



**Making Minneapolis Neighborhoods
Better Places to Live, Work, Learn and Play**

Request for City Council Committee Action

Date: May 3, 2005

To: Community Development Committee
Referral to: Ways & Means / Budget Committee

Prepared by: Carsten Slostad (Phone 673-5150)

Approved by: Robert D. Miller, Director

Subject: Directors and Officers Insurance for Neighborhoods

Summary of the Request: NRP has secured Directors and Officers and Employee Liability insurance for neighborhoods and the NRP Policy Board through a central contract with subordinate certificates from Travelers Casualty and Surety Company, who will issue the policy. The premium will be paid to the R.J. Ahmann Company, who has coordinated this coverage. Approval is now being requested to purchase this coverage with funds budgeted in the 2005 NRP Administrative Budget for this expense.

Recommendation:

- (1) Approve the use of \$56,443 of NRP's 2005 Administrative Budget for securing Directors and Officers and Employee Liability insurance for Minneapolis neighborhood organizations;
- (2) Authorize the appropriate City officers to enter into any contracts or agreements needed to implement this request.



***Making Minneapolis Neighborhoods
Better Places to Live, Work, Learn and Play***

May 3, 2005

The Honorable Lisa Goodman, Chair
Community Development Committee
Minneapolis City Council
315 City Hall
Minneapolis, Minnesota 55415

The Honorable Barbara Johnson, Chair
Ways and Means Committee
Minneapolis City Council
315 City Hall
Minneapolis, Minnesota 55415

Re: Directors and Officers Insurance for Neighborhoods

Dear Chairpersons Goodman and Johnson:

NRP requires that neighborhoods carry Directors and Officers and Employee liability insurance for the protection of their Board members, officers, volunteers, and organization. Before 1998 neighborhoods had routinely tried to meet this need by acquiring appropriate policies on the open market. Unfortunately, the number of carriers providing this type of coverage declined over the years and the premiums being charged increased to the point where many neighborhoods could no longer afford to provide this protection. To assist the neighborhoods, NRP solicited possible providers, identified a reputable vendor with whom to contract, negotiated the premiums to be paid and began offering neighborhoods the option of participating through the central purchase of this insurance in 1998. Participation was strictly voluntary and 42 neighborhoods chose to secure their D&O insurance through NRP in 1998.

The premiums for the insurance coverage, which previously had been paid from each neighborhoods administrative expense budget, became part of NRP's central office admin budget. The savings to NRP by using the purchase of a central contract with subordinate certificates for each participating neighborhood has been significant. For example, Concerned Citizens of Marshall Terrace was covered under its own policy in 1998 and paid a premium of \$1,000 for their coverage. In 1999 CCMT joined the central purchase program and their premium for higher levels of coverage was \$600. The premium has increased during the last five years as the number of providers of coverage continues to decline, but our negotiated premium for CCMT for 2005 coverage will be only \$589. The neighborhoods covered and the premiums for their coverage are attached. The premium will be paid to the R.J Ahman Company and Travelers will issue the policy. A copy of the insurance certificate is available upon request.

The Honorable Lisa Goodman
The Honorable Barbara Johnson
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In NRP's 2005 Administrative Budget, we projected the premium for this insurance to be \$64,000 and that 66 neighborhoods would be covered. During this year's enrollment period, 66 neighborhoods have asked to participate and coverage was also extended to the NRP Policy Board. Only 2 neighborhood groups are not covered by this program. The total premium for this year will be \$56,443, a savings of \$4,420 from last year's premium for the same number of subordinated policies (66 neighborhoods and the Policy Board).

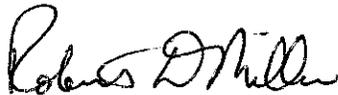
The NRP Policy Board and the City Council and Mayor had previously approved the inclusion of this line item in NRP's 2005 Administrative Budget. This request is for approval to enter into the contracts necessary to secure the insurance and to approve the use of \$56,443 of NRP's 2005 Administrative Budget for this expenditure.

Pursuant to the prior approvals of the Policy Board and City Council, I make the following recommendations for consideration by your committees:

RECOMMENDATION:

- (1) Approve the use of \$56,443 of NRP's 2005 Administrative Budget for securing Directors and Officers and Employee Liability insurance for Minneapolis neighborhood organizations;
- (2) Authorize the appropriate City officers to enter into any contracts or agreements needed to implement this request.

