of Banking and Insurance, as well as any affected parties, of continuation of coverage and any changes in coverage and benefit levels as may be determined and specified by the Fund and shall provide the Department of Banking and Insurance with copies of the written notice to affected persons.

4.06 Contributions for Coverage.

With respect to coverage provided under the Plan, the Fund Commissioners shall establish contributions for Health Insurance and shall provide for the purchase of benefit coverage and/or insurance and reinsurance for Plan coverage.

ARTICLE V

MEETINGS AND RULES OF ORDER

5.01 Meetings.

A. Annual Organization Meeting. As soon as possible after the beginning of the Fund Year, the Joint Insurance Fund Commissioners shall meet to elect officers and the Executive Committee, if any, to appoint professionals and Servicing Organizations and to conduct such other business as is necessary. The time and place for the meeting shall be established by the Chair, and the Secretary shall send written notice to the clerks of participating Local Units at least two (2) weeks in advance.

B. Regular Meeting. The Joint Insurance Fund Commissioners shall establish a schedule of regular meetings to conduct the business of the Fund, which shall be at least quarterly. All Joint Insurance Fund Commissioners may attend open or closed meetings, including sessions of the Executive Committee, subject to the provision of Section 13.05(D) hereof concerning confidentiality and the claims handling procedure.

C. Special Meeting. The Chair, or three (3) Fund Commissioners, may call a special meeting by notifying the Secretary at least three (3) days in advance of the special meeting. The Secretary shall notify the Joint Insurance Fund Commissioners by telephone or electronic communication. If the Secretary is unable to reach a Fund Commissioner as of forty-eight (48) hours before the meeting, the Secretary shall contact by telephone or electronic communication another official of the Local Unit using the following order: Clerk, Presiding Officer, Administrator or Chief Operating Officer.

D. Telephonic or Email Meeting: On occasion it is difficult or impossible for a majority of the Commissioners to personally attend a meeting. Telephonic or email may be

utilized. In these situations minutes must be taken and any actions taken must be confirmed by Resolution and adopted by the full membership of the Middlesex County Joint Health Insurance Fund at a regularly schedule public meeting. Authorization to conduct this type of meeting shall be renewed yearly by Resolution.

E. Quorum. The quorum for a meeting of the Joint Insurance Fund Commissioners shall be as follows:

(1) A majority of the total Fund Commissioners unless the total number exceeds 25.

(2) If the total number of Fund Commissioners exceeds 25, then a quorum shall be 13 plus a sum equal to 20% of the number of Fund Commissioners in excess of 25 rounded to the next highest number.

(3) A quorum for a meeting of the Executive Committee shall be a majority of the full Executive Committee.

F. The Secretary shall record and maintain written minutes of all Fund meetings, and shall make the minutes available to the Department of Banking and Insurance upon request.

5.02 Conduct of Meetings.

A. All meetings of the Fund shall be subject to the rules and regulations of the Open Public Meetings Act.

B. Unless otherwise provided in these Bylaws, or in the laws or regulations of the State, Robert's Rules of Order shall govern the conduct of all meetings.

5.03 Material Amendments to the Bylaws.

A. Any Fund Commissioner may propose an amendment to, or restatement of, the Bylaws by filing the proposed amendment or restatement in writing with the Secretary.

B. Upon receipt of a proposed amendment or restatement, the Secretary shall notify the Chair, provide a copy of the proposed amendment or restatement and the Chair shall schedule a hearing to occur not more than forty-five (45) days from the date the amendment or restatement was filed. The Secretary shall notify in writing all Joint Insurance Fund Commissioners of the hearing date and shall send all Joint Insurance Fund Commissioners a copy of the proposed amendment or restatement.

C. The amendment or restatement is adopted by the Fund when the governing bodies of three-fourths (3/4) of the Local Units by resolution approve the amendment or restatement within six (6) months of the hearing on the amendment or restatement. If after six (6) months, the Secretary has not received written notice of approval from three-fourths (3/4) of the Local Units, the Secretary shall notify the Local Unit that time has expired for the adoption of the amendment or restatement, and it has been deemed to be disapproved.

D. If adopted, the amendment or restatement shall not take effect until approved by the Department of Banking and Insurance and the Department of Community Affairs as provided by N.J.S.A. 40A:10-43.

E. Within ninety (90) days after the effective date of any amendment to, or restatement of, the Bylaws, a Local Unit which did not approve the amendment may withdraw from the Fund provided it shall remain liable for its share of any claim or expenses incurred by the Fund during its period of participation.

F. A revised set of Bylaws shall be sent to all Local Units and the Department of Banking and Insurance.

5.04 Amendments to the Bylaws.

A. Any Fund Commissioner may propose an amendment to the Bylaws by filing the proposed amendment in writing with the Secretary.

B. Upon receipt of a proposed amendment, the Secretary shall notify the Chair who shall schedule a hearing to be held not more than forty-five (45) days from the date the amendment was filed. The Secretary shall notify in writing all Fund Commissioners of the hearing date and shall send all Fund Commissioners a copy of the proposed amendment.

C. The amendment is adopted by the Fund when the governing bodies of three fourths (3/4ths) of the member Local Units by resolution approve the amendment within six (6) months of the hearing on the amendment. If, after six (6) months, the Secretary has not received written notice of approval from three-fourths (3/4ths) of the member Local Units, the Secretary shall notify the member Local Units that time has expired for the adoption of the amendment, and it has been deemed to be disapproved.

