



**DATE:** July 30, 2015

**TO:** Gene Winstead, Mayor  
City Council Members  
Jamie Verbrugge, City Manager

**CC:** Lori Economy-Scholler, CFO

**FROM:** Amy Larson, Risk and Litigation Manager

**RE:** 2015-16 Insurance Renewals

## **BACKGROUND**

Since 1986, the City has placed its property/casualty insurance coverages with the League of Minnesota Cities Insurance Trust (LMCIT Package Policy). The City routinely solicits quotes from other insurance companies, but has been unable to find coverage similar to the LMCIT Package Policy at an affordable price.

In addition to the LMCIT Package Policy, there have been other policies that have been renewed for the 2015-16 insurance year with other insurance companies (see 2015-16 Other Policy Renewals section). The Medical Professional Liability policy for the Health Division was renewed with Evanston Insurance Company as of 6/1/15; the Liquor Liability policies for both golf courses were renewed with Scottsdale Insurance Company as of 12/31/14.

In addition to the information contained in this memo, Attachment A sets forth in more detail the 2015-16 renewal premiums and coverage limits; Attachment B provides a historical snapshot of the City's insurance premiums and coverage for the past five (5) years; Attachment C is a copy of the Insurance Proposal from the City's broker; and finally, Attachment D is LMCIT's waiver where the City may elect to waive its statutory tort limits.

This memo relates to both the renewal of the LMCIT package policy as well as the other previously identified policies that are renewed throughout the year. The specific recommendation for this agenda item is to request Council approve the LMCIT insurance package policy for property/casualty insurance with the same deductibles and coverages as the expiring policies.

## **2014-15 LMCIT PREMIUM SUMMARY**

The 2015-16 LMCIT Package Policy renewal premium shows an overall decrease of 3.27%, the first since the 2011-12 renewal, from the expiring 2014-15 premium. A break out of the three (3) different types of insurance included within the Package Policy, as well as a discussion of all the renewal premiums, is included below and also summarized on Attachments A-C.

The decrease is likely due to the decrease in the City's experience modification from 1.166 to 1.038, as well as a decrease in the overall scheduled rates for the individual coverages.

The experience modification (or experience mod), used by LMCIT to arrive at our premium, is calculated using all claims, both open and closed, that have been filed against the City's package policy during a three year timeframe. The current rating formula for the 2015-16 experience mod looks at losses for the past three years, excluding the most recent year. So, for the 2015-16 experience mod, LMCIT looked at the City's loss experience from its policy years 2011-2014. The formula looks at loss frequency, so as the number of claims/losses increase, so does the experience mod. It should also be noted, that LMCIT changed how member's experience mods were calculated so that they are more consistent with workers' compensation experience mods at the same time that they revised their rating system in 2012.

Also new for the 2015-16 renewal is an increase in the per-occurrence liability coverage limit for the Package Policy coverage limit from \$1.5 million to \$2 million, and an increase in the aggregate policy limit from \$2 million to \$3 million. While the increased limits do not apply to land use/special risk litigation coverage and/or on coverage for claims arising from the activities of outside organizations, they may be used in paying for claims that are not capped by the state tort-liability caps, i.e. many police claims or claims of negligence. The increase in the per occurrence and aggregate limits does not mean the City will be sued for larger amounts, especially since the City historically does not waive its statutory liability limits. Rather, it only applies to claims that are not covered by the tort-liability caps.

### **Municipal Liability**

The renewal premium quoted by LMCIT is \$292,380. This is a decrease of \$9,161, or 3%, from last year's premium of \$301,541. In addition to the basic municipal liability coverages, the municipal liability portion of the LMCIT package policy includes attorney professional, crime, fireworks, and Minnesota Petrofund Reimbursement coverages. The current deductible for this coverage is \$100,000 per occurrence with an annual self-insured retention aggregate of \$275,000.

### **Property**

The deductible for all property coverages except Boiler and Machinery/Equipment Breakdown remains at \$50,000 per occurrence. The deductible for Boiler and Machinery/Equipment Breakdown is \$5,000 per occurrence.

Real Property

This coverage applies to property that is owned by the City, i.e. buildings, contents, property in the open, etc. Comparing last year's premium of \$112,365 with this year's renewal quote of \$104,807, we are seeing a decrease of \$7,558 or 7%.

Boiler and Machinery/Equipment Breakdown

This coverage applies to non-mobile equipment such as: wastewater system equipment (pumps, motors, etc.), air conditioning and heating equipment, electrical wiring, etc. The as-is renewal quote is \$25,783, a decrease of \$1,169, or 4.3%, over last year's premium of \$26,952.

