



# Board of County Commissioners Agenda Request

5A  
Agenda Item #

Requested Meeting Date: June 13, 2023

Title of Item: MCIT Report

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	<b>Action Requested:</b> <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of hearing notice that was published</i>	<input type="checkbox"/> Direction Requested <input checked="" type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing*
<b>Submitted by:</b> Jessica Seibert	<b>Department:</b> Administration	
<b>Presenter (Name and Title):</b> Gerd Clabaugh, MCIT Executive Director		<b>Estimated Time Needed:</b> 30 Minutes
<b>Summary of Issue:</b>  MCIT Executive Director will provide a report.		
<b>Alternatives, Options, Effects on Others/Comments:</b>		
<b>Recommended Action/Motion:</b> Informational only.		
<b>Financial Impact:</b> <i>Is there a cost associated with this request?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <i>What is the total cost, with tax and shipping? \$</i> <i>Is this budgeted?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Please Explain:</i>		

Legally binding agreements must have County Attorney approval prior to submission.

# 2023 MCIT Report to Aitkin County

## MANAGING RISKS TOGETHER

Tailored Coverage, Valuable Service, Member Focused

### MCIT Focuses on Benefiting Members

As a risk sharing pool, Minnesota Counties Intergovernmental Trust provides specific lines of coverage and services to meet members' unique risk exposures. MCIT works to protect the stability and longevity of the program for the benefit of all members.

MCIT is not an insurance company focused on profits. Rather, MCIT is a public joint powers entity dedicated to helping members manage their risks so they can carry out their public service mission to the citizens of Minnesota.

Through MCIT, members pool resources to provide:

- Property, liability, auto, cyber and workers' compensation coverage
- Programs and services to assist members in managing risks and controlling losses

As a public entity, MCIT understands the unique challenges facing local governments and offers ways to address those risks.

### Members Do Their Part

The success of MCIT is built on each member's willingness to:

- Support loss prevention and risk management strategies.
- Take reasonable steps to mitigate claims.
- Collaborate with MCIT when losses occur.
- Fulfill financial obligations to MCIT.

### MCIT Mission

Providing Minnesota counties and associated members cost-effective coverage with comprehensive and quality risk management services.



MCIT.ORG | 1.866.547.6516

# Reinsurance Maintained at Acceptable Costs

Consistent with past years, reinsurance carriers remain guarded in working with public entity pools given the state of the market and risks associated with member operations. MCIT purchases reinsurance to protect the program

from covering the total cost of catastrophic claims.

For 2023, the property reinsurance rate increased 8 percent, and the liability reinsurance rate rose by 24 percent.

## Cyber Coverage Preserved, Enhanced for 2023

After Hartford Steam Boiler informed MCIT in mid-2022 that it would not renew MCIT's cyber-coverage program for 2023, staff worked tirelessly to find a suitable replacement before the new year. They succeeded.

For 2023, the new cyber-coverage program:

- Includes increased aggregate coverage limits for members (\$500,000 for county members)
- Provides increased sublimits
- Offers retroactive coverage

The new program includes similar coverage to the HSB program, including an endorsement for mis-directed payment and computer fraud incidents. The deductible for county members is \$10,000.

## Cost-containment Measures

To help limit members' required contributions, MCIT looks for ways to minimize the program's costs, including:

- **Pursuing recoveries:** When a claim involves a third party who is legally responsible for the loss or damage

in whole or in part, MCIT pursues recovery of funds on the members' behalf. In the past five years, MCIT has recovered nearly \$3 million.

- **Medical bill review:** For workers' compensation claims, MCIT uses a third party to review medical

bills to assure coding and pricing accuracy, achieving lower overall expenses.

- **Pharmacy benefit manager:** This outside service helps limit the cost of filling prescriptions under workers' compensation benefits.

