

The Local Government Insurance Trust will provide coverage and risk management services at stable and competitive rates through an organization that is owned and managed by its local government members.

# The LGIT News



Addressing the Needs of LGIT Members

Summer 2014

## Tim's Corner

We are nearing the end of renewal season, and I would like to thank you for your continued support. Without our members, LGIT would not exist. LGIT is only as strong as its members and the emphasis all of you place on safety is greatly appreciated. LGIT tries its best to provide you with state of the art technology (the member portal), excellent training, experienced attorneys, and superb service. Ultimately, however, we are dependent on your efforts to make your local governments the best they can be.

In order to remain the premier provider of local government risk management and insurance services, we are always seeking ways to better protect you. Some of the things we have recently done include: providing cyber

coverage at no additional cost; selecting a new equipment breakdown carrier (CNA) resulting in a 10% premium reduction (this coverage is free), and securing a 3% discount in our property reinsurance rate which is being passed onto our members.

Another way we are improving is by providing expanded loss control services. For example, we are offering matching grant programs for body cameras for law enforcement agencies and “deer alerts” to reduce auto physical claims. Additionally, we have increased our training grant funding from \$75,000 to \$100,000. This was done in anticipation of requests from member law enforcement agencies to help them improve existing policies and procedures.

Finally, we are continuing to offer almost 3 million dollars in credit programs, ranging from loss control and rate stabilization credits to equipment breakdown, cyber coverage, and 1 million dollars in liability coverage at no charge.

We fully understand the Trust is member owned and governed, and for that reason, we take the word “Trust” seriously.

Tim Ailsworth  
LGIT, Executive Director

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Tim Ailsworth, LGIT Executive Director, presents one of four Maryland crab basket prizes to Jean Weisman, Commissioners of St. Michaels, at MML Summer Conference in Ocean City.

## From the Boardroom

The Board of Trustees met on May 19 and took the following actions:

- Approved the Underwriting Committee's recommendation to add the Terrorism Endorsement to the Property Scope of Coverage.

- Approved the Underwriting Committee's recommendation to add a special rule that harassment will be on a perpetrator basis.
- Approved the ratification of Perryville as a new member of the Trust.

## Non CDL Drivers—Are You In Compliance?

In October 2003, the State of Maryland adjusted the requirements for any non-commercial driver operating a commercial vehicle conducting intrastate (within the State of Maryland) commerce. Non-commercial drivers operate under a Class A, B or C license and may operate vehicles with gross vehicle weights (GVW) ranging from 10,001 up to 26,000 pounds without the need for obtaining a commercial driving license (CDL).

Employees of Maryland local governments often operate large vehicles that have a GVW within the range set forth above. In fact, many of these employees have operated vehicles within this GVW range for years. However, as of October 1, 2003, Maryland law requires any non-commercial driver operating a vehicle with a GVW in excess of 10,001 pounds to obtain and have in his/her possession a valid Department of Transportation (DOT) Federal Motor Carrier physical card, known as a DL-171. If the DL-171 card is not obtained and maintained in the driver's possession, he/she is not qualified to operate vehicles with a GVW in excess 10,001 pounds in Maryland.

Employees who were licensed prior to October 1, 2013, are required to obtain and maintain a DL-171 card. However, any driver with a pre-existing medical condition cannot and will not be disqualified from passing the DOT required physical. This pre-existing medical condition exemption is valid for 20 years, as long as the medical condition does not worsen.

It is important that LGIT's local government members comply with this requirement. Any failure to comply will be closely scrutinized in the event of an accident. Please confirm the GVW on all government owned and/or operated vehicles and determine whether the employees operating them are properly classed, and, which employees need to obtain the appropriate DOT physical card. Safe Driving is not an accident!

Hollis Henry,  
LGIT Claims Analyst

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## Are you prepared? Disaster recovery planning pays off.

