

## GOODHUE COUNTY'S PARTNER IN MANAGING RISKS

TAILORED COVERAGE | VALUABLE SERVICE | MEMBER FOCUSED

**THE MCIT MISSION:** Providing Minnesota counties and associated members cost-effective coverage with comprehensive and quality risk management services.

### MEMBERS BENEFIT FROM RISK SHARING POOL

Members enjoy benefits of participating in the MCIT program that are not offered by commercial insurance carriers:

- MCIT strives to provide coverage that meets the evolving risk exposures of county governments.
- Contribution is priced to provide enough funds to cover expected member claims while not overcollecting.
- The MCIT member-elected board of directors consists of county member representatives. They understand how their decisions affect member entities because their counties feel the impact, too.
- Beyond paying claims, MCIT provides consultation, training and resources to assist members in developing robust risk management and loss prevention strategies. Many of these are offered as part of membership.

### COMMISSIONERS CAN MAKE A DIFFERENCE

Commissioners can influence and encourage risk management in county operations:

- Learn how coverage applies before making final decisions
- Have contracts reviewed for risk management before signing or approving them, either by legal counsel or a risk management consultant
- Stay alert for data- and cybersecurity threats and practice good email hygiene
- Support safety and risk management initiatives (e.g., data- and cybersecurity measures, 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

### MEMBERS DO THEIR PART

The success of MCIT depends on each member entity doing its part to:

- Support loss prevention and risk management efforts within the county's operations
- Take reasonable steps to mitigate claims
- Collaborate with MCIT when losses occur
- Fulfill the county's financial obligations to MCIT

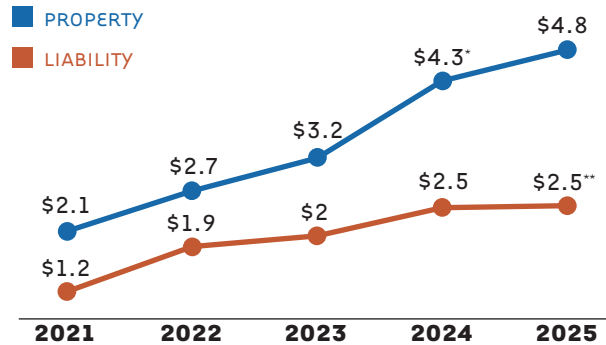


## PROGRAM CHANGES MODERATE REINSURANCE COSTS

The cost of reinsurance premiums for 2025 moderated from recent years of large increases. The board adopted program changes to ensure the best coverage at an acceptable expense. Reinsurance is purchased to protect MCIT from the financial impact of catastrophic losses.

- Property reinsurance total premium increased 10 percent from 2024, mostly due to a 13 percent rise in the total insured value for members' covered property.
- By choosing to increase the per claim retention for liability reinsurance from \$850,000 to \$1 million, MCIT held the 2025 premium increase to just 1 percent. Remaining at the \$850,000 level would have resulted in a 21.5 percent jump in premium.
- Looking to save where it could without jeopardizing the financial stability of the program, MCIT moved the workers' compensation reinsurance plan for 2025 to a \$1 million per claim retention from \$500,000. This resulted in \$470,000 in premium savings.

### Total Property and Liability Reinsurance Premium Paid (in millions of dollars)

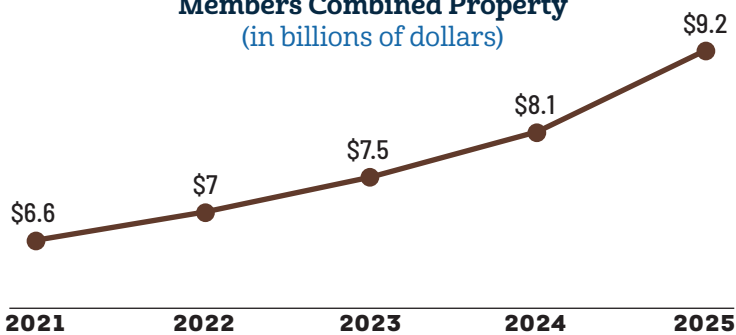


\*For 2024, MCIT increased its per claim retention for property claims from \$1 million to \$1.5 million and increased the liability per claim retention from \$750,000 to \$850,000.

