



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: January 11, 2023

AGENDA ITEM: Consider a motion to approve the 2023 workers' compensation premium coverage quotation regular premium option from the LMCIT in the amount of \$101,018, authorize the general manager to sign premium documents, and approve the payment of the 2023 insurance premium of \$101,018 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 1/1/2023 to 12/31/2023 is \$101,018 calculated on a base (manual) premium of \$96,034 plus the experience modification addition of \$15,365 and less premium discount credit of \$10,381.

Below is a chart comparing the past three years workers' compensation calculation.

Year	Base Premium	Experience Modification Factor	Premium Discount (Credit)	Experience Modification (Credit) Additional	Net Premium	\$ Change in Premium	% Change in Premium
2023	\$ 96,034	1.16	\$ (10,381)	\$ 15,365	\$ 101,018	\$ 22,613	29%
2022	\$ 92,591	0.93	\$ (7,705)	\$ (6,481)	\$ 78,405	\$ 3,561	5%
2021	\$ 100,215	0.82	\$ (7,332)	\$ (18,039)	\$ 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 2023 workers' compensation premium coverage quotation regular premium option from the LMCIT in the amount of \$101,018, authorize the general manager to sign premium documents, and approve the payment of the 2023 insurance premium of \$101,018 to the LMCIT.