

The LGIT News

Addressing the Needs of LGIT Members

Summer 2012

Board Votes to Continue Credit Program

I am pleased to report that your Board of Trustees has voted to continue all premium credit programs for Fund Year 2013. This decision was based on information provided by staff and the consulting actuary. Specifically, the Board authorized the continuation of the \$1 million Longevity Credit, the Loss Control Credit, as well as the Rate Stabilization Credit.

Additionally, the Board voted to continue offering \$1 million in excess liability coverage at no charge for members of the Primary Liability pool and to provide Equipment Breakdown coverage at no charge for members of the Property pool.

Most of these credit programs which began in Fund Year 2009 have been extremely successful. In fact, since 2009 (including FY 2013), the Board has provided premium credits of approximately \$15 million, which is the total premium amount the Trust takes in each year. Therefore, members that have been with the Trust since 2009 have received the equivalent of a year of free coverage.

We are always looking for ways to better serve you. Thank you for being one of our 176 members.

Tim Ailsworth
Executive Director

LGIT Conducts FY 2013 Regional Policy Year Workshops

In March LGIT conducted five 2013 policy year renewal workshops across the state. We thank all of our local government members that hosted these meetings. Meeting locations included La Plata, Cambridge, and Aberdeen. Meetings also were held in LaVale and at LGIT. All of these meetings had great turnouts, with more than 105 people attending.

LGIT staff shared important information, including insurance rates for FY 2013, member credits, changes to scopes of coverage, and completion of applications and other programs/services. In addition, representatives from Benecon provided an update on the Maryland Local Government Health Cooperative and Kevin Karpinski, Esq. of Karpinski, Colaresi and Karp, P.A., spoke on changes and updates to the FLSA, FLMA, and ADA. He provided case study examples dealing with these regulations and how to avoid employment related problems.

These Policy Year workshops are offered every spring across the state and help our members with the annual renewal process. If you were not able to attend this year, please plan to attend next year. You will be glad you did.

Larry Bohlen
Manager, Member Services & Education



LGIT Sponsors MML's Orientation for Municipal Officials' Meetings

LGIT is excited to be sponsoring the Maryland Municipal League's 2012 Orientation for Municipal Officials meetings, which are currently being held around the state. LGIT Executive Director Tim Ailsworth is always looking for opportunities to speak

with municipal officials, and after a conversation with MML's Executive Director Scott Hancock, he decided that these meetings would be the perfect forum.

Ailsworth recently commented that "newly elected municipal officials often times have no idea that local governments have insurance ... and even fewer are aware that LGIT even exists." Thus, he said, "sponsoring these

meetings throughout the state gets our name in front of the newly elected officials and allows us the opportunity to explain what LGIT is all about." He added: the "benefits far outweigh the cost of sponsorship, because over the course of the last few months, I have had the opportunity to meet a lot of interesting people from across the state who have expressed the problems that are being faced by their communities."

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Please direct questions, suggestions and comments regarding LGIT NEWS by email to editor@lgit.org or by mail to LGIT News, 7225 Parkway Drive, Hanover, MD 21076

Risk Management Committee Awards Training Grants

At its April 24 meeting, the LGIT Risk Management Committee approved the following Training Grants:

Cecil County for Smith System Driver Training Safety Program

Charles County Sheriff's Department for Leadership Training Program

Town of Elkton for Jet Vac/Sewer Truck Safety and Operations Training

Town of Williamsport for AED/CPR Training

City of Annapolis to send personnel to attend the 2012 Annual PRIMA Conference

Carroll County for Principles of Occupational Safety and Health (POSH) training for personnel

City of Hyattsville for law enforcement Early Warning Systems training – "Managing Police Misconduct for Supervisors"

The total amount awarded for the Spring grant cycle is \$20,867.

The total Training Grant awards for fiscal year 2012 is \$63,419.

Congratulations to all this year's Training Grant recipients.

We want to encourage all LGIT members to take advantage of the Training Grant Program. Additional information, including grant criteria and applications, can be found on the LGIT web site at www.lgit.org.