Inland Marine

Inland Marine coverage pertains to moveable property such as vehicles that do not have a license plate, front end loaders, etc. The renewal quote is \$23,202, an increase of \$778, or 3.4% over last year's premium of \$22,424.

Bond Coverage

The City's Bond coverage is separate from its Crime coverage, and has been included under the umbrella of the Municipal Liability policy since the 2003-2004 renewal. The bond coverage takes the place of statutorily required bonds for certain positions. Included as a named insured under this coverage are the Bloomington Port Authority, the Bloomington HRA, and the Bloomington Fire Relief Board. The renewal quote for this coverage is \$1,960, a decrease of \$7, or .3%, over last year's premium of \$1,967.

**Automobile**

This coverage applies to all licensed motor vehicles that the City owns. The renewal premium quoted by LMCIT is \$84,783, a decrease of \$649 or .76% over last year's premium of \$85,432. The deductible remains at \$50,000 per occurrence.

**LMCIT LIABILITY WAIVER FORM**

LMCIT gives cities options for structuring their liability coverage. As in the past, the City must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased. In the past, the City has chosen not to waive its statutory tort limits. It is important to note that choosing to waive the limits does not provide the City with any additional coverage for claims filed against the City; rather it increases the potential maximum payout per claimant/occurrence filed against the City's policies. See Attachment D. It remains my recommendation that the City not waive its statutory tort liability limit protection.

**2015-2016 OTHER POLICY RENEWALS**

For the 2015-16 policy year, the Medical Professional/Commercial General Liability policy for the Health Division was placed again with Evanston Insurance Company. The renewal premium was \$20,296, a \$4,262 or 17% decrease from the expiring premium of \$24,558.

As of December 31, 2014, the Liquor Liability policies for both Dwan and Hyland Golf Courses were renewed with the Scottsdale Insurance Company for a total premium of \$2,473, the same cost as the expiring policies.

Attachment A contains the specific details of each policy renewal and Attachment B shows the historical premium costs for each of these coverages.

**RECOMMENDATIONS**

1. Renew the LMCIT package policy with the same deductibles and coverages as the expiring policies.
2. The City not waive its statutory tort liability limits.

## INSURANCE RENEWAL SUMMARY

POLICY	CURRENT LIMITS	CURRENT DEDUCTIBLE	PREMIUM
Property	\$ 212,564,136	\$50,000 per occurrence	\$ 104,807
Boiler Coverage	\$ 100,000,000	\$ 5,000 per occurrence	\$ 25,783
Inland Marine	\$ 14,983,088	\$50,000 per occurrence	\$ 23,202
Municipal Liability*	\$1,500,000 per occurrence	\$100,000 per occurrence/ \$275,000 aggregate	\$ 292,380
Auto Liability & Physical Damage	\$1,500,000 per occurrence	\$50,000 per occurrence	\$ 84,783
Crime	\$ 250,000	\$ 1,000 per occurrence	included above
Bond	\$1,000,000 Public Employee Performance	\$50,000 per occurrence	1,960
<b>LMCIT Subtotal</b>			<b>\$ 532,915</b>
Clinic Policy	\$1,000,000 per occurrence/\$3,000,000 aggregate	\$10,000 per occurrence	\$ 20,296
Liquor Liability	\$1,000,000 per occurrence/\$1,000,000 aggregate	\$ 1,000 per occurrence	\$ 2,472
<b>Other Policies Subtotal</b>			<b>\$ 22,768</b>
<b>Total Insurance Renewal</b>			<b>\$ 555,683</b>

\* The municipal liability total includes \$250 for fireworks coverage.

The Minnesota Petrofund Reimbursement premium continues to be absorbed into the municipal liability.

## INSURANCE PREMIUM COMPARISON

Year	Property	Boiler and Machinery	Municipal Liability	Crime	Bonds	Inland Marine	Auto	Clinic	Miscellaneous**	Total
6/1/10-6/1/11	110,392	23,892	226,816	n/a	2,326	17,453	72,985	26,527	6,664	487,055
6/1/11-6/1/12	109,111	24,527	217,268	n/a	1,967	18,913	64,369	25,893	6,390	468,438
6/1/12-6/1/13	112,106	24,490	257,984	n/a	1,917	20,909	83,018	25,375	6,313	532,112
6/1/14-6/1/15	112,365	26,952	301,766	n/a	1,967	22,424	85,432	24,558	2,472	577,936
6/1/15-6/1/16	104,807	25,783	292,380	n/a	1,960	23,202	84,783	20,296	2,472	555,683

\*\*Includes the Liquor Liability policies for the golf courses.



