



1-800-362-1011

www.hathomson.com

## PA Township Files for Bankruptcy

We have been reading and hearing about an abundance of bankruptcies lately, but this one may be a first for Pennsylvania. In early April, Westfall Township in Pike County (population 2,867) filed for Chapter 9 bankruptcy. This bankruptcy stems from a 15-year legal battle with a land developer over a proposed housing subdivision. A federal discrimination suit was filed in the 1990's which ultimately resulted in a \$10.1 million jury verdict against the Township and the municipal officials individually. After another related lawsuit, a few agreed settlements and interest, the final number has ballooned to \$20.8 million.

In 1999, after H.A. Thomson Company saw this verdict and a few others rise above the \$5 million mark, they acted. They suggested to the board of PIRMA to ask the membership if higher liability limits were warranted. They also spoke to all their customers about the possible need to increase liability limits in response to the public entity legal environment. In 2000, the PIRMA membership decided to raise limits from \$5 million to \$10 million and other customers looked at umbrella policies with higher limits.

Since the Township has filed for bankruptcy, it's safe to say they didn't have nearly enough liability insurance. It is hard to predict what *will* happen to your public entity. However, it is easier to prepare for what *may* happen. Preparation includes making sure you have good liability insurance with adequate limits. Not only do PIRMA members have the \$10 million liability limits, the policy itself provides the broadest coverage available with the fewest exclusions.

H.A. Thomson's job is to keep a sharp eye on what is happening in the Pennsylvania public entity world as it relates to risk management and then discuss with you, the customer, your options to best prepare for what *may* happen. If you have any questions about this article or your coverage, please contact us.

*We value your business*

## Items to Keep in Mind

We are always available by phone and email to help you with your coverage needs. We look forward to seeing you at our on-site reviews and loss control visits, as well as meeting you at the various State Conventions. Here are a few items we would like to remind you to keep an eye on throughout the year:

- ◆ Are you receiving **certificates of insurance** from your subcontractors? The certificate should show the contractor's liability coverages and workers' compensation coverage. Any work you subcontract where you do not have a certificate showing that the contractor had workers' compensation coverage can be charged against your workers' compensation audit.
- ◆ Call us when you **acquire** new vehicles, equipment, and buildings. In order to receive physical damage coverage, we need to add these items to your insurance policy. Do not accept an auto or equipment dealer's word when they say they will contact your insurance agent. You should call us directly to ensure that the item is added.
- ◆ Are you getting ready to **construct a new building**? We need to review the construction document to see if the municipality or the contractor is responsible for damage to the building and materials while in the course of construction.

## Brine Equipment

Road brining before a winter storm is becoming more prevalent. Please let us know if you have purchased any brining equipment, including equipment for your trucks and the mixing and storing equipment for your garage. We need to add these items to your insurance coverage.

## Recovering Damages from Third Parties

When municipal autos, equipment, or buildings are damaged, often recovery is possible from the third party that caused the damage. In the insurance business this is called subrogation. When your items are insured and your insurance carrier pays your claim, your rights of recovery pass to your carrier. So even if you experience a claim, the carrier may recover some or all of its payment which helps your loss experience and keeps your rates down. Also, the claim adjustors at your carrier handle these issues every day so you gain the benefit of their experience and time savings. The claim adjustors also can recover your deductible payment and this money is then refunded to you.

Occasionally items are damaged that are not on your insurance schedules. One example is a guide rail. While it is not cost effective to insure your guide rail, you still may be able to recover from a third party. Our account managers can help you with this recovery. Please contact us and let us know about your situation.

## Speakers Available

Please keep us in mind if you are in need of a speaker for your meetings. We often speak at COG, County Association, and other local government meetings. There are numerous topics we can address including:

- ◆ Self-Insurance Pooling as an Alternative to Insurance
- ◆ Safety and Risk Management
- ◆ Protecting Your Community from Lawsuits
- ◆ Pennsylvania's Governmental Immunity Law
- ◆ Workers' Compensation
- ◆ Volunteer Fire and Ambulance Company Insurance Issues
- ◆ Liability Risks from Streets and Road

These are only a few samples of what we can address. Our presentation times can be tailored to meet your meeting needs. Please contact us if you are interested in scheduling a speaker.