

OVER \$400,000 IN UNEMPLOYMENT COMPENSATION FUND DIVIDENDS

At the December meeting of the Maine Municipal Association Executive Committee approval was granted for the distribution of \$457,164 in dividend payments to 176 of the 216 members of the Unemployment Compensation Fund. The dividends to be distributed during the first quarter of 2002 are based on the results from the 2000 Fund Year.



The MMA Unemployment Compensation Group Fund was founded in 1978 to assist municipalities and other quasi-public entities in meeting their obligations under the Employment Security Act in an efficient and cost-effective manner. Each member has a separate account in the Fund that is administered by MMA as a group program. Members make quarterly payments into their account, based

on rates developed by MMA's consulting actuary. Claims are paid out of each member's own account.

Every year rates are calculated by the actuary for each individual member, based on that member's own history. Each member is credited with its proportionate share of investment income earned by the Fund. Any unneeded funds are returned to members as dividends, based on the actuary's report. The Fund's recent claims experience is a direct reflection of low unemployment rates in Maine during the past few years compared to unemployment claims in the early to mid-nineties. The economy can change dramatically with an adverse effect on employment rates. Therefore, the funding for the coming year reflects levels that allow for such a contingency.



MANAGING RISKS IN TURBULENT TIMES

Municipal officials are in the business of managing risks of all types for their municipalities. Most of the functions engaged in by cities and towns carry a risk of some sort, ranging from public safety issues to enforcing applicable ordinances or assessing the safety of employees. Most often, managing these risks involves use of a limited resource—money.

One means of managing some risks is to purchase insurance. During the mid to late nineties, nearly every kind of insurance was readily available at a very competitive price. This made buying insurance rather routine.

Today, many municipalities have found that insurance is not easily available, or if available, the premium is very high. What has changed? The artificially low prices of those earlier years, very high losses from natural disasters such as Hurricane Allison in the Gulf Coast this past summer, and declining interest income from investments,

caused companies to cancel coverage, or significantly increase the premium for the limited coverages they would provide.

The events of September 11, the largest insured loss ever, has turned the already difficult insurance market into an unstable market.

The financial security and claims-paying capabilities of many insurance companies, both large and small, has been called into question. A. M. Best Company, of Oldwick, NJ, evaluates the financial strength and stability of insurance companies and reinsurance companies all over the world. Since September 11, many insurance companies have had their AMBest ratings downgraded, or taken “under review, with negative implications” as they try to determine the full extent of the tragedy.

We suggest that municipal officials request their insurance agents provide them with the latest AMBest rating of any insurance company they recommend. Insurance ratings lower than “A-” or any marked “-u” (under review) could be cause for concern about the stability of that insurer. Use of this additional tool could help all municipal officials in making their insurance-buying decisions. AMBest ratings can also be viewed over the Internet at www.ambest.com.



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 other qualified professional of your own choice.

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Control of Losses Through Worksite and Facility Surveys

It is generally accepted by safety professionals that approximately 85% of all employee injuries result from unsafe acts and that about 15% result from unsafe conditions. The number of injuries which result from unsafe acts can be reduced through administrative loss controls such as proper employee selection and job placement, good supervision and the establishment of safe work practice policies and procedures. Of utmost importance is increasing employee awareness through training and the creation of a workplace culture that emphasizes workplace safety. The frequency of workplace injuries resulting from unsafe conditions can be directly addressed by identifying hazardous conditions and initiating timely corrective action. In addition to reducing employee injuries, the correction of unsafe conditions will also reduce the risk of property losses, such as damage caused by fire, and will lessen exposure to personal injury and other liability claims. For these reasons, workplace and facility inspections are an important component of a successful loss control program.

The MMA Risk Management Services Loss Control staff provides worksite and facility inspections for members participating in the P&C Pool and Workers' Compensation Fund programs. Such inspections identify areas which represent either immediate or potential hazards which are likely to result in a loss. The Loss Control Consultants not only compare observed workplace and facility conditions and practices with appropriate Federal, State and other regulations, codes and accepted practices, but also look for exposures that have historically resulted in losses.

Through the development of an "Action Plan", recommendations are offered which identify the hazard and delineate corrective action. These are discussed with a representative of the member during the inspection. The "Action Plan" asks that the member



respond within thirty days of receipt of the recommendations as to what action has been taken or will be taken. The Loss Control Consultant is charged with reasonable follow-up to each recommendation offered. Response to Action Plans is necessary to insure that hazards are corrected in a timely fashion and to provide file documentation. Since the success of any group self-insured program is dependent on controlling the losses of each individual member, the failure of any member to control its loss exposures may negatively impact the entire group. Questions or discussion regarding recommendations are always welcomed.

Self-inspection is also an important means of loss control. These inspections can be done on a formal basis by a safety committee, inspection team or similarly designated group or on a less formal basis by the area supervisor or a supervisor accompanied by a labor representative. The entire facility or only a single department or area might be inspected, or the inspection may focus on a single issue such as life safety, i.e. blocked exits, working emergency lights, availability of fire extinguishers, etc.

With self-inspection, as with inspections provided by outside representatives, it is important that deficiencies are identified, recorded and addressed in a timely fashion.

Equipment and task oriented inspections are also important. These inspections are made by employees and supervisors in the course of normal operation. It is often helpful to develop a checklist for conducting this type of inspection. Again, this type of inspection is only effective when hazards are reported and promptly corrected. It may sometimes be necessary to place a piece of equipment "Out-of-Service" until repairs can be made.

If you have questions or desire additional information or assistance regarding workplace and facility inspection, please contact the Loss Control department at 1-800-590-5583 or 626-5583.

WELCOME NEW MEMBERS!!!

Property & Casualty Pool

Town of Leeds
Pleasant River Solid Waste
Great Salt Bay Sanitary District
Town of Medford
Waldoboro Utility District

Workers' Compensation Fund

City of Auburn
Town of Winterport



And The Winners Were.....

Risk Management Services Convention Raffle Winners

Fire Extinguisher - Virginia Joseph, Assistant Assessor, Oakland

Toy Dump Truck - Cindi Tuttle, Assessor, Fairfield

Toy Fire Truck - Jeff Higgins, Director of Public Works, Oakland

Auto Fire Extinguisher - Ava Bubar, Admin. Asst to the Selectmen, Levant

Kitchen Fire Extinguisher - Clyde Ross, Deputy Clerk, Farmington

Kitchen Fire Extinguisher - Felice Sickler, Deputy Clerk, Brownville

Winter Survival Kit - George Watson, Director of Public Works, Fort Fairfield

