

Memorandum

MEL Underwriting Manager Team

CONNER
STRONG &
BUCKELEW

This will serve as notification from the Underwriting Manager to all MEL members and Risk Management Consultants of coverage changes to anticipate for the 2026 renewal.

- ✓ **Workers' Compensation** – The MEL, like most other JIFs and insurers, has an Intentional Injury Exclusion in the Employers' Liability section of its Workers' Compensation policy. After review of some recent court decisions, the MEL is updating its exclusion language to the current version approved by the court and NJ DOBI. While language and potential claims outcomes have changed, the intent remains the same.
- ✓ **Crime** – The MEL, and the country, has seen a large trend of banking related cyber claims, such as social engineering, wire transfer fraud, computer fraud, etc. The Cyber JIF has previously addressed this area of claims, requiring a certain level of security controls be in place in order to achieve a lower deductible. Since these types of claims fall first in the JIFs' and MEL's Crime policies, the MEL is going to impose the same security controls on the JIF and MEL Crime policies to achieve a lower deductible. The coverage requirement will be as follows:

If the member has not implemented the JCMI Banking Best Practices and has not used such practices during the event which led to the loss, the member will be subject to its normal Crime Policy deductible plus 20% coinsurance of the first \$500,000 of loss.

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✓ **Public Officials Liability –**

- ✓ Property Related Claims: The MEL has seen increasing trends of claims for vacant properties, land use and administrative code-based licensing for properties.

The vacant property claims are centered on municipalities allegedly charging inappropriate fees for vacant properties. These claims are largely indefensible and come at significant cost, especially since most are class action claims.

Alongside the vacant property claims, we are seeing a trend of litigation from property owners against the towns for enforcement of the terms of licenses issued to them by the municipalities.

“Land Use Claims” are already well-defined and experienced in the program, but we are seeing an ever-increasing trend here.

The MEL’s insurer is anticipating adding a sublimit for such vacant property claims and administrative code licensing claims of \$150,000 or less. In addition, the MEL and its insurer are contemplating reducing the total Land Use Claims coverage from \$1,000,000 to \$150,000.

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