



## 2020-2021 Premium Rates

### Your LMC Resource

Underwriters are available to assist with questions about coverages and more.

[Connect with Underwriters \(https://www.lmc.org/about/league-staff/\)](https://www.lmc.org/about/league-staff/)  
choose "Underwriting" under "Department"

The League of Minnesota Cities Insurance Trust's [Board of Trustees \(https://www.lmc.org/about/governing-boards/lmcit-board-of-trustees/\)](https://www.lmc.org/about/governing-boards/lmcit-board-of-trustees/) evaluates loss projections every year to ensure premium rates are adequately set to respond to future claims experienced by Minnesota cities. Here is information about premium rates going into effect for property/casualty coverages renewing on or after Nov. 15, 2020, and for workers' compensation coverages renewing on or after Jan. 1, 2021.

### Property/casualty program

Property/casualty premium rates will remain flat this year. Recognizing the pressure members are facing from COVID-related costs and the effect of post-traumatic stress disorder (PTSD) claims on workers' compensation rates, the Board of Trustees decided against rate increases for this program. Fortunately, the Trust's strong property/casualty fund balance, and the opportunity that provides to increase reinsurance retentions, made it possible to avoid a rate increase.

There will be a minor shift between certain auto rates that will not change the program's overall revenue. Based on our evaluation of projected losses and expenses, auto physical damage rates will decrease 5% and auto liability rates will increase 5%.

Members should note their premium might be affected by other factors that are specific to their individual organization, such as changes in expenditures, property values, payrolls, experience rating, and other exposure measures.

### Workers' compensation program

The workers' compensation program's fund balance remains strong and costs have remained stable or improved in many job classifications, but **public safety PTSD claims have had significant cost implications, resulting in an average rate increase of 13% for the coming year.** That will be implemented by way of a 35% rate increase for police job classes and a 4.5% increase in all other job classes.

Because of the effect this could have on stand-alone police departments, the rate increase for those members will be capped at 20% for the year. It's important to note individual member premiums will also be affected by other factors like changes in member expenditures, payrolls, experience rating, and other exposure measures.

These increases will move us toward a workers' compensation funding level for police job classes that will be sustainable over time, but there is still a projected gap, meaning we're likely to see additional pressure on rates in the coming year. As public officials themselves, the Trustees understand the impact this has on member budgets.

### The Trust's work to address PTSD

Unfortunately, PTSD has become a very significant factor for the program. Since PTSD claims first became compensable in 2013, they have risen to a point where they're currently projected to make up more than 30% of our annual claim costs, with most of that arising from police departments.

The Trust is working diligently with our members, public safety professional organizations, local government self-insurance pools across the country, and other stakeholders to address PTSD. We are addressing it not only from a financial perspective, but also in recognition of the effects it has on staffing, departmental morale, and the well-being of individuals and their friends, families, and communities.

As part of this effort, the Trust hired a former public safety officer as a dedicated full-time resource on PTSD and general public safety mental health. Over the last year, she has:

- Created our online [PTSD and Mental Health Toolkit \(https://www.lmc.org/ptsd-mental-health-toolkit/\)](https://www.lmc.org/ptsd-mental-health-toolkit/) in consultation with a psychologist and a number of state public safety leaders.
- Collaborated with the University of Minnesota on research projects designed to measure the scope and effectiveness of different approaches to preventing, identifying, and mitigating PTSD.
- Initiated a broad analysis with other state league pools of national trends regarding these types of claims.
- Worked with members and the League's Intergovernmental Relations staff to develop legislative strategies to reduce the burdens PTSD is creating for our members, both in the workers' compensation system and with regard to Public Employee Retirement Association health benefit costs.

### Results will take time

While these efforts are expected to ultimately result in more manageable claim trends, that is not likely to happen overnight, and it could take several years to reach that goal. Although there are treatments that are widely effective for PTSD, there are still social and cultural obstacles to acknowledging mental health issues, seeking appropriate care, and encouraging return to work. Obstacles like those can take time to overcome.

In addition, while we are encouraging the state to take a more active role in addressing the problem, the state's own economic challenges suggest the Trust and our members will have to play an outsized role in finding solutions.

Nevertheless, we believe this is ultimately a broader problem that local governments and the workers' compensation system cannot fix without help from state and federal governments, public health professionals, health care organizations and insurers, and others with an interest in ensuring cost-effective public safety and healthy public safety officers. The Trust is committed to playing an active and significant role in confronting the challenge of PTSD. We are equally committed to engaging other participants in this effort.