D. If adopted, the amendment shall not take effect until approved by the Department of Banking and Insurance and the Department of Community Affairs as provided in N.J.S.A. 40A:10-43.

E. Within ninety (90) days after the effective date of any amendment to the Bylaws, a member Local Unit which did not approve the amendment may withdraw from the Fund provided it shall remain liable for its share of any claim or expenses incurred by the Fund during its period of membership.

F. A revised set of Bylaws shall be sent to all Local Units and the Department of Banking and Insurance.

ARTICLE VI

BUDGETS

6.01 Budget Preparation.

A. Each year, not later than sixty (60) days prior to the end of the Fund's Fiscal Year, the Fund shall prepare the budget for the next Fiscal Year. The budget shall identify the proposed items and amounts of expenditure for its operations, the anticipated amounts and sources of assessments and other income to be received during the Fiscal Year and the status of the self-insurance or loss retention accounts.

B. The budget shall be prepared on a basis that recognizes all anticipated or forecasted losses and administrative expenses associated with that Fiscal Year. It shall not recognize discounting of claim reserves or investment income.

C. Prior to budget introduction, the budget shall be reviewed by the Actuary who shall comment on its adequacy and shall recommend changes as deemed appropriate.

6.02 Budget Adoption.

A. Not later than December 31 of each year, the Joint Insurance Fund Commissioners shall adopt by majority vote the budget for the Fund's operation for the upcoming Fiscal Year.

B. A copy of the Fund's proposed budget (as changed to reflect the Actuary's review) for the upcoming Fiscal Year shall be sent to each participating Local Unit at least two weeks prior to the time scheduled for its adoption. No budget or amendment shall be adopted until a hearing has been held in accordance with N.J.S.A. 40A:4-1 et seq. giving all participating Local Units the opportunity to present comments or objections.

C. A copy of the adopted budget and any amendment(s) thereto shall be filed within thirty (30) days of adoption with the governing body of each participating Local Unit, the Department of Banking and Insurance and the Department of Community Affairs.

D. An adopted budget may be amended by a majority vote of the Joint Insurance Fund Commissioners after giving the participating Local Units two (2) weeks prior written notice of the amendment and conducting a hearing on the proposed amendment.

E. A copy of any amendment to the Fund budget shall be provided quarterly to the governing body of each participating Local Unit.

F. A copy of the amended budget shall be filed with the Department of Banking and Insurance and the Department of Community Affairs within thirty (30) days of the adoption of any budget amendment which either singly or cumulatively, with other budget amendments, changes the total budget five percent (5%) from either the budget initially adopted for the Fiscal Year or the latest filed amended budget.

ARTICLE VII

ASSESSMENTS

7.01 Annual Assessment.

A. By December 1st of each year, in connection with the preparation of the budget pursuant to Section 6.01, the Actuary shall compute the probable net cost for the next Fund Year, and the Administrator shall prepare a draft budget for review by the Joint Insurance Fund Commissioners. Each participating Local Unit's base monthly assessment shall be one twelfth (1/12) of its pro rata share of the Fund's probable net cost based on its actuarial rates. The Joint Insurance Fund Commissioners may also adopt a capping formula which distributes the increase in the base monthly assessment so that no participating Local Unit's per employee rate increases by more than the average Fund-wide increase plus a percentage specified by the Joint Insurance Fund Commissioners. Each participating Local Unit's base monthly assessment shall be approved by majority vote of the Fund Commissioners (or Executive Committee) and furnished to the governing body of each participating Local Unit at least one (1) month prior to the beginning of the next fiscal quarter. For budget purposes, the Fund will also compute and communicate each participating Local Unit's maximum cost based on the Fund's aggregate stop-loss excess insurance (if any).

B. The Treasurer shall deposit each participating Local Unit's assessments by Fund Year into the applicable accounts including the administrative account, contingency trust fund account and the claim or loss retention trust fund account.

C. In the event the Fund directly bills retirees, individuals covered through the Fund pursuant to COBRA and/or the conversion option, the participating Local Unit shall be assessed for any delinquency in required payments.

7.02 Supplemental Assessments.

A. The Joint Insurance Fund Commissioners shall, by majority vote, levy upon a Local Unit additional assessments wherever needed or so ordered by the Department of Banking and Insurance to supplement the Fund's claim or loss retention or administrative accounts to assure the payment of the Fund's obligations. No retiree or other individual billed directly by the Fund for coverage under COBRA or a conversion option shall be subject to supplemental assessment and any deficits shall be assessed to the appropriate Local Unit.

B. All supplemental assessments shall be charged to the Local Units by applicable Fund Year, and shall be apportioned pro rata among the Local Units according to that year's assessments for the appropriate line of coverage, unless otherwise ordered by the Department of Banking and Insurance.

C. Local Units shall be given thirty (30) days advance written notice of the Fund's intention to charge an additional assessment, and the Fund shall conduct a hearing before adopting the supplemental assessment.

D. Local Units shall have thirty (30) days to pay the Fund from the date the supplemental assessment is levied.

E. The Fund shall submit to the Department of Banking and Insurance and the Department of Community Affairs a report of the causes of the insufficiency, the assessments necessary to replenish it and the steps taken to prevent a recurrence.