CITY OF  
**BLOOMINGTON**  
MINNESOTA

# Municipal Liability Package Policy

**Insurance Proposal for Policy Period  
June 1, 2015 to June 1, 2016**

Presentation Date: July 14, 2015

5600 West 83<sup>rd</sup> Street  
8200 Tower, Suite 1100  
Minneapolis, MN 55437





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This insurance document is furnished to you as a matter of information for your convenience. It only summarizes the listed proposed policy(ies) and is not intended to reflect all the terms and conditions or exclusions of such proposed policy(ies). Moreover, the information contained in this document reflects proposed coverage as of the effective date(s) of the proposed policy(ies) and does not include subsequent changes. This document is not an insurance policy and does not amend, alter or extend the coverage afforded by the listed proposed policy(ies). The insurance afforded by the listed proposed policy(ies) is subject to all the terms, exclusions and conditions of such policy(ies).

The services and placements outlined in this proposal will be provided in accordance with the terms of the notices and policies set forth in our Compensation Agreement or Engagement Letter.

## I. Executive Summary

Thank you for the opportunity to be of service to the City of Bloomington (City). This proposal highlights the Municipal Liability Package Policy renewal through the League of Minnesota Cities Insurance Trust (LMCIT). In addition to the LMCIT Package Policy, the Clinic Liability renewal premium for the Public Health Clinic is included in the premium summary.

The League of Minnesota Cities Insurance Trust (LMCIT) renewal premium decreased about 3 percent from the expiring policy. The automobile liability premium increased about 2 percent due to changes in vehicle count and classes. The municipal liability premium decreased about 3 percent due to the decrease in schedule rates and an 11 percent decrease in experience modification factor from 1.166 expiring to 1.038. Policy year 2010 experience was dropped and Policy year 2013 was added into the calculation. The overall aggregate factor decreased by 5 percent from 1.110 expiring to 1.049 for this renewal.

Beginning with renewals after November 15, 2014, LMCIT announced an increase in the per-occurrence liability coverage limit from \$1.5 million to \$2 million. The annual aggregate liability limits were increased from \$2 million to \$3 million. The increased limits do not apply to land use/special risk litigation coverage and on coverage for claims arising from activities outside organizations. The statutory limit caps the city's liability for many types of claims. However, some claims are not capped and may leave the city exposed beyond the tort cap limits. Claims under the federal civil rights laws are probably the best example of claims that are not subject to the tort cap. The new \$2 million per occurrence coverage limit gives the city better protection for these types of claims, and makes it less likely the city would end up with liability exceeding its coverage limit.

The higher limit does not mean the City will be sued for larger amounts. The City's statutory liability limits remain in effect unless the City has explicitly chosen to waive the statutory limits. The City of Bloomington has not waived the statutory limits. The new higher coverage limits would only apply to claims that are not covered under the statutory liability limits.



