

LGIT NEWS



Serving Maryland Local Governments Since 1987

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.

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Insurance Risk Manager
Town of Middletown



LGIT Does It Again!



This makes three in a row! 1999, 2000 and 2001! The Certificate of Achievement for Excellence in Financial Reporting has again been awarded to

Local Government Insurance Trust

by the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR). An Award of Financial Reporting Achievement has been awarded to:

J. Earle Beyer, Director of Financial Services

and his staff for preparing the award-winning CAFR. The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 14,000 government finance professionals with offices in Chicago, Illinois, and Washington, D.C.

Financial Services Staff

*J. Earle Beyer, Director
Tracy Cole, Financial Analyst
Doris Houk, Accountant
Betty Haynes, Bookkeeper
Michael Becker, Systems Engineer*

**Congratulations to
Earle and his staff
for a job well done!**

On the Inside:

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From the Boardroom



The Board of Trustees met on April 17, 2002, at the LGIT office in Columbia and took the following actions:

- n Approved the Health Benefits Committee's recommendation that the overall rate increase be set at 16.09% and approved that the plan adjustments for Health, Dental and Vision as offered be effective July 1, 2002.
- n Approved the Health Benefits Committee's recommendation to add a maximum of a 20% surcharge to a prospective member's base rate if they have poor claims experience (to allow them entrance into the Health program), and approved to allow staff to assess a surcharge of up to 20% of the base rate for these entities each year if the entity maintains poor claims experience.
- n Approved the Nominating Committee's recommendation to submit to the membership for election to the Board of Trustees for a three year term effective July 1, 2002: Marie Rameika, Town of Church Hill; Roger Fink, Charles County; and David Harrington, Town of Bladensburg.

The Board of Trustees met on May 9, 2002 at the LGIT office in Columbia and took the following actions:

- n Approved the joint Finance/Audit and Underwriting Committees' recommendation that there be no rate change for the Primary Liability Coverage for FY 2003.
- n Approved the joint Finance/Audit and Underwriting Committee's recommendation to increase the Excess Liability rates for FY 2003 by an average of 5% above current levels for Excess Liability coverage.
- n Ratified participation of the Bel Air Downtown Revitalization Alliance, Inc. (sponsored by the Town of Bel Air) in the Liability Pool effective April 8, 2002.

*Nancy B. Sulborski
Executive Secretary*



The Board of Trustees met on June 6, 2002 at the LGIT office in Columbia and took the following actions:

- n Approved the FY 2003 LGIT Budget.
- n Approved the Claims Committee's recommendation for an increase in settlement authority for a case involving the Town of Leonardtown
- n Approved a recommendation made by the Claims Committee, that the expense reserve authority be increased to \$25,000 for the staff positions of Claims Analyst and Claims Examiner.
- n Approved the Underwriting Committee's recommendation to obtain Property coverage from NLC-MIC at some level within a specified retention limit and to purchase the reinsurance offered by the Royal Insurance Company.
- n Approved the Underwriting Committee's recommendation that the LGIT Equipment Breakdown Endorsement be converted to a separate LGIT declaration page to reflect an arrangement with the Hartford Steam Boiler for reinsurance.
- n Approved the Underwriting Committee's recommendation to exclude terrorism from the Property Scope of Coverage.
- n Approved vesting authority with the Executive Director and the chairman of the Underwriting Committee to negotiate offerings for the remainder of the Property coverage.
- n Approved the Underwriting Committee's recommendation to exclude fungus and electronic virus from the Property Scope of Coverage.

Trust Welcomes New Members to Its Pools

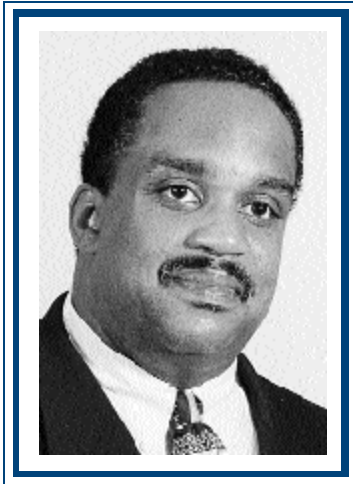
We're pleased to announce that the Bel Air Downtown Revitalization Alliance, Inc. (sponsored by the Town of Bel Air) has joined the Trust in the Liability Pool effective April 8, 2002.

Trust Board Members Elected

Elected to the Board of Trustees for a three year term effective July 1, 2002, are:

- n Marie Rameika, Town of Church Hill
- n Roger Fink, Charles County; and
- n David Harrington, Town of Bladensburg

LGIT's Newest Board Member



*David Harrington, Mayor
Town of Bladensburg*

Since 1995, David Harrington has served as mayor for the Town of Bladensburg, MD. As mayor, David (with the Towns of Colmar Manor and Cottage City) forged a dynamic economic partnership called the "Port Towns." This economic initiative has been recognized by the Governor, County Executive and the White House, as one of the **finest examples of revitalizing an older community**. Also during his time as mayor, he was elected President of the Port Towns Community Development Corporation, appointed by the County Executive to the Prince George's Redevelopment Authority (where he now serves as Chair), appointed by the County Council as a commissioner on the Charter Review Commission, and last summer David became the first African-American elected by municipal officials across the State of Maryland as President of the Maryland Municipal League.

