MCIT BULLETIN

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Check out the MCIT 2025 Annual Report for financial factors of the MCIT program, claim trends and service initiatives in 2025.

$5 Million Total Dividend Declared

During the June 12 MCIT Board of Directors meeting, the board considered the program's assets and liabilities at the end of 2025 to determine if a dividend would be financially sound and fiscally prudent. The board decided that a total $5 million from available fund balance would be returned to members.

For the first time since 2021, the property/casualty division's fund balance was sufficient to support a dividend. The board of directors approved a $2 million dividend for property/casualty division, and a $3 million dividend for the workers' compensation division.

Each year since 1996, the performance of MCIT's investments and members' risk management efforts have provided the board the ability to declare a dividend.

2025 Investment Income Fuels Dividends

During each dividend discussion, board members reaffirm that the program must remain fully funded and capable of responding to unexpected events that could affect MCIT's fiscal health. They are also committed to returning funds not deemed necessary to the operation of the program.

This year, the overview of MCIT's fiscal health presented by Scott Anderson, president of Actuarial Advisors, showed that the performance of MCIT's investments outperformed expectations, generating returns to fund both divisions' dividends. Investment income is commonly considered the fuel for generating dividends.

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Cyber Coverage Enhanced with Higher Limits

The MCIT Board of Directors approved an enhanced cyber coverage program at its May 8 meeting. Changes took effect June 1 and provide increased limits to all members, including critical individual lines of coverage where MCIT members have experienced claim losses.

After months of working with MCIT's primary broker, a coverage program was identified that:

- Applies to all members
- Allows MCIT staff to continue handling claims
- Maintains the existing coverage form
- Utilizes MCIT's existing technical expert partners whose effectiveness comes from a deep understanding of MCIT member operations

As of June 1, the following coverage changes took effect.

County members:

- Limit of coverage increased from $500,000 to $1 million
- Cyber extortion limit increased from $50,000 to $200,000
- Sublimits for forensics and legal services (breach coach) increased from $100,000 to $200,000
- Option to purchase an additional $1 million in coverage (subject to underwriting requirements)

Information about how counties can apply for an optional $1 million in additional coverage is available from MCIT. Contact underwriting at **866.547.6516** or *underwriting@mcit.org*. Applications are reviewed and evaluated for eligibility by MCIT's coverage partner, Great American Insurance Company.

Noncounty members:

- Limit of coverage increased from $250,000 to $500,000
- Cyber extortion limit increased from $50,000 to $100,000
- Sublimits for forensics and legal services (breach coach) increased from $50,000 to $100,000

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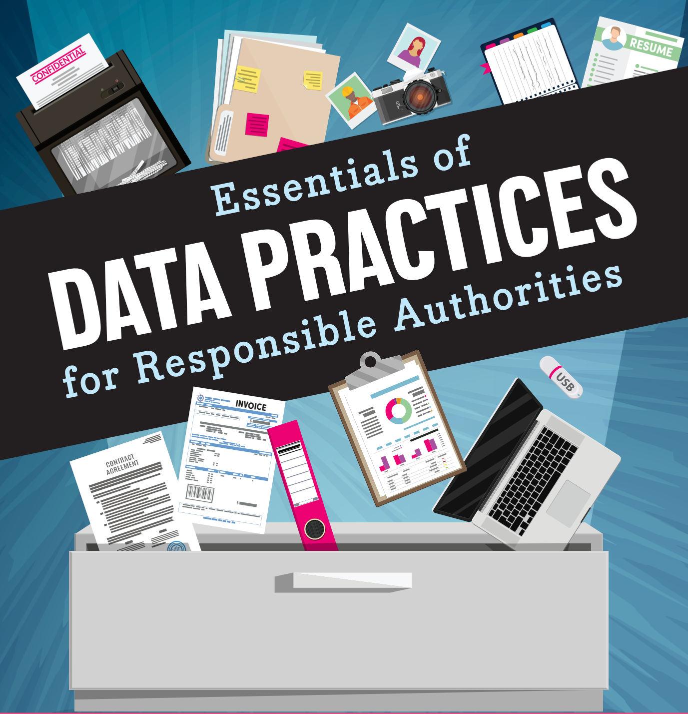
Essentials of DATA PRACTICES for Responsible Authorities



REGISTER AT *MCIT.ORG/EVENTS*

Individuals designated as responsible authorities under the Minnesota Government Data Practices Act (MGDPA) are tasked with the duty of ensuring that their government entities comply with the Act's requirements for transparency, data privacy and data security.

The in-person seminar "Essentials of Data Practices for Responsible Authorities" is Aug. 19 and led by Minnesota Department of Administration Data Practices Office staff. It provides responsible authorities and their designees with the foundation they need to take on the duties of the Act, as well as offers best practices to assist in day-to-day MGDPA administration.

