



CONNECTING & INNOVATING  
SINCE 1913

April 14, 2008

Mayor Diana Longrie  
Councilmember Eric Hjelle  
Councilmember Kathleen Juenemann  
Councilmember John Nephew  
Councilmember Will Rossbach

City of Maplewood  
1830 E. County Road B  
Maplewood, MN 55109-2702

Dear Mayor Longrie and Members of the Maplewood City Council:

As you know, the League of Minnesota Cities Insurance Trust Board of Trustees met last week to determine whether and under what conditions Maplewood would be offered renewal of property and liability insurance coverage for July 1, 2008.

The Board approved offering Maplewood continued coverage, subject to a \$200,000 per occurrence deductible for any employment liability claims, and any claims made by any City officer, employee, or volunteer against the City or another officer, employee, or volunteer. These claims will not be counted towards the City's aggregate deductible. In addition to the higher deductibles, the City can also expect a sizable increase in insurance premiums as a direct result of its loss experience.

I want to stress just how close the City came to not being offered renewal coverage from LMCIT. The lawsuits in Maplewood in the past couple years have cost LMCIT's other member cities a great deal of money and we've heard from a number of city officials concerned about the risk of more Insurance Trust resources going to pay for more lawsuits and claims in Maplewood. In fact, the recent series of employment-related lawsuits in Maplewood accounted for nearly half of LMCIT's total employment liability claim costs for the year.

LMCIT staff have shared with the City our concern that Maplewood has not yet addressed the underlying problems giving rise to those claims. I must tell you frankly that the members of the LMCIT Board are very worried about the impact of continued contention and divisiveness within Maplewood, and share the concerns expressed by other LMCIT members about fairness and equity among our members.

In approving continued coverage through LMCIT, the Board specifically noted some positive signs. We are encouraged that the City has been actively seeking good legal advice and assistance

on employment and land use decisions, and we strongly encourage City officials and staff to continue doing so. We're also encouraged that Maplewood's elected officials are aware of and are discussing risk issues and LMCIT's concerns. It's very much our hope that Maplewood will be able to get past its problems. Let me assure you that LMCIT and the League are more than willing to provide whatever assistance and advice we can to help you.

But I must also caution that the LMCIT Board was very clear that we are only committing to offer coverage to Maplewood for the coming year. Whether LMCIT will be willing to renew Maplewood's coverage again in 2009 will depend entirely on what happens over the next year.

Sincerely,



Lester Heitke  
Chair, LMCIT Board of Trustees  
Mayor, City of Willmar

Cc Chuck Ahl, Acting City Manager  
H. Alan Kantrud, City Attorney  
Ann Stanton, Gallagher Risk Management Services  
LMCIT Board of Trustees