

The LGIT News

Addressing the Needs of LGIT Members

Spring 2013

Tim's Corner

Health Coop Members Get Back More Than Six Hundred Forty Five Thousand Dollars of Unused Claim Funds

At its January meeting, the LGIT Board of Trustees voted to return more than \$645,000 to five members of the Maryland Local Government Health Cooperative. Those members receiving the most money are Kent County (\$375,500) and the City of Westminster (\$198,000). The other three members receiving money back are the Town of Middletown (\$14,289), the Maryland Municipal League (\$51,000) and LGIT (\$7,275).

As most of you know, the Maryland Local Government Health Cooperative was formed on July 1, 2010, in partnership with Cigna Healthcare and Benecon (an employee benefits firm). Benecon provides actuarial, marketing and administrative services for the Health Cooperative, and Cigna provides our provider network and claims administration services. Almost three years since its inception, the Health Cooperative now provides health coverage to approximately 1,250 of Maryland's local government employees representing thirteen entities.

The most significant feature of the Health Cooperative is that it enables local governments to "get back" its unused claims funds. For

further information about the Health Cooperative, please contact Michele Keplinger or Marsha Carpenter at 443.561.1700 or at www.lgit.org.

Tim Ailsworth
LGIT Executive Director



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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

From the Boardroom

The Board of Trustees met on January 28, 2013, and took the following actions:

- Approved the recommendation of the Underwriting Committee to delete the loss control requirements from the Sewer Related Discharge Exclusion Exemption Endorsement and to keep the requirements in the loss control manual.
- Approved the recommendation of the Underwriting Committee to add limited property coverage only for Unmanned Aerial Vehicles (Drones).

From the Courtroom

Nothing seems to create more ire in Maryland drivers than the unpopular use of speed cameras. We have all heard reports that some angry Marylanders have even vandalized the cameras. In *Matthew C. Baker, et al v. Montgomery County, Maryland, et al*, 427 Md. 691 (2012), ten recipients of speed camera citations sought a less violent solution to their objections to speed camera citations issued to them in 2007 and 2008. In May of 2008 they sued Montgomery County, the City of Rockville, the City of Gaithersburg and Chevy Chase Village. These plaintiffs asserted in their lawsuit that the local governments' contracts with their common speed monitoring system contractor violated Md. Code Ann. Transportation Article §21-809(j), which prohibits a government from paying a contractor on a per citation basis when the contractor operates the system. LGIT defended the City of Gaithersburg and Chevy Chase Village in this very protracted litigation.

Transportation Article §21-809(j) prohibits "Montgomery County" from paying contractors who operate

- Approved the recommendation of the Underwriting Committee to delete the cooperation clause in the Primary Liability Scope since it conflicts with the Trust Agreement, provided that staff will work closely with the member to get "buy in" on decisions.
- Approved the recommendation of the Underwriting Committee to broaden flood peril to apply to all property when the option is purchased with the rating applying to all property rather than to only building and contents subject to reinsurer support with commensurate premium adjustment for the added values.

speed monitoring systems on a per-citation basis. However, in this case, the circuit court concluded that the local governments and not the contractors operated the speed monitoring systems and that the statute did not apply to municipalities within Montgomery County. Finally, the circuit court ruled that the statute does not create a private cause of action to support a tort claim, and that the plaintiffs, by paying the citations, had waived any ability to sue. The circuit court's rulings were affirmed by the Maryland Court of Special Appeals.

In August 2012, Maryland's highest court, the Court of Appeals, affirmed the decisions of the circuit court and the Court of Special Appeals. Although the Court of Appeals did not hold that plaintiffs had waived their right to sue by paying the citations, the court did hold that plaintiffs did not have a private cause of action even if there was a technical violation of the statute. As a result, the judgments in favor of all of the local governments were upheld.