What Participants Learn

Minnesota Government Data Practices Act basics: Overview of the duties of a responsible authority and data compliance officer, and the basic definitions of data and data classifications.

Policies and procedures: Developing data access and security policies and procedures, maintaining data inventories, and working with elected officials and staff to ensure MGDPA compliance.

Responding to data requests: Best practices for responding to data requests under the MGDPA, including:

- Denying access
- Managing complex requests
- Separating private and public data
- Recovering costs
- Managing nonpublic data on minors
- Creating summary data
- Requesting a temporary classification of data
- Special considerations for personnel data

Accuracy and completeness challenges: Overview of the accuracy and completeness challenge process and best practices for responding to a challenge.

Data breach requirements—investigation and notification: Discussion of the definition of "data breach" under the MGDPA, breach investigation and notification requirements, and annual comprehensive security assessments.

Who Should Attend?

This seminar is specifically designed for individuals designated as a public entity's responsible authority and the responsible authority's designee. An individual may be the responsible authority if he or she is the:

- County administrator or coordinator
- County auditor
- County attorney
- Sheriff
- SWCD district manager
- Joint powers executive director
- Social services director
- Veterans services officer
- Other elected official
- Person designated by the governing board to be the responsible authority

Learn More and Register

The "Essentials of Data Practices for Responsible Authorities" page at *MCIT.org/events* provides more information and a link to register for the training.

MCIT TRAINING EVENT

SEMINAR DETAILS

- **Date:** Aug. 19
- **Time:** Check in, 8:30-9 a.m.
  Program, 9 a.m.-3 p.m.
- **Location:** Park Event Center, Waite Park
- **Cost:*** $90 per person for employees of MCIT members. $130 per person for nonmembers. Fee includes materials, lunch and refreshments.
- **Register:** *MCIT.org/events*. Payment is due by credit card at the time of registration. No walk-in registrations are accepted.
- **Discounted hotel rates:** Use the links provided on the event's page at *MCIT.org/events* to reserve hotel rooms at a discounted cost.

*CANCELATION POLICY: Seminar cancellations received by Aug. 4, 2026, will receive a full refund. No refund will be issued for cancellations received after this deadline.

Board Sets Inflation Factor Increase for Property Values

The MCIT Board of Directors reviewed and approved the inflation index factors for buildings, and contents and property in the open at its June 12 meeting. The approved factors for 2027 are:

- 3.9 percent for buildings
- 3.9 percent for contents and property in the open

Values for scheduled property covered on a replacement cost basis will be adjusted using the approved index factors for the 2027 coverage year.

Inflation Index Factor vs. Contribution Rate

The inflation index is different from the MCIT contribution rate for property coverage.

The inflation index factor adjusts the value of scheduled buildings, contents and property in the open to account for annual changes in the price of materials and construction costs. Whereas, the contribution rate is used to calculate the cost of coverage for that building.

For example, the inflation-adjusted building value and the property coverage rate are two of the factors used to calculate the cost of coverage. So the replacement cost value of the property is just one factor in the cost of a member's property contribution.

The board of directors sets coverage rates during its July 10 meeting.

Index Factor Protects Available Limit of Coverage for Members

It is important that the replacement cost value of a member's scheduled buildings, contents and property in the open keep pace with inflation so that there are adequate coverage limits available should a loss occur.

For example, if a building's value were not adjusted for inflation each year, a member whose facility suffers a total loss could find itself with an available coverage limit below its replacement cost. This would leave the member to fund the difference between the coverage limit and the actual reconstruction cost.

How Values Are Kept Current

To assist members with maintaining appropriate replacement cost values, MCIT contracts with outside appraisal firms every five years to independently appraise each scheduled building currently valued at more than $100,000. In addition, MCIT calculates the property inflation index factor every year to adjust members' property replacement cost values for inflation in construction costs and materials.

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New Requirements When Selling Law Enforcement Vehicles

New legislation will require that before a law enforcement vehicle can be sold or transferred to the public, state and local law enforcement agencies must remove equipment and insignias that could mislead a reasonable person to believe the vehicle is a law enforcement vehicle (see Minn. Sess. Laws ch. 97, art. 12, sec. 1). The law takes effect Oct. 1.

The law applies to vehicles owned or leased by a state or local law enforcement agency; and requires the removal of emergency lights, sirens, amber warning lights, grill lights, emblems and outlines of emblems.

Certificate of Compliance

The vehicle owner must also provide a certificate of compliance to the buyer or transferee confirming that the vehicle has had the law enforcement equipment and insignia removed. The Minnesota Department of Public Safety will design and have a standard certificate available on its website.

Exemptions

The requirement to remove any equipment or insignia does not apply to the sale or transfer of a vehicle to the federal government, state or other political subdivisions.

Vehicles sold or transferred to the public for the purpose of collection or display are exempt from these requirements if certain conditions are met.