\*\*For 2025, MCIT increased its per claim retention for liability claims to \$1 million from \$500,000.

## TOTAL INSURED VALUES CONTINUES TO CLIMB

### Total Insured Value of Members Combined Property (in billions of dollars)



In just five years, the total insured value of member-covered property has risen 39 percent (or by \$2.6 billion).

- The rise in labor and material costs directly contributes to the valuation of members' buildings.
- The increase in property values contributed upward pressure on the cost of reinsurance for the MCIT program and property coverage rates for members.

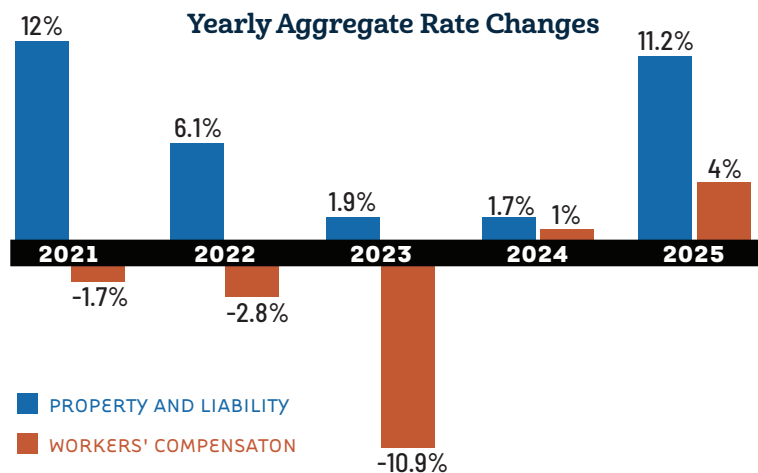
## COVERAGE ENHANCED IN 2025

Coverage for equipment breakdown was expanded for 2025:

- Coverage for loss caused by electronic circuitry impairment resulting in the equipment's breakdown
- Subcoverages were added for the purchase of additional protective equipment to prevent a future loss, costs associated with maintaining green designation when involving damaged equipment, and funds for off-premises equipment breakdown of covered property



## RATES ANTICIPATE EXPENSES



The historical cost of MCIT member claims and expenses associated with MCIT operations, including reinsurance, are used to project the amount of contribution necessary for the next year. MCIT aims to collect only what is necessary to cover these costs. For 2025:

- Property and liability aggregate rate\* increased 11.2 percent from 2024.
- Workers' compensation aggregate rate\*\* increased 4 percent compared to 2024.

\*The combined rate changes for all lines of coverage offered through the property/casualty program

\*\* The combined rate changes for all job classification codes

## DIVIDEND REFLECTS ACTUAL EXPERIENCE

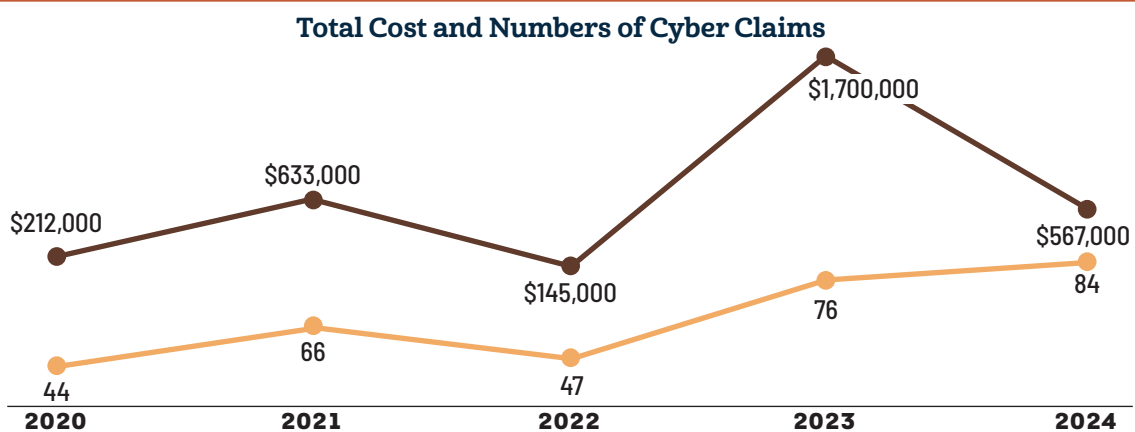
Dividends reflect the past claims experience of all members and the performance of MCIT's investments. MCIT only issues a dividend when it is actuarially sound and fiscally prudent.

