

# LGIT NEWS

SERVING MARYLAND LOCAL GOVERNMENTS SINCE 1987

August - 2004

The Local Government 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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## Health Pool — Adieu!

In the April Newsletter that “In the health area we are working with our consultant to restructure our program in order to offer the kinds of medical care options that are affordable and that you have requested.”

By now you know we couldn’t make it work. This decision did not come easily. The Health Pool had existed since 1990 and the Board agonized over first, how to fix it, and, after running out of options, how to close it. The decision was compounded by an assessment of the members of the pool for a deficit for FY01 and 02 which was further compounded by what to do about another pool deficit for FY03. The Board met numerous times over the last fiscal year with several meetings dedicated just to the Health Pool. A consultant was retained to help address the many issues. In the late spring, a decision was made to retain the pool if certain membership levels and deficit reduction levels could be maintained.

When it was reflected that such goals could not be met, it was decided by the Board to close the pool effective June 30, 2004 and letters announcing this action were sent to the membership in May.

The consultant and the staff worked with outside carriers and pool members to make the transition to new health care insurers seamless, and we largely succeeded.

It was also decided by the Board that the remaining deficit for the pool should be addressed without further assessment of the members. The fix to this problem requires amendments to the LGIT Trust Agreement. Letters announcing the Board’s recommendation to address the problem were sent out to all members of the Trust in June. Membership approval of the proposed amendments to the Trust Agreement will bring to a close this effort by the Trust to help our members address the fiscal disaster otherwise known as the “Cost of Health Care”.

(Continued on Page 4, Column 2)

## Inside This Issue

LGIT Congratulates.....	2
From the Board Room.....	2
LGIT Trustees Reelected .....	3
PRIMA 3rd Place Finish for LGIT...3	
LGIT Loss Control Report Card .....	3
Claims Services Staff .....	4
News from LGIT’s Legal Dept. ....	4
Contact Corner - Chris Schlehr .....	5
CALEA = 10% Premium Credit.....	5
Employment Law Hotline.....	6
LGIT’s 17th Annual Meeting .....	6
Grand Prize Winner .....	6
Academy Courses at Annual Mtg.....	6

## LGIT Congratulates



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

### ***Cecil County Department of Aging***

*For holding emergency evacuation drills on March 25th with six van drivers and forty senior passengers in which drivers were given mock emergency evacuation scenarios. They then chose the best passenger evacuation procedure. The event was organized by Leslie Gorak, Transportation Supervisor, Cecil County Department of Aging, and Anna Gardner, Risk Manager, Cecil County Government.*

### ***The Town of Elkton***

*For being the first LGIT member to submit COPE (construction, occupancy, protection and exposure) information for all of its buildings. The COPE information helps LGIT to properly report property values to reinsurers and to set appropriate premiums for members.*

### ***The City of College Park and the City's new safety officer, Carolanne Linder,***

*For a thorough response to LGIT's hazard evaluation recommendations.*

## From the Board Room

**The Board of Trustees took the following actions on January 21, 2004 at a meeting at MML in Annapolis:**

- n Approved the authorization of the return of surplus from the Primary Liability Pool of \$5 million, effective June 30, 2004, to existing member participants only and that the credited amounts would be used to pay premiums or other related indebtedness to the Trust. One third of the credits would be available for use over a three-year period.
- n Decided to take no further action on the development of a Worker's Comp program for LGIT.

