

LGIT

SERVING MARYLAND LOCAL GOVERNMENTS SINCE 1987

NEWS

Spring 2009

Local Government Insurance Trust
LGIT

Building Safer Tomorrows for Maryland Local Governments

Springtime is Renewal Time



The Board of Trustees met on January 26, 2009, and took the following actions:

- Approved revisions to the Risk Management Committee Charter, including administration of the LGIT Lifesaver Award Program and the LGIT Memorial Law Enforcement Training Grant Program
- Approved the exclusion of coverage for debt security claims from the Scope of Coverage, effective July 1, 2009
- Approved the Tenant User Liability Insurance Program (TULIP) to provide third-party coverage for users of municipal property
- Approved the recommendation of the Employee Health Benefits Study Committee to move ahead with a Health Pool Cooperative Program offered by the Benecon Company

2008-2009 LGIT Oil Can Award Recipient

At LGIT's annual Christmas luncheon, Jon Burrell announced that Staff Associate Pat Olson was the recipient of LGIT's 2008-2009 Oil Can Award for Team Player of the Year. LGIT's prestigious Oil Can Award is presented to one staff member each year by a vote from fellow employees in recognition of achievements that have contributed to the total success of the staff and LGIT. Congratulations, Pat!



Arlene Courtney 20 Years of Service

Trust Executive Director Jon Burrell congratulates Arlene Courtney, LGIT manager of Support Services on the occasion of her 20th anniversary of employment with LGIT. One of the first full-time employees



hired by LGIT, Courtney has provided a steady hand on the Trust's Support Services functions, including building facilities. In the process, she has managed to survive four executive directors and four changes of headquarters. "She is a gem for any organization to have, and we're pleased she's here," Burrell said.

STAFF WELLNESS PROGRAM

Our Employee Health Fair results are in, and LGIT employees are healthier overall compared to last year, thanks to our Wellness Program and the enthusiasm and motivation of employees. Participants improved in the categories of decreased blood pressure, decreased cholesterol, and decreased body fat.

We recently hosted a Lunch & Learn titled "Fitness & Your Brain," which included tips on how to keep your brain young and healthy and how to forestall the onset of dementia.

A circuit-training program is scheduled for the winter months, in which we will work out with light weights, exercise bands and balance balls, and do an aerobic workout as well.

If you'd like more information about how to start a Wellness Program in your workplace, please give us a call. We'd love to share our growing, award-winning program with you!

Health Fair Screenings

Blood Pressure

Flexibility

Body Fat Percentage

Cholesterol

Recovery Heart Rate

Health Risk Assessment

Bone Density



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The Town of Chesapeake Beach is a beautiful bayside community located in Calvert County, Maryland. Chesapeake Beach is known for its quiet secluded beaches, waterfront restaurants, succulent seafood, water park activities and events, and quaint, historic, hometown, quality of life its residents enjoy year-round. The town has been a LGIT member for seven years.

LGIT NEWS is published quarterly by Local Government Insurance Trust, a not-for-profit organization that provides coverage and risk management services at stable and competitive rates and is owned and managed by its local government members.

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Please direct questions, suggestions and comments regarding **LGIT NEWS** by e-mail to editor@lgit.org or by mail to LGIT News, 7225 Parkway Drive, Hanover, MD 21076. Telephone: 443-561-1700, MD Toll Free 1-800-673-8231, Fax 443-561-1701, Web site: www.lgit.org

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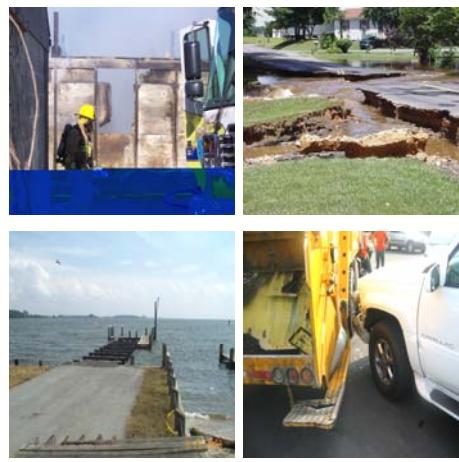
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Manager, Support Services

Springtime is Renewal Time

With spring around the corner, it's time for LGIT members to be thinking about the upcoming renewal season. The Underwriting Department is currently updating and compiling important information concerning members' renewals, including beneficial changes to the Scope of Coverage, updates to the renewal applications and other information that members will need to help them complete the renewal application process quickly and correctly.

This year, members will be receiving their renewal information on CD-ROM via regular mail, so be on the lookout for this important information in the next few weeks.

