

Registration Form
13th Annual Meeting
November 20, 2000



November 20, 2000
10:00 am - 2:00 pm
Sheraton Barcelo Hotel
(formerly Wyndham Garden Hotel)
Annapolis, Maryland



The Local Government Insurance Trust extends to you an invitation to join us at our Thirteenth Annual Meeting being held at the Sheraton Barcelo Hotel (formerly Wyndham Garden) in Annapolis on Monday, November 20, 2000, from 9:30 a.m. until 2:00 p.m. This event is free to Maryland local governments. Continental breakfast and lunch will be provided.

Please complete this registration form and **return it to LGIT by November 10, 2000. Please PRINT the following information, as it will be used for your name badge.**

Local Gov't _____

Name _____

Nick Name _____

No-shows and walk-ins will be assessed a \$15 fee to cover meal costs. Deadline for cancellation: **November 10, 2000.**

Please mail / fax completed form to:

Cindy Smithson
Local Government Insurance Trust
7172 Columbia Gateway Drive, Suite E
Columbia, MD 21046

Please copy this form for each person who registers.

All employees of your local government are invited. Our database does not include everyone's name, so we are asking you to share this information with your coworkers. If you have a bulletin board, please make a copy and post it. Thank you for your help in making this the biggest and best Annual Meeting ever.

The LGIT News

A quarterly newsletter published by the Local Government Insurance Trust, Columbia, MD.
1-410-312-0880 / 1-800-673-8231

Health Benefits Update

Long Term Insurance Care - New Benefit for All LGIT Members

Accidents, illnesses and debilitating health issues happen to ordinary people every day. Eventually, you or someone close to you will likely need long-term care protection. That is why LGIT Health Benefits Services has decided to partner with Avon-Dixon Financial Services (ADFS), a division of The Avon-Dixon Agency, Inc., to assist you in evaluating and designing an attractive Long Term Care benefit package.

- Did you know that 40 % of people who receive long-term care are between the ages of 18 and 64?
- Did you know that 64 % of people who care for a family member also hold jobs? Providing care often places demands on them that affect their attendance and performance at work.
- Did you know that the average cost of nursing home care in Maryland ranges from \$50,000 - \$60,000 per year?

- Did you know that Medicare does not provide for most services that are required for prolonged illnesses?

The Long Term Care plans offered will be individually tailored, yet simple enough for all to understand. Plans can be employer-paid or voluntarily payroll deducted. By working with the experienced professionals of ADFS, you will be able to obtain coverage that few employers have the foresight to offer today. Employers recognize that offering this benefit will boost employee morale and loyalty. For those who provide care for loved ones at home, absenteeism will be reduced. Due to the graying of America, both Maryland and the Federal Government have granted tax incentives to encourage individuals to sign up for Long Term Care policies.

In the near future, you may be contacted by a representative from ADFS or LGIT to set a time for you to learn more about this new opportunity. If you have any questions, please call Mary Balducci at 800-673-8231, or call Avon-Dixon Financial Services at 800-242-8758 and ask for information on the **LGIT Long Term Care Program**.



(Sheriffs Conference - Ocean City, Maryland - September 2000)
(Left to right: Erik Walter, Claims Analyst; Sheriff Richard Voorhaar, St. Mary's County; Jon Burrell, Executive Director; Fitzroy Smith, Director, Liability and Property Services.

Mary E. Balducci
Director
Health Benefits Services



(Eileen B. Townsend, Manager, Primary Liability, and Sherri N. Butler, Claims Analyst, staffed the LGIT booth at the Maryland Chiefs of Police Association 36th Annual Conference in Ocean City, Maryland - September 2000.)



(Members of the Graduate Level Training Committee of the Academy for Excellence in Local Governance)

(Back Row: Jeff Griffith - Academy Coordinator, IBS; Linda Burrell - Manager, MML Member Relations & Education; Ellen Clark - Director, MACo Meetings & Communications; Fred Holliday - Garrett County Commissioner; Murray Levy - President of County Commissioners for Charles County; and Jay Gullo - Mayor, Town of New Windsor. Front Row: Pamela Morrison - Manager, LGIT Risk Management and Training; and Tawanna Gaines - Mayor, Town of Berwyn Heights.)