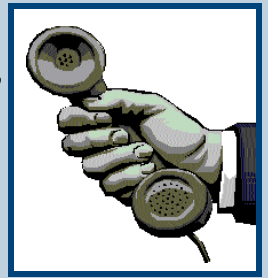
Among some of his professional affiliations, David is presently a senior fellow and faculty member at the University of Maryland's James

MacGregor Burns Academy of Leadership. In this capacity, he has taught courses and led seminars on leadership. Prior to coming to the Academy, he was Director of Education with the Close Up Foundation. Close Up is a national program that is dedicated to improving civic literacy particularly among high school students. As Director of Education, David was responsible for managing Close Up's educational program that included curriculum development, staff recruitment and training, and overseeing a \$2M budget. He also has been a faculty member for the summer Institute for Writing, Reading and Civic Education at Harvard University. As a faculty member, David led seminars with noted social studies educators from around the country on designing methods for infusing literature with social studies.

David is a graduate of Howard University with a degree in political science and has received graduate credits in civic education from Harvard University.

Employment Law Hotline

The Hotline is a phone service available to Liability Program members that provides up to 30 minutes of free legal



advice on employment matters. We have selected to print one interesting inquiry that was posed through the Hotline. This service is provided with the assistance of Daniel Karp, Esquire.

Is a deputy entitled to the protection of the Law Enforcement Officers Bill of Rights when he/she is reassigned?

As a rule, a police department may transfer a police officer to another position to enhance the department's, as well as the officer's, performance. However, an officer is entitled to the protection of the Law Enforcement Officers Bill of Rights if the transfer is intended to punish the employee for his/her conduct.



Fred Stringfellow, President of MSAE at the time of this photo, presents Jon Burrell, LGIT Executive Director, and Jennifer Myers, Loss Control Training Coordinator, with the Maryland Society of Association Executives' Circle of Excellence Award in recognition of LGIT's Risk Management Manual which assists members in minimizing potential exposure to financial loss.



*Rosalie Fitzroy
Chesapeake City*



Contact Corner

Nestled amongst a street of historical buildings on Bohemia Avenue sits Chesapeake City's town hall. Developed in the early 1800's, this town with a population of approximately 800 is located on both sides of the Chesapeake and Delaware Canal. Helping with the day-to-day operations of the town is one of the duties of our featured contact person, Rosalie Fitzroy.

Rosalie has been employed with Chesapeake City since 1998 as the town's clerk/treasurer. Rosalie handles all "money matters" which includes payroll, accounts payable, accounts receivable, budgeting and some investing. Even though her duties are routine, there is always a new problem to solve every day. The most interesting aspect of Rosalie's job is getting everything to balance. Her love of working with numbers is apparent in her work history. Prior to working at Chesapeake City, Rosalie was the clerk/treasurer for the Town of Cecilton. she has also worked in private industry for various employers as a bookkeeper.

Surprisingly, only two people handle the office duties of the town, which Rosalie enjoys because she gets to "have her fingers in all of the pies." "Having her fingers in all of the pies" allows Rosalie to know everything that is going on in the town. Another advantage of working for a small town is the charming, folksy atmosphere. "Coming to work is like coming to a movie set. There are flowers everywhere and you get to interact with citizens everyday!" In short, Rosalie states, "It's a real pleasant place to be all the time."



*Sylvia A. Newsome
Account Representative
Health Benefits Services*

Street and Sidewalk Liability

This article summarizes a seminar given at the MML convention on June 24, 2002.

n Sidewalks

Many local governments have passed ordinances that require the landowner to maintain the sidewalk in front of their property, or pay the municipality to do so. While this is a perfectly acceptable ordinance, it does not protect the municipality from a lawsuit in negligence for a personal injury due to a poorly maintained sidewalk. Maryland courts have held that while the ordinance creates a duty between the landowner and the municipality, it does not create a duty from the landowner to any person injured while walking on the sidewalk. Thus, the municipality is ultimately

responsible for any injuries that occur. If the landowner is not maintaining the property pursuant to an ordinance, the municipality may want to consider making the repairs and then billing the landowner for the work done. The municipality should make sure that its ordinance allows this procedure.

n Streets

Just as it does with sidewalks, the local municipality has a duty to maintain its streets in a reasonably safe condition. While not the insurers of the safety of persons traveling on the roads, the municipality must exercise reasonable care to keep its public roads safe for travel.

(Continued on Page 6, Column 1)

Preventing Lightning Losses

A bolt of lightning contains millions of volts of electricity and can destroy a building, start a fire, ruin electronic



equipment, or kill a person. Protection against lightning damage is taken by using emergency precautions and installing surge protectors which are sophisticated over-current devices that detect leaks of power and then quickly disengage a circuit. Grounding rods and lightning rods are other lightning protection devices.