7.03 Failure or Refusal to Provide Required Assessments.

Should any participating Local Unit fail or refuse to pay its assessments or supplemental assessments, or should the Fund fail to assess monies required to meet its obligations, the Chair, or, in the event of his or her failure to do so, the custodian of the Fund's assets, shall notify the Department of Banking and Insurance and the Department of Community Affairs. Past due assessments shall bear interest at the rate of interest to be established annually by the Joint Insurance Fund Commissioners. The Fund Attorney or other attorney selected by the Joint Insurance Fund Commissioners shall endeavor to collect past due assessments and any accrued interest in any action in the Superior Court, Law Division, State of New Jersey, and in the event such action is successful, the Fund shall also be entitled to collect its cost incurred including reasonable attorneys fees.

7.04 Insolvency and/or Bankruptcy of Fund Members.

Insolvency or bankruptcy of a Local Unit does not release the Fund, or any other Local Unit, of joint and several liability for the payment of claims incurred by the Insolvent Fund Member during the period of its participation, including, but not limited to, being subject to and liable for supplemental assessments.

ARTICLE VIII

REFUNDS

8.01 The following refund policy shall be employed pursuant to N.J.A.C. 11:15-3.20 as amended. If subsequent amendments of the regulations of the Department of Banking and Insurance are inconsistent with these Bylaws, then the terms and the conditions of the amended regulations shall control.

A. Any monies for a Fund Year in excess of the amount necessary to fund all obligations for that Fund Year as certified by the Actuary or in excess of the limits established for a contingency fund pursuant to N.J.A.C. 11:15-3.13(b) as certified by the Actuary shall be declared to be refundable by the Fund in accordance with N.J.A.C. 11:15-3.20 unless otherwise extended by the Department of Banking and Insurance. A refund of the amount declared to be refundable shall be made not earlier than twelve (12) months after the end of the Fund Year, or within ninety (90) days after the end of any extension period granted by the Department of Banking and Insurance for the determination of amounts refundable.

B. No retiree or other individual directly billed by the Fund for coverage including COBRA or conversion coverage shall be eligible for a refund.

C. A refund for any Fund Year shall be paid in proportion to the Local Unit's participation in the Fund for a Fund Year in a manner established and approved by the Joint Insurance Fund Commissioners or any other method as may be allowed by law and approved by the Department of Banking and Insurance. Payment of a refund for a previous participation period is not contingent on the Local Unit's continued participation in the Fund after that period.

D. At the option of the participating Local Unit, a refund may be retained by the Fund and applied towards the participating Local Unit's next assessment. In the event of termination of participation in any program of coverage offered by the Fund, a Local Unit shall be entitled to its share of unearned assessments as determined by the Joint Insurance Fund Commissioners and any surplus available for distribution to the Local Unit which had been retained within that Fund program.

E. The Joint Insurance Fund Commissioners may appropriate a portion of any refund to the appropriate contingency account subject to the provision of N.J.A.C. 11:15-3.13(b).

ARTICLE IX

STOP-LOSS INSURANCE AND REINSURANCE

9.01 Where self insured, the Fund shall obtain specific and/or aggregate stop-loss insurance or reinsurance in a form and amount acceptable to the Department of Banking and Insurance from an insurer authorized or admitted in the State, providing that losses in excess of the established self-insurance retention amount shall be borne by the stop-loss carrier.

9.02 If due to condition in the commercial insurance market, specific and/or aggregate insurance or reinsurance is either not available or the pricing is such that, or for other valid reasons, in the judgment of the Joint Insurance Fund Commissioners, it would be in the best interest of the Fund not to carry such specific and/or aggregate insurance or reinsurance, and if the Fund's Actuary certifies that the retention is in accordance with sound actuarial principles, the Joint Insurance Fund Commissioners may apply to the Department of Banking and Insurance for a waiver of the requirement of N.J.A.C. 11:15-3.23.

9.03 If the waiver referred to in Section 9.02 above is granted by the Department of Banking and Insurance and results in revision(s) and or amendments(s) of either the plan of risk management or the budget, they shall not be effective until they have been approved by the Department of Banking and Insurance and the Department of Community Affairs.

9.04 Certificates of stop-loss insurance and/or reinsurance showing policy limits and other information shall be available for inspection of each Local Unit and shall be filed with each participating Local Unit and the Department of Banking and Insurance.

9.05 Any proposed change in the terms or limits of stop-loss insurance and/or reinsurance shall be submitted to the Department of Banking and Insurance and the Department of Community Affairs for approval at least thirty (30) days prior to the effective date of the proposed change.

ARTICLE X

TRUST ACCOUNTS, INVESTMENT AND DISBURSEMENTS

10.01 Establishment of Trust Accounts.

A. By resolution, the Fund shall designate public depositories for its monies pursuant to N.J.S.A. 40A:5-14. The resolution shall also designate a person to be custodian of funds for the Fund and shall authorize the custodian to invest temporarily free balances of any claim or administrative accounts periodically as authorized by law.