Consequences of Noncompliance

A person who sells or transfers a law enforcement vehicle in violation of this law may be liable for damages proximately caused by the use of the vehicle during the commission of a crime and a civil penalty of $2,500.

Cyber Coverage Enhanced with Higher Limits ... continued from page 1

New Declarations Pages Mailed

An updated "Privacy or Security Event Liability & Expense" (cyber) declarations page was mailed to each member's primary MCIT contact in June. This document effectively changes members' coverage with MCIT and should be added to members' 2026 MCIT Coverage Document.

What Members Need to Do

This coverage change does not require immediate action from members. There is no separate charge for this coverage enhancement. In fact, deductibles remain the same throughout 2026.

MCIT is fortunate that with a cyber program of this scale that its members are not subject to individual underwriting guidelines to qualify for the core coverages. MCIT understands that generally, members have invested in best practices and security tools to protect their data and systems from potential harm.

For MCIT to maintain coverage at this level, it is important that all members do their part to manage their individual cyber risk exposures with particular focus in these areas:

- Employee education and training on steps they should follow to ensure security
- Investing in systems penetration or vulnerability testing and updates as indicated
- Implementing multifactor authentication (MFA) for web-based email access and all remote access to information technology and operational technology networks
- Performing routine and regular backups of all critical data and infrastructure, the storage of which is inaccessible from member networks
- Implementing endpoint detection and response (EDR)

Support for Members

To learn more about cyber coverage now available through MCIT, members can:

- Download the updated Coverage Summary booklet at *MCIT.org/resources*
- View updated cyber coverage videos at *MCIT.org/resources*
- View recorded webinar "Cyber Coverage Enhancements" (see below).

MCIT's risk management consultant Richard Miehe is available to assist members in their data security and cyber risk management efforts. Connect with him at *rmiehe@mcit.org* or **866.547.6516**.

MCIT resources provide best practices for members in managing this area of risk. Check them out at *MCIT.org/resources*:

- Essentials of Data Security for Public Entities
- Various articles addressing specific cyber risks
- Cybersecurity Self-assessment

VIEW RECORDING OF 'CYBER COVERAGE ENHANCEMENTS' WEBINAR

Members can watch on demand the recorded webinar "Cyber Coverage Enhancements" at *MCIT.org/resources*. The webinar was presented live June 24 and reviews changes to the cyber coverage program and offers fundamental cyber risk management best practices.

The session is best for the member's primary contact for MCIT, risk manager and IT director.

Drive Wisely

Work Zones

The traffic season of road work is here. This means drivers need to plan ahead and follow basic rules to keep road workers, other drivers and themselves safe in construction areas.

Plan Ahead

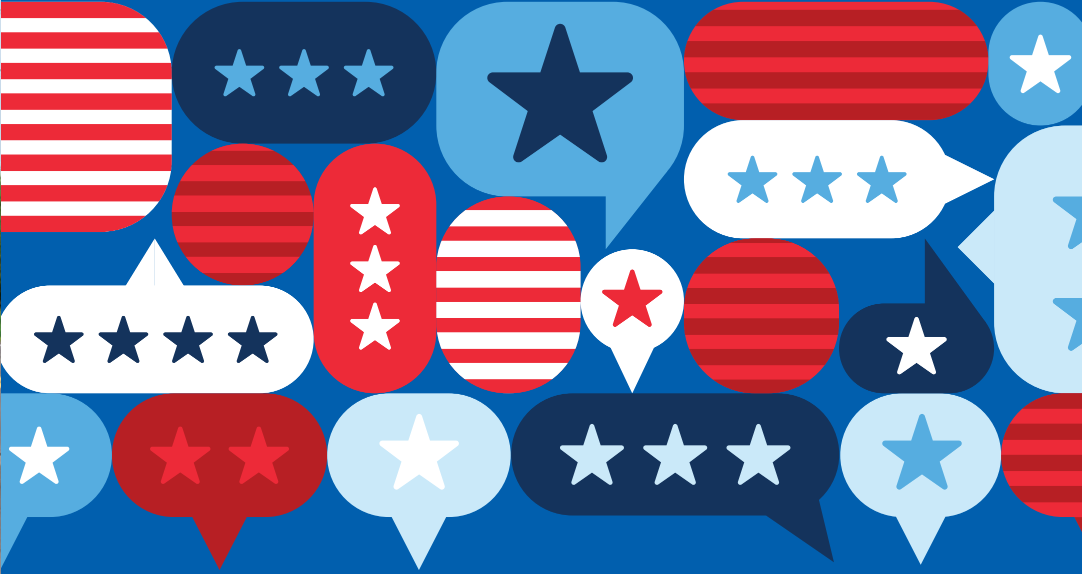
- Check on road conditions prior to travel. The Minnesota 511 website and app show real time updates on traffic or lane closures.
- Consider planning alternative routes around construction when practical.
- Give extra time on routes where construction is taking place.

