



MONTANA MUNICIPAL INTERLOCAL AUTHORITY  
PO Box 6669  
Helena MT 59604-6669

## RISK MANAGEMENT BULLETIN

**TO: All Member Cities/Towns**

**RM Bulletin #04-12**

**DATE: February, 13 2012**

**RE: MMIA Coverage of Libraries & Intergovernmental Entities**

Community libraries and intergovernmental entities (*like those formed through interlocal agreements*) come in all shapes and sizes throughout Montana and are supported by a myriad of different groups. It is often important to review these organizations on a regular basis to ensure they have appropriate workers' compensation, liability and property coverage. In some instances MMIA has discovered groups who thought that they were "covered" through their city or town, but really weren't.

As an example, some libraries are formed by city ordinance, others are formed through the county, and some are jointly operated by the city and the county. Given these differences, it is important that cities and towns review the type of library, or other interlocal government entity, that they have created and ensure that they are appropriately covered for workers' compensation, liability and property loss.

In evaluating liability coverage through MMIA, it is important to remember that each entity must meet the **Covered Party** definition set forth in the MMIA Memorandum of Coverage. In short, if the entity, such as a library, is established as a city library by resolution, ordinance, charter or statute (and is not required to provide its own coverage) it should be eligible for coverage through the MMIA (*see Section 5.3 attached*).

On the other hand, if the entity is a separate quasi-governmental or intergovernmental entity (*possibly formed through an interlocal agreement*) that operates autonomously from the city, then the entity in question may not be an eligible for coverage through the MMIA (*see Section 5.4 attached*).

Utilizing the example of a library, libraries where coverage would be in question include entities formed by *interlocal agreements*, multi-jurisdictional library districts or public library districts. If your community library has one of these structures then your city or town should contact MMIA to evaluate coverage.



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Other entities worth reviewing may include, but are not limited to, City-County Planning or Zoning Boards, Park Districts, Recreation Districts, Friends of the City's Centennial Celebration and more.

Property loss coverage through the MMIA may be extended to the quasi-governmental or interlocal governmental entities by establishing an insurable interest in the property and/or contents through documented ownership or through a written agreement. In these situations an agreement must be in place and submitted to MMIA for review and property must be scheduled.

Workers' compensation coverage for entity employees can only be extended to city or town employees. As an example, if your community library is a quasi-governmental or interlocal governmental entity and the library employees are not employees of the city or town, then the employees cannot fall under MMIA's workers' compensation coverage. MMIA has found several instances where a city or town may have taken on payroll and benefit functions for organizations where the "employees" in question are really not employees of the city or town.

Though this bulletin utilizes community libraries for illustrative purposes, there are a wide range of other agencies, boards, commissions, quasi-governmental and intergovernmental entities that these definitions of Covered Party may be applicable. If you have any questions about coverage for these other entities, please do not hesitate to contact MMIA at [riskmgmt@mmia.net](mailto:riskmgmt@mmia.net)



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### SECTION 5. COVERED PARTY

Each one of the following is a COVERED PARTY under this Memorandum:

- 5.1. The Entity
- 5.2. While acting within the scope of his or her duties for the Member Entity:
  - 5.2.1. Those individuals who were, or are now, elected or appointed officials of the Entity, whether or not compensated, including city or town attorneys appointed pursuant to statute or ordinance, members of the Entity's governing body or any other committees, boards, commissions or special districts of the Entity, while acting for or on behalf of the Entity during the COVERAGE PERIOD.
  - 5.2.2. Past or present employees of the Entity, whether or not compensated, while acting for or on behalf of the Entity during the COVERAGE PERIOD.
  - 5.2.3. All persons who perform a service on a volunteer basis for a Member Entity provided such performance is under the direction and control of the Member Entity.
  - 5.2.4. Any peace officer or law enforcement entity which may render assistance during the COVERAGE PERIOD upon request of a peace officer or law enforcement organization of the Entity pursuant to applicable law.
  - 5.2.5. Any firefighter or firefighting entity which may render assistance upon request of a firefighter or firefighting organization of the Entity pursuant to a Mutual Aid Agreement entered into under the authority of Mont. Code Ann. 7-33-4112, (2007), or pursuant to a request for assistance made under Mont. Code Ann. 10-3-209, (2007), as the same may be amended from time-to-time.
- 5.3. An agency, board or commission which is established by the Entity pursuant to resolution, ordinance, charter or statute to perform such functions as prescribed in a resolution, ordinance, charter or statute for the Entity; provided, however, that any such agency, board or commission which is required by resolution, ordinance, charter or statute to obtain separate insurance to cover such functions or has obtained coverage from some other source to cover such functions, whether or not required to do so, shall not be a COVERED PARTY.



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- 5.4 A quasi-governmental or intergovernmental agency, board or commission which is governed directly by the Entity by having a majority of the members of such agency, board, or commission representing or appointed by the Entity; provided, however, that any such agency, board or commission that is required by the Entity or pursuant to resolution, ordinance, charter or statute to obtain its own separate insurance coverage or has obtained coverage from some other source to cover its activities and functions, whether or not required to do so, shall not be a COVERED PARTY. Any quasigovernmental or intergovernmental agency, board or commission which is autonomous from the Entity is not a COVERED PARTY. For purposes of this paragraph 5.4 indicia of autonomy shall include but not be limited to the ability to hire employees, collect fees or other revenues, enter into contracts, or purchase equipment or materials. An Entity desiring coverage for a quasi-governmental or intergovernmental agency, board or commission not otherwise covered under this Memorandum may apply to the Authority requesting that such agency, board or commission be endorsed as an Additional Covered Party under this Memorandum, and the Authority may at its discretion grant such application by issuing an ENDORSEMENT or amendment to this Memorandum.
- 5.5 Additional Covered Party. An Additional Covered Party means any other entity, agency, board, commission, person, or other private party named by ENDORSEMENT to this Memorandum as an Additional Covered Party pursuant to Section 6 of this Memorandum.