B. The Fund shall establish a separate Fund Trust Account for contributions in accordance with N.J.A.C. 11:15-3.6(b) under which monies shall be held by the Fund as a fiduciary for the benefit of Fund claimants, through the Fund Trust Account, which monies shall be disbursed solely for the payment of claims, allocated claims expenses and stop-loss or reinsurance premiums. These accounts shall be designated as claim or loss retention fund accounts. Cost containment activities shall be included in these claims accounts and the accounts shall be established by Fund Year; provided, however, the Fund shall not otherwise be required to establish separate trust accounts for employee contributions provided the Fund records an accounting of the employee contributions of each Plan Participant and an accounting of all transactions by Fund Year.

(1) Other than for the purposes specified in Section 10.01(B), or as otherwise authorized by N.J.A.C. 11:15-3.1 et seq., no withdrawals may be made from a claim or loss retention account without the prior written approval of the Department of Banking and Insurance.

(2) In the event the Fund directly bills retirees, individuals covered under COBRA or the conversion options or receives other contributions from individual Plan Participants, the Fund shall maintain accounting records of all income and distributions with respect to said contributions, provided that employees, retirees and other individuals directly billed by the Fund shall not be subject to supplemental assessments or refunds.

C. The Fund shall establish an administrative account which shall be used for payment of the Fund's general expenses, data processing services, general legal expenses and other administrative expenses of the Fund.

D. The Fund may establish by resolution a separate Trust Account for contingencies and may include in the budget an assessment for this account.

(1) The assessment for the contingency account shall not exceed the limits in N.J.A.C. 11:15-3.13(b).

(2) The Fund shall maintain accounting records on contingency accounts by Fund Year which shall include:

(a) The sources of contribution to the contingency account;

(b) Transfers from the account to a claims or loss retention trust fund account by Fund Years;

(c) Interest earned, which shall be allocated by the average balance in the contingency account by Fund Year; and

(d) The pro rata share of the amount allocable to each participating Local Unit.

(3) In the event a participating Local Unit withdraws or is terminated from the Fund, the Fund shall return to the Local Units its share of the contingency account within the time period provided for in N.J.A.C. 11:15-3.20.

E. If life insurance coverage is provided to Plan Participants, a separate contingency account shall be established for contributions towards group term life insurance pursuant to N.J.A.C. 11:15-3.6(b)6 and 7.

F. In any one year, an assessment, transfer of surplus or any combination of assessments and transfers to a contingency account shall not exceed 2.5% of the Fund's current Fiscal Year earned income. The contingency account of the Fund shall not exceed 10% of the Fund's current Fiscal Year income. The annual and aggregate limitations on the amount of the contingency account may be increased with the prior approval of the Department of Banking and Insurance.

G. If a claims or loss retention trust account is deemed inadequate to pay claims, allocated claim expenses, or reinsurance and stop-loss premiums in any Fund Year, the Joint Insurance Fund Commissioners may transfer funds from a contingency trust fund account to the claims or loss retention trust fund account, and the transaction shall be accounted for as a permanent transfer. The Fund shall notify the Department of Banking and Insurance within thirty (30) days of any such transfer. No such transfer pursuant to this Section 10.01(H) shall be permitted if the transfer would result in a statutory deficit in the contingency trust fund account.

H. If the Fund utilizes an amount equal to 2.5% or more of its current fiscal year income from a contingency trust fund account during any fiscal year, the Joint Insurance Fund Commissioners shall within ten (10) days of such utilization, submit to the Department of Banking and Insurance and the Department of Community Affairs, a report on the causes of the utilization and the steps taken to prevent a recurrence of such circumstances.

10.02 Investments.

A. All investments shall be in accordance with the Fund's cash management plan and consistent with the statutes and rules governing the investment of public funds by local governments in accordance with N.J.S.A. 40A:10-10(b). The free balances of any account shall be invested to obtain the maximum interest return practical in accordance with the Fund's cash management plan and applicable law.

B. The investment and interest income earned by the investment of the assets of each claim or loss retention account shall be credited to each such account by Fund Year.

C. The investment and interest income earned by the investment of the assets of the administrative and contingency account, if any, shall be credited to such account.

10.03 Disbursements.

A. Prior to any commitment or agreement requiring the expenditure of funds, the custodian of the Fund's assets shall certify as to the availability of sufficient unencumbered funds to fully pay all charges or commitments to be accepted.

B. All disbursements, payments of claims or expenditure of funds must be approved by a majority vote of the Joint Insurance Fund Commissioners unless approved pursuant to Section 10.03(C), below. The Joint Insurance Fund Commissioners will authorize the Treasurer to pay future bills.

C. Notwithstanding A and B above, the Joint Insurance Fund Commissioners may provide for the expeditious resolution of certain claims by designating a "certifying and approving officer" pursuant to N.J.S.A. 40A:5-17. Unless otherwise designated by the Joint Insurance Fund Commissioners, the certifying and approving officer shall be the Treasurer. The Fund may authorize the certifying and approving officer to approve for payment any or specified claims not to exceed the amount approved by the Department of Banking and Insurance in the plan of risk management. The Fund shall establish such other procedures and restrictions on the exercise of this authority as the Fund deems appropriate. The authority of the certifying and approving officer may be revoked at any time by the Joint Insurance Fund Commissioners.

D. Upon approval, the certifying and approving officer shall certify the amount and particulars of such approved claims to the custodian of the Fund's assets, directing that a check for payment be prepared.

