



INFORMATION MEMO

LMCIT Eligibility Requirements

Learn about participation, eligibility, and League membership requirements in the League of Minnesota Cities Insurance Trust.

RELEVANT LINKS:

LMCIT can help you determine eligibility status.
Contact:

Chris Smith, Risk Management Attorney
651.281.1269
csmith@lmc.org

[LMC Membership Dues.](#)

I. LMCIT participation and eligibility

Participation in the League of Minnesota Cities Insurance Trust (LMCIT) is generally open to any city that's a member of the League of Minnesota Cities (LMC). Certain other types of political subdivisions can also join the League and become eligible for LMCIT coverage. There are also several different types of city-related entities that are also eligible for LMCIT coverage.

A. Joint powers boards and entities

A joint powers entity is created by an agreement or contract among two or more political subdivisions. A joint powers entity is eligible for coverage through LMCIT if at least one of its constituent political subdivisions is a League member. A joint powers entity does not itself have to become a League member.

B. Special purpose political subdivisions

A special purpose political subdivision is created either directly by statute or by following a procedure specified in the statutes. Examples include watershed districts, hospital districts, sanitary districts, fire districts, lake conservation districts, and regional development commissions.

A special purpose district is eligible for coverage through LMCIT, but it must first become a subscribing member of the League. If the district joins the League during the membership year, the first year's dues are prorated.

C. City boards, commissions, and authorities

LMCIT can provide coverage for independent city boards, commissions, and authorities such as utilities commissions, hospital or nursing home boards, airport boards, economic development authorities, housing and redevelopment authorities, and port authorities. These organizations can be covered either under the city's coverage or by issuing separate coverage. City boards and authorities don't need to become League members to be eligible for LMCIT because they're eligible through the city's League membership.

This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

RELEVANT LINKS:

See [Requesting Coverage for a Nonprofit Corporation.](#),
[LMCIT Model Resolution.](#)

D. Private nonprofit corporations

LMCIT can provide coverage to a private corporation only under limited circumstances. The corporation must be a nonprofit corporation and must qualify as an instrumentality of a member city. An instrumentality is defined as an entity serving a city purpose (its function is something a city has the authority to do) and its articles of incorporation and bylaws or other documents give the city a reasonable degree of control over the entity's activities (such as appointing or approving the board, or reviewing or approving the budget). Independent fire departments and cable access corporations are common examples.

If the nonprofit corporation qualifies as a city instrumentality, LMCIT can provide coverage either by adding the corporation to the city's coverage or by issuing separate coverage to the corporation. However, before LMCIT can issue separate coverage, the city must pass a resolution requesting LMCIT do so and agree to be secondarily responsible for any premiums, deductibles, assessments, or other amounts the corporation may owe to LMCIT.

Generally, these entities don't need to become League members because they're eligible by their affiliation with a member city.

E. Other instrumentalities

There are other entities that can qualify as instrumentalities of cities, and to whom LMCIT can provide coverage. Examples include housing and redevelopment authorities, economic development authorities, and utility commissions. Generally, these entities don't need to become League members because they're eligible by their affiliation with a member city.

F. Associations of public officials

Associations of public officials, which are typically organized as nonprofit corporations, may be eligible to participate in LMCIT if it qualifies as an instrumentality of cities and if it meets the following criteria:

- The association's articles of incorporation or bylaws clearly identify a valid municipally related purpose for the entity's existence.
- The membership group consists predominantly of city officials.
- A majority of the governing board are city officials.

An association that qualifies does not need to become a League member if it is affiliated with a member city. Examples include the Minnesota State Fire Chiefs Association, the Minnesota City/County Management Association, and the Metro Area Managers Association.

RELEVANT LINKS:

[LMC Membership Dues.](#)

[LMC Membership Dues.](#)

[Minn. Stat. § 368.01, subd. 1.](#)

[Minn. Stat. § 368.01 subd. 1.](#)

[Minn. Stat. § 368.01 subd. 1a.](#)

[LMC Membership Dues.](#)

See Section I.D., *Private nonprofit corporations.*

G. Native American tribes

LMCIT does not have the legal authority to accept a Native American tribe as a member because tribes are sovereign nations and not political subdivisions of the state.

H. Townships

Any township is eligible to participate in the LMCIT workers' compensation program, but not the property/casualty program. To be eligible, the township must pay an annual access charge to the League, which equals 75 percent of the League's standard dues for a city of the same population. This entitles the township to participate in the workers' compensation program, but the township does not receive any other LMC or LMCIT services.

An urban town is eligible to participate in any LMCIT program if the town is a League member. League dues for an urban town are figured on the same sliding population-based schedule used for cities. Following are the ways a town qualifies as an urban town.

- The town has at least 1,200 people living on platted property.
- Certain towns within 20 miles of a first-class city hall.
- Voters can vote at a town meeting to adopt urban town powers if the population is at least 1,000.
- The Legislature sometimes creates an urban town by special law.

I. Transit operations

LMCIT can provide coverage for t transit operations that are:

- Run by a member city.
- Run by a joint powers board, provided that at least one member of the joint powers board is a member city.
- Run by a special purpose political subdivision or district, provided the district becomes a member of the League.
- Run by a nonprofit corporation, provided the corporation is an instrumentality of a member city, the city requests LMCIT to provide coverage, and the city agrees to be secondarily responsible for any premiums or deductible reimbursements the corporation may owe to LMCIT.

LMCIT can't provide coverage for transit operations that are run solely by a county or by a for-profit corporation.