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“When you choose your friends, don’t be short-changed by choosing personality over character.”  
 — W. Somerset Maugham

**Pictograms, signal words, hazards, oh, my!**

June 1, 2016, marked the final effective completion date for the revised OSHA Hazard Communication requirements, which were phased in over three years. Are you fully compliant?

*see HazCom 2012 Update, pg. 4*

## Replacement Cost Coverage Provides Security

The AMLJIA provides replacement cost coverage for scheduled property. Unlike an actual cash value property valuation, replacement cost coverage means that if you experience a loss, your covered property will be repaired or replaced with materials of like kind and quality, without any deduction for depreciation.

For example, if your community hall is scheduled at \$750,000 and a fire destroys the building, actual cash value coverage would pay you \$750,000, less depreciation and your deductible. If the cost to rebuild exceeds the actual cash value, you would have to pay the excess over \$750,000. With AMLJIA’s replacement cost coverage, your community hall is rebuilt to the original specifications, and all you pay is the deductible.

Replacement cost coverage provides an added sense of security when budgets are tight. In the event of a loss, you can depend on the AMLJIA to make your entity whole. AMLJIA risk control specialists regularly conduct property appraisals at no cost to the member. Our staff utilizes industry-recognized Marshall & Swift software to prepare all appraisals, which then receive a final review by the Appraisal Company of Alaska to ensure accuracy.

Appraisals are recalculated each year to ensure current values are scheduled. If no appraisal exists, we have raised the value of the property and the contents based on the trended increase we have noted in the Marshall Swift program. This not only ensures

*continued on page 3*

## OSHA Electronic Recordkeeping Update

OSHA announced the final rule on May 11, 2016, that will require many employers to file their injury and illness logs electronically. OSHA believes that public disclosure will improve workplace safety and provide valuable information to workers, job seekers, and the general public.

The new reporting requirements will be phased in over two years. Establishments with 250 or more employees in industries covered by the recordkeeping regulation must submit information from their 2016 Form 300A by July 1, 2017.

These same employers will be required to submit information from all 2017 forms (300A, 300, and 301) by July 1, 2018. Beginning in 2019, the information must be submitted by March 2. The AMLJIA will continue to keep you informed as the requirements are phased in.



## In Good Company

Kevin Smith, Executive Director

### Stability You Can Count On

We move into renewal with a sense of uneasiness settling over municipal governments and school districts. Our state legislature failed to pass a budget or address the looming budget deficit in a meaningful way during their regular session, leading the governor to call a special session. School funding has been threatened.

The newly named "Community Assistance" program is drying up. The economic forecast is grim.

Throughout the uncertainty, the AMLJIA continues to provide steady assurance with coverage and services you can rely on. AMLJIA's replacement cost property coverage (see Replacement Cost Coverage, pg. 1) provides security for your entity. Optional Boiler & Machinery coverage provides an added layer of security at minimal cost, and with free annual boiler inspections included, this coverage often pays for itself (see Pool News at right).

Beginning July 1, 2016, the AMLJIA will provide \$1 million police liability coverage at no additional cost (see Police Liability Coverage Update, pg. 3). This basic protection will help our members that may face a vicarious liability lawsuit as a result of actions taken by the local VPSO. The AMLJIA continues to provide police liability protection with higher limits for our members with their own law enforcement officers.

AMLJIA members also have the option of applying their Rate Stabilization Fund credit toward their annual contribution or banking it for the future. If you would like to use your credit, simply indicate how much you would like to apply toward your FY 2017 contribution. You may apply up to one-third of your Rate Stabilization Fund credit balance, or you can "let it ride" and save your credits for another day.

If you did not participate in the Loss Control Incentive Program this year, I encourage you to contact your AMLJIA Risk Control Specialist and find out how easy it is to join this activity-based program. Nearly one-third of your fellow AMLJIA members earned credits up to 5% of their annual contribution. These credits, totaling more than \$240,000, will be applied to their FY 2017 contributions. By focusing loss prevention efforts on high frequency and high severity losses, this program benefits the membership by promoting safety awareness and establishing a strong safety culture within the membership.

