

DVIT ORDINANCE

TOWNSHIP OF EAST COVENTRY

CHESTER COUNTY, PENNSYLVANIA

ORDINANCE NO. 189

AN ORDINANCE AUTHORIZING THE PARTICIPATION OF TOWNSHIP OF EAST COVENTRY IN THE DELAWARE VALLEY INSURANCE TRUST FOR THE PURPOSE OF POOLING LIABILITY RISKS WITH OTHER MUNICIPALITIES IN ACCORDANCE WITH THE PENNSYLVANIA POLITICAL SUBDIVISION TORT CLAIMS ACT AND THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION LAW.

The Supervisors of the Township of East Coventry, Chester County, Pennsylvania do hereby

ENACT and **ORDAIN**:

Section 1. That the Board of Supervisors of the Township of East Coventry is hereby authorized to execute the Trust Agreement and any other agreements necessary for its participation in the Delaware Valley Insurance Trust. The Delaware Valley Insurance Trust Agreement is attached hereto as Exhibit "A" and incorporated herein by reference.

The Trust Agreement attached hereto is on file for inspection and review at the Township of East Coventry, 855 Ellis Woods Road, Pottstown, Pennsylvania 19465. This Trust Agreement may be subsequently modified or amended but in no event shall such amendments or modifications materially adversely affect the right of the Township of East Coventry to participate in the Delaware Valley Insurance Trust.

Section 2. That the participation of the Township of East Coventry in the Delaware Valley Insurance Trust is authorized for the following purposes:

1. To provide adequate and affordable insurance coverage to each participating municipality at the lowest possible cost by pooling or sharing of certain liability risks;
2. To reduce the amount and frequency of losses incurred by each participating municipality which are covered under the Trust Coverage Document, which is attached hereto as Exhibit "B" and on file for inspection and review at the Township office;
3. To minimize costs incurred by participating municipalities in the handling and litigation of claims; and
4. To protect each participating municipality from the volatility and high premiums of the commercial insurance market.

Section 3. As set forth in the Trust Agreement and as otherwise stated herein, the following conditions apply to the participation of the Township of East Coventry in the Delaware Valley Insurance Trust:

1. That each participating municipality must meet the admission and eligibility requirements set forth therein.
2. That each participating municipality agrees to pay all annual premiums, contributions and assessments when due as provided in the Trust Agreement and By-Laws;
3. That each participating municipality uses its best efforts to provide appropriations for the payment of any contributions, premiums and assessments required by the Trust;
4. That each participating municipality institute any and all safety regulations, loss prevention measures or risk management procedures as may be required for the purpose of minimizing or eliminating hazards or risk that could contribute to losses;
5. That each participating municipality cooperate fully with the Trust's service and fiscal agents, attorneys, claims adjusters and any agents or employees of the Trust with respect to the investigation, defense and settlement of claims;
6. That each participating municipality designate a contact person to be responsible for all contacts with the Trust;
7. That each participating municipality provide any information to the Administrator or Board of Trustees as may be required to effect the purposes and objectives of the Trust.

Section 4. That the Township of East Coventry agrees to participate in the Delaware Valley Insurance Trust for a minimum period of two (2) years and thereafter may withdraw under the following conditions, subject to the right of arbitration, under the Trust Agreement:

1. An opinion is rendered by the Trust certified actuary that withdrawal will not result in the number of Participants falling below the minimum required to assure the fiscal and actuarial soundness of the Trust itself;
2. That the withdrawing municipality is not then in default of its obligation to pay premiums, contributions or assessments;
3. That the withdrawing municipality shall pay the full amount of a termination premium, as determined by the Board of Trustees in accordance with the Trust Agreement and By-Laws;
4. That the Board of Trustees shall have received a certification from the Trust actuary that the withdrawal of the municipality will not reduce the actuarial soundness of the Trust and, if any municipal debt has been incurred by the participants to finance any portion of the Trust reserves, an opinion is obtained from bond counsel that such withdrawal will not adversely affect the

tax-exempt status of any interest paid and any debt incurred by the participating municipalities or any legal entity created for the purpose of incurring such debt.