While Driving

- Slow down and give additional following distance. A 4 second gap is recommended, as sudden stops or lane shifts are frequent in construction zones.
- Follow flaggers or other traffic direction tools.
- Remember it is illegal and dangerous to drive through areas blocked by barriers, orange cones or barrels, as tempting as it may be.

Harsh Punishments

- Fines are doubled in construction zones, so be particularly attentive to following traffic laws.
- Speeding in construction zones carries a $300 minimum fine.
- If violations result in injuries to construction workers, criminal charges may also apply and be increased beyond typical traffic citations.



Free Speech in the Workplace During Election Years

By Jessica E. Schwie and Josh Devaney, Attorneys, Kennedy & Graven, Chartered

During an election season, Americans across the country honor the tradition of avoiding political discussions with certain family members. For public employers, officials and employees, however, politics in the workplace are sometimes unavoidable. Public employers face additional challenges when employees become candidates or support specific candidates.

Although private employers may fire employees for certain speech (examples and critiques of the practice abound), public employers cannot do that so easily. Public employers must ensure that their actions do not infringe on their employees' First Amendment rights, including rights of association and speech.

Public employees have constitutional rights to engage in information sharing, questioning, providing answers and to associate with one candidate.[1] That right, however, is not without limitations.

Rather, that right is balanced against the interests of the public and the public employer in the fair, impartial, effective and efficient provision of services, particularly in the law enforcement context. As a result, public employers must utilize a balancing test to determine whether particular political activity by a public employee may be discouraged by the employer through policy or discipline.[2]

Determining Conduct

When setting policy and giving guidance, the first question to be addressed is whether the activity at issue is "speech." This seemingly simple question has become increasingly more complex as social media plays a larger role in Americans' daily lives.

In *Bland v. Roberts*, a deputy who "liked" the page of an unsuccessful candidate for sheriff was terminated after the election.[3] The court ruled that liking a page was speech because it conveyed support or appreciation.

This ruling makes clear that speech includes a broad category of conduct. As a result, social media, text messages and emails (including emojis, liking, etc.) may be protected speech along with traditional leafletting, posters, stump speeches and signs.

The next question is whether the speech is protected. In *Connick v. Myers,*[4] the U.S. Supreme Court held that for speech to receive First Amendment protection, it must be on a "matter of public concern." Matters of public concern are those of political, social or other concern to the community.

If the speech does touch on a matter of public concern, the employer must then apply the balancing test established in *Pickering v. Board of Education.*[5] Under

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DOS AND DON'TS OF ELECTION-YEAR SPEECH

During election season, employers should keep the following in mind.

DO:

- Discuss with human resources, administration and/or the county attorney's office policies that address conduct on social media and political activity.
- Schedule training or discussions to address these issues openly. Although some may want to speak, others may desire to discuss their right not to hear others' views. Open discussions may help those in the workplace to find the right balance about how much is too much political activity in the workplace.
- Allow employees to participate in the election season as private citizens, but enforce rules that are aimed at ensuring that employees are effectively and efficiently performing their assigned duties.

DON'T:

- Fire, demote, transfer or take any other adverse action against an employee simply because the individual ran for office. Although people may hold different philosophical approaches, unsuccessful candidates should be able to continue to perform their assigned duties effectively.
- Fire, demote, transfer or take any adverse actions against an employee because the individual supported another candidate. Differences should be put aside to ensure the continuation of quality governmental services.

MCIT Grants Improve County Jail Safety

In 2025, MCIT awarded four grants to expand use of camera technology in jails. Three of the members have completed their projects so far, and each says they have experienced improved safety for inmates and employees as a result of the new technology.

Otter Tail County Jail Places Cameras in Individual Cells

Otter Tail County jail purchased 10 new fixed cameras: Seven placed in individual cells for inmates going through drug/alcohol withdrawal and those experiencing mental health issues, and three that cover previous blind spots in the facility.

The in-cell cameras have reduced the jail's reliance on holding cells. In a letter to MCIT, Jail Administrator Beth Carlson says, "Frequently an inmate is taken off suicide watch and put on a mental health watch. We have utilized a cell with a camera for such a situation, adding an extra layer of protection for the person and for the facility."

One of the cameras placed in a former blind spot increases safety and security, as the rooms for virtual hearings are by doors leading out of the facility's secure perimeter. The new camera allows jail control to see better who is exiting the facility or going into those rooms.

The county notes that the new cameras funded with the MCIT grant help provide better monitoring and care of individuals in mental health crisis or withdrawal; and raise the level of safety and security for inmates, staff and volunteers.

Crow Wing County Jail Cameras Reduce Potential for Inmate Conflicts

A security audit and operational experience of the Crow Wing County jail identified four areas of the facility that posed elevated security risks due to insufficient video surveillance. The county used part of its MCIT grant to purchase four cameras for these areas.