## Dividend Reflects Actual Expenses, Investments

### MCIT TOTAL DIVIDEND

(Workers' Compensation Division Only)

**\$7 MILLION**

### AITKIN COUNTY DIVIDEND

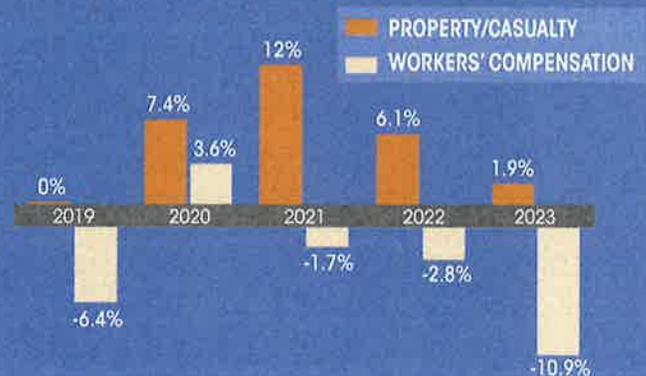
**\$76,004**

Dividends reflect MCIT's past claim experience and the performance of MCIT's investments. MCIT only issues a dividend when it is actuarially sound and fiscally prudent.

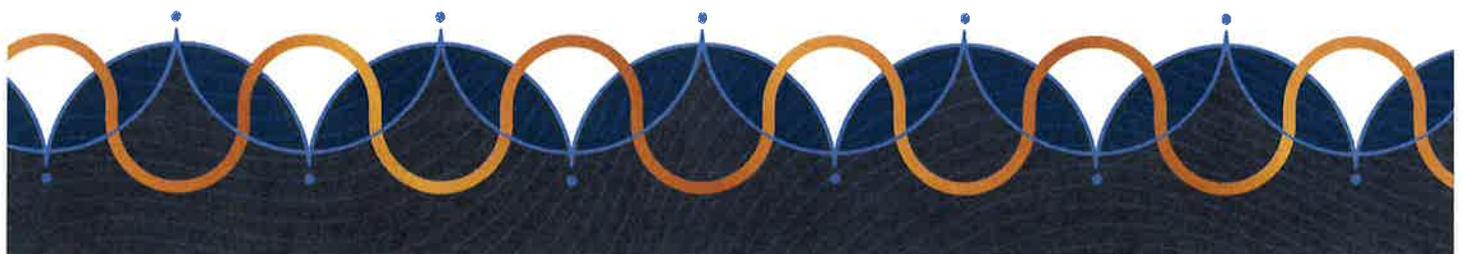
Although not guaranteed, the board is committed to returning funds to members when appropriate.

## Rates Anticipate Expenses

MCIT AGGREGATE RATE CHANGES (2019-2023)



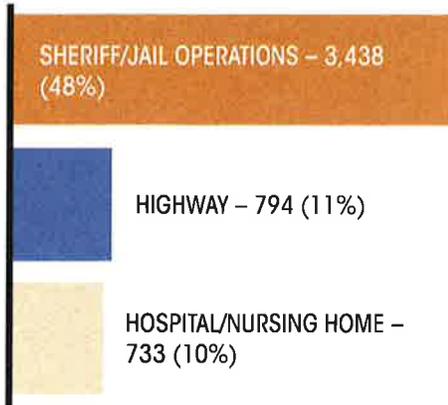
The historical cost of claims and expenses associated with MCIT operations are used to project the amount of contribution needed for the next year. MCIT aims to collect only what is necessary to cover these costs.



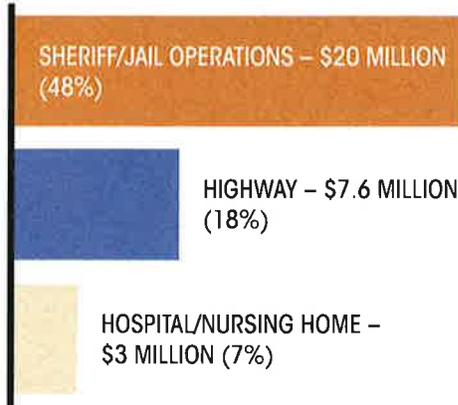
# Aggregate Workers' Compensation Claims Top 3 by Department

2018-2022

## BY FREQUENCY



## BY SEVERITY



# Workers' Compensation Claims Affect County's Contribution

## AITKIN COUNTY'S MOD RATE AND COST DIFFERENCE

The county's factor for 2023 is

**0.961**

The county's difference from the base cost of coverage is

**(\$6,207)**

Recent mod factors: 2022, 0.869; 2021, 0.899; 2020, 0.898; 2019, 1.132.

The frequency and severity of work-related injuries and illnesses affect each member's experience modification (mod) factor. This unique factor is part of the formula used to determine a member's annual workers' compensation contribution.

Other factors include the amount of payroll in each employee class code and the rate for each class.