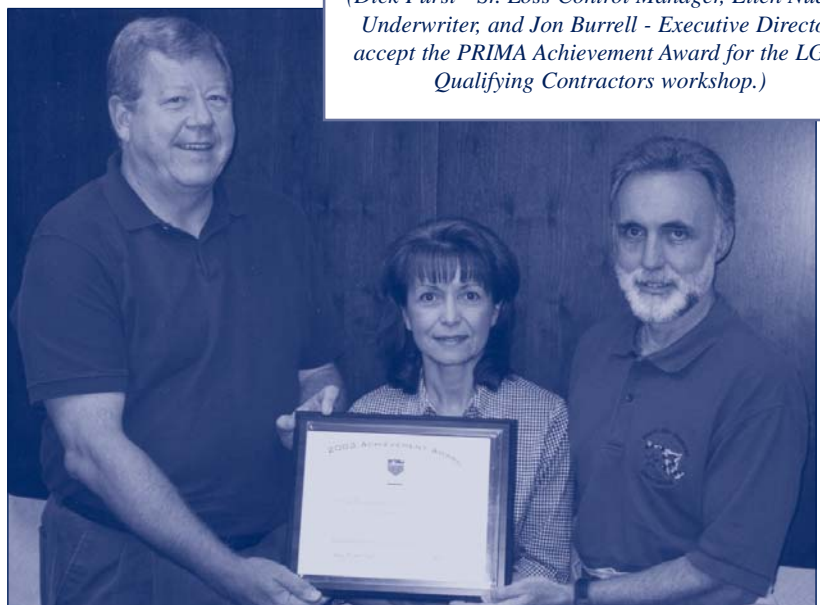
**The Board of Trustees met on March 22, 2004 at MML in Annapolis and took the following actions:**

- n Approved the Finance Committee's recommendation to outsource LGIT's investment management through Prudential Financial's all-inclusive, asset-based fee program.

- n Approved the Underwriting Committee's recommendation for the following Scope of Coverage changes: 1) to increase the debris removal limit and 2) delete the Total Loss Discount (TLD) provision.
- n Approved the Nominating Committee's nominees of the following candidates to the Board for re-election by the membership: Barrie Tilghman (Salisbury), Raquel Sanudo (Howard County), and John "Sonny" Bloxom (Worcester County).

**The following actions were taken at a special meeting of the Board of Trustees on April 15, 2004 at LGIT in Columbia:**

- n Set the overall rate increase for health insurance at 18%.
- n Approved a change in the Trust Agreement to amend provision 6.04 to read: "Inter-Pool borrowings. Upon an affirmative vote of two-thirds (2/3) of all Trustees, Trustees may loan moneys from one pool to any other pool."



*(Dick Furst - Sr. Loss Control Manager, Ellen Nudd - Underwriter, and Jon Burrell - Executive Director, accept the PRIMA Achievement Award for the LGIT Qualifying Contractors workshop.)*

**The following actions were taken at a special meeting of the Board of Trustees on April 22, 2004 via tele-conference:**

- n Approved the closure of the Health Pool, effective June 30, 2004.

**The Board of Trustees met on May 5, 2004 at LGIT in Columbia, and took the following actions:**

- n Approved the annual meeting schedule for the Board and the Executive Committee, leaving the standing committees flexible in determining their schedules.
- n Approved the recommendation to seek an amendment to the Trust Agreement from the membership to authorize the Board, upon an affirmative 2/3 vote of all the Trustees, to transfer moneys from one pool to any other pool in the event of closure of a pool or the component of a pool.
- n Approved the transfer of an amount not to exceed \$1.9 million from the Primary Pool reserves to pay assessments for FY03 for the Health Pool to benefit those entities that are current on prior year assessments, contingent on the passage of the amendments to the Trust Agreement stated above.
- n Authorized a return of \$3 million in fund balance from the Primary Pool reserves contingent on the enactment of amendments to the Trust Agreement. The distribution would be used only for the following purposes: 1) pay FY03 Health Pool assessments; 2) amounts remaining may be used to pay obligations for prior year assessments for the Health Pool; 3) remaining balances may be used as a credit against future premium

payments with the amount being allocated over a three-year period.

**The Board of Trustees met on June 7, 2004 at LGIT in Columbia and took the following actions:**

- n Approved the Executive Committee's recommendation to adopt the FY05 proposed budget while allowing certain changes which may have an effect on the final numbers caused by the Health Pool termination.
- n Approved the recommendation to adopt a time limit of no more than 12 months after the accident date to file a PIP claim.
- n Approved the Underwriting Committee's recommendation that the Primary Liability rates be increased by 11% and the Excess Liability rates be increased by 4%.
- n Approved the Underwriting Committee's recommendation that the property rates be increased by 6.4%
- n Approved the Underwriting Committee's recommendation that the additional limit of a \$1million option to the uninsured motorist endorsement be priced at a certain limit per vehicle.

