



CITY COUNCIL MEETING

AGENDA SECTION	ITEMS FOR CONSIDERATION
MEETING DATE	MAY 10, 2021

ITEM:	Annual declaration that the City of Columbia Heights does NOT waive the monetary limits on the Municipal Tort Liability under Minnesota Statutes, Section 466.04.									
DEPARTMENT:	Finance	BY/DATE: Joseph Kloiber, Finance Director/ May 10, 2021								
<p>CITY STRATEGY: <i>(please indicate areas that apply by adding a bold "X" in front of the selected text below)</i></p> <table> <tr> <td><input type="checkbox"/> Safe Community</td> <td><input type="checkbox"/> Diverse, Welcoming "Small-Town" Feel</td> </tr> <tr> <td><input checked="" type="checkbox"/> Economic Strength</td> <td><input type="checkbox"/> Excellent Housing/Neighborhoods</td> </tr> <tr> <td><input type="checkbox"/> Equity and Affordability</td> <td><input type="checkbox"/> Strong Infrastructure/Public Services</td> </tr> <tr> <td><input type="checkbox"/> Opportunities for Play and Learning</td> <td><input type="checkbox"/> Engaged, Multi-Generational, Multi-Cultural Population</td> </tr> </table>			<input type="checkbox"/> Safe Community	<input type="checkbox"/> Diverse, Welcoming "Small-Town" Feel	<input checked="" type="checkbox"/> Economic Strength	<input type="checkbox"/> Excellent Housing/Neighborhoods	<input type="checkbox"/> Equity and Affordability	<input type="checkbox"/> Strong Infrastructure/Public Services	<input type="checkbox"/> Opportunities for Play and Learning	<input type="checkbox"/> Engaged, Multi-Generational, Multi-Cultural Population
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BACKGROUND:

The City purchases its liability insurance from the League of Minnesota Cities Insurance Trust (LMCIT). Staff is currently preparing the renewal application for the policy period June 1, 2021 through May 31, 2022. The LMCIT requires that member cities document annually whether or not they waive the tort liability limits established for municipalities by Minnesota Statutes, Section 466.04.

With certain exceptions, the City’s general liability insurance provides up to \$2 million per claim and up to \$3 million in aggregate claims per year. In addition, the City carries coverage termed “excess liability” or “umbrella” coverage for up to an additional \$1 million. Minnesota Statutes Section 466.04 however, limits a city’s liability for certain types of claims to less than this policy coverage. If the City does not waive these lower limits provided by statute, LMCIT will only payout the (lower) statutory limit for any applicable claims.

Consequently, the LMCIT prices its liability premiums lower for Cities that do not waive the statutory limits. The City’s insurance agent is aware of no MN cities that chose to waive these statutory limits for the most recent policy period. Staff estimates that the annual savings in premium costs for the City of Columbia Heights are \$15,000 by not waiving the statutory limits.

The attached information from LMCIT provides additional detail on the effects of waiving or not waiving the statutory limits under different scenarios.

RECOMMENDED MOTION(S):
MOTION: Move to declare that the City of Columbia Heights does NOT waive the monetary limits on municipal tort liability under Minnesota Statutes, section 466.04.

ATTACHMENT(S):

LMCIT Coverage Waiver Form