E. The certifying and approving officer shall prepare a report of all claims approved since the last report, detailing the nature and the amount of the claim, the payee, the reasons supporting payment and any other pertinent information. This report shall be reviewed and approved or rejected by a majority vote of the Joint Insurance Fund Commissioners at their next regularly scheduled meeting. If any claim approved and paid by the certifying approving officer is not approved by the Joint Insurance Fund Commissioners, they shall direct that appropriate action be taken including, but not limited to, recovery of the paid amount, and penalty.

F. All requests for payments must be accompanied by a detailed bill of items or demand, specifying particularly how the bill or demand is made up, with certification of the party claiming payment that it is correct, and must carry the certification of an officer or duly designated agent or employee of the Fund having knowledge of the facts that the goods have been received by, or the services rendered to, the Fund. In the case of claims or losses to be charged against any Trust Account, the Claims Administrator shall certify as to the claim's correctness and validity.

G. All claims shall be paid by check, electronic transfer or other recognized payment means. Checks shall be signed by two persons so designated by the Joint Insurance Fund Commissioners or Executive Committee.

H. All claims or other disbursements approved for payment by the Fund shall be recorded in a claims register maintained by the custodian of the Fund assets.

10.04 Confidentiality of Plan Participant Information.

A. Plan Participant information, including claims information, is privileged and confidential and shall not be included as part of any open public record.

B. Certain individually identifiable Plan Participant information may be considered Protected Health Information (PHI) under HIPAA and shall be treated confidentially and afforded protections.

C. The Fund will implement policies and procedures to ensure Plan Participants are afforded rights with respect to their PHI and that personnel of the Fund use and disclose PHI appropriately in accordance with HIPAA and other applicable law.

D. Fund personnel shall be trained in the policies and procedures the Fund has implemented to protect the privacy of individual Plan Participant information and to comply with HIPAA.

E. The Fund will not use or disclose PHI without individual authorization from a Plan Participant unless such use or disclosure is permitted under HIPAA. When the Fund uses or discloses PHI, it will make reasonable efforts to limit the information to the minimum amount necessary to achieve the intended purpose.

F. Prior to disclosing PHI to a third-party business associate of a group health Plan subject to HIPAA funded through the Fund, the Fund will obtain satisfactory assurance that the third-party business associate will appropriately and confidentially handle the information.

G. Joint Insurance Fund Commissioners and the officials of any Local Unit shall not have access to any employee claim information or other personal health information which reveals the identity of any individual Plan Participant, except for those Joint Insurance Fund Commissioner who review the minimum necessary information to evaluate claims appeals.

H. All claims are to be filed, and all inquiries are to be handled, directly by the designated Claims Administrator. All employees of the Claims Administrator shall execute a business associate agreement or other confidentially statement to protect the identification of Plan Participants.

I. All initial claims and inquiries will be handled directly through the Claims Administrator.

J. Only Joint Insurance Fund Commissioners and necessary Fund professionals shall participate in any closed session discussion of claims appeals. These claims discussions, whether general or specific to a coverage dispute, shall at all times be confidential and anonymous so that the identity of the Local Unit and claimant cannot be ascertained. The anonymity of the claimant shall be accomplished by assigning a blind claim number and deleting

all references to the individual's name and place of employment. Only the claimant by written notice may authorize the matter be handled with disclosure of his/her identity.

K. For claims appeal purposes, documents identifying the Plan Participant, or from which the Plan Participant's identity might be deduced, shall not be accessible to any persons other than the Administrator, Program Manager, Fund Attorney, Joint Insurance Fund Commissioners who evaluate claims appeals or the appointed Claim Administrator, Fund personnel and only to the extent necessary (and the minimum amount necessary) for such individual to perform its required duties on behalf of the Fund.

ARTICLE XI

CONFLICT OF INTEREST

11.01 All officials or employees of a participating Local Unit or any members of the family of such officials or employees shall comply with N.J.S.A. 40A:9-22.1 et seq., the Local Government Ethics Law.

ARTICLE XII

VOLUNTARY DISSOLUTION OF THE FUND

12.01 If the Joint Insurance Fund Commissioners deem it in the best interest of the Local Units to dissolve the Fund, they shall call a meeting for such purpose upon proper notice and by majority vote direct that a written plan of dissolution be prepared.

12.02 The plan of dissolution must provide for the payment of all incurred losses of the Fund and its Local Units, including all incurred but not reported losses, as certified by the Actuary, before any assets of the Fund or the Fund accounts may be used for any other purpose. The plan of dissolution shall also contain a statement of the Fund's current financial condition computed on a statutory basis and computed according to general accepted accounting principles as attested to by an independent certified public accountant. If necessary, this plan shall include provisions for supplemental assessments to cover claims incurred and other expenses to operate the Fund until dissolution is complete.

12.03 Upon completion of the plan, the Chair shall call a meeting of the full body of the Joint Insurance Fund Commissioners who shall review the plan and make any appropriate amendments. By majority vote, the Joint Insurance Fund Commissioners may recommend to the Local Units that the Fund be dissolved in accordance with the plan of dissolution.

12.04 A majority of the governing bodies of the participating Local Unit must, by resolution, vote to accept the plan of dissolution in order to dissolve the Fund.

12.05 The plan of dissolution and other such information as may be required, must be filed with, and approved by, the Department of Banking and Insurance and the Department of Community Affairs before the dissolution of the Fund is effective.