### Insured's Acknowledgment and Instruction to Bind

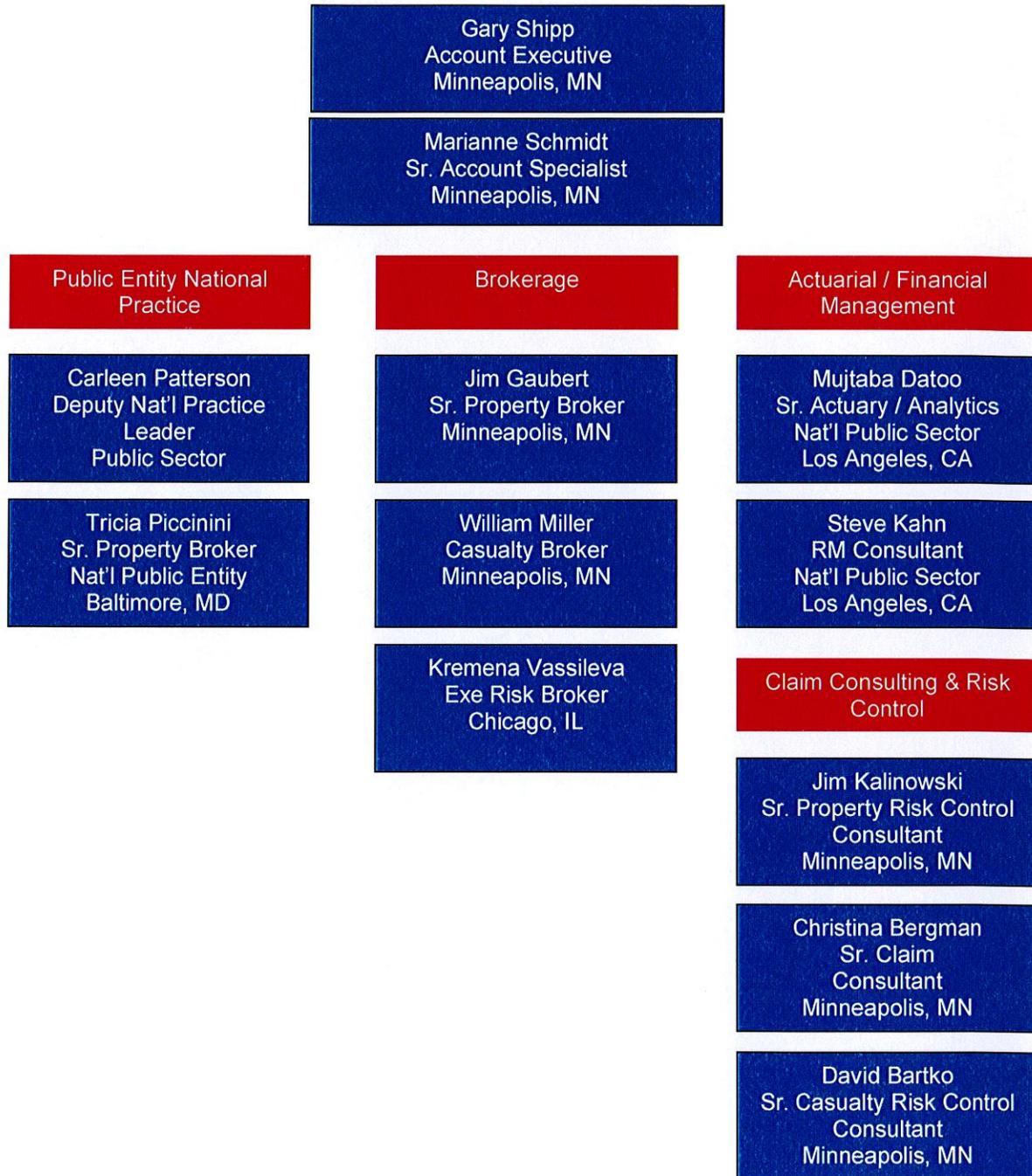
We hereby acknowledge receipt and review of the information presented in the Renewal Proposal ("Proposal") dated 07/14/2015 for Municipal Liability Package Policy. We hereby instruct Aon Risk Services to bind the insurance program(s) selected by us and understand that our instruction to bind constitutes an acceptance of the terms and conditions and payments described in this Renewal Proposal.

Date: \_\_\_\_\_  
James Verbrugge, City Manager

Date: \_\_\_\_\_  
Gene Winstead, Mayor

Date: \_\_\_\_\_  
City Attorney  
Reviewed and Approved by the City Attorney

## Team Chart



## II. Premium Summary

Line of Coverage	Expiring 6/1/2014 to 6/1/2015	Proposed 6/1/2015 to 6/1/2016
Carrier	LMCIT	LMCIT
Package Policy		
• Property	\$112,365	\$104,807
• Equipment Breakdown	\$26,952	\$25,783
• Inland Marine	\$22,424	\$23,202
• Municipal Liability	\$301,541	\$292,130
• Commercial Auto	\$85,432	\$84,783
• Performance & Employee Dishonesty Bond and Crime	\$1,967	\$1,960
• Fireworks Extension	\$225	\$250
• Total Premium	\$550,906	\$532,915
Other Policies/Broker Fee	Current Term Premium	Current Term Premium
Public Health Clinic Liability Policy including Medical Professional Liability	6/1/2014-15 \$24,558	6/1/2015-16 \$20,296
Liquor Liability—Dwan and Hyland Golf Courses	12/31/13-14 \$2,473	12/31/14-15 \$2,473
Aon Risk Services, Inc. – Annual Service Fee	3/31/2014-15 \$29,500	3/31/2015-16 \$32,230

Exposures	Expiring 6/1/2014 to 6/1/2015	Proposed 6/1/2015 to 6/1/2016	Change
Property (total insured values)	\$210,897,485	\$212,564,136	+1%
Inland Marine (total insured values)	\$13,909,478	\$14,983,088	+7%
Automobiles (# of autos)	372	386	+3.7%
Municipal Liability			
• Expenditures	\$144,176,846	\$160,797,801	+11.5%
• Land Use (# of households)	38,088	38,088	0%
• Sewer Backups (# connections)	25,214	25,214	0%
• Employment (# FTE)	576	577	0%
• Police (# FTE)	118	118	0%

Experience Modification Rates	Expiring 2014	Renewal 2015
Experience Modification Factor	1.166	1.038

## III. Policy Details

### Municipal Package Policy

Insurance Company:	League of Minnesota Cities Insurance Trust (LMCIT)
Policy Term:	June 1, 2015 to June 1, 2016
Policy Number:	CMC 37950

#### General Policy Provisions

##### Policy Deductible Summary- By line of Coverage

Property, Employee Faithful Performance Bond, Automobile – Each Claim	\$50,000
Equipment Breakdown Coverage – Any one Accident	\$5,000
Crime (Money and Securities/Forgery) – Each Claim	\$1,000
Petrofund Claims, Open Meeting Law Defense Cost Reimbursement	\$0
Municipal General Liability, Fireworks, Attorney Liability – Each Occurrence	\$100,000
Aggregate Deductible	\$275,000
Maintenance Deductible*	\$5,000

\*If the Annual Aggregate of \$275,000 is exceeded in the policy period, the maintenance deductible applies per claim.