According to Crow Wing County Sheriff Eric Klang, these improvements have strengthened facility security and contributed to a reduction in inmate conflicts.

The MCIT grant also allowed the jail to purchase 10 LED viewing monitors and four 43-inch television monitors for the central control post. The updated displays provide improved image clarity, enabling staff to supervise inmates better and proactively reduce conflicts, as well as to maintain safety and security during inmate intake and movement.

In a letter to MCIT, Klang says, "This grant has had a measurable positive impact on the safety, security and operational efficiency of our facility. Staff are better equipped to monitor inmate activity, respond to incidents and maintain a safe environment for both employees and those in our custody. We appreciate the support provided by MCIT."

Cameras Help Improve Murray County Jail Staff Morale

Murray County jail used MCIT grant funds to acquire a modern high-resolution camera system with cameras placed in high-risk and high-traffic areas that also eliminated blind spots.

Murray County Emergency Management Services/Safety Director Carl Nyquist says in a letter to MCIT that the jail has experienced a measurable increase in staff morale, with employees feeling safer at work. The improved image clarity has enabled more effective monitoring of inmate activity and quicker response to incidents.

The improved video quality also provides critical evidence that can be used during internal investigations or legal proceedings.

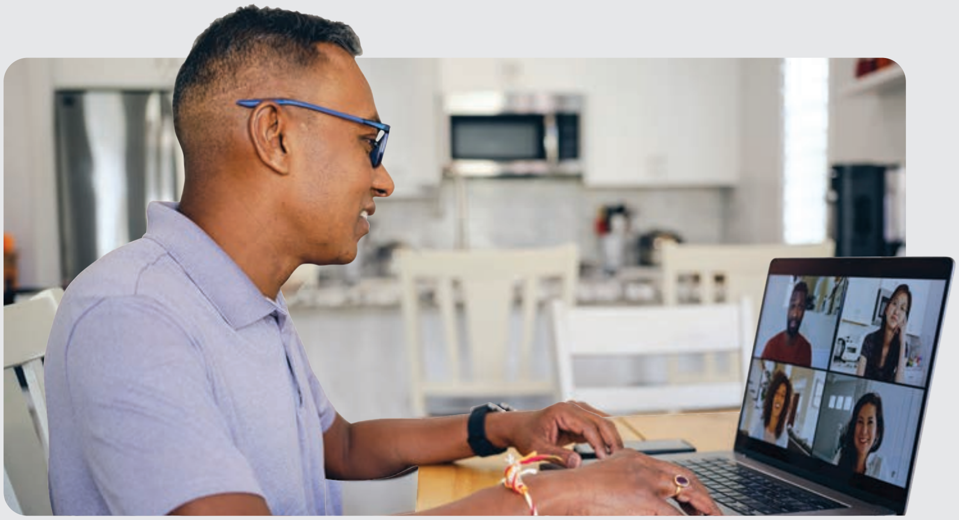
Nyquist says, "The upgraded system has strengthened our ability to manage risk, reduce liability and support a safer environment for both staff and inmates. … This investment in technology and safety infrastructure demonstrates the shared commitment between MCIT and counties like ours to create secure, well-managed public institutions."

Board Sets Inflation Factor for Property Values … continued from page 3

MCIT staff calculates the inflation index factor for buildings by averaging published final construction cost inflation indices from multiple sources for the previous year, including:

- U.S. Bureau of Labor Statistics Producer Price Index (PPI)
- Two national property appraisal firms
- A construction analytics consulting firm
- Three large general contractors that specialize in commercial and government buildings

A similar inflation index is calculated for members' scheduled contents and property in the open, using statistical pricing data from the PPI for a basket of goods commonly covered as contents by MCIT members in 13 categories, such as tools, paper, computer equipment and office fixtures and furniture.



EAP Now Offers No-cost Virtual Support Groups

AllOne Health, the Employee Assistance Program partner, has introduced a new way for employees to access support: virtual support groups. These launched June 25 at no cost.

Virtual support groups are:

- Led by clinicians or subject matter experts
- Live monthly sessions
- A simple, stigma-free way for employees to engage with mental health support in real time

Real-time Support for Everyday Challenges

Whether they are managing stress, burnout or another challenge, employees can join virtual support groups anonymously, learn practical strategies and feel supported without the commitment of one-on-one counseling.

The 30-minute sessions:

- Support employees before challenges escalate
- Encourage early engagement with care
- Reinforce a culture of well-being and accessibility
- Complement the existing EAP services
- Are confidential

Virtual sessions are not therapy sessions. Rather, they are a starting point, offering accessible, group-based support. Employees who need more personalized care can seamlessly move to scheduling no-cost counseling through the EAP.

Learn More and Share with Employees

Members can learn more about this new service at *AllOneHealth.com* or through the AllOne Health app.