ARTICLE XIII

CLAIMS PROCEDURE

13.01 Registration. Plan Participants will have an identification card which will identify the Plan Participant, the name of the Fund, name of the Claims Administrator, and the Claims Administrator's phone number and other pertinent information. The Plan Participant shall submit claims to the Claims Administrator according to a process approved by the Fund and communicated to all Plan Participants. Each Plan Participant shall receive information describing the Fund's coverages, exclusions, limits, and claims and appeals procedures.

13.02 Claim Verification. The Claims Administrator shall have the following responsibilities:

- A. Verify that the individual is a participant in the Fund.
- B. Verify that the claim is eligible by coverages afforded.
- C. Calculate benefit amount and process for payment.
- D. Record all claims.
- E. Coordinate benefits and reporting of large claims.

13.03 Claims Review. All open claims will be reviewed by the Claims Administrator within thirty (30) days. The Claims Administrator will file a claims report in a form acceptable to the Joint Insurance Fund Commissioners as deemed necessary by the Joint Insurance Fund Commissioners.

13.04 Claim Payments. The Claims Administrator will process for payment all claims to the level of authority as specified in the plan of risk management as approved by the Department of Banking and Insurance. Any payment that exceeds this level of authority must be brought to the Joint Insurance Fund Commissioners for approval. The Claims Administrator shall notify the risk manager who in turn shall be responsible to place the excess carrier or reinsurer on notice of any claim that exceeds the Fund's self-insured retention.

13.05 Claims Appeal Procedures.

This procedure is set forth in Article II of the most current Middlesex County Joint Insurance Fund Risk Management Plan for calendar for 2013:

Appealing a Claim.

- A. The Fund shall comply with the requirements of N.J.S.A. §17B:30-13.1 and 13.2.
- B. If under a self-insured plan (Traditional, Health Care Choice, AETNA, CIGNA and MEDCO/Express Scripts), the Plan Participant is dissatisfied with the determination of the claim processor, the Plan Participant may appeal the processors determination to the Third Party Administrator (TPA) Management Review Team who shall notify the Plan

Participant and Affordable Care Act (PPACA), the respective TPA's will allow two levels (Level 1 and Level 2) of appeal to the Plan Participant after the initial notification of an adverse determination.

- C. If the Plan Participant is not satisfied with the determination made by the TPA Management Review Team subsequent to the Level 1 and Level 2 internal appeals as referenced above, the Plan Participant may appeal the processor's determination to the External Appeal Process of the Third Party Administrator.

Effective July 1, 2012 as required by PPACA, the external review process was implemented for adverse benefit determinations concerning medical necessity, appropriateness, health care setting, level of care, rescission of coverage or effectiveness of a covered benefit.

Therefore, for services obtained on or after July 1, 2012, if a Plan Participant is dissatisfied with the results of the carrier appeal process, he/she may pursue an External Appeal with the TPA's Independent Review Organization. To do so, the Plan Participant must send a written request to the Carrier/TPA within four (4) months from receipt of the carrier's final adverse benefit determination.

- D. The Plan Participant may appeal an adverse determination (not relating to medical judgment as defined in italics in Section II C above) by the TPA concerning a claim to the Fund Commissioners by forwarding a copy of the determination letter issued by the TPA to the Executive Director. The Executive Director shall schedule a meeting of the Fund Claim Appeals Committee. Prior to distribution of any writing concerning the appeal, all reference to the Plan Participant or the Local Unit Employer shall be stricken. The Plan Participant may attend the closed session and/or may be represented at the meeting, provided that the Plan Participant has executed a Waiver of Confidentiality Form provided by the Fund in advance of the meeting designating the representative who shall also execute a Confidentiality Agreement. The Committee shall render its decision (or deferral pending receipt of additional information) upon conclusion of the deliberations, and confirm the determination in writing with the reasons therefore within five (5) days thereafter. An appeal involving a claim of Two Thousand Dollars (\$2,000) or less may be determined by the Fund Administrator without the necessity of calling a meeting of the Fund Appeals Committee
- E. If the Plan Participant is dissatisfied with the determination of the Appeals Hearing Committee or Fund Administrator, as applicable, the Plan Participant may exercise any remedies provided by law. In the event that such remedies include an independent external review (other than an Independent Review Organization appeal as mandated by the terms of the Patient Protection and Affordable Care Act), the Plan Participant and the Fund shall each be responsible for any and all of their own costs and legal fees incurred in connection with such review.
- F. A participant in a fully insured plan will be subject to the Claim Appeal procedures under the fully insured Plan.

ARTICLE XIV

HANDLING COMPLAINTS OTHER THAN CLAIMS

14.01 The Fund will acknowledge complaints submitted in writing to the Administrator, who shall then communicate the complaint to the Joint Insurance Fund Commissioners at the next regularly scheduled meeting.

14.02 The Joint Insurance Fund Commissioners in considering a complaint shall, by recorded vote, take the action as they deem appropriate and direct the Administrator to so notify complainant and the Joint Insurance Fund Commissioner from complainant's Local Unit if the Local Unit is a participant in the Fund.