##### Statement of Defense Costs

Limits for the following Liability coverage parts INCLUDE the cost of defense: Limited Pollution, Outside Organization and Land Use/Development Damages. (Damages do not include claim adjuster fees)

Defense costs for ALL OTHER coverage parts are OUTSIDE of the limit of liability and unlimited.

##### Claims Made Coverage form Retroactive Dates

- Municipal Liability 6/1/1987
- Limited Pollution/Lead or Asbestos 6/1/1987
- Open Meeting Law 6/1/2010

##### Named Insured – Definition of City Includes

- Bloomington Housing and Redevelopment Authority
- Bloomington Port Authority
- Membership of the Bloomington Volunteer Fire Department
- Bloomington Fire Department Relief Association
- Public Health Employees working at 1900 W. Old Shakopee Road (non-professional)

## Municipal Package Policy (continued)

Property and Inland Marine	
General Coverage Description:	Property insurance covers City's interest against direct physical loss or damage by covered causes of loss to named property that the City owns or is required to insure
Perils	Special Form: All perils are covered except those specifically excluded such as flood (see water and supplemental flood coverage), earthquake, Nuclear, War and utility interruption
Schedule of Locations and Values:	Per Schedule of Covered Property in policy
Total All Property covered under this policy – blanket limit Subject to specific property limits per schedule – Up to a maximum limit of 150% of the estimated replacement cost shown on the schedule	\$227,547,224
Limit (Building, Contents, Property in the Open): <i>Subject to specific property limits per schedule</i>	\$212,564,136
Scheduled Equipment Over \$25,000 See Attached Schedule	\$12,039,012
Unscheduled Equipment Under \$25,000	\$2,944,076
Deductible:	\$50,000 Each Occurrence
Valuation:	Replacement Cost
Covered Property	• Building/Contents per Schedule
	• Property In The Open per Schedule
	• Mobile Property Inland Marine Scheduled items more than \$25,000
	• Mobile Property Inland Marine Unscheduled items \$25,000 or less
Terrorism Loss Occ-Shared Limit	\$50,000,000 Annual Aggregate
For damages caused by chemical or biological contamination or by cyber- terrorism or discharge of pollutants	\$1,000,000 Annual Aggregate
Loss of Revenue, Extra Expense and Expediting Expense	\$5,000,000 Per Occurrence



## Municipal Package Policy (continued)

Property and Inland Marine	
Demolition and Debris Removal per occurrence	<ul style="list-style-type: none"> <li>• Direct Physical Damage to Covered property - 25% of the estimated replacement cost of covered property</li> <li>• No Direct Physical Damage to Covered Property \$50,000 per occurrence</li> </ul>
Pollutant Cleanup and Removal per location	\$250,000
Accounts Receivable	\$500,000 per location
Valuable papers and Records	\$500,000 per location
Extraordinary Expense	\$250,000 annual Aggregate
Utility Services	\$100,000 per occurrence
Data Security Breach -Expenses	\$250,000 Annual Aggregate
Newly Acquired Covered Property	\$5,000,000
Buildings or "Property In the Open" in the Course of Construction, Alterations, Repair	\$2,000,000 any one location
Vacant Buildings	Fair market value of building (demolition, debris removal and pollutant cleanup are within the limit)
Property Not Covered:	<ul style="list-style-type: none"> <li>• Aircraft</li> <li>• Automobiles (licensed)</li> <li>• Animals (except police dogs)</li> <li>• Bridges or Other Paved Surfaces (except golf course property)</li> <li>• Cost of Excavations and Grading etc.</li> <li>• Crops and Lawns (except golf course property)</li> <li>• Pilings, Piers, Wharves or Docks</li> <li>• Underground Buried Pipes, Flues or Drains</li> <li>• Foundations of Buildings, etc. (if below the lowest floor surface)</li> <li>• Retaining Walls (if not part of specified property)</li> </ul>