On Tuesday, May 22, the Charles County Commissioners were pleased to have Tim Ailsworth, executive director for Local Government Insurance Trust (LGIT), award the Charles County Sheriff's Department a grant for \$1,960. This grant will be used for a leadership training program.

LGIT Congratulates

Congratulations go to the following LGIT members for their loss control and safety efforts:

Town of Middletown – For its quick response to all Loss Control recommendations related to the most recent Hazard Evaluation review.

Town of Bel Air – For hosting a regional Defensive Driving Class, with excellent attendance by the town's Police and Public Works departments.

Caroline County Humane Society – For responding to all Loss Control recommendations from its most recent Hazard Evaluation review.

From the Boardroom

The following Summary of Scope Changes was approved at the LGIT Board of Trustees meeting on May 23, 2012. Most of the changes expand coverage to accommodate requests from our membership, while a few of the changes limit coverage to protect the Trust's assets. All changes have been thoroughly reviewed and discussed by the LGIT staff, Underwriting Committee, Executive Committee, and the LGIT Board of Trustees. Your actual renewal coverages will follow shortly with these new changes. Please contact your assigned underwriter with any questions regarding these scope changes.

- Approved the Underwriting Committee's recommendation to broaden property and liability coverages for watercraft.
- Approved the Underwriting Committee's recommendation to delete dams, levees, and dikes from unscheduled property.
- Approved the Underwriting Committee's recommendation for secondary employment and off-duty endorsement as a standard coverage.
- Approved the Underwriting Committee's recommendation to reduce the limit to \$25,000 per claim and \$250,000 per occurrence for No Fault Sewer Backup Endorsement.

From the Courtroom

Izetta McKenzie v. Robert Dixon Circuit Court for Garrett County

Vehicle liability lawsuit arising from a bus accident. Robert Dixon, a bus driver for the Garrett County Community Action Committee, was driving elderly and disabled passengers to various appointments. It had been a very foggy morning but the fog was beginning to clear. As the bus traveled southbound on Route 219, a tractor trailer pulled out from a side road directly into the bus's path. The bus driver applied the brakes and swerved to avoid a collision. He managed to do so by just a few feet. Due to the suddenness of

the braking and swerve, the bus passengers were thrown forward. Plaintiff claimed she was injured when she struck the restraining bar in front of her seat. She also claimed the bus was speeding at the time of the incident. At trial, LGIT's assigned defense counsel, Christine Altemus, called the bus driver and another passenger to the stand. They testified that the bus was not speeding and was being operated at a speed reasonable under the road conditions. The case was submitted to the jury and a verdict was returned in favor of our member after only ten minutes of deliberation. Another job well done by Ms. Altemus.

From the Employment Law Hotline **(800.845.8055)**

The Hotline is a component of the HR Compliance Portal and is a service available to Liability Program members. It provides up to 30 minutes of free legal advice on employment matters. This member service is provided by LGIT, with the professional assistance of Karpinski, Colaresi and Karp, P. A. We have selected for publication one inquiry of interest that was posed through the Hotline.

Question: Are there any federal or state requirements for providing benefits to a part-time employee after a certain number of hours worked? In other words, what is the threshold for a part-time employee being entitled to benefits?

Answer: To the best of our knowledge, there is no threshold or requirement under federal or state law generally, and the local government should look to its charter, personnel ordinance, and/or personnel manual for any guidance that might exist on this topic.

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Loss Control & Underwriting

Equipment Breakdown: Prevention and Coverage

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It is a particularly harsh cold spell in the middle of January. Or, imagine it is a winter day last year! The last bell rings at the elementary school on Friday afternoon. A little while later, the last student, teacher, and custodian have left for the long Martin Luther King Jr./Civil Rights Day weekend. The custodian is driving by the school on Sunday night and decides to check up on things. As he approaches the entrance door, he notices the door's glass is covered with frost—and it appears to be on the inside of the door. He carefully opens the door and immediately steps into two inches of water. There is water streaming out of the sprinkler heads from the ceiling. He has a feeling that he should proceed toward the boiler room, where he will find the cause of this mess. It turns out that his premonition is correct: the boiler has failed and shut down. He doesn't know the cause of the failure yet but his thoughts turn to "who is going to repair the boiler and help with cleaning up the mess—and who is going to pay for it?"

