

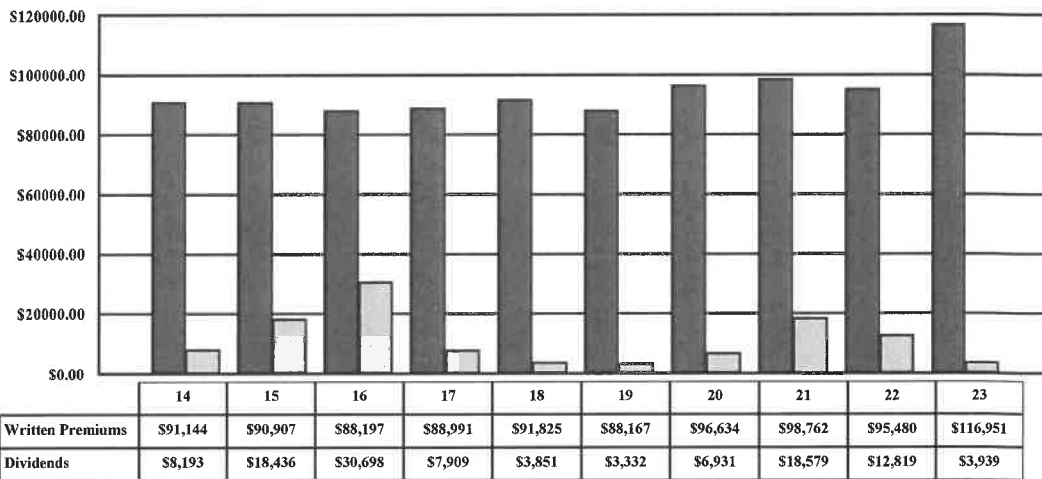
**LEAGUE OF MINNESOTA CITIES INSURANCE TRUST
PROPERTY/CASUALTY
2023 DIVIDEND CALCULATION
AT MAY 31, 2023**

Corporate 4 Insurance Agency Inc
7220 Metro Blvd,
Edina MN 554392128

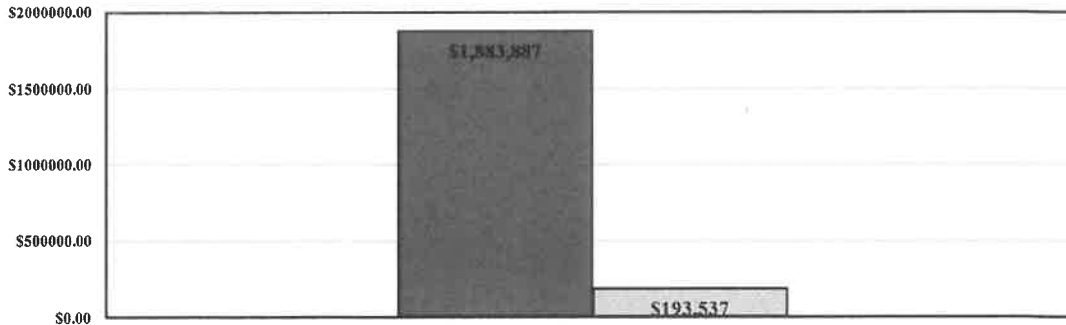
Spring Lake Park
1301 81st Avenue NE
Spring Lake Park, MN 554322116

GROSS EARNED PREMIUM	\$1,709,312
ADJUSTED LOSSES	\$595,600
MEMBERS DIVIDEND PERCENTAGE	0.00131289000
DIVIDEND AMOUNT	\$3,939

