

## ***2008 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 July 21, 2011, the Board of Directors approved the closing of policy year 2008 as the first year under the revised Plan of Operation. The policy year closeout resulted in a net gain of \$1,245,164. After careful consideration of all matters, the Board expects there will be future losses and voted unanimously to not distribute the net gain. If in subsequent years there is a net loss, that member company's share of the net loss will offset any undistributed net gain that was allocated to the member company.

When recording our results into your books and records, please use your company's 2008 participation ratio to calculate your share of the Association's net gain.