



## THE NEW MILLENIUM JANUARY 2000 OR JANUARY 2001?



During 1999 we were bombarded with information about Y2K and the potential disasters that could occur when the calendar rolled over to 2000 and, maybe, everything with a computer chip would no longer work. "Y2K" was the buzzword of the year. Along the way, people began to argue about when the new millennium would actually begin. Some people insisted that January 1, 2000 was the date, while others were equally emphatic that January 1, 2001 was the correct date. Which is right? I have no idea. I did finally manage to write the date correctly on my checks this year, and that's good enough for me! However, I do know that there are some rather dramatic changes taking place in 2001, which I think important to share with our members.

Premiums for property and casualty insurance have dropped for more than a decade as companies fought for increased market share. That cycle has ended and a new "hard market" has taken its place. Insurance companies can not continue to pay out more in losses than they receive in premium dollars. Prices will increase and coverage will be restricted.

These changes meant that municipalities and other public entities must exercise all their risk management skills to work through conflicting information in this new climate. They will need to make more informed choices about the coverage and limits of liability they buy.

### **Why do municipalities buy insurance?**

Insurance protects public assets, including buildings, vehicles and equipment.

Some insurance, such as workers compensation, is required by law, to protect employees.

Insurance protects municipalities from losses that are too great a risk to their financial well-being to withstand.

Insurance protects a municipality from being the "deep pockets" during unavoidable litigation.

### ***The Municipal Risk Manager***

The Municipal Risk Manager is published seasonally to inform you of developments in municipal risk management which may be of interest to you in your daily business activities. The information in these articles is general in nature and should not be considered advice for any specific risk management or legal question; you should consult with legal counsel or another qualified professional of your own choice.

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How can municipal officials be certain they make the right decisions in purchasing insurance? What criteria should they use to measure the coverage being offered? Is the total cost the most important item? Limits of coverage? Services available? How and what to choose is a difficult decision.

**Perhaps these thoughts will help:**

Consider the financial strength and stability of the chosen insurance program. Will the provider be around years from now when many claims will be made? If not, you will bear the cost of those claims.

Learn exactly what coverages are offered and how those coverages apply to your situation. Ask to have the insurance "jargon" translated into terms you understand and committed to in writing by the insurance company.

Request a written explanation of the services you will receive. Are professional staff members available locally to handle claims and answer questions? What kind of risk management safety training and inspections are available to you? Is there any cost for this service?

What benefits are available to you? Can your entity earn credits for safety activities and receive dividends for good loss experience?

Commercial insurance companies have had a love/hate relationship with public entity business for many years. In "soft" market cycles when insurance companies

are looking for market share, they actively seek municipal business. They promise the broadest coverages and offer very competitive pricing. When they begin to feel the negative effects of inadequately pricing this business, municipalities quickly move to the "not written" category. Many municipal officials in Maine remember the mid-1980's, when the premiums for liability coverage for buildings, vehicles, police, fire and other emergency services increased dramatically or policies were cancelled and there were no other markets available.

Insurance costs are a substantial part of your operating budget and will increase over the next few years. Decisions you make today about insurance will affect your community tomorrow. Good choices will serve your citizens and employees well. Poor decisions may result in large, unanticipated expenses in the future when uncovered claims arise.

MMA Risk Management Services offers all MMA members the opportunity to consult with our professional staff on risk management/insurance matters specific to your town. We will assist you in identifying your specific exposures and evaluating the coverage you need to protect your community. We will provide unbiased comparisons of coverage and costs to you at no cost. Call us today at 1-800-590-5583 to help you deal with these important issues.

*Joan Conner*

Director  
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CPCU, AIM



## SAFETY GRANT PROGRAM

January 2001 marks the second anniversary of this important program, one that has been very well received by members of our MMA Workers' Compensation Fund.

The program is only available to members of our Workers' Compensation Fund and has two components: Scholarships and Safety Enhancements (equipment or services).

The Scholarship Program was developed to assist members who wish to advance their skills in the areas of workplace safety and risk management. Our requirement is that the educational activity deal extensively with workplace safety or risk management issues. Awards are made throughout the year.

In our first two years we have provided 29 risk management scholarships totaling over \$3,000. Here are a few examples of activity the program supported:

- ◆ Objective pre-employment interviewing
- ◆ Violence in the Workplace seminars
- ◆ Leadership Skills for Health & Safety
- ◆ DOT Supervisory Drug & Alcohol Training
- ◆ Introduction to Workers' Compensation Insurance

The Safety Enhancement Program was designed to provide financial incentives to members interested in purchasing safety equipment or services that assist in reducing the frequency and severity of workplace injuries. The program is intended to match a member's investment on a 2:1 ratio. The activity should "directly enhance the health and safety of employees" and not be something that would be considered "in the normal

course of business" or be for disposable personal protective equipment. Awards are made in May and October of each year.

Since the program's inception we have made 118 Enhancement grants to 96 members totaling over \$162,000. The matching nature of these grants has encouraged a total investment of over \$456,000 in workplace safety equipment and/or services. Here are just a few examples of projects the program has supported.

- ◆ Oil transport system (eliminated lifting & carrying of old oil)
- ◆ Computerized fire fighter PASS system (provides improved emergency response if a firefighter is injured)
- ◆ Hydraulic truck tailgate lifts (reduces lifting)
- ◆ Hydraulic water valve wrenches (reduce overexertion)
- ◆ Cold water rescue equipment (better protection for those performing the rescue)
- ◆ Aerial lifts (eliminate the use of ladders)
- ◆ Gas meters for confined space (detects the absence of oxygen or the existence of harmful gases)
- ◆ Fire fighting training facilities

If you would like more information, including fact sheets and applications, please call Deb Balmer, Brian FitzPatrick or your Loss Control Consultant at: 1-800-590-5583.

Safety



# WELCOME NEW MEMBERS!!!

## Property & Casualty Pool

Town of Lyman  
Town of Blaine  
Pleasant River Ambulance  
Hallowell Water District  
Town of Fort Fairfield

## Workers' Compensation Fund

Town of Yarmouth  
Yarmouth Water District  
Pleasant River Ambulance  
Hallowell Water District

## Unemployment Compensation Fund

Town of Industry



## UNEMPLOYMENT AT RECORD LOWS

Unemployment is at record-breaking lows, not only in the state and nation, but also among the members of the MMA Unemployment Compensation Fund. Claims in the UC Fund for 2000 are markedly below claims in any year of the past ten years! Maine's Department of Labor predicts that the 2000 unemployment rate will be the lowest since World War II.

## \$635,000 IN DIVIDENDS FOR MMA'S UC FUND

For the MMA UC Fund, the year 2000 continued the recent trend of even lower unemployment claims than 1999. Based on surpluses available in the UC Fund, the MMA Executive Committee has approved returning more than \$635,000 in dividends and/or excess balance to 82 percent of the MMA UC Fund members. This figure shows an increase of more than \$170,000 over last year in returns. We continue to fund members' accounts conservatively, in anticipation of an upturn in unemployment that we all hope will never come!

We congratulate our members for good hiring and personnel practices and their employees for strong work ethic! Keep up the good work!