Equipment Breakdown Coverage

This is something the average municipal or school official probably doesn't give much thought to during the course of a day, or, for that matter, week, month, year, or likely ever. If you have thought about it, the first thing that may come to mind is the important jurisdictional boiler inspections performed by the insurance companies. Those are certainly a critical component of the coverage, but there is a wider umbrella of school and municipal risks that are covered by Equipment Breakdown Coverage, previously called Boiler and Machinery Coverage.

Beginning this year, a LGIT member that purchases property coverage is automatically covered by a separate Equipment Breakdown Policy. The policy is meant to complement the property coverage members currently enjoy. However, it covers much more than boilers and production machinery. The coverage is intended to insure any equipment a member owns that transmits, distributes, or uses mechanical or electrical energy. Without it, public entities may not be protected against property and business losses associated with explosions, mechanical failures, or electrical arcing breakdowns.

The origins of steam boiler and machinery coverage date back to the second half of the 19th century, when the mechanization of everything from transportation to manufacturing created a need to protect the mostly steam-powered machinery and equipment that were making these new systems possible. It is estimated that boiler explosions in the U.S. occurred every four days during this time period. The coverage was developed as an add-on to the safety inspections work that followed a number of tragic boiler explosions. The coverage has evolved tremendously to cover all kinds of risks that a typical property policy likely excludes.

There are five different types of covered property risks that the Equipment Breakdown Coverage is meant to cover. These include boiler and pressure vessels, air conditioning and refrigeration equipment, business and computer equipment (such as computers, fax machines, copiers, telephone systems, etc.), electrical equipment and mechanical equipment. The comprehensive coverage is extended to provide specific protection for nearly every conceivable equipment breakdown scenario. A short summary of the coverage provided includes the property damage to the covered property; business income loss as a result of a breakdown; extra expense for additional operating costs; food spoilage; electronic data or media that are damaged or lost; and additional damage, loss of income or additional expenses due to fungus, wet or dry rot and hazardous substances.

Regular Inspection is the Key to Prevention

Jurisdictional inspections definitely provide a strong measure of loss prevention to help avoid catastrophic events and are required under Maryland Law. Equipment Breakdown insurers who perform the inspections must be certified by the state to perform the inspections.

Equipment Breakdown Coverage is something you may not give a second thought. Just remember it covers a lot more than boilers and you will certainly be glad your entity has it, if and when a loss occurs.

If you have questions regarding this coverage, please contact your LGIT underwriter.



LGIT Scopes of Coverage Summary of Changes (Effective July 1, 2012)

The following Summary of Scope Changes was approved at the LGIT Board of Trustees meeting on May 23, 2012. Most of the changes expand coverage to accommodate requests from our membership, while a few limit coverage to protect the Trust's assets. All changes have been thoroughly reviewed and discussed by the LGIT staff, Underwriting Committee, Executive Committee and the LGIT Board of Trustees. Your actual renewal coverages will follow shortly with these new changes. Please contact your assigned underwriter with any questions regarding these scope changes.

Primary Liability Program

- **Watercraft Exclusion (pp. 1-10)**

Bodily Injury or Property Damage arising out of the ownership, maintenance, use or entrustment to others of any Watercraft, owned or operated by or rented or loaned to Member is excluded from coverage unless the Watercraft is 26 feet long or less (or, in the case of Watercraft used for public safety purposes, 35 feet long or less).

- **Law Enforcement Activities Definition (pp. 1-18 and 4-29)**

Law Enforcement Activities include conduct of a police officer of member of a sheriff's office while off duty arising out of secondary employment or paid police details if pre-approved by the police department or sheriff's office.

- **Sewer-Related Discharge Endorsement (p. A-8)**

The Trust will pay no more than \$25,000 per claimant and \$250,000 per Occurrence for Property Damage caused by or attributable to a sewer-related Discharge without regard to fault.