Premium and Dividend History



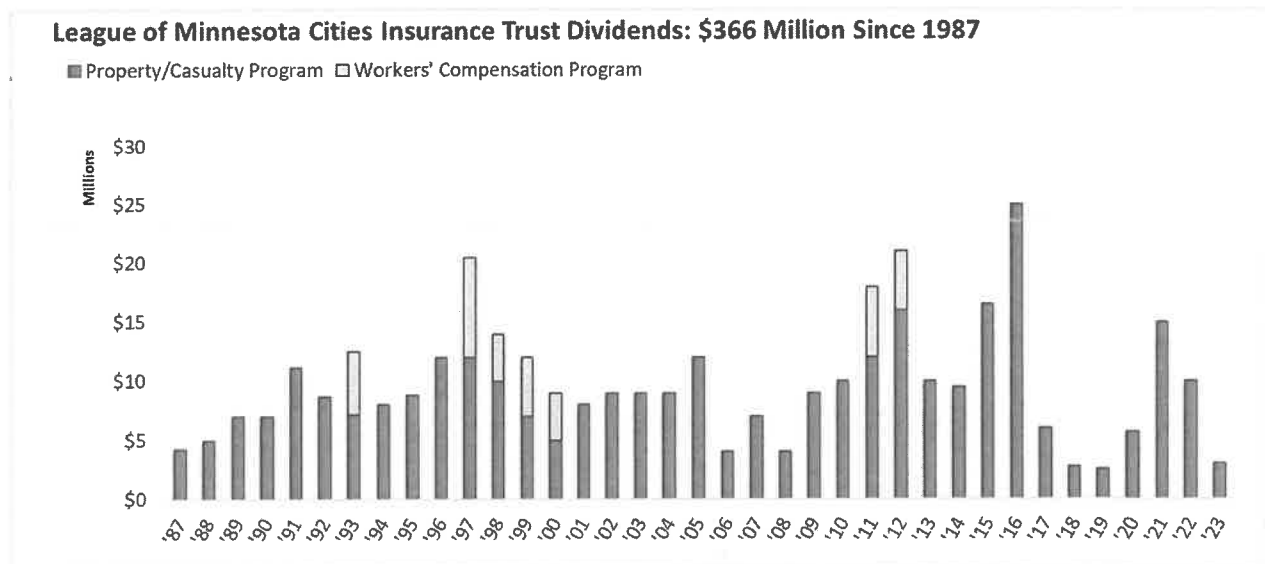
Premiums and Dividends Since 1987



The "gross earned premium" figure is the member's total earned premium as of May 31, 2023 for the past 20 years. This is the premium figure that's used in the dividend calculation.
The "2023 written premium" figure is the member's total premium for the member's most recent renewal prior to May 31, 2023 (for most members, only a portion of that 2023 written premium would be earned as of May 31, 2023).

Dear Member,

We are pleased to enclose a check for your share of the \$3 million dividend being returned to members of the League of Minnesota Cities Insurance Trust's property/casualty program. We encourage you to share this information with your city council or other governing body.



What is the dividend formula?

Also enclosed is your dividend history and an information sheet showing the data used to calculate your dividend. Your insurance agent will receive this information as well. Following are the key elements of the dividend formula.

- Dividends are distributed to cities and other entities that are members as of December 1 in the year the dividend is being returned. Former participants do not share in the dividend distributions.
- Each member's share is proportionate to the difference between the member's total premiums and total losses as of May 31 for the past 20 years.
- Individual losses are capped at the lesser of \$200,000 or 200% of the member's annual premium for the year of the loss.

Why are we receiving a dividend, and should we expect a dividend every year?

Members should not include dividend returns in their yearly budget projections because the amount fluctuates year-to-year based on losses experienced by members, actuarial projections, investment results, legislative and coverage changes, reinsurance costs, and the Trust's long-term strategic direction. The amount of a given year's dividend has no bearing on the amount returned the following year, and it's possible in some years no dividend will be returned.

(over)

Operating an organization like the Trust involves inherent unpredictability regarding the cost of future claims. That's why we, like all insurers and self-insurance pools, maintain a fund balance as a cushion, which has been built and maintained over time through premiums and investment income.

On occasion, that fund balance can grow beyond what's needed to be confident the Trust can pay current and future claims and expenses. When that occurs, we use those excess funds on behalf of the membership.

For many years, a primary use has been to pay dividends to members. More recently, we have discussed whether investments in other programs and services would be more effective ways of meeting member risk management needs. An important part of our evaluation is learning how you view the Trust's current approach and considering your suggestions about how we should move forward.

We encourage members to contact Operations Manager Laura Honeck at lhoneck@lmc.org or (651) 281-1280 to share your thoughts about the Trust's dividend program and whether there are other ways we should consider using excess funds.

Thank you for being part of our self-insured membership cooperative. We're proud to represent an organization created by Minnesota cities in 1980, and we look forward to continuing to work with you to provide coverages and risk management programs designed to meet your needs.

The League of Minnesota Cities Insurance Trust Board of Trustees

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