Employers are encouraged to share information about virtual support groups with staff by distributing the promotional flier (download at *MCIT.org*) and sharing the schedule of sessions available on the Webinars and Events page at *AllOneHealth.com*. The Insights newsletter from AllOne Health also lists coming virtual support groups.

Individuals can register for sessions through the AllOne Health website, member portal or app.

NEXT SESSION JULY 29

The next virtual support group "Burnout or Break Time? Navigating Seasonal Stress This Summer" is July 29 at 1 p.m. CT. Balancing work expectations with summer demands can be challenging. Attendees explore ways to set boundaries, protect their energy and stay productive without burning out.

Notable Legislative Changes Implicate Employment Practices

The 2026 regular legislative session closed in May. A few changes are important for MCIT members to be aware of.

Minnesota Human Rights Act

A section of the Minnesota Human Rights Act, Minnesota Statutes, Section 363A.02, was modified to include language stating it may be an unfair discriminatory practice under the Act to fail to "engage in the process to determine if a reasonable accommodation exists that would allow people with disabilities … to participate fully in employment, housing and real property, public accommodations, public services, and education[.]" (Minn. Sess. Laws ch. 99.) This change takes effect Aug. 1, 2026.

The Minnesota Human Rights Act previously required employers with 15 or more employees to engage in an informal, interactive process to determine the appropriate reasonable accommodation for a job applicant or employee with a disability in need of an accommodation (see Minn. Stat. § 363A.08, subd. 6). This was the only provision in the Act that explicitly required an interactive process to respond to a request for accommodation.

No changes were made to the process for employers to determine a reasonable accommodation set out in Minnesota Statutes Section 363A.08, subd. 6.

At the time of writing, the Minnesota Department of Human Rights had not published any guidance related to the law's change.

Criminal History and Employment

Changes were made to Minnesota Statutes, Section 364.03,

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Free Speech in the Workplace During Election Years ... continued from page 5

that test, the employee's free speech interest is weighed against the government employer's interest in promoting an efficient and effective workplace.

An important limitation on employee speech protections is *Garcetti v. Ceballos*.[6] Under *Garcetti*, when public employees make statements pursuant to their official duties, the First Amendment does not protect those communications from employer discipline.

The analysis differs depending on whether an employee speaks on or off duty.[7] For off-duty speech, courts look at whether the employee spoke as a private citizen on a matter of public concern. For on-duty speech, courts ask whether the employee was speaking pursuant to official duties. If so, *Garcetti* removes First Amendment protection entirely.

Even when speech is protected, an employer can restrict or discipline it if the employer's interest in preventing disruption to operations outweighs the employee's speech interest.[8] The disruption must be real and substantial, not merely speculative or based on hurt feelings.

The Eighth Circuit of the U.S. Court of Appeals recently reinforced this standard. In *Melton v. City of Forrest City*,[9] a firefighter was terminated after reposting a politically charged image on his personal Facebook page. The Eighth Circuit reversed, finding the evidence of disruption insufficient. No co-worker refused to work with him, no training was disrupted and no service calls were affected.

The court cautioned that relying on public outcry alone risks constitutionalizing a "heckler's veto." Employers must show that operations were actually impaired or that disruption was specifically and reasonably predicted, not merely that the speech was controversial or generated complaints.

Complications When Employee Is a Candidate

Additional complications arise when a public employee becomes a candidate for office.[10] Employers may place reasonable restrictions on employees running for office, such as requiring them to take leave, so long as those restrictions are not imposed in a viewpoint-discriminatory manner.

Public employers may also take action against employees who make false statements of fact during a campaign.[11] Although political hyperbole and opinion are generally protected, making knowing or reckless false statements about a political opponent may fall outside First Amendment protection.

Recent Developments: Social Media

The question of when a public official's social media activity constitutes government action was clarified by the U.S. Supreme Court in *Lindke v. Freed*.[12] The Court held that a post is attributable to the government only if the official both possessed actual authority to speak on the state's behalf and purported to exercise that authority in the specific post.

This means that a mixed-use social media account, one that blends personal commentary with official announcements, does not automatically make all posts subject to First Amendment scrutiny. Public employers must assess whether an employee's specific post is connected to his or her official governmental role, rather than applying a blanket policy to all online activity.

Seek Advice Before Acting

Before taking any action, public employers should discuss the situation with human resources, the county attorney or labor counsel.

