

Request for City Council Committee Action

Date: June 6, 2006

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

Prepared by: Carsten Slostad (Phone 673-5150)

Approved by: Robert D. Miller, Director _____

Subject: Director's & Officer's 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 2006 NRP Administrative Budget for this expense.

Recommendation:

- (1) Approve the use of \$52,706 of NRP's 2006 Administrative Budget for securing Directors and Officers and Employee Liability insurance for Minneapolis neighborhood organizations and the Minneapolis Neighborhood Revitalization Policy Board;
- (2) Authorize the appropriate City officers to enter into any contracts or agreements needed to implement this request.

June 6, 2006

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

The Honorable Paul Ostrow, 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 Ostrow:

At its meeting on November 21, 2005, the Neighborhood Revitalization Program Policy Board approved and authorized funding for the NRP 2006 Administrative Budget (Fund 2300), including up to \$60,000 for Director's and Officers Insurance for Minneapolis neighborhood organizations.

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 neighborhood's administrative expense budget, became part of NRP's central office administrative budget. The savings to NRP by using the purchase of a central contract with subordinate certificates for each participating neighborhood has been significant.

The neighborhoods covered and the premiums for their coverage are attached. The premium will be paid to the R.J Ahmann Company and Travelers will issue the policy. A copy of the insurance certificate is available upon request.

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In NRP's 2006 Administrative Budget, we projected the premium for this insurance to be \$60,000 and that 66 neighborhoods would be covered. During this year's enrollment period, 67 neighborhoods have asked to participate and coverage is also included for the NRP Policy Board. The total premium for this year will be \$52,706, a savings of \$3,737 from last year's premium for a larger number of subordinated policies (67 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 2006 Administrative Budget. This request is for approval to enter into the contracts necessary to secure the insurance and to approve the use of \$52,706 of NRP's 2006 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 \$52,706 of NRP's 2006 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