No matter how the fiscal or political landscape may change in the coming weeks and months, I want you to know that the AMLJIA's mission to provide stable, cost-effective risk financing and quality loss control services to meet the needs of local governments and school districts will not change. If you have ideas about how we can improve our coverage or service to help you, please let me know. This is YOUR program!

## AML Summer Legislative Conference



ALASKA MUNICIPAL LEAGUE  
Alaska Conference of Mayors

### Wasilla, Alaska

## August 17-19, 2016

Online registration now open

www.akml.org • 877-636-1325 • 907-586-1325

## POOL NEWS

### Coverage That Pays for Itself

Boiler and machinery coverage is more than simply coverage for loss by explosion from a boiler or other pressure vessel. It might be more appropriately called equipment breakdown coverage. Mechanical equipment is exposed to unique risks that other property is not. Electrical short circuits, mechanical forces, overload, and control failures are just some of the causes of equipment breakdowns. Below are some examples of the kinds of losses that can, and do, occur:

*A wind turbine generator failed when blades broke and penetrated the engine.*

- Total Loss: \$ 292,513



*Sediment in a boiler caused a low-water condition that resulted in severe over-firing, shutting down the boiler—and a school. A rental unit was needed until the damaged boiler could be replaced.*

- Total Loss: \$ 123,664

*A power surge at a municipal building damaged a generator and burned out police radio equipment, printed circuit boards for a fire alarm system, a small transformer, and small electric motors.*

- Total Loss: \$ 90,160

Boiler and Machinery coverage should be considered by every member, especially those with lift stations and wind turbines. This coverage is very broad and very affordable. Free boiler inspections are an added benefit of this coverage, and the value for the inspections may meet or even exceed the cost of the coverage. Contact the AMLJIA at 800-337-3682 to learn how you can add this protection to your property coverage.



## Honorable Mention

“Through your support, you are making a difference in the education of Alaska’s students. We are grateful!”

*Lisa Skiles Parady, Executive Director, Alaska Superintendents Association*



## At Your Service

### FILE CLAIMS SECURELY ONLINE

AMLJIA members can file claims easily and securely online at [www.amljia.org](http://www.amljia.org)! Click on “Claims” and “Claim Forms.” You will be able to complete property, general liability, auto accident, and crime claims and submit them electronically. You will receive confirmation of submission and may save a copy of your completed claim.

If you need assistance filing any claim, please contact your AMLJIA claims staff at 800-337-3682.

## RISK CONTROL

*continued from page 1*

that your properties are adequately valued, but also that all members are contributing their fair share. This also makes the pool a more attractive risk to reinsurers, which helps keep your rate down.

Your AMLJIA risk control specialists are available to help you review your property schedule to make

sure you have coverage in place for all of your properties, and to make sure you aren’t insuring a building you may have sold or transferred to another entity. To request a copy of your property schedule or for assistance reviewing your schedule, call your AMLJIA Risk Control Specialist at 800-337-3682 or contact your broker.



*Rest secure in the knowledge that your covered property will be repaired or replaced with materials of like kind and quality if you experience a loss.*

## Police Liability Coverage Update

Municipal budgets are tighter than ever, and the AMLJIA knows you need to make every dollar stretch farther than before. In today’s litigious environment, even a municipality with no police department of their own could face a vicarious liability lawsuit as a result of actions taken by the local VPSO. Without police liability coverage, it could take a big bite out of your budget. That’s why, beginning in July 1, 2017, your coverage will include \$1 million in police liability protection. This coverage will provide basic protection to the membership at no added cost to you.

The AMLJIA recognizes that each member has their own unique exposures, and we encourage you to speak with us or your broker and examine your coverage needs. AMLJIA members that supervise a police department need to recognize their exposure and purchase coverage and limits that provide appropriate protection. Your broker, AMLJIA Risk Control Specialists and Underwriter will help you determine your exposures and review your coverage to make sure your entity is protected.



