



## Request for Action

**TO:** Faribault Housing and Redevelopment Authority  
**FROM:** Kim Clausen, Community Development Coordinator  
**MEETING DATE:** November 23, 2020  
**SUBJECT:** 2021 Statutory Tort Liability Waiver

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### **PURPOSE:**

The purpose of this memorandum is to provide the Faribault Housing and Redevelopment Authority with information on the options regarding statutory tort liability limits. The following information was provided by Jeanne Day, Director of Finance.

### **DISCUSSION:**

Cities/HRAs obtaining coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort 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/HRA 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 limits apply, would be limited to \$1,500,000.
- If the City/HRA waives the statutory tort limits, a single claimant could potentially recover up to \$2,000,000 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 \$2,000,000, regardless of the number of claimants.

This decision must be made by the HRA. Staff recommends that the HRA not waive the monetary limits on municipal tort liability. In the past, the City Council, HRA and EDA have chosen not to waive the limits as a way of controlling liability insurance costs.

### **REQUESTED ACTION:**

Motion to concur with Staff's recommendation and continue the current HRA policy which does not waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.



## 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](mailto: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.

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LMCIT Member Name:

Faribault Housing and Redevelopment Authority

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*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: 11/23/2020

Signature: \_\_\_\_\_ Position: \_\_\_\_\_