### **LGIT Trustees Re-elected**

The following Board members were re-elected by the membership to a new three-year term: **Barrie Tilghman** (Salisbury), **Raquel Sanudo** (Howard County), and **John "Sonny" Bloxom** (Worcester County).

*Sandy Tedrow  
Executive Secretary*



## **PRIMA Third Place Finish for LGIT Online Training**

LGIT was recently recognized at the Public Risk Management Association (PRIMA) 25th Annual Conference for its "Online Training Using WebEx Web Conferencing" program. The program won Third Place in the pool category of PRIMA's public risk management achievement awards.

## **LGIT Loss Control Report Card**

The second annual LGIT Loss Control Report Card will be provided to members this fall and will contain claim and loss data ending in June 2004. The Report Card is designed to provide members with high-level loss data summaries of their loss history. Members can use the information contained within to assess the past three years of their loss experience, to identify frequency and severity trending, to make some general predictions about future loss experience, to compare their loss experience to the aggregate experience of other members of the Trust, to identify areas that need improvement, and to establish risk management and loss control priorities.

The Report Card is provided to Primary Liability and Property members of the Trust with at least three full coverage years of loss data. For more information, contact **Patrick Hancock** at [phancock@lgit.org](mailto:phancock@lgit.org) or 410-312-0880.

*P. Hancock, ARM  
Loss Control  
Training  
Coordinator*





## Claims Services Staff

The Claims Services Department has recently welcomed three new employees.

- n** In April, **Elizabeth Martinez** joined the Trust as a Claims Analyst. Liz handles public official and police liability claims as well as the management of all litigated claims for members Town of Mardella Springs - Worcester County. Liz was raised in New York City and received her JD degree from New York Law School in 1992. She worked as a landlord-tenant attorney for several non-profit organizations before moving with her husband and two children to Maryland. In Maryland, she worked as a claims professional for State Farm and Paramount insurance companies. Liz is fluent in Spanish; this bi-lingual ability has enabled our department to communicate with an increasing population of Latin American claimants.



A review of FY 2003 claims revealed a 32% increase in claims filed over the previous year. Historically, the average increase in claims has been 9.5% per year. In order to address this continuing trend the Board of Trustees approved an additional adjuster position for the Claims Department.

- n** **Erica Underwood** has joined the Trust as a Claims Examiner so that we can continue to provide our members with prompt and efficient claims handling. Erica will be primarily responsible for automobile claims for all LGIT members so that damaged vehicles can be repaired and adjusted in an expedient manner. Additionally, she will handle some bodily injury and general liability claims. Erica has a BS in Health Administration from Texas Southern University and is currently pursuing a master's degree in negotiation and conflict management from the University of Baltimore. She has over seven years experience in the insurance industry where she worked as a compliance regulator with the Maryland Insurance Administration and a claims adjuster for Nationwide Mutual and Progressive insurance companies.



- n** Finally, we are pleased to welcome aboard **Charise Henderson**, formerly a Customer Service Representative for LGIT's Health Benefits Pool. Charise has worked for 10 years in the health care industry, three of those years working at CareFirst Blue Cross/Blue Shield as a customer service representative. Charise recently transferred to the Claims Department as a Claims Assistant where she is responsible for setting up new claims, processing loss payments, and assisting the adjusting staff with customer services issues.



## LGIT Legal Department News

### The Departments of Legal Services and Claims Services Produce New Publications to Assist Maryland Law Enforcement and Corrections Officers

Due to the changes constantly occurring in the legal landscape, our Legal Services and Claims Departments have designed two new publications to present up to the minute legal issues to our members' law enforcement and corrections officers. The publication pertinent to police and law enforcement issues is called the "Roll Call Reporter". The publication pertinent to prisoner issues is called the "Commander's Log".

