

**TO: MAYOR AND CITY COUNCIL**

**FROM: LANELL ENDRES, FINANCE DIRECTOR / ASSISTANT CITY ADMINISTRATOR**

**SUBJECT: STATUTORY TORT LIMITS**

**MEETING DATE: JANUARY 7, 2020**

**BACKGROUND**

The City of Cannon Falls obtains liability insurance coverage from the League of Minnesota Cities Insurance Trust. The Council must annually decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased.

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 \$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.

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.

The City has not waived the monetary limits on municipal tort liability in the past.

**RECOMMENDED COUNCIL ACTION**

A motion to not waive the tort liability limits as set by Minnesota Statutes.