

No Fault Sewer Backup Insurance Committee  
February 29, 2016  
6:00 pm – 7:30 pm  
City Manager Meeting Room  
312 W Whitewater St. 2<sup>nd</sup> Floor

**Minutes**

1. Roll Call  
Meeting called to order by C. Clapper at 6:09 pm. Lynn Binnie selected as the lead chairperson going forward.
2. Debrief on council discussion related to No Fault Sewer Backup Insurance.
  - a. No Fault Insurance Policy would provide citizens with a monetary means to fix sewer back up into their homes from city funds which in essence are being provided even though the city is not liable.
  - b. This type of policy would also be able to educate the public on damages that can arise from sewer lateral lines.
3. Review sewer backup insurance policies examples from other communities.
  - a. Existing policies were reviewed from the following communities:
    - Davenport, Iowa
    - Boise, Idaho
    - Marion, Iowa
    - Palm Coast, Florida
    - Tooele, Utah
    - West St. Paul, Minnesota
  - b. C. Clapper suggests incorporating so all mechanicals and structural damage to a dwelling would be paid out before personal property would be paid out.
  - c. C. Grady and L. Binnie agree they would like to be able to assemble a No Fault Sewer Backup Insurance Policy to present to council.
  - d. C. McDonell briefs the committee on prior claims with the city pointing out the last significant claim with the city was in 2009 for \$6000, which was not paid out by the city. The City has never significantly paid out on any sewer backup claims. The type of cases which would use the majority of the funds for this type of policy are very few and far in between.
  - e. Davenport, Iowa procedures are reviewed for inclusion into the proposed City of Whitewater No Fault Sewer Backup Policy:
    - i. Commercial property should be eliminated. (Agree)
    - ii. Claim will be reviewed to determine if the owner has a no-fault claim or a tort claim (Agree)
    - iii. \$7500 per lateral limit, per year for all costs and damages. Included in the \$7500 limit is reimbursement of personal property and/or possessions up to \$1000, per building per year. (Agree)

- iv. Property owner would be required to install a sewer backflow prevention device. The cost of installation is eligible for reimbursement under the \$7500 limit. (Agree)
  - v. Property owner will be required to sign a full and complete release of any and all claims against the City arising from the sewer back up incident in order to receive payment. (Agree)
  - vi. The backups must have resulted from a condition in the City's sanitary sewer system. (Agree) Backups caused by any condition in the sewer lateral are excluded from this program. Storm water infiltration in to a basement that does not originate from the sanitary sewer system is not eligible for this program. (Agree) C. McDonell will check on proposed release date of lateral insurance the "city" will be promoting to residents to cover their laterals.
  - vii. Property owners are responsible for providing sufficient documentation and notice to the city in order to prove the occurrence of a sewer backup. (Agree)
  - viii. Costs that are or will be eligible to be covered under the property owner's own homeowners or property insurance are not eligible for reimbursement under this program. Deductibles would be able to be reimbursed through the proposed No Fault Sewer Policy. (Agree)
  - ix. Property owners must report a claim under this program within 30 days of the sewer backup event to be eligible for reimbursement. (Agree to 30 days but should specify a claim form must be submitted within 30 days to the city.)
  - x. Property owners will have 12 months from the date of the event to file reimbursement paperwork. At the end of those 12 months, the City will close the claim if the claimant has failed to seek reimbursement.(Disagree with 12 months and recommend 6 months)
  - xi. The City Council reserves the right to make changes to or to rescind the No-Fault Sewer Backup Reimbursement Program at anytime should it decide, in its sole discretion, that the public interest is served by such changes or rescission. (Agree with the addition to put an aggregate limit on large scale events)
- f. C. McDonell moves the committee to discussing key issues regarding a No Fault Sewer Backup Insurance Policy:
- i. Limits: Does the City want an aggregate limit, per line limit and personal item limit? Previous discussed limits (item e) were \$1000 personal property limit and a \$7500 per lateral limit versus a building limit. Suggested per year aggregate limit, \$30,000 extendable by city council (placeholder based on 4 homes using the maximum limit per year). Grady mentions since we are currently borrowing for the sewer system, taking \$30,000 from the sewer money and put this aside to fund this policy for the first couple of years.
  - ii. Backflow Preventers: \$1500-\$2000 is the average cost to install the device. McDonell suggests the following to be included in the policy: This is a one-time sewer backup reimbursement. This reimbursement applies to a building and the property owner(s) at the time of the event. Subsequent sewer backups at building, while owned by the same property owner(s), will not be eligible for reimbursement. Committee agrees to make backflow preventers encouraged but not required and include McDonell's suggested wording as noted above.

- iii. Tenant vs. Landlord: Committee agrees to view each claim separately but jointly they have the \$7500 cap with \$1000 for personal property. Tenant vs. Landlord check box should be included on the city claim form.
  - iv. Adjuster: Would be at the City discretions on a case-by-case basis.
  - v. Actual Cost Value Basis vs. Fair Market Replacement Value: Fixtures will be replaced at fair market value and personal property will be replaced at 50% of estimated replacement cost as determined by the city up to \$1000.00.
4. Discuss next steps for the task force.
- a. C. McDonell will write up suggested policy with W. McDonell reviewing.
  - b. C. McDonell will discuss with D.Saubert on different funding options available.
5. Review March 21, 2016 tentative meeting date.
- a. Next meeting confirmed for March 21<sup>st</sup> at 6:00 pm.
6. Adjournment
- a. Motion to adjourn by C. Grady at 7:23 pm, second by L. Binnie, motion passed, All-0.