



Risk Management Solutions

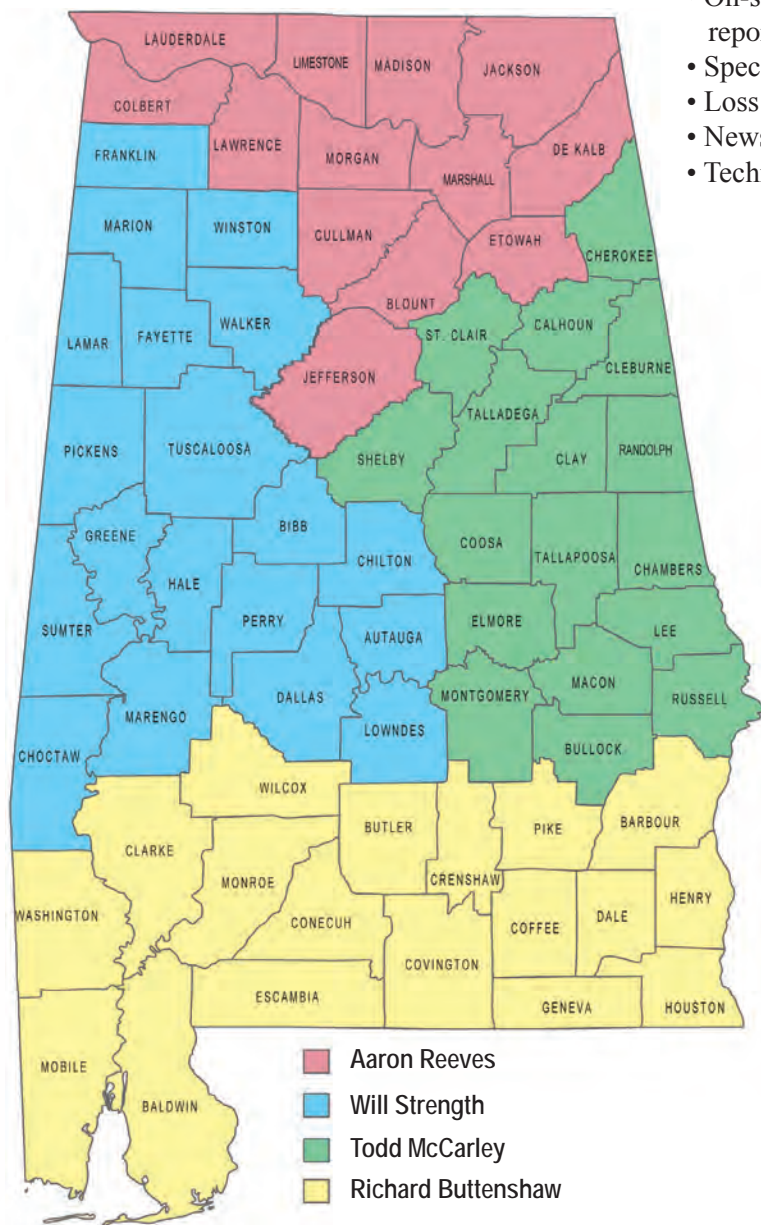


Winter 2014

A Quarterly Newsletter of the AMIC/MWCF Loss Control Division

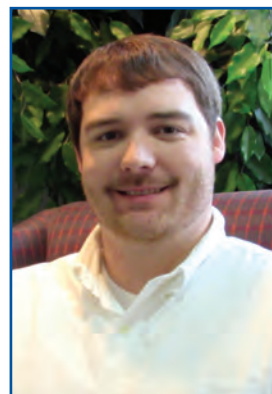
Loss Control Reps and Territories

In 2002, the Alabama Municipal Insurance Corporation (AMIC) and the Municipal Workers Compensation Fund (MWCF) created a joint **Loss Control Division** allowing both insurance programs to provide additional staff and expanded services at a much reduced cost to their members. The Loss Control Division has 11 dedicated staff members and offers a variety of services, including an Employment Practices Hotline, regional and on-site training programs on a number of loss prevention topics as well as exclusive, state-of-the-art training such as the SkidCar defensive driving program and the Firearms Training System (FATS). Four loss control representatives are assigned to different regions throughout the state. The map below distinguishes the regions by county. Loss control services include:



- On-site Risk Management with follow-up reports and recommendations
- Specialized Law Enforcement Risk Control
- Loss Analysis and Trending
- Newsletters and Bulletins
- Technical Resources

- Employment Practices Law Hotline
- Proactive Driver Training
- Firearms Training System
- Safety DVD Library
- Safety Seminars
- Loss Control Website



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AMIC Celebrates 25 Years

The Alabama Municipal Insurance Corporation (AMIC) is celebrating its 25th anniversary this year. Established in 1989 as a mutual insurance company organized under the laws of the State of Alabama, AMIC is owned by its member municipalities. AMIC was created by the Alabama League of Municipalities during a “hard” insurance market when many municipalities could not get insurance and were charged exorbitant prices. For 25 years, AMIC has been writing all lines of insurance and is a leader in this market. For more on AMIC and its services, visit www.amicentral.org.



