



June 2, 2022

Address

Sent Via Email:

LMCIT CLAIM #:
TRUST MEMBER: City of St. Louis Park
D/OCCURRENCE: 5/21/22

Dear Resident

The League of Minnesota Cities Insurance Trust (LMCIT) provides municipal liability coverage to our trust member, the City of St. Louis Park.

The LMCIT has found that the city was not liable for this event; specific findings are at the end of this letter under The Findings. Regardless, **it's been determined that this incident falls under the Sewer Back Up portion of the city's elected coverage of No Fault Sewer Back Up and Water Main Break Coverage, which has a \$2 million per occurrence limit.** This is an optional coverage the LMCIT offers, and the City of St. Louis Park elected to carry this coverage. It's secondary to any other homeowners or property insurance coverage you may have available.

Initially, LMCIT believed that this incident was only covered under the Water Main Break portion of the coverage, which has a \$250,000 per occurrence limit. As outlined above, LMCIT has determined this incident falls under the No Fault Sewer Back Up portion of the coverage, which has a \$2 million per occurrence limit. This means that each building that was impacted by the resulting sewer back up is entitled to up to \$40,000 for damage to property, including removal and clean-up costs, resulting from a sewer back-up.

In most situations, residential homes have one connection to the sewer main line which classifies as a building under this coverage. However, there are situations in which a building may have more than one, such as duplexes, apartments, and commercial properties. Please let me know if you have or believe you have more than one connection to the city's sewer main line.

If the total amount payable for damage to all affected buildings exceeds \$2 million, LMCIT will need to determine a pro-rated portion of each building's portion of their potential \$40,000 limit. At this time, with so many affected buildings, we are not able to determine if the total amount of payable losses will exceed \$2 million. As a result, we need time to accumulate damage documentation for each affected building to determine whether we will exceed our \$2 million limit and if we need to pro-rate claims. However, to provide monetary relief to you as soon as possible, **we are willing to make an initial payment of 50% of your covered damages, not to exceed \$20,000 of your eligible \$40,000.**

If it appears that we won't exceed the limit of \$2 million, we will work as quickly as possible to make an additional payment up to the eligible \$40,000 once we have an agreed amount of damage. If it appears we will exceed \$2 million, it may take longer as we need to know the gross amount of covered payable losses to properly apportion the payments as noted above.

To move forward with payment (preliminary) under the City's No-Fault Sewer Back Up and Water Main Break Coverage, you must:

- Submit a summary of any payments received from your insurance carrier or a denial letter from your insurance carrier
- Provide documentation to support the remaining damages you have experienced up to the limit of \$40,000 (or more if you have more than one sanitary sewer main connection as referenced above). Documentation includes cleaning invoices, repair estimates and invoices, an itemization of personal property including their ages and values, along with photos of the damaged property.
- To expedite the claim process and determination of any potential coverage limit implications, we would like to receive the documentation for your claim by August 1, 2022, if at all possible.

The Findings

The water main ruptured without any prior notice to the City of St. Louis Park. The water flow from this water main break damaged a nearby sanitary sewer manhole and inundated the sanitary sewer system, which created a sewer backup. Ultimately, the City could not have prevented this water main break or the resulting sewer backup from occurring. The City had a duty to respond as quickly as possible and minimize the damages, which occurred in this case.

Our investigation into the water main break, which entered the City's sanitary sewer system and created a sewer backup that affected your property, determined that the City of St. Louis Park was not negligent with respect to the design, construction, maintenance or inspection of its water distribution system or its sewer system. Additionally, the City responded with an appropriate sense of urgency and followed their standard procedure for this type of occurrence.

Given the information above, we must respectfully deny liability on behalf of the City of St. Louis Park for the damages you incurred related to the incident on May 21, 2022.

Regardless, it's been determined that this incident falls under the Sewer Back Up portion of the city's elected coverage of No Fault Sewer Back Up and Water Main Break Coverage, which has a \$2 million per occurrence limit. Refer to the information at the beginning of this letter for a full explanation.

If you have any questions, my direct dial is 651-215-4060 and my email is ptrebatoski@lmc.org.

Sincerely,

Phillip S. Trebatoski
Claims Adjuster III

c: Kim Keller, City of St. Louis Park
Mark Hanson, City of St. Louis Park
Arthur J. Gallagher Risk Management Services Inc.