

2020 POLICY YEAR CLOSEOUT RESULTS IN NET LOSS

In July 2009, the Commissioner of the NJ Department of Banking and Insurance approved revisions to the Plan of Operation. A key revision requires the Association to formally close policy years and complete a final accounting for each policy year closed. The Plan of Operation allows the Board of Directors to distribute net gains or assess for deficits. Any assessments or distributions shall be apportioned among the member companies using each member company's apportionment share for the policy year being closed. Assessments or distribution of net gains for a closed policy year will be considered by the Board only after careful review of the Association's future cash flows, claims-paying ability, anticipated investment results and other balance sheet considerations that may affect the operating needs of the Association.

At the Board of Directors meeting held on Thursday, August 31, 2023, the Board unanimously approved the closing of policy year 2020.

Pursuant to the revised Plan of Operation, policy year 2020 is the thirteenth year we began closing a policy year 42 months after each of the beginning of the policy years. The 2020 policy year closeout resulted in a net loss of \$749,114. After careful consideration of all matters, the Board voted unanimously to defer assessing member companies for the net loss.

Please note when recording your apportionment of the above amount into your books and records, you should use your company's 2020 participation ratio to calculate your share of the Association's 2020 policy year net loss of \$749,114.