Aaron Reeves Joins Loss Control Staff



Originally from Sulligent, Alabama, Aaron currently resides in Prattville with his wife, Chelsea. He graduated from Auburn University in 2010 with a bachelor's degree in Biosystems Engineering. Prior to joining AMIC/MWCF in January as a Loss Control Representative, he served as an environmental engineer for the Aviation Center Logistics Command at Ft. Rucker, Alabama, and as an environmental, health and safety engineering consultant based in Gainesville, Florida. Aaron will be traveling the northern areas of the state that had been assigned to Myra Forrest prior to her retirement in late 2013.

Occurrence vs. Claims-Made Liability Insurance Coverage

By: Mike Gardner, AMIC

“We can give you better coverage and cheaper pricing.” That is a line municipal officials involved with procuring insurance may sometimes hear from competing insurance agents seeking business. To quote Theodor Dombart Strasse: “a good deal is not what you pay but what you get.” Or, to put it simply, **it's cheaper for a reason.**

The focus of this brief article is on the main difference between *occurrence coverage* and *claims-made coverage*. In simple terms, occurrence coverage responds to Wrongful Acts that occur during the policy period *regardless of when a claim is made*, even if it is reported years down the road. Claims-made coverage responds *only to claims that are made and reported during the policy period*. **Note:** the Wrongful Act that leads to a claim or claims may occur prior to the policy if there is a coverage retroactive date. That date is when the first coverage policy was purchased which must have been followed by renewals each year without a coverage lapse. A claim could be reported after the policy ended if the Extended Reporting Period is purchased. A typical policy offers an Extended Reporting Period of 1, 2 or 3 years for an annual charge of 50% of the original premium. These aspects of a claims-made policy warrant a little more explanation than can be offered here. Simple vs. complicated is another difference!

The AMIC policy provides occurrence coverage on the three liability coverage parts: general, law enforcement and public officials liability, which includes employment practices liability. A number of insurance companies provide public officials and employment practices liability only on a claims-made basis.

One can find articles left and right and speak with a number of insurance-industry folks and quickly determine that there are perceived advantages and disadvantages of both occurrence and claims-made. One fact that has to be acknowledged by all is that claims-made coverage gives an insurance company the ability to cancel or non-renew a policy in an attempt to avoid being on the hook for potential future claims since claims not reported during the policy

period are not covered (again, an Extended Reporting Period could extend the reporting time only – not the coverage period). **Think about why an insurance company would provide claims-made coverage on just the public officials and employment practices coverage parts – unless it is concerned that potential claims under these parts, by their nature, are the kind that can develop well after a Wrongful Act.**

So is coverage really better and why is it cheaper? Could a municipality have a Wrongful Act that causes claims, prompting its insurance company to cancel coverage, only to have more claims subsequently develop from the same Wrongful Act that would then not be covered? What if an insurance company providing claims-made coverage decided that writing insurance for municipalities in Alabama was something it no longer wanted to do so the company non-renewed all policies? In the first case, for sure, and a possibility in the second, the municipality would have to purchase its policy's Extended Reporting Period to cover potential future claims. Even if only moving to a new insurance company that provides occurrence coverage, either the Extended Reporting Period would have to be purchased or, likewise, prior acts coverage from the new company to avoid a gap in coverage. It stands to reason that claims-made coverage often has a lower premium since an insurance company does not have to be concerned with potential claims that could be reported those years down the road. Occurrence coverage often entails a higher premium because of the UNLIMITED extended reporting period.

The Alabama League of Municipalities formed AMIC to provide insurance coverage as part of an overall risk management program to member municipalities. The decision to provide occurrence coverage was to give municipalities what AMIC believes is better protection than claims-made. For more information and input on this subject as well as the AMIC program, a member of the AMIC sales team will be happy to talk with you. For contact information, visit www.amicentral.org. ■

Defining Moment

Aggregate vs Non-Aggregate

Aggregate limits are sometimes included in general liability policies to stipulate the most that will be paid out for all covered losses sustained during a specified period of time, usually a year. If you were to have a liability policy with a 2,000,000 occurrence limit 2,000,000 aggregate, you would be responsible for your deductibles as well any amount that exceeds the aggregate of 2,000,000. So, if halfway through the year you have five liability claims at 1,000,000 each, you are responsible for the 3,000,000 that exceeded the aggregate as well as the full amount of any claim that may occur in the next six months.

