

2013 POLICY YEAR CLOSEOUT RESULTS IN NET GAIN

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 a meeting held on Thursday, July 21, 2016, the Board of Directors approved the closing of policy year 2013. After closing 2008, 2009, 2010, 2011, 2012 and 2013, it is the sixth policy year to be closed under the revised Plan of Operation. The 2013 policy year closeout resulted in a net gain of \$1,981,367. After careful consideration of all matters, the Board voted unanimously to retain the net gain for policy year 2013.

Please note when recording your apportionment of the above amount into your books and records, you should use your company's 2013 participation ratio to calculate your share of the Association's 2013 policy year net gain of \$1,981,367.