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[1] *Connick v. Myers*, 461 U.S. 138, 146 (1983).
[2] This article does not address the right of a public employer to place an employee running for office on leave per *Martin v. Itasca County*, 448 N.W.2d 368 (Minn. 1989) or the restrictions on government employees and officials in Minn. Stat. § 211B.09.
[3] *Bland v. Roberts*, 730 F.3d 368, 385 (4th Cir. 2013).
[4] *Connick*, 461 U.S., at 146.
[5] *Pickering v. Board of Ed. of Township High School Dist. 205, Will Cty.*, 391 U.S. 563 (1968).
[6] *Garcetti v. Ceballos*, 547 U.S. 410, 421 (2006); see also *Connick*, 416 U.S. at 148; *Eng v. Cooley*, 552 F.3d 1062, 1071 (9th Cir. 2009).
[7] *Grutzmacher v. Howard Cnty.*, 851 F.3d 332 (4th Cir. 2017) (ignoring whether Facebook posts were conducted on-duty and instead focusing on their content).
[8] See e.g., *Hemminghaus v. Missouri*, 456 F.3d 1100 (8th Cir. 2014).
[9] *Melton v. City of Forrest City, Arkansas*, 147 F.4th 896 (8th Cir. 2025) (reversing summary judgment for the city where evidence of operational disruption was thin and public complaints alone did not establish actual or reasonably predicted disruption to fire department services).
[10] See e.g., *Morgan v. Robinson*, 920 F.3d 521 (8th Cir. 2019).
[11] See *Nord v. Walsh Cty.*, 757 F.3d 734 (8th Cir. 2014) (upholding termination of deputy-challenger who falsely stated during the campaign that the sheriff was in poor health and should not be running for office).
[12] *Lindke v. Freed*, 601 U.S. 187 (2024).

$5 Million Total Dividend Declared ... continued from page 1

Claim performance in both divisions during 2025 and prior years were also better than expected in terms of frequency and severity, having a positive impact on the cost of the program, thereby contributing to the overall fund balance.

Anderson noted that although claim trends were favorable through 2025, MCIT continues to watch development throughout 2026, particularly in the workers' compensation division in the area of PTSD claims.

Anderson's report is the product of a comprehensive actuarial review of MCIT's:

- Reserving and rate levels
- Net investment income and rate of return
- Claims and operational performance

MCIT is consistent in its message that dividends are never guaranteed, but according to Anderson, the current financial health of the organization remains favorable.

Members will receive notice of their specific 2026 dividend later this month, with dividend checks distributed in November.

Understand Property Coverage for Electronic Voting Equipment

Part of preparing for an election includes the set up and inspection of electronic voting equipment. Some members store this equipment in a centralized place. Others keep it in multiple locations, including individual voting precincts whether owned by the county or not.

Election season is an opportune time to revisit the loss potential inherent in this costly, infrequently used equipment and how MCIT coverage applies.

EDP Equipment Coverage

MCIT considers electronic voting equipment, consisting of tabulators, ballot markers and ballot readers, as electronic data processing (EDP) equipment for coverage purposes. EDP is defined as "an arrangement of interrelating electronic components and related accessories that can accept and manipulate data into a desired format or result."

As part of inland marine, MCIT's EDP coverage applies to covered equipment wherever it is. EDP coverage provides coverage for standard property exposures, including damage caused by fire, water, vandalism and theft. The coverage also expands coverage to exposures unique to the intricate workings of electronic equipment.

For example, EDP covers damage to equipment caused by lightning, whether the strike occurs on or off member property. EDP also covers damage caused by artificially generated power surges and extreme changes in temperature, including dampness or dryness.

Unlike building and auto coverage, members do not schedule each piece of EDP equipment. EDP coverage is provided on a blanket limit basis, or the total value of the member's electronic equipment, which establishes the amount of coverage available in the event of loss.

For EDP coverage to apply, the equipment must be included on the member's single EDP inventory. This updated inventory must be provided to MCIT at a minimum in April of each year and should include specifics about all covered electronic equipment owned by the member including its description, model number and replacement cost.

Equipment must be represented on the inventory for coverage to apply. MCIT recommends that members develop protocols that ensure all voting equipment owned by them are represented on their single EDP inventory with an accurate replacement cost.

Coverage is not provided for the types of property covered under EDP that is determined to have been acquired by a member more than 60 days prior to the submission date of the EDP inventory to MCIT but not included in the inventory.

Voting Equipment Stored Off County Property or at Temporary Locations

Some members choose to transport the equipment to voting sites each election, while others choose to store the equipment at individual voting sites. MCIT coverage extends to the equipment when in transit.

Quite often voting site facilities, where equipment may be stored, are not owned by the county. That can present a potential for loss from storage conditions or lack of knowledge of appropriate handling at the location.

MCIT members work hard to establish policies and procedures to ensure their premises are well-maintained and secure. When member-owned equipment is entrusted to noncounty facilities, for example those owned by townships, schools, churches and cities, members give up their control over the premises.

Reduced control of a location inherently increases the threat of theft, vandalism and damage from general physical handling. Others' facility managers may have less diligent maintenance procedures, thus raising the possibility of damage caused by water, moisture and temperature changes.

MCIT's EDP coverage extends to electronic voting equipment at these locations, but it is strongly recommended that members take appropriate steps to ensure safeguards are in place to protect the equipment. MCIT also recommends that members work with facility owners to establish and agree about the level of security and facility oversight that is necessary to protect the member's property adequately.