We strongly encourage all members to take full advantage of our member renewal workshops, which are offered only once per year and which focus on changes to scopes of coverage, new property and liability coverages, the Renewal Application and rates. The



renewal workshops will benefit those new to insurance and to public entity risk management, as well as those who are seasoned professionals. The workshops are offered regionally across the state throughout the month of April on the following schedule.

- April 7, 2009 - Cambridge Yacht Club
- April 14, 2009 - Aberdeen City Hall
- April 23, 2009 - LGIT, Hanover
- April 30, 2009 - Frostburg Library

All workshops run from 10 a.m. to 1 p.m., and lunch will be provided. Please plan to attend and bring your renewal applications and any questions you may have for LGIT staff.

A Valuable Reminder

Since members are compiling renewal information, this is an excellent time to review vehicle and property schedules, including future FY10 property and auto acquisitions, completed capital projects, and also counts for additional police officers and other employees. This is also a good time to have your department heads review and revise these schedules so they are as up-to-date as possible. Doing this will be a great help to the Underwriting staff and a benefit to the members.



Larry J. Bohlen,
Training Coordinator

The Tenant Users Insurance Program (TULIP)

TULIP is a low-cost insurance policy that protects both the "tenant user" and the local government. A "tenant user" is any outside party using the local government's facilities. The policy applies to both bodily injury and property damage arising out of the use of the local government's premises by tenant users.

Coverage includes:

- Premises Operations
- Products/Completed Operations
- Contractual Liability
- Broad Form Property Damage
- Personal Injury Liability
- No Deductible

In addition, the local government is an additional insured for each covered event, the limit of liability does not include the cost of defense, and optional coverages are available, including liquor liability and increased third-party damage limits.

How TULIP Works

- Each local government will be registered and will be provided a seven-digit ID code in order to use, at no cost, the TULIP program through HUB International New England.
- When a tenant user wishes to use the local government's property, the facility management provides the user with the ID code for access to www.ebi-ins.com/tulip.
- The tenant user enters the ID code on the website and answers a few questions in a three-step process that results in an online quote.
- Any tenant users who decide to purchase coverage through the local government's TULIP program enter their credit card information, and the coverage is bound immediately.
- Premiums are based on the nature of the event, the number of event days, the number of participants, the level of risk and any special requirements.
- If the event falls outside of the program's scope of coverage, the tenant user can call HUB'S toll-free number for a quote.

Why Should Local Governments Offer This Coverage to Tenant Users?

- It addresses liability issues in a fast, affordable and convenient manner.
- There is no cost to the local governments; the tenant user pays the premium.
- The local government is named as an additional insured.
- Certificates of Insurance are automatically e-mailed to all parties.
- It safeguards the local government's loss experience.
- It ensures proper coverage.
- It is a prudent approach to risk management.

The TULIP program is sponsored by the National League of Cities (NLC) for the benefit of its member risk pools. For further information, please contact the Loss Control and Underwriting Department.



Ellen Nudd,
Underwriter

Builder's Risk Coverage

Builder's Risk Coverage is insurance against loss to buildings in the course of construction, alteration or repair, including machinery, contractor's equipment, and materials incidental to construction. Builder's Risk coverage is an area that does not get as much attention as other ancillary lines of coverage, but it is an extremely important coverage option.

The Builder's Risk policy covers the contractor's interest in materials at the job site before they are installed, materials in transit that are intended for the job, and the value of the property being constructed until it is completed and accepted by the owner. The policy may be written to cover the whole structure for new construction or the cost of remodeling and renovation projects. It can also be used to cover specific projects, such as a room addition or a remodeled project.

The named insured of a Builder's Risk policy is usually the contractor or developer of the property, but it may also be the building owner or the homeowner, if responsible for insuring the property while under construction.

LGIT recommends that contractors be required to carry Builder's Risk and that they name the member as an additional insured since the contractor will be exercising virtually complete control over the project and all of the risks associated with it. Members who are planning to construct a new building or add onto an existing structure should always arrange for Builders Risk insurance coverage for construction projects. Not only does it make sense financially, but most lenders will not approve a loan without Builders Risk insurance in place.

Ordinarily, the general contractor is contractually required to obtain this coverage, but it would be wise to request a copy of the insurance policy (as well as a certificate of insurance) that verifies that the contractor has this coverage. Check the effective dates for each line of coverage and the limits of the coverage and ensure that any hold-harmless and indemnification agreements are written in favor of the local government. A risk-management review and a legal review of the agreements is always recommended.

