

## MEMORANDUM

TO: RPBCWD Board of Managers

FROM: Terry Jeffery, Administrator

DATE: June 5, 2024

RE: LMCIT rate changes

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This memorandum is provided as an overview of proposed changes to the League of Minnesota Cities Insurance Trust (LMCIT), of which RPBCWD is a member. The RPBCWD receives automobile, property, and workers' compensation coverage through the LMCIT.

According to the LMCIT website<sup>1</sup>, LMCIT sets rates such that there is adequate premium to cover:

1. Expected claim costs based upon actuaries' calculations.
2. A reserve amount to protect against higher than anticipated losses.
3. Projected administrative costs.

As LMCIT covers municipalities as well as watershed districts, a number of the changes will not apply to RPBCWD such as cannabis dispensary, liquor sales, sewer backup, and public safety coverages. This memorandum is intended to distill changes to those that most impact the RPBCWD.

### Property/Casualty Rates

Rates will decrease an average of 0.75% in total for entities that receive all coverages available. It will be different for the RPBCWD. What follows is a breakdown of changes that most directly implicate the RPBCWD.

1. A 10% decrease in employment liability rates.
2. A 10% increase in automobile physical damage rates.
3. A 5% increase in automobile liability rates.
4. A 3% increase in excess liability rates. This is an optional coverage that the RPBCWD has participated in prior years.

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<sup>1</sup> <https://www.lmc.org/insurance-trust/coverages/coverages-rates-and-dividend/2023-2024-premium-rates/>

5. No change in property rates.

#### Workers' Compensation Rates

Workers' Compensation rates will decrease by an average of 15% for the 2024-2025 coverage period.

#### Coverage Changes

As with rate changes, most of the proposed changes will not relate to the RPBCWD.<sup>2</sup> The one change that does impact the RPBCWD is a change to automobile coverage to include costs associated with pollutant releases as the result of ownership, maintenance, or use of an automobile. This coverage is subject to \$50,000 per occurrence and \$100,000 annual aggregate limit.

Based upon this information, no changes to coverage are recommended for the 2024-2025 coverage period from existing coverage.

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<sup>2</sup> <https://www.lmc.org/insurance-trust/coverages/coverages-rates-and-dividend/coverages-changes-2023-2024/>