## Municipal Package Policy (continued)

Property and Inland Marine	
Water and Supplemental Floods General Coverage Description:	Flood, surface water, overflow of any body of water, mudslide, water that backs up or overflows from a sewer or drain
Covered Locations:	Buildings and contents or property in the open or builders risk property described in schedule
Limit of Liability / Loss Limit:	\$500,000 Per Occurrence
	\$500,000 Annual Aggregate
Deductible:	\$50,000 Per Occurrence
<b>IMPORTANT:</b> Refer to Scheduled Property and Code on the policy	
Code A:	<ul style="list-style-type: none"> <li>Coverage applies with no additional exclusions (only locations determined eligible by FEMA/FIRM maps to be outside the 500 year flood plain, and designated Code A on the policy)</li> </ul>
Code B:	<ul style="list-style-type: none"> <li>Coverage applies in addition to and in excess of the applicable National Flood Insurance Program (NFIP) coverage (only if the City has purchased both the NFIP maximum coverage and the LMCIT Supplemental Flood Coverage) (not available for property in the open)</li> </ul>
Code C:	<ul style="list-style-type: none"> <li>No coverage for any loss or any damage resulting from any Occurrence for which a National Flood Insurance Program would cover any loss or any damage (coverage for non-flood water damage and overflow of any body of water, and any additional flood related causes described in the policy).</li> </ul>

## Municipal Package Policy (continued)

Property and Inland Marine		
Equipment Breakdown General Coverage Description:	Equipment Breakdown, also referred to as Boiler and Machinery, is a type of property insurance that covers boilers and other pressure vessels, fired and unfired, as well as machinery, heating, cooling equipment, or electrical apparatus.	
Blanket Limit-All Scheduled Locations:	\$100,000,000 Any One Accident	
Newly Acquired Locations	\$5,000,000	
Loss of Revenue and Extra Expense	\$5,000,000 Any One Accident	
Deductible:	\$5,000 Any One Accident	
Sub-Limits	Service Interruption	\$250,000
	Perishable Goods	\$250,000
	Data Restoration	\$100,000
	Demolition and ICC	\$250,000
	Expediting Expense	\$250,000
	Pollutants	\$250,000
	CFC Refrigerants	\$250,000
	Ice Rink Buried Piping	\$250,000
Coverage Includes:	Comprehensive Form Boiler and Machinery Excluding Production Equipment	
Coverage Exclusions Include but not Limited to:	Depletion, deterioration, corrosion, erosion, wear and tear or other gradually developing conditions	
	Earth movement including but not limited to earthquake, subsidence, sink hole, landslide, tsunami or volcanic action	

## Municipal Package Policy (continued)

Crime	
General Coverage Description:	See below by coverage part
Limit of Liability / Loss Limit:	\$250,000 Per Occurrence
Deductible:	\$1,000 Per Occurrence
A: Theft, Disappearance, Destruction –Inside Premises	<ul style="list-style-type: none"> <li>Pays for the loss of, and loss from damage to, the property that contains the money and securities; and loss from damage to the premises resulting directly from the theft or attempted theft.</li> </ul>
B: Theft, Disappearance, Destruction –Outside Premises	<ul style="list-style-type: none"> <li>Pays for the loss of money and securities resulting directly from the theft, disappearance, or destruction outside the premises in the care, custody and control of a messenger or an armored motor vehicle.</li> </ul>
C: Forgery or Alteration (instruments of payment)	<ul style="list-style-type: none"> <li>Pays for the loss involving instruments of payment resulting directly from the forgery or alteration of, on or in any instruments of payment.</li> </ul>
	<ul style="list-style-type: none"> <li>If the City is sued for refusing to pay any instrument of payment, LMCIT will pay any reasonable legal expenses incurred. Defense costs are in addition to the applicable limit of coverage.</li> </ul>
Coverage Exclusions including but not limited to:	<ul style="list-style-type: none"> <li>Accounting or mathematical errors</li> <li>Dishonest acts of your employees</li> <li>Fire</li> </ul>

## Municipal Package Policy (continued)

<b>Faithful Performance and Employee Dishonesty</b>	
General Coverage Description:	Failure of a City employee to properly perform duties or obligations of position as required by law and which would constitute malfeasance, willful neglect of duty or bad faith discovered by City during the policy period
Limit:	\$1,000,000 Any One Occurrence
Deductible:	<p>\$50,000 Any One Occurrence</p> <p>Relief Associations, Port Authority or Economic Development Authority Bonds are required by State Statute to carry a \$0 deductible. Therefore, if there is a claim against the Relief Association, Port Authority or Economic Development Authority, the LMCIT will pay the full amount of the claim and the City will be billed for the deductible amount.</p>
Coverage:	<p>Reimbursement for reasonable auditing and accounting costs incurred to establish the existence and the amount of a covered loss, but in no case will this reimbursement exceed 25% of the amount of the covered loss. This reimbursement is in addition to the coverage limit.</p> <p>Discovery is when the City first becomes aware of facts that give you reason to believe a loss may have occurred.</p> <p>Includes Relief Association Members, Officers, and Employees.</p>
Excluded:	<ul style="list-style-type: none"> <li>• Joint Powers Entity, unless specifically named</li> <li>• Governmental Action – seizure or destruction of property</li> <li>• Inventory shortages</li> </ul>