No matter where in Maryland you are located, at some point your local government will face a potential disaster. Whether facing a loss by fire or natural disaster, being properly prepared will help expedite the recovery process. Disaster recovery should occur in the following sequential phases:

**Activation Phase:** In this phase, the disaster effects are assessed and plans implemented. The activation phase involves:

- **Notification procedures** - including:
  - ◊ Nature of the emergency that has occurred or is imminent
  - ◊ Loss of life or injuries
  - ◊ Damage estimates
  - ◊ Response and recovery details
  - ◊ Where and when to assemble for briefing or further response instructions
  - ◊ Instructions to prepare for relocation for estimated time period
- **Damage assessment** - Assessment procedures will vary with each particular emergency. The following may generally be considered:
  - ◊ Origin of the emergency or disruption
  - ◊ Potential for additional disruption(s) or damage
  - ◊ Area(s) affected by the emergency
  - ◊ Status of physical infrastructure
  - ◊ Inventory and functional status of the most important equipment
  - ◊ Type of damage to equipment
  - ◊ Items to be replaced

- **Disaster recovery activation planning** - Depending on the extent of the damage, the Disaster Recovery Plan will:
  - ◊ List systems and services that need to be restored
  - ◊ The interdependencies and sequence of restoration
  - ◊ Time estimations for each restoration (documented in the plan)
  - ◊ Instructions for reporting failures to team leaders
  - ◊ Plans for communication between teams

**Execution Phase:** In this phase, the actual procedures to recover each of the disaster affected operations/systems or services are executed. Operations are restored on a temporary basis until normal operations can resume. Depending on the severity of the loss, having an outside source for recovery operations can be a vital resource and expedites restoration of services and operations. Many such vendors specialize in post event cleanup and service restoration and can prove valuable to the final reconstitution phase.

**Reconstitution Phase:** In this phase, the original systems/operations are restored and execution phase procedures are ended. The reconstitution phase may last for days, weeks or even months, depending on the severity of destruction and the site's fitness for restoration. As soon as the facility, whether through repair or replacement, is able to support normal operations, services may be moved back. The execution team should continue to be engaged until the

restoration is complete and operations return to normal.

### You've got to have a plan – A hazard mitigation plan, that is.

Such a plan will assist local governments with the following:

- Increasing understanding of natural hazards the area faces.
- Developing more sustainable and disaster resistant communities.
- Reducing long term impacts and damages to human health and structures, and reduced repair costs.

### Be proactive.

Proactive mitigation results in the development of procedures and policies that produce more effective results and save time and money. This is especially true when compared to reactive mitigation, which is often “after the fact and is little more than a “quick fix”. A surprising amount of damage can be prevented if local governments anticipate where and how a disaster may occur, and what steps must be taken to mitigate the damage.

Whether it is a fire at city hall or a hurricane that destroys important infrastructure, having a plan in place will provide the blueprint that enables your local government to resume operations and provide vital services to citizens when they will need them most.

Larry Bohlen,  
LGIT Field Services, Senior Manager

### Additional resource links:

- [http://www.cisco.com/en/US/technologies/collateral/tk869/tk769/white\\_paper\\_c11-453495.html](http://www.cisco.com/en/US/technologies/collateral/tk869/tk769/white_paper_c11-453495.html)
- <http://www.bt.cdc.gov/disasters/cleanup/facts.asp>
- <http://webapps.icma.org/pm/9102/public/cover.cfm?author=christine%20becker&title=disaster%20recovery%3A%20a%20local%20government%20responsibility>
- <http://thewhyforum.com/articles/what-makes-a-local-government-well-prepared-for-a-natural-disaster-and-what-other-options-are-available-if-they-aren-t>

# Scope Changes & Value Added Coverages for FY15

Thank you for renewing your coverages with LGIT. It is our pleasure to serve our member local governments. This article highlights the scope changes and renewal reminders for the FY15 coverage year.

First are the Property & Liability Scope Changes.