*(Maryland Sheriffs' Association 34th Annual Conference)
(September 2000 / Sheriff Tom Duncan of Talbot County and Sheriff Phil McKelvey of Dorchester County stop by LGIT's booth to talk with Executive Director Jon Burrell.)*



(MACo Conference - August 2000 / George M. O'Donnell, LGIT Board member and President, Board of County Commissioners of Queen Anne's County, stops by LGIT's booth to chat with Jon Burrell.)

(Issues about Theft Losses - Cont'd)

members should take the following steps to limit any further problems:

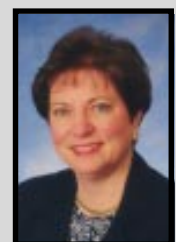
- Report the theft to the local law enforcement agency in order to create a proper record of the loss.

- Report the loss to LGIT in order to protect your coverage. Failure to timely report a loss may affect your insurance protection. Although you may want to wait until an

employee is found guilty of the theft to report it, you are required to notify LGIT when you first discover the loss. This allows a proper investigation to be made and gives you the greatest protection.

- Itemize all lost, or potentially lost, items. Police and insurance investigators become suspicious when items not declared "lost" at the time of an incident show up as "lost" when a claim is made months later.

- Do a price inventory on all lost items to determine replacement cost.

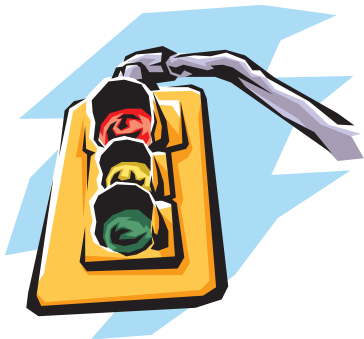


*Elisabeth F. Beekman
Claims Examiner*

As disturbing as theft can be, following these tips should allow for prompt and efficient claims handling so that you can continue to provide the necessary public service to your constituents.



*Erik S. Walter
Claims Analyst*



drivers can see you.) When you start to drive again, use your low beams and proceed with caution. Always turn on lights at dawn and dusk when visibility is dim.

Stay Alert

The best defense you have against potential auto accidents is your own ability to remain alert and aware while driving. That is why alcohol, drugs, or other medications can be lethal when you drive. They affect your ability to concentrate and severely impair your reaction time, which can lead to injury, disability, and all too often, death – not only of the driver, but of innocent victims as well. Be alert, be aware, and be safe. Defensive driving is everybody's business!



Vance J. Petrella
Manager
Loss Control Services

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Upcoming Seminar

To Pursue or Not Pursue

Police Vehicular Pursuit and Civil Liability

This program is designed to raise awareness of the civil liability issues generated by police pursuits, to discuss policy and training issues related to questions of liability, and to examine the approaches utilized by member police agencies in an attempt to achieve a balance between effective law enforcement and public safety. **Register now!**

**November 8, 2000
9:00 a.m. - 12:30 p.m.
St. Michaels Harbour Inn and Marina
St. Michaels, Maryland**

**Sponsored by the
LGIT Claims Department**

Claims Update

Issues About Theft Losses

One of the most important reasons insurance is purchased is to protect our property from loss due to catastrophe, accident or theft. Of these kinds of occurrences, theft is the most disheartening because it is the criminal act of one person against another. As a local government, and employer, you have the threat of theft from both outside individuals and employees.

