



OHIO TOWNSHIP ASSOCIATION

6500 Taylor Road, Ste. A
Blacklick, OH 43004
Phone: (614) 863-0045 Fax: (614) 863-9751
www.OhioTownships.org

November 13, 2018

The Honorable Joe Uecker, Chair
Local Government, Public Safety &
Veterans Affairs Committee
Ohio Senate
1 Capitol Square, 2nd Floor
Columbus, OH 43215

Re: Sub. HB 291 Insurance In Lieu of Bonds

Dear Chairman Uecker:

On behalf of the Ohio Township Association (OTA), I am writing regarding Sub. 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; R.C. §507.03 - fiscal officers) are required to be bonded for the "faithful performance of duties." The Ohio Revised Code also requires certain township employees to be bonded.

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 Sub. 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 legislation was amended in the House to 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 change, as there are over 1,000 townships that participate in the Ohio Township Association Risk Management Authority, which already provides this coverage for employee dishonesty to these townships. They simply would have to purchase a faithful performance of duty policy as opposed to securing bonds for the elected officials and employees that are required to be bonded today.

The Ohio Township Association supports Sub. 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