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Honoring Our Charter Members

I have spent most of the winter presenting pewter bowls to our twenty-two charter members in celebration of the Trust's 25th Anniversary. Most of the current governing members of the charter members were not in office when the commercial insurance industry turned its back on Maryland's counties and municipalities. That is when the Maryland Municipal League and the Maryland Association of Counties stepped up to the plate and sponsored what we now know as the Local Government Insurance Trust (LGIT). Representatives from the two organizations traveled the state "selling" the concept of group self-insurance, which is how LGIT began with those 22 original members, which joined on July 1, 1987. Today, LGIT has grown to 179 members with total assets of more than fifty-two million dollars.

The bowls, which are made by Salisbury Pewter (in Salisbury, Maryland), commemorate the silver anniversary. A few of my presentations are pictured on the right.

Tim Ailsworth, LGIT Executive Director



Somerset County

St. Mary's County

Town of Chestertown



LGIT's Policy Year 2014 Regional Workshops

The FY 2014 renewal season is quickly approaching.

Accordingly, we ask our members: Are you getting the most out of your membership?

Please plan on attending one of LGIT's Policy Year Regional Workshops. The Workshops are offered regionally across the state throughout the months of March and April on the following dates:

March 19 – La Plata Town Hall

March 21 – Havre de Grace, City Hall

March 26 – Cambridge, Yacht Club

April 2 – Hanover, LGIT Office

April 4 – LaVale, Best Western

All Workshops run from 9 a.m. to 2 p.m. with lunch provided.

The LGIT Underwriting Department is currently updating and compiling important information concerning members' renewals.

This year, members will be able to complete their renewals quickly and accurately online via the Member Portal.

We strongly encourage all members to take full advantage of our member Regional Workshops, which are offered only once per year. These Workshops focus on beneficial changes to Scopes of Coverage, New Property and Liability Coverages, Credits, New Policy Year Rates and the Maryland Local Government Health Cooperative.

We will give an update of programs and services available to LGIT Members as well as special coverage of the Member Portal, which includes renewing online and using the new Claims portion of the Member Portal.

The LGIT Staff will be on hand to answer all policy and coverage questions you may have. Reserve your seat now! Visit www.lgit.org to register and download the brochure.

AN IMPORTANT REMINDER

Since members are compiling renewal information, this is an excellent time to review and revise vehicle and property schedules, including future FY14 property and auto acquisitions, completed capital projects, and counts for additional law enforcement officers and other employees.

Determining Flood Exposures

In recent years, we have seen claims arise from such storms as Isabel, Lee, Irene, and, more recently, Sandy. For example, during the past five years, we have had 46 flood coverage claims that have cost \$321,673.

The following information should assist members in determining flood exposures and in understanding the magnitude of this peril.

Digital Flood Insurance Rate Maps (DFIRMs)

You can obtain current DFIRM maps from the Federal Emergency Management Agency (FEMA) Map Service Center at www.msfc.fema.gov. This site allows you to search by your address.

The Flood Insurance Study (FIS) and DFIRM became effective on January 20, 2010. FEMA's Map Service Center is responsible for providing the DFIRM, FIS and database. Their website is: <http://msfc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1&userType=G>.

Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

High Risk Areas

A – These areas have a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.

AE – This is the base floodplain for which base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1-A30 Zones.

Moderate to Low Risk Areas

B and X – These are areas of moderate flood hazard, usually between the limits of the 100-year and 500-year floods. These areas are also used to designate base floodplains of lesser hazards, such as areas protected by levees from a 100-year flood, shallow flooding areas with average depths of less than one foot, or drainage areas of less than 1 square mile.

C and X – These are areas of minimal flood hazard usually depicted on FIRMs as above the 500-year flood level.

High Risk – Coastal Areas

V – These are coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.

Undetermined Risk Areas

D – These are areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk.

FLOOD PERILS

Floods are the most devastating insurable peril in the United States. They are caused by melting snow overflowing rivers and tributaries and coastal areas.