Section 5. The effective date of the participation of the Township of East Coventry in the Delaware Valley Insurance Trust will be **January 1, 2012** or thereafter.

Section 6. Each participating municipality delegates to the Board of Trustees of the Delaware Valley Insurance Trust the powers enumerated in the Trust Agreement, including the right to expel Participants under certain conditions.

Section 7. As set forth in the Trust Coverage Document, the Township of East Coventry shall be provided coverage for the following risks:

1. Commercial General Liability;
2. Business Automobile Liability;
3. Police Professional/Law Enforcement;
4. Public Officials Liability; and
5. Any other risks specified in the Trust Coverage Document.

Section 8. All contributions, premiums and assessments paid by the Township of East Coventry shall be made with funds appropriated by the Township of East Coventry for that purpose. If permitted under state and federal law, the Township of East Coventry may incur debt for the purpose of financing any excess insurance coverage, as set forth in the Trust Agreement.

Section 9. The organizational structure of the Trust shall consist of a Board of Trustees, an administrator, a claims administrator/loss control consultant and various service agents appointed by the Board of Directors in accordance with the Trust Agreement.

Section 10. As set forth in the Trust Agreement, the funds required for the operation of the Trust shall be provided by the participating municipalities through annual appropriations.

Section 11. The Delaware Valley Insurance Trust commenced operations on January 1, 1989 and will continue until terminated by two thirds (2/3) vote of all participating municipalities.

Section 12. Coverage under the Trust shall be provided from January 1 through December 31 of each Trust year to all participating municipalities in accordance with the Trust Agreement.

Section 13. As a condition of participating in the Delaware Valley Insurance Trust, the Township of East Coventry agrees to comply with the following conditions:

1. That it will make its initial contribution upon admission to the Trust for creation of the restricted surplus fund needed to protect

participating municipalities against potentially catastrophic losses;

2. That it will timely pay all annual premiums and assessments as may be required by the Board of Trustees;
3. That it will appoint a representative to sit on the Board of Trustees and designate a contact person for the purpose of communicating with the Trust or its representatives;
4. That it will not withdraw from the Trust for a period of two (2) years following its admission to the Trust;
5. That it may withdraw from the Trust only upon satisfaction of the conditions set forth in the Trust Agreement;
6. That it agrees to perform all covenants contained in the Trust Agreement and delegate to the Board of Trustees the powers and authorities enumerated in/of the Trust Agreement;
7. That it will comply with all the conditions set forth in the Trust Coverage Document governing the handling of claims, including the defense and settlement thereof;
8. That it will appropriate the funds needed to pay all contributions, premiums and assessments as may be required by the Board of Trustees in accordance with the Trust Agreement;
9. That it will cooperate with the Trust, its agents or employees and provide the Trust with all information it needs for the operation of the Trust, including any underwriting or claims data which it may be requested by the Board of Trustees or their designee.

Section 14. The Delaware Valley Insurance Trust is empowered to enter into contracts for policies of group insurance and employee benefits, including Social Security, for its employees.

Section 15. This Ordinance is being enacted pursuant to Title 53 Pennsylvania Consolidated Statutes Annotated, Section 46006.

ORDAINED AND ENACTED by the Board of Supervisors of East Coventry Township,
Chester County, Pennsylvania, this 3rd day of January, 2012.

EAST COVENTRY TOWNSHIP

By: _____
Ray A. Kolb, Chairman

By: _____
Mariea Geho, Vice Chairman

By: _____
W. Atlee Rinehart, Supervisor

By: _____
Timothy J. Roland, Supervisor

Attest: _____
Bernard A. Rodgers, Secretary

By: _____
Michael Albert Moyer, Supervisor

APPENDIX A

“Delaware Valley Insurance Trust Agreement”

APPENDIX B

“Trust Coverage Document”