



OHIO TOWNSHIP ASSOCIATION

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October 24, 2017

The Honorable Marlene Anielski, Chair
State & Local Government Committee
Ohio House of Representatives
77 S. High Street
Columbus, OH 43215

Re: HB 291 Insurance In Lieu of Bonds

Dear Chair Anielski:

On behalf of the Ohio Township Association (OTA), I am writing regarding HB 291, which authorizes townships to purchase an employee dishonesty and faithful performance of duty insurance policy instead of a bond for protection from loss due to the fraudulent or dishonest actions of and the failure to perform a duty prescribed by law by a township officer, official, employee or appointee for which a bond is currently required by law.

Township officials (R.C. §505.02 - trustees; §507.03 - fiscal officers) are required to be bonded for the "faithful performance of duties." In addition to the trustees and fiscal officer, bonding requirements in Title V, as outlined in lines 44-58, also include: an assistant fiscal officer (R.C. §507.03); a deputy fiscal officer (R.C. §507.03); the zoning inspector (R.C. §519.161); and a township constable (R.C. §509.02). It is our understanding that an amendment, which the OTA would support, will be submitted by the Sponsor that pulls in the township road superintendent that is currently bonded pursuant to R.C. §5571.04.

Faithful performance is not limited to theft in office; rather, this statement could include a simple error on a grant application, a bad investment or the transposing of two numbers on a check. Pursuant to HB 291, a township *may* elect to purchase an employee dishonesty and faithful performance of duty insurance policy instead of securing bonds for the above mentioned officials and employees. It is important to note that the amount of coverage for the insurance policy cannot be less than the bond amounts set forth in current law.

Additionally, the OTA has been made aware of an amendment (AMO592) that would allow a township to utilize a joint self-insurance pool as a source of insurance for purposes of the employee dishonesty and faithful performance of duty policy. The OTA supports this amendment, as there are currently 1,012 townships that participate in the Ohio Township Association Risk Management Authority. Furthermore, those 1,012 townships are already receiving coverage for employee dishonesty per their current policy. They simply would have to purchase a faithful performance of duty policy as opposed to securing bonds.

The Ohio Township Association supports House Bill 291, the Protect Local Treasuries Act. Thank you for your consideration of our position. Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Matthew J. DeTemple
Executive Director

MJD:hf