



## **GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM**

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**AGENDA DATE:** February 9, 2022

**AGENDA ITEM:** Consider a motion to approve the 2022 workers' compensation premium coverage quotation regular premium option from the LCMIT in the amount of \$78,405, authorize the general manager to sign premium documents, and approve the payment of the 2022 insurance premium of \$78,405 to the LMCIT.

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

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### **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 1/1/2022 to 12/31/2022 is \$78,405 calculated on a base (manual) premium of \$92,591 less the experience modification credit of \$6,481 and premium discount credit of \$7,705.

The GRPU base premium decreased from \$100,215 in 2021 to \$92,591 for 2022. Yet the experience modification factor increased from 0.82 in 2021 to 0.93 for 2022 which resulted in a decreased experience modification credit. 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.

The total 2022 workers' compensation premium increased by \$3,541 or 4% greater than 2021.

### **RECOMMENDATION:**

Approve the 2022 workers' compensation premium coverage quotation regular premium option from the LCMIT in the amount of \$78,405, authorize the general manager to sign premium documents, and approve the payment of the 2022 insurance premium of \$78,405 to the LMCIT.