## Municipal Package Policy (continued)

Petrofund	
General Coverage Description:	Reimburse the City for damage it has been required to pay for taking corrective action and to compensate third parties for bodily injury and property damage caused by an accidental tank release.
Limit:	
Reimbursable Costs and Defense Costs	\$250,000 Each tank release \$250,000 Aggregate
Deductible:	None
Coverage Stipulation:	Underground tanks must be registered with the Minnesota Pollution Control Agency

## Municipal Package Policy (continued)

<b>Comprehensive Municipal Liability (Including Public Officials' Errors and Omissions)</b>		
General Coverage Description:	City's legal liability to members of the public for claims arising out of your premises, operations, products, or completed operations	
Limit:		
Each Claimant Limit	\$500,000 (Tort Limit Not Waived)*	
Each Occurrence Limit	\$2,000,000	
Products/Completed Operations Aggregate:	\$3,000,000	
Failure To Supply Claim Aggregate	\$3,000,000	
Electromagnetic Fields Annual Aggregate	\$3,000,000	
Mold Claim Limit	\$3,000,000	
Fire Damage Limit	\$2,000,000	
Medical Expense Limit	Not Covered	
Limited Pollution Liability	\$2,000,000 Per "sudden" Occurrence \$3,000,000 Annual Aggregate	
Outside Organization Limit	\$100,000 Annual Aggregate	
Land Use Regulation Limit	\$1,000,000 Annual Aggregate (includes litigation costs)	
Deductible:	\$100,000 Per Occurrence	
	\$ 275,000 Annual Aggregate	
Maintenance Deductible (after aggregate is met)	\$5,000 Per Occurrence	
Retroactive Dates	Municipal Liability	06/01/1987
	Limited Pollution	06/01/1987

### \*TORT CAP LIMIT EXPLANATION

The Minnesota Legislature increase in the Municipal tort liability limits to \$500,000 per claimant, \$1,500,000 per occurrence, effective January 1, 2009. The current covenant language that waived the per claimant portion of the statutory limit was eliminated. This enables cities and LMCIT to take advantage of the per-claimant limit. Cities will still have the option to reinstate that waiver, for an additional premium charge of 3.5%.

Please complete the LMCIT Liability Coverage Waiver Form to elect if you want to waive the \$500,000 per claimant limit up to \$1,500,000 per occurrence, Tort Cap. If the City waives the Tort Cap Limit option, it may wish to consider the purchase of Excess Coverage. If you have Excess Coverage, and you waive the municipal tort liability limits from \$500,000 per claimant to \$1,500,000 per occurrence; and purchased Excess Liability coverage you are automatically waiving the statutory limits to the extent of the excess coverage purchased. Increasing total limits available for payment of a claim

## Municipal Package Policy (continued)

Comprehensive Municipal Liability	
Additional Liability Coverage's Included	<ul style="list-style-type: none"> <li>• Includes coverage for any Boards or Committees doing work on behalf of the City</li> <li>• Employees as Additional Insured (Including Elected Officials and Volunteers while acting within the cope of their business)</li> <li>• Failure to Supply Utilities, including electricity, gas, water or steam</li> <li>• Incidental Malpractice-including Paramedical Services</li> <li>• Employment Practices Liability -including claims under the federal and state Fair Labor Standards Acts (FLSA). LMCIT will cover overtime and other compensation amounts the City is determined to owe because of an FLSA violation or violation of any law prohibiting discrimination in employment.</li> <li>• Employee Benefits Liability</li> <li>• Firefighters Professional Liability</li> <li>• Fiduciary Liability (for relief association board members)</li> <li>• Coverage for claims and litigation for claims arising from the activities of a joint city-township zoning board created under orderly annexation agreements. This extends to the town and town officers and employees if they are named in a claims arising from the joint board's activities.</li> </ul>
Exclusions: (not all inclusive, refer to policy)	<ul style="list-style-type: none"> <li>• Any Operations Associated with the Ownership of an Airport.</li> <li>• Any Ownership/Operations of a Municipal Hospital or Nursing Home.</li> <li>• Any Injury to a Volunteer Fireman</li> <li>• Failure or bursting of any:                             <ul style="list-style-type: none"> <li>a. DNR Class I or II Dam</li> <li>b. Any dike, levee, or similar structure.</li> </ul> </li> <li>• The Policy Does Not Cover the Failure to Give or the Giving or Any Professional Services</li> <li>• Pollution Exclusion With "Limited Pollution Liability" Coverage Per Policy. Exception: Lead and Asbestos Exposures - \$250,000 per Claim and \$250,000 Aggregate per Year. Coverage Does Not Apply to Landfills, Dumps or Other Waste Facilities.</li> <li>• Land Use, Development, Franchise or Enterprise Operations Litigation Coverage Limitations (Subject to policy deductible)</li> <li>• Bodily Injury, Property Damage and Personal Injury claims arising from the City's ownership, construction, operation, or maintenance of any railroad tracks or railroad rolling stock is excluded</li> </ul>