Various perils may occur at any time during the course of the year, but the project may be at greater risk in the winter, when temporary heat is used; for example,

plumbing may be more likely to freeze. Consideration of these kinds of perils is especially important in the later stages of construction, when a large percentage of work is completed and the value of the structure is higher. However, it is also important in early the early stages of construction, as foundations, concrete slabs, etc., may be more vulnerable to cracking and weakening during those stages.

Fire protection can also be very important, particularly if "hot work" (e.g., burning, brazing, welding) is involved. Appropriate permits should be required in these situations.

LGIT's Risk Management Manual, Builder's Risk Module, is being revised and should be available in late spring of this year. In the meantime, the Pre-construction Planning Module can be useful when reviewing Builder's Risk exposures; refer to LGIT's Property Scope of Coverage, I. Interest and Property Covered, A. Standard Coverage, 4. New Construction, Additions and Alterations for more information on this subject. If you have questions, please contact Senior Loss Control Manager Richard Furst at dick@lgit.org or 443-561-1700.

Added-value Service

CBIZ - Water and Wastewater Treatment Structure Appraisal Program

Last year, LGIT announced that appraisal services for water and wastewater structures would be provided at no cost to members. We contracted with CBIZ Valuation Group, LLC, a full-service national valuation consulting practice specializing in business and tangible asset valuation, to provide this service.

Although we started later than we had originally hoped, the project did get underway in the spring of 2008, and we agreed to let CBIZ work into FY09 to complete the list of tasks scheduled for the first year of the contract. CBIZ has completed appraisals for 15 of our members and 759 structures at both water and wastewater facilities.

For CBIZ's purposes, a "structure" is enclosed within exterior walls and a roof with a permanent foundation and including all attached apparatus, equipment, and fixtures. However, for water and wastewater facilities, CBIZ expands this definition to include some structures without roofs, which includes properties

with a permanent foundation and exterior walls. Examples of these structures include clarifiers and aeration basins.

Members who have received completed appraisals now have decisions to make with regard to these new values since, in many cases, those values have increased and will impact premiums. To help in this regard, we now provide a "stated value" endorsement, which limits the amount of coverage available for a given location while reducing the premium for that location. If a member decides not to accept the suggested appraised value, he or she can complete a stated value endorsement, which has to be signed by the local government's highest elected official because LGIT does not want to encourage members to be underinsured.

LGIT continues to ask members to assist us in this project wherever possible by providing a knowledgeable contact person who knows the facility and a person who has some background information. Information needed includes the year the facility was opened, the age of each structure, the dates of any upgrades, and blueprints and/or sketches, if available. These items will assist the appraiser with

time management so the appraiser can see as many locations as possible within a reasonable amount of time while still providing accurate evaluations.

We have two more years for the appraisal program with CBIZ. There is no certain order in which members are selected to have appraisals conducted; basically, loss control managers or associates provide a list of members who have water and wastewater facilities, and we try to group member facilities by region for time-management purposes.

If you want your entity's water and wastewater facilities appraised, you must be a participant in the LGIT Property Program. If you are a participant in that program and have an interest in the project, please contact the loss control manager for your entity or contact Senior Loss Control Manager Richard Furst at dick@lgit.org or 443-561-1700 to make arrangements.



THE VIRGINIA GRAEME BAKER POOL & SPA SAFETY ACT

In the summer 2007 issue of LGIT News, an excellent article was published by Scott Soderstrom, CPCU, ARM-P, Manager, Underwriting Services. This article is available on LGIT's website (in the left column, click on "Newsletter"). In that article are references to the Consumer Product Safety Commission's (CPSC) Swimming Pool Safety alert (at www.cpsc.gov/cpsc/pubs/5101.pdf) and "Guidelines for Entrapment Hazards: Making Pools and Spas Safer" (www.cpsc.gov/cpscpub/pubs/363.pdf).

The tragic death of Virginia Graeme Baker, the young granddaughter of former Secretary of State James Baker, resulted in the federal government's enacting the "Virginia Graeme Baker Pool and Spa Safety Act" (H.R.6 Title XIV), also known as the VGB Act. This Act requires that, as of December 19, 2008, all pool or spa drain covers used in the United States must conform to the entrapment protection standards set by the American Society of Mechanical Engineers (ASME) and the American National Standards Institute (ANSI) ASME/ANSI A112.19.8-2007.

By December 19, 2008, then, all public pool owners/operators must:

- Install drain covers that meet the ANSI/ASME A112.19.8-2007 standard on every drain/grate. A list of cover manufacturers can be found at www.cpsc.gov/whatsnew.html#pool.
- If the pool operates off a single main drain, install an automatic shut-off system, gravity drainage system, Safety Vacuum Release System (SVRS), or suction-limiting vent system, or disable the drain. Pools and spas with unblockable drains are exempt from this requirement. A list of SVRS manufacturers can be found at www.cpsc.gov/whatsnew.html#pool.
- Ensure that dual or multiple main drains are at least 3 feet apart.

