

LGIT

SERVING MARYLAND LOCAL GOVERNMENTS SINCE 1967

NEWS

October 2004



The Local Government Trust will provide coverage and risk management services to state and county governments through an organization that is governed and managed by its local government members.

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Recovering from Isabel

Many waterfront communities are still recovering from the effects of the September 18, 2003, storm surge caused by "tropical storm" Isabel. This unexpected storm surge caused widespread devastation to the City of Havre de Grace's historic waterfront area and destroyed the City's nearly-new Promenade Pier, as well as many of the appurtenant structures. Unfortunately, the City had not chosen to participate in LGIT's Flood Zone coverage; therefore, the estimated million-dollar repair cost was not insured. Faced with huge unbudgeted costs, Jim Newby, Director of Administration for the City contacted Americorps. The Americorps volunteers assisted in rebuilding the waterfront tourist attractions in Havre de Grace, eliminating most of the labor costs, which had been estimated for the project. The work was done beautifully and completed in time for the 2004 tourism season — faster than private contractors had estimated. If you have any questions about Havre de Grace's experience with Americorps, you may reach Jim Newby at 410-939-1800 or www.havredegracemd.com.

Congratulations to the City of Havre de Grace!



Secondary Employment and Off Duty Endorsement

Do you have this endorsement?

Any local government with a police department needs this endorsement. Otherwise, local governments and their police officers may not be covered for claims arising from an officer's secondary employment or from the officer's exercise of off-duty law enforcement activities.

What if none of your officers perform secondary employment?

Even if your officers are not engaged in secondary employment, you still need this endorsement for off-duty officers exercis-

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LGIT Congratulations

Congratulations go to the following LGIT members for their loss control and safety efforts:



Queen Anne's County for demonstrating its commitment to risk management by assigning **David Chaires** to fill its newly created position of Risk Manager. The County is active in training employees to be defensive drivers and addressing the property valuation needs of the County for LGIT.



Wicomico County

for conducting formal risk management committee meetings that address useful agenda items, complete with time lines for meeting committee goals. The County is committed to assuring its property valuations by carefully completing LGIT COPE checklists. It also conducts vehicle inspections and frequently monitors them to assure safe vehicle conditions.



Cecil and Charles Counties for scheduling Vehicle Rodeos that will take place some time this fall.

Note

Send us your risk man-

Fair Labor Standards Act

Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees; Final Rule [04/23/2004]

On April 23, 2004, some new rules regarding the Fair Labor Standards Act (FLSA) were published in the Federal Register. These went into effect August 23, 2004. They can be viewed and downloaded at:

<http://www.dol.gov/esa/regs/fdreg/final/2004009016.htm>

FLSA mandates certain requirements for "nonexempt" and "exempt" employees, and for "minimum wage", and "overtime wage". The new rules update the requirements governing overtime pay eligibility for workers under FLSA. This is significant in that they will:

- expand the number of salaried workers eligible for overtime pay.
- clarify and strengthen overtime protections for many workers.
- address FLSA exemptions for workers classified as executive, administrative, and professional employees.
- provide a "Safe Harbor" provision which protects employers from the current consequences of making impermissible deductions.

The purpose of this article is to supply you with some actions that you can take to ensure continued compliance with the FLSA:

- Reexamine positions to make sure you've accurately categorized your personnel as exempt or nonexempt under the new exemption tests.

Where exempt/nonexempt status isn't clear for any position under the new tests, consider revising job duties to clarify status one way or the other.

- Pay particular attention to those "blue collar" and "public safety" categories where the new regulations make it very clear that certain positions can never be viewed as exempt.
- Review your deduction and pay-docking policies and practices, and make sure they are in compliance with the new requirements. Avail yourself of the "safe harbor" provisions by making sure you have in place (and that you clearly communicate) a policy that prohibits improper deductions; provides a complaint mechanism; reimburses employees for any wrongful deductions; and commits to future compliance with the FLSA, and finally,
- Review all of your FLSA policies and practices.

If you have concerns about any of your policies, even longstanding ones, this is a good time to review them with your town or county attorney and make any necessary corrections to them. LGIT Liability Pool members are welcome to use the LGIT Employment Liability Hotlines (800-845-8055 or 410-625-5981) for FLSA-related questions.



Vance Petrella
Loss Control Manager

LGIT thanks Ms. Tami Tanoue, CIRSA General Council/Claims Manager, Colorado Inter-Governmental Risk Sharing Agency for our use

Upcoming LGIT Seminars

Qualifying Contractors

October 21, 2004
LGIT Headquarters, Columbia, MD
9:00 a.m. - 12:30 p.m.

Getting Ready for Winter's Hazards

Public Employees Safety Association (PESA)
October 29, 2004
Cozy Inn, Thurmont, MD
Seminar Times: TBD

Early Warning Systems for Law Enforcement

November 2 - 3, 2004
Maryland Police & Correctional Training Commission (MPCTC)
Sykesville, MD
8:00 a.m. - 4:00 p.m. each day

Emergency Vehicle Operations Course

(Class currently full – Taking names to fill cancellations)
November 17-19, 2004
Maryland Police & Correctional Training Commission (MPCTC)
Sykesville, MD
Seminar Times: TBD

LGIT Annual Meeting

November 22, 2004
Radisson Hotel, Annapolis, MD

Intro to Win-Win Negotiations

(Academy Core)

9:45 a.m. - 12:00 noon

Effective Meetings

(Academy Core)

1:30 p.m. - 3:30 p.m.

