



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, January 11, 2022
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider approval of 2022 Workers Compensation Insurance
Background Information:	<p>The estimated premium for 2022 is attached. The renewal is effective January 1, 2022 with the League of Minnesota Cities Insurance Trust.</p> <p>The workers compensation insurance covers City employees, elected and appointed officials, volunteer firefighters, all other volunteers, Library employees and Marshall Municipal Utilities employees.</p> <p>Workers' compensation rates for 2022 have risen for a second consecutive year as a result of costs incurred from the increasing number and size of Post-Traumatic Stress Disorder (PTSD)-related claims. An attached document describes the nature of the rate increases, concerns about PTSD trends, steps taken by LMCIT to address the trends. The City of Marshall has not experienced PTSD claims, however, at any time, it may affect our community.</p> <ul style="list-style-type: none"> For more information regarding 2022 rate changes: https://www.lmc.org/insurance-trust/coverages/coverages-changes/premium-rates/ <p>The city's experience modifier has increased from 0.60 in 2021 to 0.76 in 2022. The city has experienced a high claims payout year in 2020. There is a three (3) year look back period to set premiums, therefore, affecting the 2022 experience modifier.</p> <p>The Safety Committee continues to meet and discuss safety improvements and/or changes on a regular basis. Along with the continued safety training required for staff on an annual basis, creates a safe workplace environment for staff.</p> <p>Staff recommends keeping the deductible at \$5,000, which is a middle of the road approach to the risk assessment of insurance claims. This approach has worked well for the city in the past for managing claim payouts. This will be an additional \$20,934 credit amount to the standard premium of \$418,679 for a total premium of \$350,797 in 2022.</p> <p>This is a \$108,469 or 45% increase from 2021 to 2022. Again, this is a result of a higher experience modifier based on the cities claims, current payroll, and rate increases taken by the LMCIT.</p>
Fiscal Impact:	The estimated annual 2022 premium for the city portion is \$300,348
Alternative/Variations:	
Recommendations:	Approve renewal of the 2022 City's Workers Compensation Insurance with the League of Minnesota Cities Insurance Trust.