RISK CONTROL

## HazCom 2012 Update

OSHA's updated Hazard Communication standard, adopted in 2012, implemented several new requirements which were phased in over a three-year period. June 1, 2016, marked the final effective completion date for the new requirements. Hazard Communication was OSHA's second most frequently cited workplace violation in 2015. It is important that you review your Hazard Communication program at this time and make sure that you are fully compliant with HazCom 2012.

At this time, all employees who may be exposed to hazardous chemicals under normal working conditions should have received training on the updated Hazard Communication standard. The AMLJIA Online University, available at no cost to all AMLJIA member employees, offers a Hazard Communication course which covers the 2012 changes. We recommend all new employees also complete the course, Introduction to OSHA. Make sure you document all employee training for your records; if OSHA visits your workplace, you will want to provide proof of employee training.

You also need to make sure you have Safety Data Sheets (SDS) for all chemicals in the workplace which are considered to be a health or physical hazard. The old Material Safety Data Sheets have been

replaced with the SDS format adopted in 2012. You are not required to have SDSs for household consumer products, such as Windex, if those products are used in the workplace in the same manner that a consumer would use them. However, if the duration and frequency of use is greater than a typical household consumer would experience, you should keep an SDS on file.

If you transfer a hazardous chemical to a portable container, and the container is not used within a work shift and under the control of the employee who performs the transfer, then the container requires a compliant label with these elements:

**Pictogram:** a symbol on a white background within a red diamond; workplace labels may use a black border instead of red.

**Signal word:** a word on the label used to indicate the relative level of severity of a hazard; i.e., "Danger" or "Warning."

**Hazard statement:** a statement assigned to a hazard class and category that describes the nature of the hazard(s) of the chemical; i.e., "Highly flammable liquid."

**Precautionary statement:** a phrase that describes recommended measures to be taken to minimize or prevent adverse

effects resulting from exposure to the chemical; may also include storage, handling, and first aid instructions. This can also be found on the SDS.

In order to implement an effective Hazard Communication Program, an employer must:

- Read and understand the standard, and assign responsibilities for required tasks.
- Prepare and implement a written Hazard Communication Program with chemical list.
- Ensure all containers are labeled.
- Maintain Safety Data Sheets for all hazardous chemicals, and make SDSs accessible to employees.
- Inform and train employees about the Hazard Communication Standard, workplace hazards, and protective measures.
- Establish procedures to update the Hazard Communication Program when necessary, evaluate its effectiveness, and use information to select and maintain needed protective measures.

If you need assistance with any of these steps, please contact your AMLJIA Risk Control Specialist at 800-337-3682.



## Perfect Your Password

Your password is the front door to your cyber office. Would you leave the front door of your administration building unlocked for thieves to enter and take what they want? Of course not. Just as you would secure your building with a strong lock on your door, you need to create a strong password to lock your cyber door.

Hackers can use software to make as many as eight million password guesses per second, so don't kid yourself into thinking your favorite pet's name is keeping you safe. Computer security experts now suggest a minimum of 12-14 characters in your password, with a mix of upper and lower case letters, numbers, and symbols.

Your best bet is to use a phrase instead of a word. Instead of "Pizza," you might try "Iwantpepperonipizza." Mix in upper case, numbers and symbols, and it could turn into "iwant#pePPeroNipiZz@2day." The advantage of a phrase is that you can create something easy for you to remember but exceptionally tough for hackers to crack.

## RISK CONTROL

## Drones: Risky Toys or Useful Tools?

The use of drones, or unmanned aircraft systems (UAS), has become increasingly popular. They are intriguing and useful for many commercial and governmental purposes, including aerial photography, inspections, land surveys, search and rescue, and law enforcement purposes. Technological advances have brought prices within reach of many consumers. In fact, almost 1,800 drones have been registered within the state of Alaska since the Federal Aviation Administration (FAA) began requiring registration on December 21, 2015.