## Municipal Package Policy (continued)

Commercial Auto		
General Coverage Description:	Legal liability on the part of the City arising out of the use of owned, leased, hired, and non- owned vehicles	
Limits:		
Bodily Injury/Property Damage Combined Single	\$2,000,000	
Hired/Borrowed Auto Liability:	\$2,000,000	
Employer's Non-Owned Auto Liability:	\$2,000,000	
Uninsured/Underinsured Motorists: (includes all vehicles)	\$200,000 Per Occurrence	
Personal Injury Protection (No-Fault): (includes all vehicles)	Statutory	
Endorsements and or policy language includes:	<ul style="list-style-type: none"> <li>• Rented Auto Physical Damage Coverage</li> <li>• Freezing of Fire Vehicles Pumping Apparatus</li> </ul>	
Replacement Cost Vehicles	Refer to schedule	
Deductible: (includes Hired and Non-Owned Auto)	Liability	\$50,000
	Comprehensive	\$50,000
	Collision	\$50,000
Coverage Exclusions Include but are not Limited to:	<ul style="list-style-type: none"> <li>• Expected or Intended Injury</li> <li>• Property Damage to Property Owned or Transported by you</li> <li>• Pollution</li> </ul>	

## Municipal Package Policy (continued)

Defense Cost Reimbursement Coverage	
General Coverage Description:	Defense of Officials in regards to the Open Meeting Law and suits against City Officials that arise from the actual, pending or threatened bankruptcy of the city
Retro Active Date	6/1/2010
Defense Costs per Lawsuit Per Official	\$50,000
Agreement Term Aggregate Per Official	\$250,000
Deductible:	None
Covered Parties:	• City of Bloomington
	• Bloomington Housing and Redevelopment Authority
	• Bloomington Port Authority
	• Membership of the Bloomington Volunteer Fire Department
	• Bloomington Fire Department Relief Association
Special Endorsements / Conditions	• Reimbursement Policy-The LMCIT will reimburse the individual after they have made payment and proof of payment is submitted to LMCIT
	• Independent contractors who do contract work for the City are not covered (EXCLUDED)

This is a Claims Made Policy

## Clinic Liability Policy

Public Health Clinic Liability Policy	
Insurance Company: Policy Term:	Evanston Insurance Company
Policy Number:	June 1, 2015 to June 1, 2016
Policy Number	SM-907422

General Coverage Description:	Public Health Services for all related premises and operations of the City
Limits:	
Professional Liability	
Each Claim	\$1,500,000
Aggregate	\$3,000,000
Limits:	
Commercial General Liability	
Each Occurrence	\$1,500,000
Aggregate – All Coverages	\$3,000,000
Damages to Rented Premises	\$50,000
Medical Expense – Any one Person	\$5,000
Retroactive Date	6/1/2002
Deductible	\$10,000 Each Claim-Professional
	\$10,000 Each Occurrence - General Liability
	\$10,000 Each Person or Org - Personal & Advertising Injury Liability
Additional Insureds	City of Minneapolis (SHIP Program), Hennepin County Human Services, and Intermediate District #287
Coverage Exclusions Include but are not Limited to:	<ul style="list-style-type: none"> <li>Asbestos</li> </ul>
	<ul style="list-style-type: none"> <li>Workers' Compensation/Employers' Liability</li> </ul>
	<ul style="list-style-type: none"> <li>25% minimum earned premium endorsement</li> </ul>
	<ul style="list-style-type: none"> <li>Mold</li> </ul>

This is a Claims Made Policy

## LEAGUE OF MINNESOTA CITIES INSURANCE TRUST

## 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.

\_\_\_\_\_ accepts liability coverage limits of \$\_\_\_\_\_ 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 \_\_\_\_\_ Position Mayor  
Gene Winstead Date

Signature \_\_\_\_\_ Position City Manager  
James Verbrugge Date

Signature: *Reviewed and Approved by City Attorney* Date \_\_\_\_\_

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