



STAFF REPORT

DATE: September 20, 2016

CONSENT

ITEM #: 19

MOTION

TO: Mayor and City Council

FROM: Kristina Handt, City Administrator

AGENDA ITEM: LMCIT Insurance Coverage

BACKGROUND:

On September 7, 2016 the LMCIT Board of Trustees voted to raise the City's deductible to \$200,000 for liability claims except those for property damage and bodily injury to begin as soon as reasonably possible under the terms of the covenant and to have a review in June 2017. Under the terms of the current coverage they must give the City a 30 day notice of any change in terms. The City received the notice of change on September 8, 2016. A copy of the letter is included in your packet.

ISSUE BEFORE COUNCIL:

How should the City respond to the change in coverage terms from LMCIT?

PROPOSAL DETAILS/ANALYSIS:

Effective at the end of October 9, 2016 the City's current coverage for municipal liability and land use and special risk litigation will be canceled. The LMCIT is offering coverage for those two areas with a \$200,000 per occurrence deductible (increase from current deductible of \$500). Only the deductible would change; the City would not see a change in premiums at this time. If the City is interested in the new terms (higher deductible) they will need to notify LMCIT before October 10, 2016 that they accept the endorsement changes.

FISCAL IMPACT:

Since no increase in premiums is proposed, there is no immediate fiscal impact. Increased costs would only be incurred if there was a claim.

At their September 13th meeting, the Finance Committee began discussing the possibility of setting fund balance aside in a designated account to cover the possible \$200,000 cost.

OPTIONS:

- 1) Direct staff to notify LMCIT of acceptance of new terms
- 2) Direct staff to solicit bids from other insurance carriers
- 3) Direct staff not to pursue new terms/coverage

RECOMMENDATION:

If removed from the consent agenda,

Motion to direct staff to notify LMCIT of acceptance of new terms