



## CITY OF WASILLA

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### COUNCIL MEMORANDUM NO. 92-57

From: Mayor Stein  
Date: June 3, 1992  
Re: Polarconsult E & O Insurance

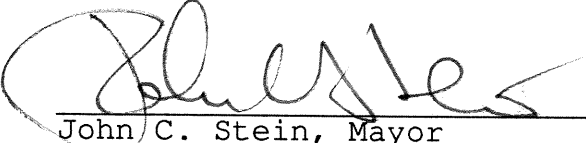
Polarconsult and its principal, Earle Ausman, have not been able to satisfy the City requirements for errors and omissions insurance.

E & O has been a big issue because of the City's experience with the Rockford lawsuit and the "innovative" technology proposed for the correction of the capacity problems at the sewer drainfield, i.e., use of peat.

Polarconsult is a subsidiary of the German firm of Bigum and Steenfos. Polarconsult intends to rely on their parent company's E & O insurance. That insurance is provided by Winterthur of Denmark.

Suffice it to say that Polarconsult has to date been unable to provide insurance in a form customarily recognized by the City. We believe that Polarconsult is sincere in its efforts but the duty of its insurance company to defend them against a claim is in serious question.

Attorney Dick Deuser will present a complete overview of the problems and ask for Council direction on (1) risking the questionable insurance, (2) negotiating with Polarconsult for a contract add-on for new local insurance, or (3) going out for new proposals with RFP language specifying acceptable forms of insurance.

  
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John C. Stein, Mayor

**APPROVED**

DATE: 6/8/92

BY: [Signature]

*Council approved alternative  
#1 re-negotiate w/ Polarconsult  
w/ an approved insurance  
carrier w/ authority to adjust  
the contract dollar amount up  
to \$5,000.*

# polarconsult alaska, inc.

ENGINEERS • SURVEYORS • ENERGY CONSULTANTS

June 8, 1992

Dear Council Members,

It is perfectly understandable for the City of Wasilla to expect its contractors to be insured by a stable, sound insurance carrier, however, our correspondence with the City seems to indicate that the City has a fundamental misunderstanding of how errors and omissions insurance works.

In the event that a problem occurs that the City feels is our fault, the City would be responsible for informing us and asking for just compensation. It would then be our responsibility to correct the problem out of pocket or to activate *our* insurance. In this situation, the City has maintained that their concern is that they may have to argue disputes involving the coverage of the policy in a Danish Court. This is completely incorrect. As with any insurance, disputes involving the coverage of the policy would be between the insured and the insurer, in this case Polarconsult and Winterthur.

It is unlikely that there will be a problem requiring us to activate our insurance but, of course, its possible. It is even more unlikely that there would be an argument between Polarconsult and Winterthur that it would make it necessary for us to go to court with Winterthur in Denmark. However, if such a situation was to occur, Polarconsult's parent company is located in Denmark, and therefor, it a relatively simple matter for us to obtain representation.

I would also like to mention that for the past 14 years Polarconsult has been insured by Winterthur on numerous Federal, State, Municipal, and private jobs. Winterthur has in excess of two billion dollars of assets in the U.S. through their Republic Insurance branch and insures numerous companies world wide. Communities with far less resources than the City of Wasilla have used Polarconsult with this insurance recognizing that we have superior insurance coverage in the event of a mishap.

At this point, we have invested a considerable amount of effort into obtaining this work. This has involved preparing a letter of interest and a full proposal, numerous telephone conversations, meetings, and research. We have complied fully with the terms of the original request for proposal from the City.

All of us at Polarconsult are looking forward to assisting the City of Wasilla in completing this project. Polarconsult is comprised of long time Alaskans, many of us were born and raised in Alaska. I've lived here 42 years. Because of this, we have a vested interest in seeing that this project is successfully completed, on time, and on budget.

Sincerely Yours,



Earle Ausman, PE