

**Watertown City
Council** June 25, 2019

Agenda Item: Statutory tort liability limits

Request for Action: Adopt Resolution 2019-89, to not waive monetary limits on municipal tort liability

Department: Clerk/Treasurer

Background:

The City of Watertown is a member of the League of Minnesota Cities Insurance Trust (LMCIT) which offers liability coverage to its members. LMCIT members who obtain liability coverage, which the City of Watertown does, must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased. If a member 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 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. If a member waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could potentially recover up to \$2 million for a single occurrence.

Recommendation: City Staff recommends that the Council approve Resolution 2019-89, to not waive the monetary limits on municipal tort liability established by Minnesota Statutes, Section 466.04.

Attachments:

Resolution 2019-89

Waiver Form

**CITY OF WATERTOWN
RESOLUTION NO. 2019-89**

**RESOLUTION TO NOT WAIVE MONETARY LIMITS
ON MUNICIPAL TORT LIABILITY
ESTABLISHED BY MINNESOTA STATUTES, SECTION 466.04**

WHEREAS, The City Council of the City of Watertown, Minnesota is a member of the League of Minnesota Cities Insurance Trust (LMCIT); and

WHEREAS, LMCIT members that obtain liability coverage from LMCIT must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased; and

WHEREAS, in the event a 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; and

WHEREAS, the total 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;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Watertown hereby approves this resolution to not waive the monetary limits on municipal tort liability established by Minnesota Statutes, Section 466.04.

Adopted by the City Council of the City of Watertown this 25th day of June, 2019.

Steve Washburn, Mayor

ATTEST: _____
Lynn Tschudi, Clerk/Treasurer



LIABILITY COVERAGE – WAIVER FORM

Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before the member’s effective date of coverage. Return completed form to your underwriter or email to pstech@lmc.org.

The decision to waive or not waive the statutory tort limits must be made annually by the member’s governing body, in consultation with its attorney if necessary.

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

- *If the member does not waive the statutory tort limits*, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could 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 the member purchases the optional LMCIT excess liability coverage.
- *If the member waives the statutory tort limits and does not purchase excess liability coverage*, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member’s liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.
- *If the member 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 all claimants could 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.

LMCIT Member Name: CITY OF WATERTOWN

Check one:

- The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by Minn. Stat. § 466.04.
- The member **WAIVES** the monetary limits on municipal tort liability established by Minn. Stat. § 466.04, to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member’s governing body meeting: JUNE 25, 2019

Signature: _____ Position: MAYOR