Pre-Event Actions

- Building sites should be carefully evaluated for flood potential.
- Existing structures in flood zones should be analyzed for their ability to withstand normally expected events.
- Flood shields or barriers, use of temporary diking (or landscaping that incorporates diking features), shutters for building openings, and sandbagging (plan the sandbagging layout before the flood situation arises) should be provided.

- Emergency supplies should be kept on hand; portable power equipment to maintain vital utility services should be available; and main electrical service equipment should be placed on upper floors of the building away from historical flood stage heights.
- Many floods indirectly cause fires that originate in electrical shorts, flammable liquids floating on top of water, and flammable gas escaping from broken piping. Therefore, other pre-event actions to be considered are:
 - No open flames or lights should be allowed near or in a flood exposed structure.
 - All flammable gas piping (whether utility or process services) where exposed to mechanical damage should be protected, and shutoffs or disconnects should be installed above normally expected flood stage heights and should be accessible.
 - Flood water should be prevented from entering buildings either by having no openings at lower levels or by covering those openings against water entry.

Post-Event Actions

- Personnel should be assigned to implement emergency action plans, such as installing barriers and operating pumps, repairing damage, and disconnecting utility services.
- As soon as possible, salvage should begin, and facility protection systems (i.e. sprinkler, fire alarm/detection systems and burglar alarms) and building systems should be restored.

Summary

Some members have their own flood maps, use FEMA maps or Environmental Research Systems Institute (ESRI) to determine and verify flood zones. LGIT uses a software program known as Floodsource. If members need assistance in determining flood exposures, they should contact their Loss Control person for assistance.

Many times, we are notified after a storm and damage has occurred that a specific location has sustained flood damage only to find out that the location was not reported as being in either flood zone A or B (see above). It is important that members encourage

department heads and or those who provide building and content information to ensure that property schedules include buildings, contents, and mobile equipment, etc. These schedules should be reviewed frequently and or when locations are added to ensure that they are listed and that the values are adequate.

LGIT Law Enforcement Body Camera Pilot Program tests new technology with four member agencies.

LGIT has purchased Veho Muvi micro body cameras for four member police departments with law enforcement liability coverage. These agencies were selected based on geographic location and number of personnel. Body cameras for officers are touted as the next technological wave in policing. The cameras can be worn by officers on their uniforms for hands-free recording. The devices can be voice-activated and record digital video and sound with a date and time stamp. They will be used to record stops and interviews to document officer interactions with the public. Cameras also will be used to supplement dash cameras, which document only interactions in front of the officer's vehicle.

The Veho Muvi camera was chosen because of the quality of its recordings and its ease of use. The camera measures two inches long by one inch wide and captures audio and video through an SDHC media card. The successful deployment of the cameras by LGIT's sister pool in Virginia helped LGIT to consider this program.

The police departments in the following cities have received the cameras:

- City of District Heights
- City of Havre de Grace
- City of Hyattsville
- City of Pocomoke City

Command personnel of the selected departments are very enthusiastic about the program and its potential benefits. A total of 70 cameras have been distributed to the four LGIT departments. LGIT has created a survey to assess the program, which will be distributed to the participating departments 90 days after the program begins. We will continue to monitor the program and will report member feedback and experience with the devices.

LGIT Calendar

Regional Defensive Driving Course

- Queen Anne's County

March 12, 8:30 AM - 3:30 PM @ Kramer Center

Underwriting Committee Meeting

March 13, 12:00 PM @ LGIT Office

Policy Year 2014 Regional Workshop

- Town of La Plata

March 19, 9:00 AM - 2:00 PM @ Town Hall

Lunch will be provided.

Policy Year 2014 Regional Workshop

- City of Havre de Grace

March 21, 9:00 AM - 2:00 PM @ City Hall

Lunch will be provided.