- **Personal Injury Protection Endorsement (p. A-18)**

The Trust will pay personal injury protection ("PIP") benefits only for medical and hospital expenses. Benefits will be paid directly to the service provider upon certification that no other third-party payor (including Medicare or Medicaid) has been billed, or has paid, for the services. PIP benefits will not be paid directly to the claimant or the claimant's representative. The Trust will not pay PIP benefits for a passenger or guest on a bus owned, maintained, or used by a Member.

- **Secondary Employment Endorsement (p. A-28)**

This Endorsement has been eliminated. Secondary employment and paid police details are covered Law Enforcement Activities under the Primary Liability Program.

Property Program

- **Unscheduled Property Coverage (p. 2)**

The Trust will not cover dams, levees, or dikes as unscheduled Property.

- **Employees and Volunteers Personal Property Coverage (p. 6)**

Employees and Volunteers Personal Property Coverage is subject to a limit of \$1,000 per Occurrence unless a higher limit is selected.

- **Flood Cause of Loss (p. 20)**

Coverage for loss or damage caused by or resulting from Flood is provided for each scheduled Covered Location in Hazard Zone A, subject to the Limits of Coverage specified on the Declarations and a \$25,000 Deductible for each scheduled Covered Location.

- **Covered Location Definition (p. 34)**

Covered Location means premises where Buildings or land are occupied or owned by the Member with the same legal address.

- **Covered Property Definition (p. 34)**

Covered Property does not include Watercraft valued at over \$250 each unless scheduled and 26 feet long or less (or, in the case of Watercraft used for public safety purposes, 35 feet long or less).

- **Flood Definition (p. 36)**

Flood may result from overflow of inland or tidal waters, waves, or storm surge, whether driven by wind or not.

- **Outdoor Fixture Definition (p. 40)**

Outdoor Fixture means a freestanding structure that is attached to land that is regarded as an irremovable part of the land such as but not limited to fences, signs, flagpoles, bleachers, playground equipment, scoreboards, fountains, electric poles, traffic equipment, statues, and monuments.

LGIT Calendar

MML Annual Convention

June 24 - June 27 @ Ocean City Convention Center

Flagger Training

June 27, 8:30 AM @ Ocean City

Regional Defensive Driving Course

June TBA @ Takoma Park

Office Closed - Independence Day

July 4, All Day

EVOC - Emergency Vehicle Operations Course

August 6, 7:30 AM - August 7, 4:00 PM @ DRIVER TRAINING FACILITY

Supervising with Confidence

July/August TBA @ Carroll County

Flagger Training

July/August TBA @ Worcester County

Regional Defensive Driving Course

July/August TBA @ Carroll County

Regional Defensive Driving Course

July/August TBA @ Town of Snow Hill/Worcester County

General Information — 800-673-8231 or 443-561-1700

Online Registration — <http://www.lgit.org>

(click the Registration button under the LGIT logo)

FAX Registration — Attn: Michelle Yannone, 443-561-1701

For up-to-date calendar information, go to www.lgit.org and click on Upcoming Events

Save the Date
for the 25th Annual Meeting
of the Local Government Insurance Trust
November 1, 2012
Navy/Marine Stadium
Annapolis Md

Maryland Local Government Health Cooperative

Learn about a new alternative for health insurance coverage available only to Maryland local governments.

Go to www.lgit.org and click Health Coop on the home page



Join the growing number of Maryland Local Governments that have discovered the best option for their health insurance needs.

Current Cooperative Members

- City of Aberdeen
- City of Brunswick
- Town of Chesapeake Beach
- City of College Park
- City of Gaithersburg
- Kent County
- Local Government Insurance Trust
- Maryland Municipal League
- Town of Middletown
- City of New Carrollton
- Town of Port Deposit
- City of Westminster

Key Program Advantages

- You can choose your own plan design.
- Your costs will be the same every month.
- Modified Self-funding without the risk = opportunity to receive money back

More Information

For more information or to get a quote, contact Michele Keplinger, Member Services Associate at **800-673-8231**.



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