

SPECIAL COUNCIL MEETING MINUTES - THURSDAY, OCTOBER 26, 2000 - PAGE 1

Present: President Craig; President Pro-Tem Kennedy; Members: Downey, Munguia, and Walsh.

Absent: Pfeifer

Also Present: Village Manager, Hanlin

President Craig called the meeting to order at 6:30 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

Craig stated that there is one item of business tonight, which is to consider proposals for liability and property insurance coverage.

There are two primary general liability insurance carriers that offer pooled coverage to municipalities, the Michigan Municipal League and Property Pool (MML) and the Michigan Municipal Risk Management Authority (MMRMA). The Village's current insurance policy through the MML pool lapses at the end of this month. Both insurance carriers have elected to drop full coverage for flood insurance, which has caused administration to look for alternate sources for purchase of excess insurance for sewer backup exposure.

Hanlin recommends that the Village Council authorize administration to accept the proposal and enter into a contract with MMRMA for general liability insurance at a cost of \$54,649. The Village was insured with the MMRMA in the early 1990's and set up a retention fund that has a current balance of \$87,174 that can be reactivated at any time. The MMRMA Proposal has a \$15 million limit with \$75,000 annual Self Insured Retention and \$425,000 per year sewer backup coverage.

Council reviewed the proposals from Seneca Insurance Company and from Aon Risk Services/XL America Group for excess sewer backup exposure insurance. It was the sense of Council to enter into a policy with \$10 million coverage. Discussion on the policies included the amount of coverage, the Best rating of the companies, the extent of the coverage, whether the policy contains exclusions, and the possible need for addendums to clarify the "known conditions" clause. It was noted that neither of the documents are complete enough to sign tonight.

At Council's direction, Hanlin will request Attorney Ryan to enter into direct negotiations with Aon Risk Services/XL America Group on a policy for sewer backup insurance and to scrutinize the policy to be sure it covers what it needs to cover. Hanlin will check the Best rating of the company.

RESOLVED by Craig, supported by Downey, that the Village Council authorize administration to enter into a contract with the Michigan Municipal Risk Management Authority as outlined in Proposal 2 of the October 25, 2000 memo from the Village Manager for General Liability Insurance at a cost not to exceed \$54,649 for the next insurance year starting November 1, 2000 and expiring October 31, 2001.

Roll Call Vote:

Resolution passes unanimously.

RESOLVED by Craig, supported by Downey, that the Village Council authorize administration to enter into a contract with Aon Risk Services/XL America Group as outlined in the October 25, 2000 memo from the Village Manager for insurance coverage of \$10 million for a cost not to exceed \$45,000 with two conditions. Village Attorney Ryan should review and approve the policy for appropriate coverage, and the Best rating on this insurance company must be "A" or better.

Roll Call Vote:

Resolution passes unanimously.

Craig asked Hanlin to contact Council members if a contract for excess insurance is not executed by Tuesday, October 31.

Council members questioned how the timing of a claim affects coverage under the proposed policies. Hanlin will verify this point.

MOTION by Kennedy, supported by Walsh, to adjourn the meeting at 6:57 p.m.  
Motion passes unanimously.

**Andrew Craig**  
**Council President**

**Ellen E. Marshall**  
**Village Clerk**