A mod of 1.0 reflects expected claim development.

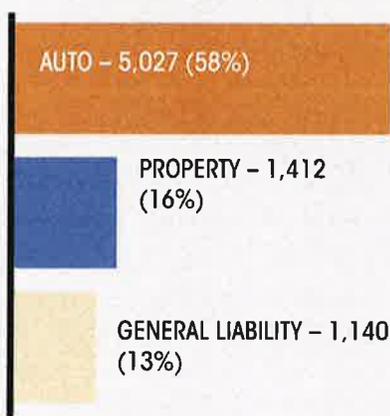
A factor greater than 1.0 can increase the contribution.

A factor less than 1.0 can decrease it.

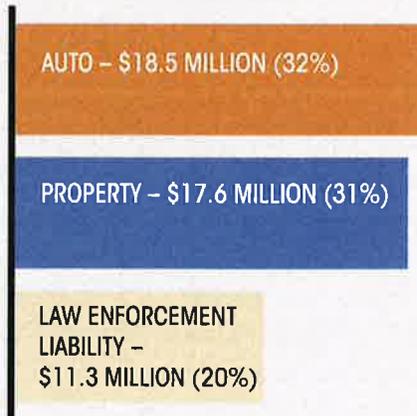
# Aggregate Property/Casualty Claims Top 3 by Line

2018-2022

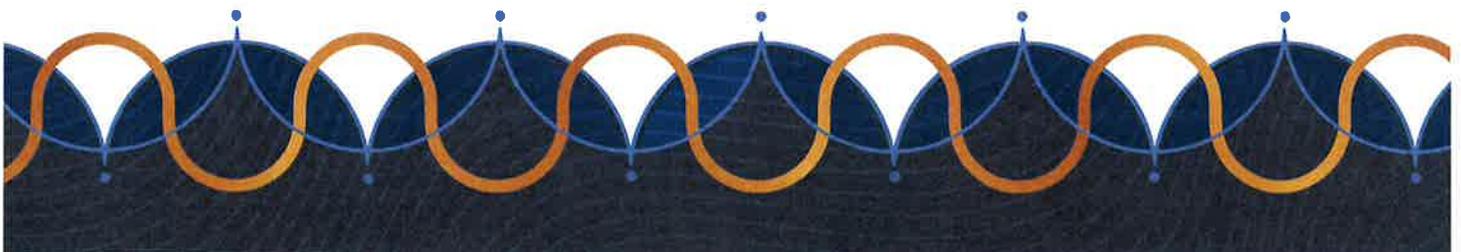
## BY FREQUENCY



## BY SEVERITY



Although MCIT does not experience rate property or liability coverage, the frequency and severity of all member claims influence the cost of coverage.



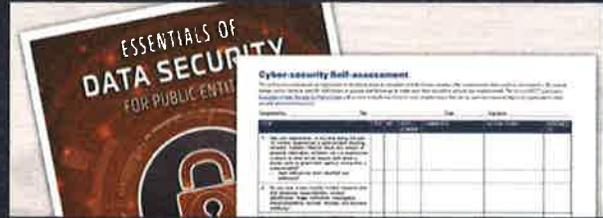
## Knowledgeable Advice, Valuable Services

MCIT offers members a number of services, programs and items to assist them in reducing losses and mitigating risks. Most are provided as part of membership.



### CONSULTATION SERVICES

Risk management and loss control consultation services assist members in preventing losses and making the most of their lines of coverage.



### AWARENESS AND PREVENTION MATERIALS

Based on claims frequency and severity, MCIT develops resources to assist with preventing losses and reducing the severity of claims.



### TRAINING FOR OFFICIALS AND EMPLOYEES

Seminars, workshops, on-site presentations, PATROL (Peace Officer Accredited Training Online), training videos, defensive driving training



### ACCESS TO SERVICE PARTNERS

MCIT membership includes access to services through partner organizations:

- Employee Assistance Program
- Minnesota Safety Council
- HSB boiler and pressure vessel inspections

## Commissioners are encouraged to:

- Learn how coverage applies before making final decisions
  - Have contracts reviewed for risk management before signing or approving them
  - Support safety initiatives (e.g., the safety committee and a program to return injured employees to work)
    - Support and encourage training and education for all employees
      - Attend risk management training
      - Promote safety at all levels
      - Engage MCIT