



LOWER MINNESOTA RIVER WATERSHED DISTRICT

Executive Summary for Action

Lower Minnesota River Watershed District Board of Managers Meeting

Wednesday, June 18, 2025

Agenda Item

Item 5. F. - Authorize acceptance of Quote for D & O Insurance

Prepared By

Linda Loomis, Administrator

Summary

In Minnesota, Watershed Districts, as political subdivisions, are generally afforded certain liability protections under state law, specifically Minnesota Statute Chapter 466. The LMRWD has received a quote for Directors and Officers coverage.

MN Watershed District Directors and Officers (D&O) Coverage

Directors and Officers (D&O) liability insurance is crucial for Minnesota Watershed Districts as it protects their management and the district itself from potential lawsuits and claims.

What D&O Insurance Covers:

- D&O insurance policies typically cover claims resulting from alleged wrongful acts, errors, omissions, misstatements, misleading statements, or breach of duties committed by directors, officers, trustees, employees, or volunteers in their official capacity.
- It functions as "management errors and omissions liability insurance" covering claims arising from managerial decisions.
- While typical general liability insurance covers bodily injury, property damage, personal and advertising injury, D&O specifically addresses management liability.

Why D&O Coverage is Important for Watershed Districts:

- Watershed districts in Minnesota have significant authority to regulate, conserve, and control water resources, manage projects, and finance operations, leading to potential liabilities.
- Actions by the board of managers, such as establishing district boundaries, approving budgets, or implementing rules, could potentially lead to legal challenges.
- D&O coverage can protect the district and its management from claims related to financial losses, legal expenses, and settlements arising from their decisions and actions.

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Specific Considerations for MN Watershed Districts:

- **Financial Safeguards:** Minnesota law requires watershed district managers to obtain and file a bond, likely to address financial risks like fraud or theft.
- **Terrorism Risk Insurance Act (TRIA):** Watershed district insurance policies often mention the TRIA, a federal law that caps the government's reimbursement and the insurer's liability for losses from certified acts of terrorism.
- **Documentation:** Maintaining accurate records of board decisions and carefully reviewing insurance applications is crucial for effective risk management.
- **Communication:** Regular communication with the county board and city/township officials can help manage expectations and reduce potential risks.
- **Note:** While the provided text mentions general requirements for Minnesota watershed districts and insurance in general, it does not detail specific D&O policy requirements for watershed districts beyond the need for a bond. Consulting with an insurance professional specializing in municipal and non-profit entities in Minnesota is recommended to ensure adequate D&O coverage for your specific watershed district.

The LMRWD has used the Horton Group (and its predecessors) as its insurance professional for many years. The Horton Group has provided a quote from Great American Service Group for Directors & Officers Liability Policy for the 8/1/2025 renewal. Please note that this is only a quotation per expiring coverages. In order to bind the coverage, payment and **Written Request to Bind Coverage will be needed before the policy expiration date, August 1, 2025.**

Attachments

2025-2026 D & O Quote letter

Recommended Action

Motion to accept the quote from Great American Service Group for Directors & Officers liability policy, authorize payment of premium and authorize written request to bind coverage.

Susan Sheehan
Horton Group, (The) A Marsh & McLennan Agency LLC
10320 Orland Parkway
Orland Park, IL 60467

Re: Lower Minnesota River Watershed District, Ref# 13772232-A
Proposed Effective 8/1/2025 to 8/1/2026

Dear Susan:

We are pleased to confirm the attached quotation for **(NP D&O)** being offered with **Great American Insurance Company**. This carrier is **Admitted** in the state of **MN**. Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

NOTE: The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

Premium:	\$1,108.00
Broker Fee	\$50.00

Grand Total: \$1,158.00

Commission: 10%

Broker Fees & Policy Fees are Fully Earned at Binding

NOTE: If insured is located outside your resident state, you must hold appropriate non-resident license prior to binding.

If Non Admitted the following applies:

Minnesota Tax Filings are the responsibility of: () Your Agency () CRC

SURPLUS LINES LICENSEE: Melissa Hallmark License# 40853106

THIS INSURANCE IS ISSUED PURSUANT TO THE MINNESOTA SURPLUS LINES INSURANCE ACT. THE INSURER IS AN ELIGIBLE SURPLUS LINES INSURER BUT IS NOT OTHERWISE LICENSED BY THE STATE OF MINNESOTA.

IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED.

Upon requesting quotes and/or placement for the coverage listed herein, the producing retail broker hereby confirms that he/she has performed any and all diligent searches, as may be required by statute, for coverage through licensed carriers or other means of placement, and as necessary maintain proof of declination. Where allowed by governing statutes, "diligent effort" may not require an actual physical search and declination on each risk, but may be based on the retail producing broker's own experience, opinion and overall knowledge of acceptability in the admitted marketplace.

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO Premium Finance. AFCO provides premium financing solutions for large, mid-size and small corporate accounts;

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing AFCODirect@afco.com; or **call toll- free 877-317-6437**.

Sincerely,

Ashley Schmidt

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