14.03 The Administrator shall record all complaints as well as their resolutions.

ARTICLE XV

OTHER CONDITIONS

15.01 Notice of Claim or Suit. If claim is made or formal petition or a suit or other proceeding relating to the Fund is brought against the participating Local Unit, the participating Local Unit shall immediately forward to the Fund every related demand, notice, summons or other process received by the Local Unit. Notice shall be provided to the Administrator at the address provided by the Administrator for receipt of such notices.

15.02 Assistance and Cooperation of the Participating Local Unit. The participating Local Unit shall cooperate with the Fund and, upon the Fund's request, authorized representatives of the participating Local Unit shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings.

15.03 Action Against Fund. No action shall lie against the Fund, or a Trust Account thereto, unless, as a condition precedent thereto, the participating Local Unit shall have fully complied with all the terms of these Bylaws, and not until the amount of the participating Local Unit's obligation to pay shall have been finally determined either by judgment against the participating Local Unit after actual trial or by written agreement of the participating Local Unit, the claimant and the Fund. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under these Bylaws to the extent of the protection provided by these Bylaws. Nothing contained in these Bylaws shall give any person or organization or their legal representative any right to join the Fund as a codefendant in any action against the participating Local Unit to determine the participating Local Unit's liability.

15.04 Subrogation and Reimbursement.

A. Whenever any party has caused or contributed to claims paid from the Fund, the Fund shall have an absolute right to recover benefits paid. Recovery rights apply with respect to

coverage from any other source, including, but not limited to, any compensation fund, uninsured motorist coverage, underinsured motorist coverage, medical payments coverage, personal umbrella coverage, workers compensation coverage, no-fault automobile insurance coverage, or first party insurance coverage. Recovery rights also apply with respect to any third party responsible, in whole or in part, directly or indirectly, for claims paid from the Fund.

B. The Fund may substitute for any Plan Participant and/or Local Unit and assume the right to recover from any party who is actually, possibly, or potentially responsible for paying claims otherwise payable from the Fund. The Fund may recover and be reimbursed for all amounts that are paid to a Plan Participant and/or Local Unit or made on its behalf from any source. The Fund may offset future benefits by the amount of other payments, to the extent not already recovered. The Fund has the right to initiate a lawsuit or other proceeding or to intervene in a proceeding to exercise or preserve its rights.

C. The Fund's subrogation and reimbursement rights apply to all settlements, judgments, actions and amounts regardless of whether a party admits liability, how any amounts that are or may become payable or characterized, the source or form of payment, or the legal expenses that are or may be incurred in obtaining such payments. Plan Participants and/or Local Units must agree that if payment is received from any party, it will serve as constructive trustee over the funds that constitute payment. Plan Participants and/or Local Units also accept that the Fund has an equitable lien against and first priority to any amounts recovered from any party.

D. Plan Participants and Local Units must fully cooperate with the Fund with respect to its efforts to recover amounts paid and shall do nothing to prejudice such rights. The Local Unit and/or Plan Participant must execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

15.05 Conformance with Statute. In the event any portion of these Bylaws conflicts with any appropriate statute or administrative regulation covering joint insurance funds, the provision of any such statute or regulation shall control to the extent it conflicts.

THUS DONE, READ AND PASSED in my office in the State of New Jersey, in the presence of the undersigned competent witnesses, who have hereunto signed their names with the parties, and me said Notary, the day, the month and year and first above written.

MIDDLESEX COUNTY JOINT HEALTH INSURANCE FUND

By: _____
Administrator

Notary Public

EXHIBIT A

Participating Local Units of Government

The participating Local Units as of January 1, 2011 are as follows:

Middlesex County Administration

Middlesex County College

Middlesex County Improvement Authority

Middlesex County Mosquito Commission

Middlesex County Board of Social Services

Middlesex County Utilities Authority

Roosevelt Care Center

APPENDIX A

SAMPLE RESOLUTION

WHEREAS, the _____ (hereinafter “Local Unit”) has studied the feasibility of joining the Middlesex County Joint Health Insurance Fund, (hereafter the “Fund”) existing pursuant to Chapter 372, Laws of 1983 (N.J.S.A. 40A:10-36 et seq.); and

WHEREAS, the governing body of _____ has determined that membership in the Fund is in the best interest of the Local Unit.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. The Local Unit hereby agrees to become a member of the Fund for a period commencing on the date approval is obtained for the Local Unit’s participation in the Fund from the Commissioners of the Department of Banking and Insurance and the Department of Community Affairs, or the date in which the Local Unit is able to effectuate a cancellation of its current coverages, whichever is later, and terminating at 12:00 PM on last day of the Fund’s third fiscal year in operation for the purpose of establishing the following indicated insurance coverage;

(Check All that Apply)

- A. Medical Coverage pursuant to N.J.S.A. 17B:17-4
- B. Prescription Drug Coverage pursuant to N.J.S.A. 17B:17-4

After the expiration of the initial period of membership, participation may be canceled or extended in accordance with the Bylaws of the Fund.

SECTION 2. For the purposes of contribution of sums into the Fund to be designated for administrative costs and claims, the Local Unit hereby agrees to obtain the types of coverage from the Fund as are set forth in Section 1 of this Resolution and execute the Indemnity and Trust Agreement approved by the Department of Banking and Insurance.