Although it is assumed, it is important to reiterate that the theft of property is covered by the Local Government Insurance Trust Property Scope of Coverage. However, this theft coverage is specifically excluded for:

Any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:

(a) by an Insured or any proprietor, partner, director, trustee, officer, or employee of an Insured; or

(b) by any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier engaged by an Insured to do anything in connection with property insured under this Policy.) *Property Scope of Coverage, pg. 15.*

This means that the Local Government Insurance Trust will provide protection for any theft committed externally. As for the more difficult issue of dealing with internal, employee-related theft, LGIT offers a Fidelity and Crime endorsement to our Property Policy.

The Fidelity and Crime policy covers members for "direct losses of Money, Securities and Other Property caused by Theft or Forgery by any Employee(s) of any Insured acting alone or in collusion with others." *Fidelity and Crime Policy, sec. A.* As with any other insurance coverage, members must do their part to ensure that they are properly protected for any loss. If a loss occurs,

(Continued on Page 6, Column 2)

(Property Update - Continued)

can include: those who have duties primarily handling public funds, such as accountants, tax collectors and treasurers; those whose primary duties are administrative, such as assessors, insurance commissioners and judges; and those whose duties involve direct exposure to members of the public, such as police chiefs and notaries public. Be reminded also that it is not only those who should be bonded (mayor, treasurer, etc.) but *all* employees, as they have access to public property such as computers, tools, mobile equipment, etc. Therefore, our bond automatically covers public officials and employees under one bond.

Should you like more information or a quote, please feel free to contact me.



Scott Soderstrom, CPCU, ARM-P
Manager
Property Services

Defensive Driving Safety Update

Preventing Off-the-Job Auto Accidents

Even professional drivers can be the victims of off-the-job auto accidents. The family car may not seem as complex to operate as a big rig, but it is equally as prone to accidents and collisions, unless it is driven with safety in mind. Safe driving is defensive driving — making sure that your vehicle is in good operating condition, following traffic rules and signals, looking out for the other driver, and adapting your driving to special conditions like bad weather, poor roads, and even your frame of mind. Safe driving also means never operating a vehicle while under the influence of alcohol or other drugs or medications.

Check Your Vehicle

Check your vehicle frequently — at least once a week — to be sure that brakes, accelerator, belts, radiator, oil, battery, tires, headlamps, and brake lights are all in good work-

ing condition. If you notice *anything* abnormal in the way your car sounds or operates, take it in for immediate repair.

Follow Traffic Laws

Traffic laws vary from state to state. Know your own state's laws and, if you are planning an out-of-state trip, familiarize yourself with the laws of the areas you will be driving through. Many states allow right turns at red lights. This means that you must come to a complete stop first, check for pedestrians and oncoming vehicles, and then, if the road is clear, you may turn.

Watch the Other Driver

While you may be an excellent driver, there is no way of knowing if the other drivers on the road are as safe as you. Stay clear of (and never try to pass) vehicles that swerve in and out of traffic, brake inconsistently, fail to signal, drive very slowly *or* very fast, or that do not respond to traffic signals quickly. Reduce your speed, if possible, or pull over and let the suspect vehicle get out of your way. Report suspicious drivers to the local police or highway patrol.

React to Special Conditions

Road and weather conditions can affect the way you drive. When roads are slick from rain, ice, or poor surfaces, reduce your speed and proceed cautiously. Keep sand, chains, or salt in your trunk to improve traction. If you skid, *do not brake*. Instead, take your foot off the accelerator, and turn the car in the direction you want the front wheels to go. In dense fog or heavy rain where visibility is bad, pull to the side of the road if possible and wait until conditions improve. (Keep your emergency flashers on so that oncoming



Town of Hampstead

(MML Conference - June 2000 / Jon Burrell, Executive Director of LGIT, presents Mayor Chris Nevin with a Safety Award while Councilman Vince Corsaro, Town Manager Ken Decker and Councilman Haven Shoemaker, Jr., look on.)

Property Update

Bonds and Public Official's Faithful Performance of Duties

Unlike in the market place, our Employee Dishonesty Bond is very broad, in that the definition of "employee" includes "elected or appointed officials." Because of this enhancement, public officials generally no longer need to acquire a separate bond in addition to having a regular Employee Dishonesty Bond for personnel. Broadening the definition not only simplifies administrative matters, it also reduces the possibility of a newly elected or appointed official being without bond.