A **non-aggregate limit** is what AMIC offers in both general liability and law enforcement liability policies. Non-aggregate limits do not restrict you to the number of claims you can have in a given policy period. Let's say you have the same occurrence limit as in the previous example, 2,000,000. If you were to have 5 claims that reached the occurrence limit, you would have 10,000,000 in losses but you would not be responsible for anything other than your deductibles.

AMIC/MWCF Offers Free Online Training

Last spring, AMIC/MWCF partnered with LocalGovU to create an Online Learning Center that provides a variety of course topics, including risk management, human resources, safety and law enforcement. Courses are available on a 24/7 basis from any computer with internet access and are provided at no cost to AMIC/MWCF members. Available courses change on a quarterly basis, with new courses becoming available on the first business day of January, April, July and October.

These online courses are:

- Easy to use and available online anytime 24/7
- Written specifically for public entities
- Short modules that typically take about 30 minutes to complete

You will need to choose one person to be your account administrator and ask them to set up the account. This person will also receive updates on courses offered each quarter.

To set up an account – or to log onto your existing account – visit our website, losscontrol.org, and click “Online Training” under the Quicklink section to the left of the home screen. Then simply follow the instructions to create an account. A LocalGovU representative will contact you within 48 hours to provide information and set up your staff. After your account has been created, the courses will be made available to you and your staff. **A list of courses is also available on www.losscontrol.org.** ■



New Claims Adjustor Joins AMIC Staff



A recent Auburn University Montgomery graduate with a BS in Psychology, **Clara Lasseter** had the opportunity to work with one of her professors during her junior and senior years on a study regarding teenagers who experience peer pressure/cyber bullying. Prior to joining the AMIC staff as a Claims Adjuster, Clara worked for two of the shareholders at Webster, Henry, Lyons, White, Bradwell & Black, P.C. She has lived in the Montgomery area for 16 years and is the middle of five children. She is active in her church, 2Cities Presbyterian; helps and supports Helicity Montgomery, which focuses on the revitalization of downtown Montgomery; and is a member of EMERGE Montgomery. Clara also enjoys traveling and spending any available down time with her nephews.

It's Time for Workers Comp Payroll Audits

Every member of the Municipal Workers Compensation Fund, Inc. will soon receive an audit request for payroll information for the 2013 Fund Year. Many members will be subject to an independent audit from Overland Solutions, and those members will be contacted to set up an appointment. All other members will be receiving an Audit Request Form. Please fill in this form according to the instructions provided and return as soon as possible to our Underwriting Department.

All audit information is due by March 31, 2014. If you have not received a request by 1/31/14 or have any questions, please call **Carla Thienpont 1-888-736-0210.**

2014 SkidCar Schedule

Through an advanced, computer-controlled driver training vehicle known as the Skidcar System, trainees learn how to react quickly and safely to a range of hazardous driving conditions. Training is conducted throughout the state at a minimal cost.

For more information, or to host an open date, contact Donna Wagner at 334-262-2566.

February 17-28	Montgomery	July 7-18	OPEN
March 10-21	Enterprise	August 4-15	Decatur
March 24-28	Opp	September 2-13	OPEN
April 7-18	OPEN	Sept. 29 - Oct. 10	OPEN
May 5-16	Fort Payne	October 21-31	OPEN
May 19-23	Centre	November 3-14	Orange Beach
June 9-20	OPEN		

Date/location subject to change.



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Winter Safety DVDs

- 5.003-VHS - The Invisible Killer: Carbon Monoxide
- 5.025-VHS - Portable Generators
- 5.046-VHS - Winter Driving
- 5.058-DVD - Driving Safely in Winter Conditions
- 5.061-DVD - Road Rage: Highway Havoc
- 5.062-DVD - A DUI Story... What If?
- 5.063-DVD - Defensive Driving for Government Employees
- 5.067-DVD - Distracted Driving (Focus on Texting and Driving)
- 5.068-DVD - Defensive Driving: 15-Passenger Vans
- 7.044-DVD - Space Heaters
- 7.109-DVD - Working Safely in Cold Weather
- 7.129-DVD - The Buried Truth Uncovered with Eric Giguere
- 7.130-DVD - Drowsy Driving: It's Your Wake Up Call
- 7.133-DVD - The Top Five Things You Need to Know About the Flu
- 8.013-DVD - An Introduction to the Globally Harmonized System (GHS)
- 10.010-DVD - Office Ergonomics: It's Your Move
- 12.011-VHS - Static Electricity

Video/DVD requests to: Rachel Wagner at: 334-262-2566; rachelw@alalm.org; or FAX at 334-263-0200.

Need Help Filing Work Comp Claims?

For step-by-step instructions, visit:

www.almwcf.org

Employment Practices Law Hotline

1-800-864-5324

Through a toll-free Employment Practices Law Hotline, members can be in direct contact with an attorney specializing in employment-related issues. When faced with a potential employment situation, the hotline provides a no-cost, 30-minute consultation.

www.losscontrol.org