Anyone who owns a small unmanned aircraft that weighs more than 0.55 lbs. (250g) and less than 55 lbs. (25kg) must register with the FAA's UAS registry before they fly outdoors. Failure to register could result in civil and criminal penalties. There are three categories of unmanned aircraft system operations: civil, public, and model aircraft. Use by public entities for governmental purposes is considered public usage. For public aircraft operations, the FAA issues a Certificate of Authorization (COA) that permits operation of an unmanned aircraft for a specific activity. More information may be found on the FAA website at [www.faa.gov/uas/public-operations](http://www.faa.gov/uas/public-operations), including the online process to apply for a certificate.

Before allowing any drone to take flight, it is helpful to consider the unique risks presented by unmanned aircraft. These risks may include:

- Piloting error
- Inadequate training of personnel controlling drones or overseeing drone use
- Mechanical or technical failure of the drone or associated software or hardware
- Maintenance and storage of data and information, including images, captured via drone use
- Inappropriate use of a drone by an employee
- Unauthorized breach of drone technology systems, including data and information storage and control systems



- Contracts related to drone use and operations

It becomes easy to see how these sources of risk can translate into claims against public entities. A drone crash or collision could result in personal injury and property damage. Drone use could entail allegations of trespass, including trespass into the airspace above private property or if a drone needs to be retrieved from private property and permission from the landowner is not appropriately granted. There may be public officials' liability when an elected body allows drone use outside federal or state regulations, whether or not it did so knowingly; cyber risks related to the collection and storage of information and images; and as drone use increases, novel approaches to liability that haven't even been considered yet.

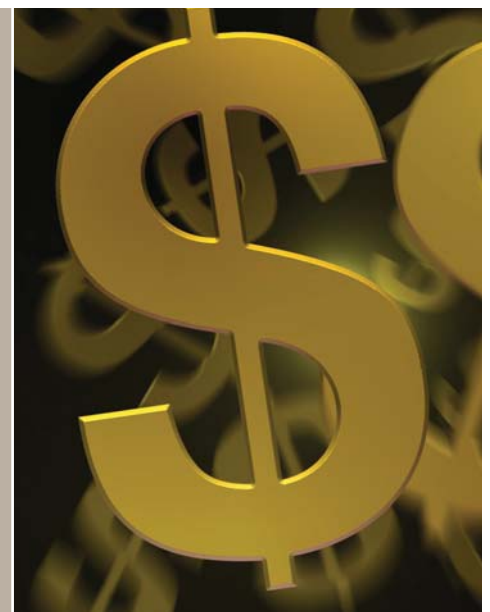
The AMLJIA encourages members who plan to use drones for governmental purposes to contact the FAA to determine whether a specific certificate of authority must be issued prior to usage. Beginning July 1, 2016, unmanned aircraft are included under General Liability coverage with the AMLJIA. If a drone has already been purchased, or is being considered, please contact your broker or the AMLJIA to ensure coverage is in place.

## Loss Control Incentive Program is Win-Win!

Are you looking for ways to save money? Do you want to keep employees safe and minimize losses? The AMLJIA Loss Control Incentive Program can help you do both. This activity-based risk control program will help you target high frequency and high severity (cost) losses, and you can earn up to 5% credit based on your annual contribution.

Your participation in the Loss Control Incentive Program will help to build a strong safety culture within your organization. It's easy to get started—the AMLJIA provides all materials necessary to implement the program. In FY 2016, participating members earned credits totaling more than \$240,000, which will be applied toward their FY 2017 contributions.

If you're ready to protect your entity and save money, call your AMLJIA Risk Control Specialist at 800-337-3682 and find out how to get started in the Loss Control Incentive Program. Reduce losses while saving money—it's a win-win!



HUMAN RESOURCES

## The Law At Work

**Q.** After some serious problems with previous employees, I'm determined to implement more protective hiring practices. How far can I go in asking applicants for their criminal histories?