In addition, our bond includes "Faithful Performance of Duties" coverage. This is not typical in regular Employee Dishonesty Bonds nor is this a Public Officials Liability insurance policy. The coverage is triggered when the local government itself (1st party) makes a claim against its own bond versus a citizen (3rd party) making a liability claim against the local government and/or public official(s) for injury. Prior to assuming office, public officials are required to take an oath which obligates them to faithfully discharge their duties and act in good faith.

While local government public officials have immunities, they are not absolute. Generally, legislative immunities are absolute and executive immunities are qualified. An immunity's validity can stand



Town of Sykesville

(MML Conference - June 2000 / Left to right: Councilman Charles Mullins, Councilmember Debby Ellis, Jon Burrell - Executive Director of LGIT, Mayor Jonathan Herman, Councilmember Michael Burgoyne, Town Manager Matthew Candland, Councilmember William Hall, Councilmember Eugene Johnson. Front Row - Clerk/Treasurer Laura Lindberg, Councilmember Jeannette Nichols.)



City of Salisbury

(MML Conference - June 2000 / Mayor and LGIT Board Member Barrie Tilghman and Council President Von Siggers accept a Safety Grant Award from Jon Burrell.)

or fall on whether the act of governance is done in good or bad faith. In addition, immunities are continually eroding primarily due to appointed activist judges at the federal and state levels. If that's not bad enough for our local public officials who must figure out how to "squeeze" more funds from an already tight budget, they must also deal with additional burdensome unfunded mandates. The laws generally hold public officials personally accountable for losses, shortages and damages to public property. Public officials

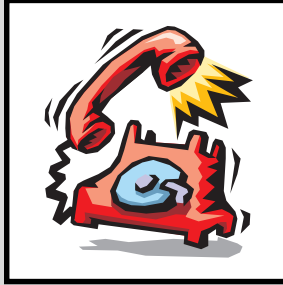
also have a duty to account for public funds and turn them over to their successors. A public official who fails to act in good faith must make restitution to the extent of his/her liability. If the official is unable to make restitution, the bond becomes answerable. Some officials are even held responsible for the acts and omissions of their subordinates. The public officials who generally must be bonded would be too numerous to list. However, three general groupings



***Don't Forget to
Check
the Back Page !***

Employment Law Hotline

The Hotline is a phone service available to members of the Liability Program that provides up to 30 minutes of free legal advice on employment matters. To print, we have selected two interesting inquiries from the last few months that were posed through the Hotline. This member service is provided by LGIT, with the assistance of Daniel Karp, Esquire.



Can an employee who performs "essential services" be made to work more than 40 hours per week without overtime?

Probably not. The answer depends upon the employee's job, not whether the employer believes the services are "essential." Special rules apply when determining overtime for police officers and fire protection personnel, who can be required to work up to fifty-three (53) hours per week without overtime compensation. See 29 U.S.C. § 207(k). However, other personnel who do not fall within an enumerated exemption, whether considered essential services or not, are entitled to overtime compensation when they work in excess of forty (40) hours.

Is a police officer who is required to wear a pager and respond to pages entitled to compensatory time?

No. The fact that an employee may be required to wear a pager does not entitle him to compensation. The ultimate issue is whether the employee is free to engage in personal activities during periods of idleness. The court also looks at the number of calls received to determine whether the employee is continually engaged in work-related activities. An employee who is not free to engage in personal activities due to the number of calls received may be entitled to compensation. However, merely being required to carry a pager and respond sporadically to pages does not entitle the employee to compensation.

LGIT's Latest New Hire

Carolyn Sheahan Admin. Assistant - Property Pool

Carol has worked as a secretary and administrative assistant for a total of 25 years. She has experience in the medical field, legal field and private industry. She joined the LGIT Property Services Department in the Spring of 2000. In her spare time, Carol takes accounting courses at Howard Community College and volunteers at her church.



