

TO: Mayor and City Council

FROM: Jerry Bohnsack, Interim City Administrator

RE: 2025 Tort Liability Waiver

DATE: March 3, 2025



When the City renews its insurance through the League of Minnesota Cities Insurance Trust, LMCIT asks the City to review whether or not we want to waive municipal tort liability limits. This decision is an annual election made by the City Council. The City has not waived the monetary tort limits in the past. The City has liability coverage in the amount of \$2,000,000. This is the standard amount provided by LMCIT. The City can carry additional excess liability coverage without waiving the statutory tort limits. As you may recall we had additional coverage beyond this for paramedic coverage as well. This additional coverage is now limited to the contract alone.

The State of Minnesota has established tort limits for cities. Currently the limit established as a single claimant is \$500,000. The total tort liability with multiple claimants for a single occurrence is \$1,500,000. The league increased its minimum liability coverage for cities to \$2,000,000. The minimum was increased in part to protect cities and also to provide additional coverage for those claims that are not covered by the statutory tort limit. If the City does not waive the statutory limit we have coverage up to that amount for a claim that is not subject to the tort limits.

If the council chooses to waive the limits, a single claimant could potentially recover up to \$2,000,000 for a single occurrence, and there is not limit to the number of claimants per occurrence. In this case, excess coverage would need to be purchased in increments of \$1,000,000 up to \$5,000,000. Underwriting would need to determine our additional costs.

Again, the City has never waived the tort liability limit, and staff recommends we continue this practice.

Council Action

Staff recommends that the City does not waive the statutory tort liability limits for 2025.