



## LEAGUE OF MINNESOTA CITIES INSURANCE TRUST 2018-19 COVERAGE CHANGES

### 2018-19 CHANGES

Every year, the League of Minnesota Cities Insurance Trust (the Trust) [Board of Trustees](#) reviews our coverage to ensure it responds to the unique exposures faced by Minnesota's cities. Many suggestions come from members and their insurance agents. Changes go into effect for property/casualty coverages renewing on or after November 15, 2018 and for workers' compensation coverage renewing on or after January 1, 2019.

### CONTACT

If you have questions about the coming year's coverage changes, or if you have ideas for future coverage enhancements, contact your assigned underwriter at (651) 281-1200 or (800) 925-1122.

### AUTO COVERAGE

#### **Definitions for automobile and mobile equipment**

The definitions for *automobile* and *mobile equipment* in the auto liability and municipal liability coverages were modified to be better coordinated.

#### **Definition for motor vehicle**

The definition for *motor vehicle* was amended to more closely align with definitions in the Minnesota statutes related to uninsured/underinsured (UM/UIM) and basic economic loss (no-fault/PIP) benefits.

#### **Snowmobiles**

While snowmobiles have historically been scheduled and charged as automobiles, they are better classified as mobile property for coverage and rating purposes. A wording change was made in the municipal liability coverage to clarify that municipal liability coverage applies for claims arising out of the use of a snowmobile.

#### **Street sweepers**

In some cases, street sweepers have been classified as automobiles, and in others, as mobile property. To ensure consistency, any street sweeper required by the state to be licensed or registered, or have a license plate, will now be classified as an automobile. This will have only minor coverage and premium implications.

### BOND COVERAGE (OPTIONAL COVERAGE)

#### **Faithful performance bond limits**

Members can obtain bond coverage through the Trust to cover both fidelity and faithful performance risks. Members can now purchase up to \$3 million in bond limits, an increase from the previous \$1 million maximum limit. The minimum available is still \$50,000. Premium rates are based on the number of full-time equivalent employees and the limit of coverage selected.

## **LIABILITY COVERAGE**

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### **Definitions for automobile and mobile equipment**

[Change is noted in the section for auto coverage.](#)

### **Snowmobiles**

[Change is noted in the section for auto coverage.](#)

### **Street sweepers**

[Change is noted in the section for auto coverage.](#)

### **Union contract grievances**

We do not provide coverage when a grievance is brought, unless it is accompanied by a related covered claim. Coverage language was modified to confirm our traditional approach to these situations.

## **PROPERTY COVERAGE**

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### **Building code compliance costs**

In addition to costs to repair or replace damaged or destroyed property, the property coverage covers additional costs necessary to comply with most building compliance codes and requirements. This coverage does not extend to excluded property, such as paved surfaces, subsoil, pilings, building foundations, and most underground pipes. The coverage language has been clarified to more explicitly define the extent to which these compliance costs are covered.

### **Mobile property**

Part of the claim valuation clause for scheduled mobile property units was restated in the relevant endorsement to make it easier to interpret.

### **Property-in-the-open**

We have historically used one endorsement to broaden the definition of property-in-the-open and another to restrict it. To simplify the endorsement process, a new, single endorsement was created that can be used to both broaden and restrict the definition.

### **Snowmobiles**

[Change is noted in the section for auto coverage.](#)

### **Street sweepers**

[Change is noted in the section for auto coverage.](#)

## **ABOUT THE TRUST**

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We understand the unique exposures faced by Minnesota cities and continually develop new coverages to address ever-changing needs. Instead of coverage exclusion, the Trust emphasizes coverage inclusion. Trust staff have the expertise to address all coverage issues and concerns, giving busy city staff one less thing to worry about.

## **WORKERS' COMPENSATION COVERAGE**

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### **Subrogation procedures**

Two clarifications were made regarding subrogation procedures. First, a statute that is referenced in the coverage has been updated. Second, it was clarified that subrogation recovery amounts are netted out for purposes of future experience rating calculations.