Pools and spas not open on December 19, 2008, are not required to be in compliance until the day the pool or spa re-opens.



The new Consumer Product Safety Improvement Act requires that all new drain and grate covers be certified to all applicable standards starting on November 12, 2008.

CPSC staff recommends that, to ELIMINATE and not just MITIGATE the drain entrapment hazard in pools and spas, pool owners should disable old drains or build new pools without drains and use gutters, overflows and/or skimmers to provide water to the pump.

Do you have a question or concern about the Pool & Spa Safety Act? Send an e-mail to info@cpsc.gov

This information was provided by the CPSC staff; it has not been approved by and does not represent the views of the Commission. LGIT is providing the information as a risk-management/loss-control tool.

Vance Petrella,
Loss Control Manager



Employment Law Hotline

The Hotline phone service, which is available to Liability Program members, provides up to 30 minutes of free legal advice on employment matters. We have selected one inquiry of interest that was posed through the Hotline. This member service is provided by LGIT, with the assistance of attorneys Daniel Karp and Kevin Karpinski.

Q. Is it legal to record an employee's conversation without the employee's consent?

A. NO. It is illegal to do so.

Call Before You Act!

800.845.8055



Spotlight on the Claims Services Department

LGIT has administered its members' claims in-house since 1991 and, with ten staff members, Claims Services is now LGIT's largest department. The department's mission is to deliver prompt, fair, and efficient claims and related services to LGIT members within LGIT coverages and existing legal principles. Our objective is to protect our members from financial loss in a fair, consistent and professional manner. Each year Claims Services receives about 1700 new claims and maintains an average pending list of 700 open claims. Approximately 120 new lawsuits are opened each year.

LGIT's members provide unique services to their constituents, so the issues that arise in claims and lawsuits are often unique as well. As a result, the claims analysts must learn what our members do and how they do it, so claims analysts are assigned to work with specific members. This allows the Claims staff to collaborate with their assigned member contacts and department supervisors and to be effective in investigating and processing claims that occur all over the state. No other department at LGIT has more frequent contact than the Claims and Litigation analysts have with members, public works employees, police officers and public officials.

The Claims Services Department maintains a claims database that records claims and claimant data, financial data, and daily claims activities. The claims data is used to provide financial information to LGIT's Finance Department and loss information to Underwriting and Loss Control Services. In addition, the claims system generates quarterly and year-end loss reports as well as claims acknowledgements that are e-mailed to members.

When a new claim arrives in the Claims Services Department, a claims analyst first determines whether the claim allegations are covered by LGIT's Scope of Coverage. If it is a property claim, the analyst must verify that the property is scheduled; then the claim is set up in the database and returned to the analyst. The analyst investigates the facts and legal issues particular to the claim, often

visiting the site of the incident that gave rise to the claim and meeting with the people and the member involved to get a more complete understanding of the situation. Next, the analyst determines whether the claim should be settled or denied and takes the appropriate action. A denied claim may be pursued by the claimant through litigation, in which case the analyst assigns the defense of the litigation to either LGIT in-house counsel or to outside counsel, as appropriate. The claims analyst is required to establish loss reserves for every claim and to maintain an active role in the litigation, working closely with counsel to the completion of the litigation, which may include attending settlement conferences on behalf of the member. Of course, the analyst keeps the member informed and involved throughout the process as well.



Sherri Butler, the department's director, supervises all claims and litigation activities. Elisabeth Beekman is the claims services manager responsible for managing administrative issues, assisting with claim reviews and approving payments. In addition to those duties, Beekman and Liz Martinez serve as litigation analysts for their designated members, in which role they investigate and maintain claims from law enforcement and public officials and manage the vast majority of litigated claims. Claims Analysts Sharonda Clark, Hollis Henry, Dalas Salters (who recently joined LGIT) and Dorie Schwartz manage a large number of auto, property, equipment-breakdown, and general liability claims for members. Schwartz has been with LGIT for nine years and serves as trainer and mentor to new claims analysts. Because property claims are a high priority for our members, Schwartz also provides peer oversight of property claims.

Subrogation/Litigation Specialist Katie Adams handles litigated and non-litigated subrogation recovery, excess coverage claims, and some in-house lawsuits.