**A.** Public employers can ask about convictions, not about arrests. They can consider while hiring only those convictions that they can demonstrate are job-related. An example is an applicant for city treasurer who has been convicted of embezzling, or of some other kind of theft. However, the same applicant could be a convicted child abuser, which does not relate to the job, and that conviction could not be considered in hiring. Both to obtain candid responses and also as protection from lawsuits, it's important that your application be signed and include a statement notifying applicants that a lie on the application will be grounds for discipline, including discharge.

*The Law At Work is written by Leslie Longenbaugh, Longenbaugh Law Firm, LLC. Ms. Longenbaugh answers your employment law questions through the Employment Law Hotline. The Hotline is a free service to AMLJIA member managers, mayors, superintendents and supervisors. Call **877-4AMLJIA** (877-426-5542) for a free 30-minute consultation before taking personnel action.*

**Don't become the target of an employment practice lawsuit!**



**Call the AMLJIA Employment Law Hotline before you take action.**  
**877-4AMLJIA**  
**(877-426-5542)**

**AMLJIA member managers and administrators receive a FREE 30-minute legal consultation for personnel issues.**

## Don't Hire a Liar

Just one bad hire can become a huge setback for any organization. At best, a bad hiring decision can negatively impact employee morale and production. At worst, it can lead to fraud, embezzlement, and a blemish on your organization's reputation. Investing your time and resources at the front end in employee screening and selection can ultimately pay dividends down the road.

Screening prospective employees begins with the resume and/or job application. Your applicants have provided you with information about their education and experience. You may be tempted to accept all the information at face value without conducting any investigation, especially if you have a small applicant pool or a hard-to-fill position and little time to devote to investigation.

Some applicants are counting on your reluctance to verify their credentials and references. A CareerBuilder survey of hiring managers and HR professionals reported that 58% had caught a lie on a resume. The most common lies were embellished skills and job responsibilities, but job titles and academic degrees were also common fabrications.

To reduce the risk of bad hiring decisions, take time to thoroughly vet your applicants. Create a core list of background checks to use on all new hires. Add additional checks based on specific job duties of a new employee. For example, a core screening could include a criminal background check, I-9 verification, and verifying previous employment and education. Prospective employees with access to financial information may require more in-depth criminal background checks and credit reports. Utilizing a core screening list for all applicants is not only cost-effective but also reduces the risk of hiring discrimination, since all applicants receive similar screening. The AMLJIA can help you with background checks for key positions.

Don't rush hiring decisions. Hiring the wrong person can be much less productive than leaving a position unfilled and costlier in the long run. If you need assistance with hiring procedures, contact Kate Young at 800-337-3682, or email [katey@amljia.org](mailto:katey@amljia.org).

## Avoid Penalties, Maintain Coverage

Did you know that an Alaska employer who fails to provide workers' compensation coverage for their employees may be assessed a civil penalty of up to \$1,000 per employee for each day the employee is employed? Even a small employer with a handful of employees can face a substantial fine in a very short period of time. For example, a small community with 7 employees goes without coverage for 30 days. The resulting fine would be \$1,000/day times 7 employees times 30 days, or \$210,000. The same community would see the fine grow to more than \$1.25 million in just six months.

Additionally, the Division of Workers' Compensation may issue a stop order prohibiting the employer to use any employee labor until the employer secures coverage. Failure to comply with a stop order may result in an additional penalty of \$1,000 per day. It's easy to see how a small employer, especially one already facing financial difficulty, could quickly find themselves in a deep financial hole.

Workers' compensation coverage with the AMLJIA is a comparative bargain. For a fraction of the potential cost for no coverage, the AMLJIA provides workers' compensation coverage for all of your employees. Our Claims staff will efficiently and effectively manage your claims to help reduce your cost of risk. The peace of mind you gain knowing that your employees are covered in the event of a workplace injury is priceless.

If you need a coverage quote, contact your broker or call the AMLJIA at 800-337-3682. If you are experiencing financial hardship, the AMLJIA can help you review your exposures and coverages and find a solution that fits your needs. Don't allow your coverage to lapse or penalties accumulate. Request a quote today at [www.amljia.org](http://www.amljia.org).

