



To: MAYOR AND CITY COUNCIL

Agenda Item #: IV. K.

From: Scott H. Neal, City Manager

Action

Discussion

Date: August 19, 2014

Information

Subject: Waiver of Statutory Tort Limits For League of Minnesota Cities Insurance Trust (LMCIT)

Action Requested:

Adopt Motion not to waive municipal tort liability limits.

Information / Background:

Cities that purchase municipal liability coverage from the League of Minnesota Cities Insurance Trust (LMCIT) must decide each year whether they are willing to waive the monetary limits on tort liability that are offered to cities under Minnesota Statutes 466.04. If a city refuses to waive the liability limit, the maximum monetary damages a claimant can recover is no more than \$500,000. If a city waives its liability limit, a claimant can recover up to \$1,500,000.

Because the City of Edina purchases its municipal liability coverage from the LMCIT, the City Council must take action on this matter. Staff are not authorized under statute to make this decision. Only a City Council can decide to waive the city's statutory tort limits.

RECOMMENDATION:

I recommend the City Council adopt the proposed motion not to waive the City's monetary tort liability limits, per Minnesota State Statutes 466.04.

SECTION I: LIABILITY COVERAGE WAIVER FORM

Cities obtaining liability coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased. The decision to waive or not to waive the statutory limits has the following effects:

If the city does not waive the statutory tort limits, an individual claimant would be able to recover no more than \$500,000. on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether or not the city purchases the optional excess liability coverage.

If the city waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could potentially recover up to \$1,500,000. on a single occurrence. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$1,500,000., regardless of the number of claimants.

If the city waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

This decision must be made by the city council. **Cities purchasing coverage must complete and return this form to LMCIT before the effective date of the coverage.** For further information, contact LMCIT. You may also wish to discuss these issues with your city attorney.

South Metro Public Safety Training Facility Association

_____ accepts liability coverage limits of \$ 1,500,000 from the League of Minnesota Cities Insurance Trust (LMCIT).

Check one:



The city **DOES NOT WAIVE** the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.



The city **WAIVES** the monetary limits on tort liability established by Minnesota Statutes 466.04, to the extent of the limits of the liability coverage obtained from LMCIT.

Date of city council meeting _____

Signature SCOTT NEAL

Position City Manager

Return this completed form to LMCIT, 145 University Ave. W., St. Paul, MN. 55103-2044

Policy term 11-7-14 to 11-7-15