## **Primary Liability Program**

- Harassment (pp. 1-7, 1-18, 2-3, and 3-3)**

For any Claim alleging Harassment by a member, all Damages shall be deemed to have occurred at the time of the first act of abuse or molestation, and all such acts of abuse or molestation shall be deemed to be one Occurrence, Offense, or Wrongful Act, subject to the Limit of Liability for one Occurrence, Offense, or Wrongful Act, whether committed by the same perpetrator or two or more perpetrators acting in concert and without regard to the number of victims of abuse or molestation or the number of incidents of abuse or molestation taking place thereafter.

Harassment is defined as any actual or alleged abuse or molestation against anyone, including sexual abuse, sexual molestation, or other unwelcome act, conduct, communication, or physical contact.

- Taking (p. 3-7)**

Subject to a limit of \$1,000,000, the Trust will defend a member in Lawsuits alleging

Damages arising out of or in any way connected with the operation of the principles of eminent domain, adverse possession, dedication by adverse use, inverse condemnation, or condemnation proceedings, by whatever name used.

- Cargo Spills Endorsement (p. A-38)**

Subject to a limitation of \$10,000 per Occurrence, the Trust will pay those sums that a member becomes legally obligated to pay as Damages because of Bodily Injury or Property Damage caused by or attributable to a sudden and accidental discharge, dispersal, release or escape of Pollutants from a covered Auto and any loss, cost, or expense arising out of any government direction or request that a member tests for, monitors, cleans up, removes, contains, treats, detoxifies, or neutralizes Pollutants arising from a member's ownership or use of covered Autos.

- Cyber Insurance Program Endorsement (p. A-39)**

If a member participates in the Cyber Insurance ("Program"), the Trust will provide coverage in accordance with the terms and conditions of the Program, subject to a limit of \$25,000 per Occurrence, Offense, or Wrongful Act, in which event the coverage provided by the Trust will be primary and the coverage provided by the Program will be excess. The coverage provided by the Trust to a member that participates in the Program is not subject to a deductible.

If a member does not participate in the Program, the Trust will not cover any Claim for Damages covered by the Program,

except for coverage provided in the Cyber Loss Endorsement ("Endorsement") to the Primary Liability Program. The coverage provided by the Trust under the Endorsement to a member that does not participate in the Program is subject to a deductible.

## **Property Program**

- Electronic Data Exclusion and Limited Additional Coverage Endorsement (p. A-12)**

The limit for loss caused by a virus, harmful code, or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation, is \$25,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations, or computer systems involved.

- Cyber Insurance Program Endorsement (p. A-23)**

If a member participates in the Cyber Insurance Program ("Program"), the Trust will provide coverage in accordance with the terms and conditions of the Program, subject to a limit of \$25,000 per Occurrence, in which event the coverage will be primary and the coverage provided by the Program will be excess. The coverage provided by the Trust under the Program is not subject to a deductible.

If a member does not participate in the Program, the Trust will not cover any claim for damages covered by the Program,

except for coverage provided in the Electronic Data Exclusion (“Exclusion”) and Limited Additional Coverage Endorsement (“Endorsement”) to the Property Program. The coverage provided by the Exclusion and the Endorsement is subject to a deductible amount.

- **Terrorism Endorsement (p. A-24)**

The Trust will cover physical loss or physical damage by an Act or series of Acts of Terrorism in accordance with the terms and conditions of the reinsurance program of which the Trust is a member, subject to the limits of liability under the reinsurance program.

The Trust will not cover any physical loss or physical damage by an Act or series of Acts of Terrorism unless the loss or damage is covered by the reinsurance program.

In addition to the scope changes, there are important renewal FREE coverages for renewing members:

### **1. FREE Equipment Breakdown:**

LGIT is providing this very important coverage with a \$10,000 deductible at no charge (FREE) for the member's covered buildings. Lower deductibles are available for an additional premium. This coverage includes State required

inspections. Basically, the coverage encompasses mechanical/electrical breakdown of steam equipment, HVAC, telecommunication, and refrigeration equipment. The coverage also includes compressors, other fired and unfired pressure vessels, water and sewer equipment, and lift and pump stations.