Policy Year 2014 Regional Workshop

- City of Cambridge

March 26, 9:00 AM - 2:00 PM @ Cambridge Yacht Club

Lunch will be provided.

Policy Year 2014 Regional Workshop

- Hanover

April 2, 9:00 AM - 2:00 PM @ LGIT Office

Lunch will be provided.

Policy Year 2014 Regional Workshop

- La Vale

April 4, 9:00 AM - 2:00 PM @ Braddock Best Western

Lunch will be provided.

Risk Management Committee Meeting

April 10, 12:00 PM @ LGIT Office

Regional Defensive Driving Courses - April TBA

Talbot County, Calvert County & St. Mary's County

Claims Committee Meeting

May 8, 10:00 AM @ LGIT Office

Miss Utility & Sewer Prevention Training - May TBA

General Information — 800.673.8231 or 443.561.1700

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

FAX Registration — Attn: Michelle Yannone, 443.561.1701

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

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

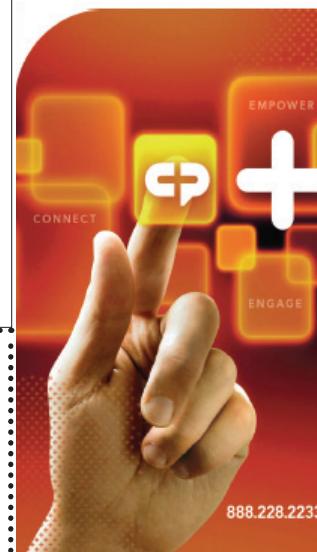
- City of Aberdeen
- Kent County
- City of Brunswick
- LGIT
- Town of Chesapeake Beach
- Maryland Municipal League
- City of College Park
- Town of Middletown
- City of Cumberland (as of 4/1/13)
- City of Gaithersburg
- Town of New Carrollton
- Town of Port Deposit
- City of Westminster

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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“... absolutely an added benefit of our membership with LGIT.”

FEEDBACK

TESTIMONIALS FROM MEMBERS

Testimonials are collected during the Relationship Management process, through our marketing website, and from general feedback.

“After logging into the site, I can tell already that I really like it. I wish I had the time to use it more, and I hope to do so in the future. I think the most helpful parts of the site include the questions of the month and the forms and posters. The questions of the month are a great way to stay updated and keep up with current trends. The ability to print forms and posters off the site will be a huge money saver. Overall, I think having access to the site through my membership with LGIT is great, I really like it.”

— **Susan Engels, Clerk/Treasurer, Town of Kensington, MD, 8, Legislative Body Executive Office**

“This is wonderful. The handbook and policy tool builder will be a great place to start. This will save me tremendously. I just started as Town Manager in December and the town hadn’t had one in a while; so I’m working to try and get everything up to speed, and having access to the HELPLINE is absolutely an added benefit of our membership with LGIT.”

— **Loretta Gaffney, Town Manager, Town of Fairmount Heights, MD, 8 Employees, Executive Offices: Town Halls**

STATISTICAL SUMMARY

Enqiron tracks utilization only in 5 proactive categories out of a possible 200+ touch points: 1) Question of the Month 2) Case Digest of the Month 3) HR Alert, or a specific 4) call and/or 5) email to an attorney. Currently we do not use website hits or policy downloads as part of the utilization statistics.

Currently, there are 179 active members with access to the HELPLINE. The below statistics show their activity for the last 12 months:

- **66%** have proactively utilized the services, which is over **13 times** the industry standard for value-add/risk management services
- With an average of **3.61** proactive requests per utilizing client, HELPLINE users have recorded a total of **429** touch points
- **193** people from the active enrolled organizations currently have access to HELPLINE services including the employment law attorneys via the toll-free number and/or via the web
- These **193** people receive monthly HR Express Updates and will also receive 4-6 HR Alerts throughout the year, which translates to over **3,000** annual risk management and marketing contacts even *before* proactive utilization