



# GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

**AGENDA DATE:** December 29, 2023

**AGENDA ITEM:** Consider approving the 2024 workers’ compensation premium coverage quotation regular premium option from the LMCIT in the amount of \$89,132 authorize the general manager to sign premium documents and approve the payment of the 2024 insurance premium of \$89,132 to the LMCIT.

**PREPARED BY:** Jean Lane, Business Services Manager

**BACKGROUND:**

The League of Minnesota Cities Insurance Trust (LMCIT) is a self-insured membership cooperative. It was created by Minnesota cities for Minnesota cities and its fundamental purpose is to cover city risks and to mitigate hazards, not show a profit for stakeholders.

The LMCIT has coverage for property, liability, auto, and workers’ compensation and LMCIT emphasizes coverage inclusion. LMCIT funds not needed for claims, expenses, or reserves are returned to members as a dividend.

The workers’ compensation premium quotation for 1/1/2024 to 12/31/2024 is \$89,132 calculated on a base (manual) premium of \$84,724 plus the experience modification addition of \$15,250 and less premium discount credit of \$9,023.

Below is a chart comparing the past four years’ workers’ compensation calculation.

Year	Base Premium	Experience Modification Factor	Premium Discount (Credit)	Experience Modification (Credit) Additional	Net Premium Deposit	Adjustment for Agency Comm	Total Net Deposit Premium	\$ Change in Premium	% Change in Premium
2024	\$ 84,724	1.18	\$ (9,023)	\$ 15,250	\$ 90,951	\$ (1,819)	\$ 89,132	\$ (10,067)	-10%
2023	\$ 96,034	1.16	\$ (10,381)	\$ 15,365	\$ 101,018	\$ -	\$ 101,018	\$ 22,613	29%
2022	\$ 92,591	0.93	\$ (7,705)	\$ (6,481)	\$ 78,405	\$ -	\$ 78,405	\$ 3,561	5%
2021	\$ 100,215	0.82	\$ (7,332)	\$ (18,039)	\$ 74,844	\$ -	\$ 74,844		

The experience modification factor is based on a formula that uses the past three years’ history of claim costs for medical and worker loss time payments. Experience modification factors less than 1.00 result in a premium calculation credit.

Management is recommending the regular premium option.

**RECOMMENDATION:**

Approve the 2024 workers' compensation premium coverage quotation regular premium option from the LMCIT in the amount of \$89,132, authorize the general manager to sign premium documents, and approve the payment of the 2024 insurance premium of \$89,132 to the LMCIT.