## ABOVE THE GRADE

## Protect School Buildings While Vacant

The best way to keep a building secure and well-maintained is to keep it occupied. A school, however, may be unoccupied for several weeks during the summer break as well as shorter periods during the school year. A vacant property should not be a loss waiting to happen, and you can reduce your risk by taking these steps:

### Maintenance

- Correct deficiencies and make physical repairs prior to securing the building.
- Conduct a minimum of one recorded visit per week to inspect all areas of the building.
- Repair damage due to vandalism and remove graffiti immediately. Otherwise, people may assume that no one cares about the building and vandalism may increase, possibly leading to more serious crime.

- Prevent a buildup of trash and illegal dumping. Remove any debris or other combustible items within 25 feet of the building. Keep vegetation cut short.
- Test all fire protection system alarms quarterly. Conduct weekly recorded inspections of sprinkler control valves.

### Security

- Secure all entrances. Doors should have a dead bolt with a sturdy door frame. Consider covering windows with plywood. If building has skylights, verify that they are secure.
- Install outside lighting. Illuminate the building exterior, especially during dark winter months.
- Establish regular security patrols and inspect all areas, doors, windows and other openings.

### Weatherization

- Make sure the roof is in good condition and all windows and doors have good seals.

By their very nature, vacant buildings are an attractive nuisance. By keeping these buildings well maintained and well monitored, you will reduce their likelihood of becoming a target for vandals.



## LAW ENFORCEMENT

## Storage Cost Overlooked in Body Camera Debate

There has been a push to outfit all police officers with body cameras following several highly publicized incidents in recent months, beginning with the unrest in Ferguson, Missouri. Police body cameras do have documented benefits of reducing citizen complaints against officers and improving the behavior of members of the public and the officers. Body-worn cameras also have the obvious potential to capture crucial evidence which could be the deciding factor in whether a suspect is convicted or not.

With all the potential benefits of police body cameras, it's no wonder that many departments are jumping on the bandwagon. Often, however, the long-term implications and costs are overlooked. What initially looks like a reasonably priced deal for cameras can quickly turn in to an unsustainable budget item for one simple reason: data storage. All of that digital data has to go

somewhere, and quite possibly for a very lengthy period.

Unlike digital photography, high definition video requires a huge amount of storage space. For example, a typical digital photo in JPEG format may take up 2 megabytes (MB) of storage space. Compare that to a 30-minute MP4 video which may take more than 800 MB of storage. Just five officers recording one hour of video per day would add up to 2,920,000 MB of data, or 3 terabytes (TB), per year. This



storage would be equivalent to 1.5 million JPEG photos at 2 MB each.

The vast amount of storage space required requires monetary investment in storage servers, backup systems, electricity, and IT support personnel. Alternatively, vendors such as Taser International offer contracts for data storage when departments purchase their hardware. Cloud-based storage solutions offer yet another, and the most cost-effective, answer to the storage dilemma, but they may be the highest risk in terms of security.

Police body cameras will no doubt continue to gain popular support, and their benefits can easily outweigh the cost if they prevent a lawsuit. However, take the time to carefully consider and plan for the long-term financial costs, not just the initial cost to outfit your department. After all, a camera provides no benefit if you can't afford to turn it on.



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Building on Tradition.  
Protecting Your Future.

Calendar		June 2016 – September 2016
AMLJIA Loss Control Inspection Program Resolutions Due		July 1, 2016
NAESP National Conference	National Harbor, MD	July 6-8, 2016
NACo Annual Conference & Exposition	Long Beach, CA	July 22-25, 2016
AMLJIA Board of Trustees Quarterly Business Meeting	Saxman, AK	July 26, 2016
AML Summer Legislative Meeting	Wasilla, AK	August 17-19, 2016
AMLJIA Workers' Compensation Audit Questionnaires Due		August 31, 2016
AASB Fall Boardmanship Academy	Fairbanks, AK	September 17-18, 2016