Subrogation recovery is an important focus for the Claims Services Department; during the last three years, the department recovered \$965,000 for members. Adams also assists the claims analysts with complicated general liability investigations that may require more exhaustive investigation and research. Claims and Legal Staff Associate Patricia Adams works with both the Claims Services Department and the Legal Department. For Claims, she performs myriad jobs, including assisting the analysts with claims processes, setting up new lawsuits, posting recoveries, and providing reports as required. Claims Administrative Assistant Charise Henderson has primary responsibility for setting up new claims, verifying coverage as required, printing checks, and providing administrative support to the department.

Claims Services also distributes a number of publications, many of which are available on the LGIT website. These publications include bulletins and claims briefs that contain timely information concerning claims and related legal issues. The vehicle accident kit and claims manual are also available on the website, and both are excellent resources.

The Claims Services staff enjoys working closely with members throughout the claims process to obtain the best possible outcome for every claim. The department does its best to create partnerships with the members so all members are satisfied that their claims are handled with their involvement and in the most professional manner possible.

Newly Hired!

Dalas Salters was hired in January as a claims analyst with the Department of Claims Services.

Salters will be handling auto, general liability and property claims for assigned members.

Salters is originally from Michigan and has a BS in criminal justice from Western Michigan University. He has over four years' experience in claims, partly with State Farm in property claims and partly with Allstate in auto claims.



training & seminar class schedule

Spring 2009

March

National Safety Council Defensive Driving Course

City of Takoma Park
Community Center
Azalea Room, 2nd Floor
7500 Maple Avenue
Takoma Park, MD 20912
Monday, March 9, 2009
8:30 a.m. - 3:30 p.m.

April

Policy Year 2010 Renewal Workshops

All workshops run from 9:30 a.m. - 1:00 p.m. Lunch is provided

April 07 - Cambridge Yacht Club
April 14 - Aberdeen Council Chambers
April 23 - LGIT, Hanover
April 30 - Frostburg Library

National Safety Council Defensive Driving Course

City of Takoma Park
Heffner Park Community Center
42 Oswego Avenue
Takoma Park, MD 20912
Tuesday, April 21, 2009
8:30 a.m. - 3:30 p.m.

Training Grants

Six Training Grant applications were approved by the Risk Management Committee at the January 16 meeting:

The Calvert County Sheriff's Department was awarded \$3,371.01 to attend this year's CALEA Conference.

The City of Havre de Grace was awarded \$695.00 to attend the training, "Managing Construction Projects in Maryland."

The City of Pocomoke City EMS was awarded \$2,582.50 to purchase 50 licenses for an online Emergency Management Services (EMS) training program called "Coaching the Emergency Vehicle Operator," offered by The National Safety Council.

The St. Mary's County Sheriff's Department was awarded \$3,776.20 to attend the CALEA Conference.

The Town of Forest Heights was awarded \$600 to send two officers to "Enhanced Fire Arms Range Time" instruction.

The Town of Ocean City Police Department was awarded \$4,298.00 to attend the 2009 National Hurricane Conference.

Training Grant applications are available on our website at http://lgit.org/training/training_grant_program.htm.

Kudos

Kudos to the following LGIT Members for their loss control and safety efforts:

Worcester County - Jim Dooling, risk manager, for providing detailed addresses that were missing on the county's property schedule. This assistance has helped to ensure that LGIT has accurate GPS readings for its locations.

Town of North Beach - for responding to numerous requests for documentation of preventive maintenance logs and inspections.

City of College Park - for its Annual Spenser Harris Awards Breakfast, acknowledging outstanding safety efforts by the College Park employees.

New and Improved!

Loss Control Resource Library Catalog and Order Form

LGIT is pleased to announce an important upgrade to our online Loss Control Resource Library.

Ordering Materials Is Now Easier And More Convenient Than Ever!

Library users just need to go to www.lgit.org and click on LC Resource Library under the Training dropdown menu. Simply fill your shopping cart by clicking the checkboxes next to the films and/or publications you want to order. Click the nearest checkout link, fill in your contact information and click the submit button. Your order is e-mailed to the loss control resource manager and your materials will be sent to you within two business days.

We encourage all members to take advantage of this important added value service available only to LGIT members.

REGISTER ONLINE!

Local Government Insurance Trust
training & seminar class registration
Spring 2009



For more information about the classes listed, contact Larry J. Bohlen, Training Coordinator.

Advance registration is required for all classes. Registration fees vary depending on member/non-member status and the type of training or seminar. Members are encouraged to use the online method of registration; however, downloadable forms are available at <http://www.lgit.org/training/schedule.htm>.

800-673-8231 or 443-561-1700 (general information)

<http://www.lgit.org/training/registration.htm> (online registration)

443-561-1701 (FAX registration form to Attn: Michelle Yannone)