Although not guaranteed, the MCIT Board of Directors is committed to returning funds to members when appropriate.

- 2024 MCIT total dividend: \$3.5 million (workers' compensation division only)
- 2024 Goodhue County dividend: \$49,575



## NUMBER OF CYBER CLAIMS INCREASES 2 YEARS IN A ROW



With the restructuring of the MCIT cyber program in 2023, MCIT covers a larger percentage of these claim costs, contributing to an outsized jump in claim severity for 2023. The number of claims for 2024 continued an upward trajectory, but the total cost of claims dropped significantly, as there were no ransomware claims reported for the year.

Unlike powerful, unpredictable natural disasters that can wipe out a building and damage vehicles, many cyber claims are entirely preventable. The combination of technical tools (e.g., multifactor authentication and firewalls) and employee vigilance can nearly eliminate the success of cyberattacks.

## WORKERS' COMPENSATION CLAIMS AFFECT COUNTY'S CONTRIBUTION

### GOODHUE COUNTY'S MOD RATE AND COST DIFFERENCE

- The county's factor for 2025 is 0.969
- The county's difference from the base cost of coverage is -\$10,393

Recent mod factors: 2024, 1.081; 2023, 0.916; 2022, 0.994; and 2021, 1.004

The county's unique experience modification factor is part of the formula used to determine a member's annual workers' compensation contribution. That factor takes into account the county's:

- Number and cost of workers' compensation claims
- Amount of payroll in each employee classification code and the rate for each

A mod of 1.0 reflects expected claim development. A factor greater than 1.0 can increase contribution. A factor less than 1.0 can decrease it.

## CLAIMS: 2020-2024

### WORKERS' COMPENSATION: ANNUAL AVERAGES

DEPARTMENT	CLAIMS PER YEAR	AMOUNT PAID PER CLAIM
Sheriff & Jail	661	\$5,560
Highway	149	\$6,247
Hospital & Nursing Home	135	\$4,955
Social Service	82	\$4,102
Facilities	44	\$5,115
Corrections/Probation	42	\$2,018
All Others	236	\$4,517

### PROPERTY/LIABILITY: ANNUAL AVERAGES

LINE OF COVERAGE	CLAIMS PER YEAR	AMOUNT PAID PER CLAIM
Auto	1,025	\$4,995
Property	283	\$14,707
General Liability	218	\$2,635
Public Employee Liability	106	\$16,977
Law Enforcement Liability	70	\$41,850
Cyber	63	\$10,775

## VALUABLE ADVICE, RESOURCES, PROGRAMS

### KNOWLEDGEABLE CONSULTATION

Risk management and loss control consultants work directly with members to develop strategies to eliminate or reduce risk.

### RESOURCE-RICH WEBSITE

**MCIT.org** is the hub for accessing information about MCIT, the programs provided as part of membership and a wealth of resources to assist members in preventing claims and reducing risks.

### PROGRAMS AND SERVICES

MCIT membership includes services provided through partners:

- **Employee Assistance Program** to help with challenges that may affect individuals' personal lives or performance at work
- **Benchmark Analytics** works with sheriffs' offices to provide best practices to mitigate risks
- **Workplace Injury Hotline** provides access to immediate medical recommendations from a nurse for work-related injuries
- **Minnesota Safety Council** offers additional information and programs to support workplace safety
- **HSB boiler and pressure vessel inspections** are part of coverage and meet state certification renewal requirements

### RELEVANT TRAINING

MCIT offers no- or low-cost training addressing the challenges facing local governments. Services include:

- Seminars and webinars
- Speakers for on-site training
- PATROL (Peace Officer Accredited Training Online)
- Defensive driving training