Each publication will briefly analyze a recent Supreme Court or Maryland appellate court opinion, and discuss the opinion's impact in the respective field. The publications are designed to be distributed to law enforcement and corrections officers at roll calls, shift changes, or other appropriate assemblies. It is hoped that these publications will assist, in part, in the ongoing training of officers in regard to constitutional and other legal issues. Obviously, the more quickly legal changes are brought to the attention of law enforcement and corrections officers, the more quickly such changes can be implemented in the course of the officers' duties.

The week of June 28 saw the publication of the first "Roll Call Reporter". In it, the recent Supreme Court decision in *Thornton v. United States*, a case concerning the scope of vehicle searches incident to arrest, was discussed. The publications will be released as legal issues arise; they will not be published on any fixed schedule. If you have any questions or comments concerning these publications, please contact:

*John F. Breads, Jr.  
Director, Legal Services*



*(Health Pool — Adieu! - Continued from Pg. 1)*

**W**e appreciate the dedication of our members who stuck it out with LGIT in making this run to try to bring some stability to health care costs and services. Obviously it will take someone much bigger than us to fix it.

**I**n the meantime, we will continue to work with our other pools to provide the coverage and risk management services that you have come to expect.



*Jon C. Burrell  
Executive Director*



**Chris Schlehr**  
Administrator  
Town of Bel Air

**C**hris was raised in Bel Air attending Saint Margaret's grade school and Bel Air High School where he played football, baseball, and basketball. After high school he entered the U. S. Naval Academy and graduated with the Class of 1972

as an Ensign with a BS Degree in Mechanical Engineering. During his twenty years in the Navy, he served on two destroyers and an ammunition ship, participating in a number of naval engagements in support of the Republic of South Vietnam while aboard the USS Edson (DD-946). He transferred to the Navy Civil Engineer Corps after eight years of sea duty, and retired as a Commander in 1992.

In July of 1992 Chris was hired by the Town of Bel Air as the Public Works Director and in 2000 as Town Administrator. He holds a Masters Degree in Mechanical Engineering from the Pennsylvania State University. He is married and lives with his wife Joyce in Fallston, Maryland.

*In Chris' own words:* As a member of the Maryland Main Street Program for the past three years, the Town of Bel Air has undertaken an exciting program of revitalizing the downtown area. High on our agenda is to attract more restaurants and retail to make our Main Street more viable economically, and to create some after hours activity, maybe even a little night life! We also hope to soon acquire the old National Guard Armory on Main Street from the State. Our vision for the Armory is to convert it into a recreation center for the citizens of Bel Air. We also intend to use it for cultural arts venues, dances, movies, festivals, and

possibly as a home for our Town band and choral group. That, along with working with the State Highway Administration on traffic issues, has consumed much of my time these last few years.



Bel Air is very aggressive with their special events such as Maryland's official state barbeque competition or better known as the "Barbeque Bash" held each August and sponsored by the Bel Air Revitalization Alliance. The Bel Air Arts Festival held each September in Shamrock Park is also an extremely successful event. Both are staffed by hundreds of volunteers, and attract thousands of visitors, bolstering a strong sense of community among the Townspeople. Bel Air also features a very popular creative playground that was built and is maintained with all private and volunteer funds.

Chris has been very involved in LGIT's Risk Management Committee. Additionally, he and Joyce Oliver, Bel Air's Human Resources Director, have been very active in using Local Government Insurance Trust resources, from attending workshops, to using LGIT's Risk Management Manual.



*Richard A. Furst*  
Sr. Loss Control Manager

## CALEA Equals 10% Premium Credit

In today's litigious environment, local governments are increasingly being sued and held liable for actions committed by public employees. Law enforcement activity is the source of a significant percentage of these lawsuits. This can be particularly worrisome for law enforcement agencies that are using an untested set of standards or whose policies and procedures are non-existent.