Remember to inform LGIT of all new buildings and equipment to arrange for inspections.

### **2. FREE Excess Coverage:**

LGIT is providing this important coverage at no charge (FREE) for the first \$1 million limit. Higher limits up to \$5 million are available for additional premiums and are highly recommended. We recommend the \$5 million limit as the Local Government Tort Claims Act does not apply to federal claims and excludes punitive damages.

### **3. FREE Cyber Insurance Program:**

Last but not least, LGIT is paying the premium and claim deductible up to \$25,000 for participating members in this new program. For further details of this value-added service, click the following hyperlink:

<http://md-lgit.civicplus.com/index.aspx?NID=727&ART=1832&ADMIN=1>

With these kinds of savings, let's have an even more enjoyable and safe summer.

Scott Soderstrom CPCU, ARMP  
LGIT Director, Underwriting Services

## **Special Law Enforcement Training**

LGIT is pleased to have Randy Means, J.D., a nationally recognized expert in law enforcement issues, provide exclusive training for our member law enforcement agencies. LGIT will be sponsoring 2 courses in July and August. We strongly encourage all of our agencies command staffs to attend these trainings.

- ***Recruitment and Selection of LE Officers***  
July 15, 2014 @ LGIT offices Hanover
- ***Managing Police Discipline***  
July 16, 2014 @ LGIT offices Hanover
- ***Recruitment and Selection of LE Officers***  
August 5, 2014 @ Location TBA
- ***Managing Police Discipline***  
August 6, 2014 @ Location TBA

All of LGIT's Regional Policy Year Workshops were again well attended. In this picture, staff and member contacts listen to the presentation held at LGIT offices outlining changes for the coming year and unveiling new products and services.



## LGIT Calendar

### June

#### **Regional Defensive Driving Course—Kent County**

June 18, 8:30 AM - 3:30 PM @ Parks Pool & Community Center, Worton, MD

#### **Flagger Training—St. Mary's County Metropolitan Commission**

June 25, 9:00 AM - 1:00 PM @ 23121 Camden Way  
Lunch will be provided.

#### **Regional Defensive Driving Course—Takoma Park**

Date, Time & Location TBA

### July

#### **Recruitment and Selection of LE Officers**

July 15, 2014 @ LGIT Offices, Hanover

#### **Managing Police Discipline**

July 16, 2014 @ LGIT Offices, Hanover

#### **Supervisory Training—Talbot County**

July 23, 2014

#### **Reasonable Suspicion Training—Talbot County**

July 24, 2014

### August

#### **Recruitment and Selection of LE Officers**

August 5, 2014 @ Location TBA

#### **Managing Police Discipline**

August 6, 2014 @ Location TBA

#### **MACo Summer Conference—Ocean City**

August 13-16 2014 @ Roland Powell Convention Center

## 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](http://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
- Town of Chesapeake City
- City of College Park
- City of Cumberland (as of 8/1/14)
- City of Gaithersburg
- Town of Hampstead
- Kent County
- Kent County Library (as of 7/1/14)
- LGIT
- Maryland Municipal League
- Town of Middletown
- City of New Carrollton
- Town of Oakland
- Town of Port Deposit
- Town of Sykesville
- Town of Upper Marlboro
- City of Westminster

### Key Program Advantages

- Choose your own plan design
- 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 Specialist at 800.673.8231.

## 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 per employment issue. This member service is provided by LGIT, with the professional assistance of Karpinski, Colaresi and Karp, P. A. We have selected for publication one recent inquiry of interest.

**Q**uestion: A local government discovers that an employee was arrested three weeks ago. The employee did not report the arrest as is required by the local government's personnel handbook. When interviewed, the employee acknowledged that he had been arrested for drug possession. The employee has a "safety sensitive" job in which he operates special equipment. Can the local government terminate this at-will employee for cause based on his failure to inform the local government of his arrest?

**A**nswer: YES. The local government can terminate the employee for not following the policy required by the personnel handbook.

**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](http://www.lgit.org) and click on Upcoming Events

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