

2022-05-02

**A RESOLUTION URGING THE NEW JERSEY LEGISLATURE TO
AMEND THE BUDGET CAP LAW TO APPROPRIATE FUNDS FOR
INCREASING INSURANCE COSTS**

WHEREAS, pursuant to N.J.S.A. 40A:4-45, et al, a municipality is required to limit any increase in its budget to 2 1/2% or the cost-of-living adjustment, whatever is less, over the prior year's final appropriations subject to certain exceptions; and

WHEREAS, all local public entities, including participating fire districts in the Municipal Excess Liability Joint Insurance Fund (MEL), has incurred an estimated \$50 million in COVID related worker's compensation claims and it is anticipated that these costs will continue to increase as a result of long-term COVID cases; and

WHEREAS, a 2021 New Jersey Department of Labor decision regarding worker's compensation funding has generated increased costs to the members of the MEL by over 10% in order to cover claims that were previously funded by the State pension system; and

WHEREAS, a recent amendment to the sexual molestation statute of limitations will increase total liability costs for members of the MEL system by an estimated amount of 6% in 2023; and

WHEREAS, the frequency of weather-related catastrophic claims and corresponding impacts are anticipated to increase property insurance costs by over 10% per year; and

WHEREAS, cyber liability events throughout the country have resulted in twice the amount of premium costs in 2022 and such costs are expected to accelerate at a pace far greater than the rate of inflation; and

WHEREAS, these increasing costs, regulations, policy decisions and environmental impacts are occurring when many other items and costs in municipal budgets are also increasing at a greater rate than 2 1/2%; and

NOW THEREFORE BE IT RESOLVED by the Governing Body of the Board of Fire Commissioners of Township of Ocean Fire District #1 that N.J.S.A. 40A:4-45 be amended to provide that appropriations in the first three years after the effective date of (this amendment) for liability insurance, worker's compensation insurance, cyber insurance, and property insurance be exempt from the Budget CAP and the Levy CAP Law 40A:4-45.44 through 45.47 treating these costs as a waiver of extraordinary costs for amounts above the 2.5% allowable increase.

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to the New Jersey Legislative representative for the Board of Fire Commissioners of Township of Ocean Fire District #1

Moved by: Williams

Seconded by: Newman

Roll Call Vote:

Ayes: 4

Nays:

Absent: 1

Abstain:

Certified to be a true copy of a Resolution adopted by the Board of Fire Commissioners of Fire District No. 1 Ocean Township on the 9th day of May 2022

Craig Flannigan,

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Fire District Administrator