

# H.A. THOMSON

♦ RISK MANAGEMENT SERVICES ♦

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## Traffic Signals

One of the most frequently damaged items on our clients property schedules are traffic signals. We continue to urge our clients to insure their signals. Occasionally we still receive the response that "we will just go after the driver that hit it" when someone makes the decision not to place the signals on their property schedule. Here are some thoughts on why this may not be sound risk management.

In our experience traffic signals are as likely to be struck by lightning as to be hit by a vehicle. Lightning is a covered cause of loss and the electronics required to run the light can make these expensive claims. Also, the driver of the vehicle may flee the scene, may not have insurance, or may not have enough insurance.

The most overlooked aspect of dealing with the driver's insurance company directly is that under the Pennsylvania Unfair Claims Settlement Practices Act, the driver's carrier may reduce the amount you are paid due to depreciation. So the \$10,000 you spend to repair your light with new parts and equipment may not be reimbursed by the third party's carrier in full. When you insure your lights on your property schedule the coverage is replacement cost. There is no deduction for depreciation.

Additionally, if your carrier recovers against an at-fault driver, they are required to both attempt to recover your deductible and reimburse you if they receive recovery.

## Workplace Safety Committee

In Pennsylvania, Employers with Certified Workplace Safety Committees receive a 5% discount on their workers compensation premium. We can help you establish a committee and provide the annual training required. There are other benefits in addition to the 5% discount. Carriers will see that you are serious about safety and are more likely to provide policy credits to further reduce your premium. While the claims are paid by your carrier, don't forget about the "soft costs" that come along with a claim. These costs include items like overtime for other police officers needed to cover the shifts of an injured police officer, the time spent on accident investigation, and worker retraining just to name a few.

Committees need at least two employee representatives and two employer representatives. Meetings must be held monthly with an agenda, attendance list, and minutes kept. After a Committee has been in operation for 6 months you can submit an application to the Pennsylvania Department of Labor and Industry to receive certification. Monthly meetings must continue and a qualified accident and illness prevention provider must provide annual training. All of H.A. Thomson's loss control personnel are qualified to provide this training. The annual training will cover safety committee operation, hazard inspection, and accident investigation. A renewal application is completed in subsequent years to maintain the certification that will allow you to keep the 5% credit on

## Fire Company Bill for Service

If your municipality contains a volunteer fire company, you are responsible for the workers compensation coverage for the volunteer firemen. The amount you are charged for the fire company's workers' compensation premium is based on the total population the fire company services on a first call basis. This includes population that the fire company serves in surrounding municipalities on a first call basis. The percentage of each municipality that a fire company services is provided by the Fire Company. The population of a municipality is obtained from the Pennsylvania State Data Center and these figures must be used according to Pennsylvania Workers Compensation Bureau rules. Mutual aid is excluded from the calculation.

Act 60 of 2002 allows municipalities that are home to volunteer fire companies to bill surrounding municipalities that receive first call service from that company for their share of the workers compensation costs. The premium is shared based on the percentage of each municipality the fire company serves relative to the total population they serve. Act 60 allows municipalities to agree on other methods of premium distribution.

### Recent Speaking Engagements

In April, B.J. Giangliulo from H.A. Thomson spoke at the Pennsylvania State Association of Borough's Annual Conference in Hershey. His topic was liability and risk management for local governments. He has also presented recently to the Columbia-Montour Counties Borough Association and the Tioga County Borough Association. His topic was volunteer fire company workers compensation issues. These presentations are always very well received.