Sincerely,



Robert D. Miller
Director

MINNEAPOLIS NEIGHBORHOOD REVITALIZATION PROGRAM (NRP)

**INSURANCE CARRIER: TRAVELERS CASUALTY AND SURETY COMPANY
OF AMERICA**

POLICY TERM: March 1, 2005-- March 1, 2006

**COVERAGE: NON-PROFIT MANAGEMENT AND ORGANIZATION
LIABILITY INCLUDING EMPLOYMENT PRACTICES
LIABILITY FOR ALL NEIGHBORHOODS**

LIMIT

\$10,000,000 Overall Aggregate Limit Including Defense Costs

RETENTION

TOTAL RETENTION NON-INDEMNIFIED LOSS: \$ 0

TOTAL RETENTION INDEMNIFIED LOSS: \$ 5,000

Prior & Pending Litigation Date: 03/01/2001

ENDORSEMENTS: The following policy endorsements are included with this Proposal:

72047	Nuclear Broad Form Exclusion
72005	Anti-Trust Exclusion
72068	Professional Errors and Omissions Exclusion
70007	Amended BI/PD Exclusion
70065	Minnesota Amendatory Endorsement
70085	ADA Exclusion Endorsement
70071	Amended "Insured Organization" Endorsement
70072	Wrongful Employment Practices \$10,000 EPL Retention Claims Retention Endorsement
70017	Parent Organization Endorsement including Liability Sub-limits
72023	Deletion of Amended Operation of Retention Wording
ILTI-1018	Terrorism Disclosure Notice

AUTOMATICALLY INCLUDED AT NO COST:

RISK MANAGEMENT PLUS+ ON LINE FROM ST. PAUL TRAVELERS

WEB-BASED PROGRAM - Employment Practices Risk Management Program

WEB SITE ADDRESS: "STPAULTRAVELERS@AGOSNET.COM"

SCHEDULE OF NEIGHBORHOODS

NAMED INSURED	Annual Premium	COMMENTS
Armatage Neighborhood	\$736	
Audubon Neighborhood	\$736	
Bancroft Neighborhood	\$736	
Beltrami Neighborhood	\$934	SEE CONTINGENCIES
Bottineau Neighborhood	\$736	
Bryn Mawr	\$736	
Calhoun Area Residents	\$736	
Cedar Isles Dean Neighborhood	\$589	
Citizens for Loring Park	\$921	
Cleveland Neighborhood	\$589	
Columbia Park Neighborhood	\$589	SEE CONTINGENCIES
Concerned Citizens of Marshall Terrace	\$589	SEE CONTINGENCIES
Corcoran Neighborhood	\$1290	
Downtown Minneapolis	\$736	
East Calhoun	\$589	
East Harriet Farmstead	\$736	
East Isles	\$589	
East Phillips	\$589	
Elliot Park Neighborhood	\$1659	
Field-Regina-Northrup	\$921	
Folwell	\$934	
Fulton	\$589	

Hale, Page, Diamond Lake	\$736	
Harrison Neighborhood	\$934	
Hawthorne Area	\$1290	
Holland	\$934	
Jordan Area Community	\$921	
Kenny Neighborhood	\$736	
Kenwood Isles Area	\$589	
Kingfield	\$934	
Lind Bohanon	\$589	
Linden Hills	\$921	
Logan Park	\$589	
Longfellow	\$934	
Lowry Hill	\$736	
Lyndale	\$1290	
Lynnhurst	\$589	SEE CONTINGENCIES
Marcy Holmes	\$921	
McKinley Community	\$934	
Midtown Phillips	\$589	
Minneapolis Revitalization Policy Board	\$1659	
Nicollet Island	\$589	
Nokomis East	\$747	
Northeast Park	\$589	
Northside Residents Redevelopment Council	\$2364	
Phillips West	\$736	
Powderhorn Park	\$1659	

Prospect Park E. River Road	\$736	
Seward	\$1290	
Sheridan	\$589	
Shingle Creek	\$589	
Southeast Como	\$747	
Standish-Ericsson	\$934	
St. Anthony West	\$589	
St. Anthony East	\$736	
Stevens Square	\$1290	
Tangletown	\$589	
Ventura Village	\$589	
Victory	\$921	
Waite Park	\$589	
Warehouse District/ North Loop	\$589	
Webber-Camden	\$736	
West Bank	\$589	
West Calhoun	\$589	
Whittier Alliance	\$1659	
Windom Community Council	\$589	
Windom Park Citizens in Action	\$736	
TOTAL	\$56,443	