Consensus & Team Building

(Academy Elective)

1:30 p.m. - 3:30 p.m.

(P.M. seminars to run concurrently)

Health Care Costs: Can We Do Anything?

MD City-County Managers

ing departmentally approved law enforcement activities.

*(Continued on Page 3, Column 2)
(Secondary Employment - Continued)*

How much is the endorsement?

It is very inexpensive.

Then why does LGIT offer this vital coverage as a separate endorsement rather than as standard coverage if it is so inexpensive? Solely, as an incentive for you to implement and monitor secondary employment loss control measures attached to this endorsement with the goal to reduce, if not prevent, these claims against you, your public entity and your officers.

How many secondary employment loss control measures must be implemented? Not many. Basically, you must have a written Secondary Employment policy, an application form, job description, and contract agreement for prior approval. We can send the guidelines to you upon request. Further information is provided in your LGIT Risk Management manual.

Once again, this endorsement is needed to avoid denials of coverage for claims arising from secondary employment and from the performance of departmentally approved law enforcement activities by off-duty officers.



Vacant Building Coverage Concerns

Within the Property Scope of Coverage, there are certain specialized definitions for various terms, and coverages that are tailored or modified to frequently changing exposures. This is

especially true with regard to vacant buildings. These buildings, which have been vacant for an extended period of time, are vulnerable to vandalism, arson and roof collapse. They also pose a threat to public safety. In recent years, the Property Pool has experienced losses due to roof collapse of vacant buildings. How is coverage affected by this exposure?

Based on the Property Scope of Coverage, buildings vacant for more than 60 days before loss or damage will be valued at **Actual Cash Value (ACV)** and an **Actual Cash Value for Specific Locations Endorsement** will be issued. **ACV** means **Replacement Value (RCV)** minus depreciation. The coverage provided for this exposure will be for Basic Perils only, which excludes: vandalism; sprinkler leakage; building glass breakage; water damage; falling objects; or damage due to weight of snow, ice or sleet.

Are you aware of any vacant buildings on your property schedule? If so, it is **very important** that you contact the Loss Control & Underwriting Department as soon as possible. When vacant buildings are reported, the condition of these buildings will be evaluated and building value determined in the event of loss or damage at **ACV**. At the completion of this process, the **ACV** limit will be applied to these buildings. What does this mean? It means that there will be a premium reduction for vacant buildings, since most buildings on the property schedule are valued at **RCV**.

Paying attention to coverage provisions and loss prevention measures will minimize claims problems. Discussing the vacancy of your buildings with the Loss Control & Underwriting Department will be time well spent.



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 member service is provided by LGIT, with the assistance of Daniel Karp, Esquire.

Question

Are part-time employees and elected officials counted in determining whether or not a municipality has 50 or more employees?

Answer

Yes and no. Part-time employees are counted but elected officials are not.

Annual Meeting

Will we see you there??

The annual meeting is scheduled to take place November 22, 2004 and again it will be in Annapolis. I would like to see each of our members represented at the meeting. If every LGIT member sent only one participant, we would have almost 200 people in the meeting room. If everyone sent *more than one person*, we'd be forced to take over the grand ballroom of the hotel to accommodate everyone. Not only that, but the hotel parking lot would be full and neighboring businesses would be complaining about lack of customer parking due to "that mob of people attending the LGIT meeting" at the Radisson. Can you imagine??

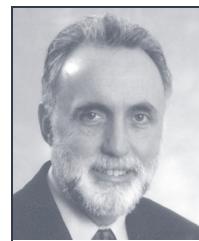
The 2004 November meeting promises to be a day of excitement provided by your Trust. It will be an opportunity to

meet Trust board members, hear how well the Trust continues to do, and, of course, meet/discuss Trust business with various members of the staff.

The Trust shares the same July 1 fiscal date as our members. We are starting to receive financial information about the year we just finished and, like the previous year, it was full of challenges that we met successfully. While in some areas we provided more Trust services, we still managed to end the year with close to a \$1.5M surplus.

We look forward to seeing you at the Annual Meeting. Come alone or bring a coworker. We know you will be anxious to receive your copy of the Trust's year-end Annual Report that offers in even more detail information regarding the fiscal year ended June 30, 2004.

Here's to staying out of court!



MACo Conference



(Lucky LGIT Grand Prize Winner, Sharon D. Reilly, Director, Department of Recreation, Worcester County, stopped by the LGIT booth to collect her prize.)



(State Comptroller William Donald Schaeffer points to something of interest while visiting the exhibit booth.)



(LGIT board member and Cecil County Commissioner Nelson Bolender and his wife, Peggy, stopped to visit the LGIT exhibit booth.)



The LGIT NEWS is a quarterly publication and is available free to all members and affiliates of the Local Government Insurance Trust, Columbia, Maryland. You can access this issue and past issues of the LGIT NEWS on-line at www.lgit.org. • 410.372.0400 | 410.652.8237