Primary Liability Update

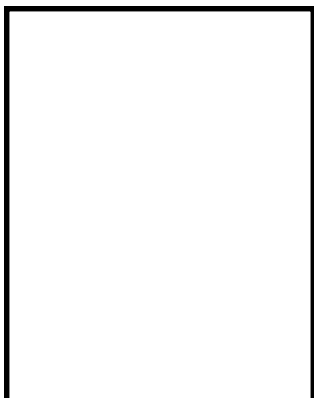
Medical Expense Benefits

Members of the Trust participating in the primary liability program are insured up to \$5,000 each person and \$100,000 each occurrence for Medical Expense Benefits. This extension of coverage is provided to local governments for their owned or rented premises, and can be offered to injured individuals as a *goodwill* coverage for reasonable expenses arising from personal or bodily injury, including medical, surgical, x-ray and dental services, caused by an accident on the premises of a local government. Coverage will not extend to employees; to contractors or vendors hired by a local government; to individuals if benefits are provided under workers compensation or similar law; or to individuals, such as coaches or participants of sports teams sponsored by a local government, injured while taking part in an athletic event.

Recently, the Trust extended Medical Expense Benefits to volunteers, in an effort to assuage the concerns of local governments who want to provide a form of medical coverage to their injured volunteers. While this is not an arbitrary coverage, local governments can effectively look to this extension when no other medical coverage is available to their volunteers. Coverage applies on a *no-fault* basis.



*Eileen B. Townsend, CPCU, ARM
Manager, Primary Liability Services*



Annual Meeting

Will we see you there??

The annual meeting is scheduled to take place November 20, 2000, and again it will be in Annapolis. I would like to see each of our members represented at the meeting. If that happens, we would have a room full of almost 200 people and that's if only one from each of our participants shows up. If everyone sends more than one person, we would have to take over the grand ballroom of the hotel to accom-

modate everyone. Not only that, but the parking lot would be full and neighboring businesses would be complaining about their lack of parking due to the mob of people attending that LGIT meeting at the hotel. Can you imagine??

The meeting will be the usual fine dynamic day of nothing but excitement provided by your Trust. An opportunity to meet the Trust Board members, see how well the Trust continues to do, and meet and discuss Trust business of course, with various members of the Trust staff.

We share the same fiscal year as our members: July 1. Since that date, we have added 12 new participants to the Trust, bringing the total to 173. The most ever. We are also beginning to receive financial information about the year we just finished and again it was another banner year. We provided more of just about all Trust services and still managed to end the year with about \$3 million of revenues over expenditures.

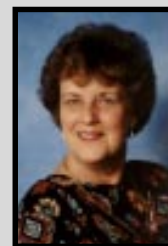
If for no other reason, you should come to the Annual Meeting to receive your copy of the Trust year end Annual Report that will offer even more detail about the year we just completed.

Here's to staying out of court!

*Jon C. Burrell
Executive Director*

Trust Welcomes New Participants to Its Pools

- ***Caroline County Humane Society***
(sponsored by Caroline County) joined the Primary Liability and Property programs effective August 1, 2000;
- ***Town of Calestown***
joined the Trust's Primary Liability and Property programs effective July 1, 2000;
- ***Town of Perryville***
joined the Trust's Health program effective August 1, 2000; and
- ***Somerset County Sanitary District***
(sponsored by Somerset County) joined the Primary Liability and Property programs effective Sept. 1, 2000.



*Nancy Sulborski
Executive Secretary*

Inside This Issue: Employment Law Hotline, LGIT's Latest New Hire, Primary Liability Update - Pg.2 / Property Update - Pg.3 / Defensive Driving Safety Update - Pg.4 / Upcoming Seminar, Claims Update - Pg.5 / Health Benefits Update - Pg.7 / LGIT's 13th Annual Meeting - Pg.8