With the promotion of so many new standards these days, the selection of a standard to measure against can be somewhat difficult. The adoption of a good standard that is based on long standing principles that have historically proven true over time, will serve well to reduce risk exposures associated with these activities. That is why the Commission on Accreditation for Law Enforcement Agencies, Inc., (CALEA) Law Enforcement

Accreditation program located at [www.calea.org](http://www.calea.org) is extremely desirable to U.S. local government law enforcement personnel and risk managers.

It has been said that having a good defense is having a good offense. Due to the fact that a proactive law enforcement risk management program will reduce the probability of lawsuits, LGIT will reward its members with a 10% premium credit. Specifically, one of the best set of defenses against civil lawsuits brought against a law enforcement agency, is that the agency was acting properly within written policies and that the agency was reviewed by an independent, outside team of trained assessors, and then accredited. CALEA, which was formed in 1979 provides that accreditation.

Additionally, LGIT recognizes Kent County as our most recent member receiving the LGIT 10% premium credit for CALEA

*(Continued on Page 6, Column 2)*

## 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. This member service is provided by LGIT, with the assistance of Daniel Karp, Esquire, and can be reached by calling 1-800-845-8055 or 410-625-5981.

**Q: Should a local government supervisor initiate investigation of a sexual harassment claim where he/she learns of such claim from a third party, and not from the allegedly harassed employee who may not want an investigation to take place out of fear of retaliation or other penalty?**

**A:** Yes. A local government has an obligation to investigate all claims of sexual harassment brought to its attention. This obligation does not change because the allegedly harassed employee does not want an investigation to proceed. The local government's overriding and paramount interest is in preventing sexual harassment in the workplace. Accordingly, when a local government is made aware of allegations of inappropriate conduct, investigation must be made, and, if appropriate, immediate corrective action must be taken.

*Note: For more information about sexual harassment in the workplace and steps to take to prevent and investigate such claims, refer to LGIT Risk Management Module 4, Appendix B - Sexual Harassment. The new document is available on [www.lgit.org](http://www.lgit.org) or by contacting LGIT staff.*



### Grand Prize Winner!

**Petrella A. Robinson**, Clerk, North Brentwood, was the lucky person who won LGIT's grand prize basket at the Maryland Municipal League's Conference that took place in Ocean City, Maryland, on June 28 through 30, 2004.

## Academy Courses at Annual Meeting

Three Academy courses will be offered at the LGIT Annual Meeting on November 22, 2004 at the Radisson Hotel in Annapolis. All three are approved for either core or elective credit by the Academy for Excellence in Local Governance.

### Introduction to Win-Win Negotiations (Academy Core)

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

### Conducting Effective Meetings (Academy Core)

### Conflict Resolution (Academy Elective)

1:30 p.m. - 3:30 p.m. (Running concurrently)

For more information regarding Academy courses, please contact Patrick Hancock at [phancock@lgit.org](mailto:phancock@lgit.org) or 1-800-673-8231.

*Patrick Hancock, ARM  
Loss Control Training Coordinator*



(CALEA Equals 10% Premium Credit - Continued from Page 5)

certification. Following are other members who received their CALEA certification and 10% premium credit from LGIT:

Annapolis	•	Chevy Chase Village
Gaithersburg	•	Hagerstown
Hyattsville	•	Laurel
Salisbury	•	Carroll County
Charles County	•	Kent County
Baltimore County	•	Howard County.

Please do not hesitate to contact LGIT about receiving a 10% credit for CALEA certification.

*Scott Soderstrom, CPCU, ARMP  
Underwriting Manager*



**Note to Self:**

### LGIT'S Seventeenth Annual Meeting

Monday, November 22, 2004 — 9:00 a.m. - 3:30 p.m.

Radisson Hotel — Annapolis, Maryland



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 issues and past issues of the LGIT NEWS on-line at [www.lgit.org](http://www.lgit.org). • 410.312.0880 | 800.673.8231

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