SECTION 3. The _____ are hereby authorized and directed to execute a written agreement signifying application for membership in the Fund and are to execute such other agreements, including but not limited to the Indemnity and Trust Agreement, in order to implement membership by this Local Unit in the Fund according to its terms, and participate in the applications to the Department of Banking and Insurance and Department of Community Affairs for approval of the Local Unit’s participation in the Fund.

SECTION 4. The _____ certifies that the Local Unit has never defaulted on claims under a self-insured plan and that it has not had its insurance canceled for nonpayment of premium for a period of at least two (2) years prior to this application.

SECTION 5. Inconsistent Resolutions. All resolutions or parts thereof inconsistent with provisions of this Resolution are hereby repealed as to such inconsistency.

SECTION 6. Severability. If any section, paragraph, subdivision, clause or provision of this Resolution shall be adjudged invalid, such adjudication shall apply only to the section, paragraph, subdivision, clause or provision so adjudged and the remainder of this Resolution shall be deemed valid and effective.

SECTION 7. Effective Date. This resolution shall take effect upon its passage.

Recorded Vote of Governing Body:

Roll Call: AYES:

 NAYS:

Adopted:

CERTIFICATION

I, do hereby certify that the attached is a true copy of a resolution adopted by the
_____ at its regular meeting held on

_____ DATED:

APPENDIX B

SAMPLE

INDEMNITY AND TRUST AGREEMENT

AGREEMENT made this _____ day of _____, _____, between the Middlesex County Joint Health Insurance Fund, (hereinafter referred to as the “Fund”), with an address c/o Middlesex County Joint Health Insurance Fund, County Administration Building, John F. Kennedy Square, 75 Bayard Street, New Brunswick, NJ 08901 and the _____, hereinafter referred to as “Local Unit”, located at _____

WHEREAS, _____ has adopted a Resolution dated, _____ resolving to become a participating Local Unit in the Fund subject to the Bylaws, as approved by the Commissioner of the Department of Banking and Insurance and the Commissioner of the Department of Community Affairs of the State of New Jersey; and

WHEREAS, N.J.S.A.40A:10-36 et seq. and the regulations implemented thereunder in N.J.A.C. require a written agreement between the individual participating Local Units and the Fund.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties, they agree as follows:

1. Local Unit agrees to participate as a member of the Fund and contribute such sums and pay such assessments into the Fund that are required for the administrative costs and claims for the coverages indicated below;

(Check All that Apply)

- A. Medical Coverage pursuant to N.J.S.A. 17B:17-4
- B. Life Insurance Coverage pursuant to N.J.S.A. 17B:17-3

2. The Local Unit affirms that it has never defaulted on claims under any self-insured plan and that it has not had its insurance cancelled from non-payment of premium in the preceding two (2) years.

3. Local Unit hereby accepts the Bylaws of the Fund, as approved by the Commissioner of the Department of Banking and Insurance and the Commissioner of the Department of Community Affairs of the State of New Jersey and agrees to be bound by same.

4. Local Unit agrees to participate in the Fund to the extent designated in Paragraph 1 above for an initial period from _____ or upon approval to commence operations by the Commissioner of Insurance, whichever is later, for a period of three years.

5. The Fund agrees to operate the insurance pool established by the parties, and administer all monies contributed to the Fund in compliance with the provisions of the Local

Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.), the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.), the enabling legislation authorizing the Fund, (N.J.S.A. 40A:10-36 et seq.), the Bylaws of the Fund, and such other rules and regulations as govern the custody, investment and expenditures of public funds by Local Units. In furtherance thereof, the Fund agrees to employ an individual duly certified as a Municipal Finance Officer to administer the funds of the Fund.

6. Local Unit agrees to be jointly and severally liable for the assumption and discharge of the liabilities of each and every other member of the Fund, but only to the extent of its participation in the type of coverage specifically designated in Paragraph 1 above.

7. To further the intent and purposes of Paragraph 5 above, the Fund agrees that all assessment payments made by Local Unit shall be held in trust for the benefit of Local Unit. Separate trust accounts must be established by the Fund pursuant to N.J.A.C. 11:15-3.13. The monies from the Fund shall be disbursed solely for the payment of claims, allocated claim expenses and excess insurance or reinsurance premiums for the coverage category which Local Unit has agreed to participate in pursuant to Paragraph 1 above. The amounts on deposit in one trust account for a specific type of coverage may not be expended, assessed or attached for use by the Fund for that Local Unit or any other Local Unit's obligations or liabilities for any other type of coverage it may be participating in the Fund.

8. Local Unit acknowledges that upon payment of its assessment into the trust account, it shall not have any further right to those amounts except as deemed surplus and returnable by the Fund in accordance with the Fund's Bylaws and regulations or in the event of termination of the Fund and then only to the extent authorized by its Bylaws and regulations of the Fund and the laws and regulations of the State of New Jersey.

9. Local Unit agrees that if it fails to promptly pay any such assessment charged to it or to comply with the Bylaws and regulations of the Fund, that it shall indemnify the Fund, its officers, Commissioners and agencies for any loss or damage resulting from such failure.

10. This agreement shall be governed by the laws of the State of New Jersey.

Recorded vote of governing body:

Roll Call: AYES:

NAYS:

IN WITNESS WHEREOF, the parties have executed this Indemnity and Trust Agreement.

ATTEST:

By: _____

ATTEST:

By: _____