In simple terms, lightning is a powerful version of static electricity sparks often experienced in dry weather. A thunderstorm is caused by the turbulence that results when masses of warm air meet. Lightning occurs when violent winds within a cloud produce an electrical field inside the cloud. As voltage increases, lightning arcs through the air looking for a ground. Lightning carries tremendous power with a charge of up to 200,000 amps and 100 million volts. Lightning follows the easiest path from the cloud to the ground, which means that it is attracted to tall objects or good conductors of electricity such as building roofs, antennas and trees. A conductor of electricity is a low-resistance material, such as copper wire, through which electricity flows easily. A grounding conductor is the wire (green or bare) in a cable that carries no current and is used as a safety measure to establish a ground.

A nearby lightning strike can send a power surge through electrical wires that can damage electronic equipment. It can completely knock out dispatch and computer systems, costing thousands of dollars in property losses and putting people's lives in danger. Lightning can also come into a building through windows and chimneys to a ground such as metal wires or pipes. Metal buildings can become dangerous if not grounded properly during initial construction. Often metal gutters are the culprits. Surge protector equipment

guards against bursts of electricity caused by lightning striking a nearby electrical line but does not help in direct hits. Grounded antennas, cables, telephone wire and even aluminum siding also offer some protection against lightning damage. Most codes (Southern Building Code, National Electrical Code, etc.) require that potential conductors be grounded.

It is a good idea to have surge protectors on all computer equipment, VCRs, and other electronic devices, especially dispatch centers. Each location or piece of equipment should be provided with a surge protector, along with a unit at the main electrical panel.

If you are in a lightning-prone area, consider having a protection system professionally installed. This



involves placing air terminals (lightning rods) on the roof of the building and running braided copper cable to buried grounding poles. The placement of air terminals must be calculated precisely to give full protection, and grounding poles must be matched to the soil and climate in the area. Installation of air terminals involves many complex factors and should be performed by a licensed, professional, competent, qualified, and insured installer or company.

Lightning protection systems are effective. The costs can be easily justified because one direct lightning strike can start a fire and destroy a building along with thousands of dollars of vital equipment. And it can cause death or injury to people!

Reproduced with the prior approval of the Texas Municipal League Intergovernmental Risk Pool.



*Richard A. Furst
Sr. Loss Control Manager
Loss Control & Underwriting Services*

n Immunity

Many municipalities ask LGIT counsel to raise the defense of governmental immunity when faced with a lawsuit for a defective roadway or sidewalk. However, Maryland courts have held that maintenance of streets and sidewalks is an exception to this defense. Immunity also does not apply to items that affect sidewalks and roadways such as placing of warning signs on highways or failing to repair and maintain traffic signals. As immunity is not a defense, the municipality must do everything it can to act reasonably in the maintenance of its streets and sidewalks.

n Preventative Maintenance

The best defense a municipality has for a sidewalk and/or street case is a preventative maintenance/inspection program. Regular inspections will: 1) help the municipality spot potential problems before an injury occurs, 2) allow the municipality to plan its budget and work load, and 3) provide written proof in a personal injury claim that the municipality was reasonable in its care of its streets and sidewalks. As street and sidewalk claims are a large portion of total claims every year, taking this proactive approach will help reduce the claims upon a municipality. Inspections and regular maintenance are only half of the equation, however. Documentation must be kept so the municipality can prove that it did what any reasonable municipality would do.

n Documentation

Records must be kept of all inspections, complaints and maintenance work performed. These records may be handwritten or in the computer, as long as they are kept. The municipality must be consistent in keeping these records – all complaints and work done must be recorded. The records must be signed and dated by the person performing the work so that they can be tracked down should problems arise down the road. The records must indicate precisely where the work was performed and specifically describe the work

done, materials and equipment used, and persons performing the work.

In order to avoid the legal pitfalls discussed, the county or municipality should take the following steps:

- n Establish criteria for the public works department to follow in maintaining the streets and sidewalks
- n Have an established maintenance/inspection schedule which is followed
- n Keep written records, signed and dated, on each inspection and/or maintenance procedure
- n Make sure that the alleged defect has sufficient barricades and/or warnings placed around it so as to protect those using the sidewalk or roadway, if work is unable to be performed due to lack of money, time, materials, or manpower.
- n Keep a record of each complaint received about an alleged defect, indicating who made the complaint, if repairs were needed, and when repairs were completed
- n Make sure that all employees and/or independent contractors working on your sidewalks and/or streets are properly trained and/or accredited
- n Inspect and repair a defect in a sidewalk and then invoice the landowner, if your ordinance allows it.

If you are uncertain whether your inspection and/or maintenance plan has everything you need, please feel free to contact our loss control department for help in formulating your plan.



Christine Altemus
Attorney
Claims & Legal Services

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