Learn More

For more information about coverage for electronic voting equipment, members can contact MCIT toll-free at **866.547.6516** or see "Electronic Data Processing (EDP) Coverage" at *MCIT.org/resources*.

Prevent Illness While Working Outside This Summer

Working outside during the summer can pose health risks, particularly heat-related illness and disease transmitted through tick bites. Staff can take measures to lower the risk to their health.

Extreme Heat Hazards

Exposure to heat can lead to the health conditions referred to as heat stress. The most common types of heat stress are heat rash, heat cramps, heat exhaustion and heat stroke.

Heat stroke is particularly serious and can result in death or permanent injury. Fortunately, heat exhaustion frequently precedes heat stroke and if detected at this stage can be treated more easily.

If someone is already showing signs of heat stroke, they may not be able to call for help or treat themselves effectively, so it is important for employees to know the signs and to pay attention to others while working in extreme heat.

Proper preparation and recognition of symptoms can minimize the risk of heat stress. Employees working in heat should:

- Be aware of dangerous heat index advisories and weather service forecasts and plan ahead.
- Wear comfortable clothing appropriate to both the weather and their work tasks.
- Stay hydrated! They should try to drink 16 to 32 ounces of cool water each hour and avoid highly sugared or caffeinated drinks.
- Take frequent breaks, preferably in a cool or shaded area, particularly if they feel heat discomfort.
- Observe others for signs and symptoms of heat stress and know how to respond or get help.

HEAT STRESS	SYMPTOMS	TREATMENT
Heat Rash	• Red cluster of pimples or small blisters, typically located on neck, upper chest, groin, under breasts or in elbow creases	• Keep rash dry • Move to cooler, less humid work areas • Avoid using ointment or creams
Heat Cramps	• Muscle cramps, pain or spasms in the abdomen, arms or legs	• Drink water • Have a snack and/or electrolyte replacement beverage, such as a sports drink • If cramps do not subside in an hour, seek medical attention
Heat Exhaustion	• Headache • Nausea/dizziness • Irritability • Thirst • Weakness • Heavy sweating • Elevated body temperature • Decreased urine output	• Remove worker to cool area (air conditioned if possible) and give liquids to drink, particularly cool liquid • Remove unnecessary clothing from worker • Cool the worker with cool water or compresses • Take worker to clinic or emergency room for evaluation and treatment • Stay with the worker until help arrives
Heat Stroke	• Confusion, altered mental state, slurred speech • Loss of consciousness • Sweating stops or profuse sweating • Seizures • Very high body temperature	• Call for emergency medical care • Remove worker to cool area (air conditioned if possible, shade, etc.) • Remove unnecessary clothing • Cool worker aggressively with cold water or ice bath • Place cold, wet cloth or ice on head, neck, armpits and groin • Circulate air around worker • Stay with worker until medical help arrives

Watch for Tiny Terror

Risks associated with tick bites, such as transmission of Lyme disease, can be managed effectively with careful identification, tick bite prevention and removal best practices, as well as prompt reporting of tick-borne diseases.

Of the 13 tick species in Minnesota, the one of greatest concern is the black-legged tick, also known as the deer tick. This tick species is the only one in the state known to transmit Lyme disease. If left untreated, the bacterial infection can spread to joints, the heart and nervous system. Most cases of Lyme disease can be treated successfully with antibiotics.

Deer ticks have a brownish red body, black head and black legs. They are small. Adults measure around one-eighth inch long, while the nymph is just under one-sixteenth of an inch.

Tips to Prevent Tick Bites

Employees who work outside should follow these best practices during tick season:

- Use a chemical repellent effective against ticks on clothing and skin. Reapply per the manufacturer's recommendations.
- Wear clothes that limit skin exposure.
- Consider treating clothes with permethrin or using pretreated clothes.
- Wear light-colored clothing so ticks are easier to see.
- Tuck pant legs into socks.
- Avoid vegetation. Ticks tend to hide in brush and leaf litter on the ground and grab onto people or animals as they pass.
- Frequently check for and promptly remove ticks from the body, clothing or gear.

To remove a feeding tick:

- Use fine-tipped tweezers to grasp the tick as close to the skin's surface as possible.
- Pull upward with steady even pressure. Do not jerk or twist the tick; also do not squeeze the tick's body excessively.
- After removing the tick, clean the area with soap and water.
- Never crush a tick with one's fingers. Dispose of the tick by flushing it down the toilet, wrapping it tightly in tape or submerging it in alcohol.

Report Bites Right Away

If an employee has reason to suspect that he or she has been bitten by a tick in the course of work-related duties, the member should file a workers' compensation notice through the MCIT online member portal as soon as possible.

If flu-like symptoms or a rash develops and treatment is needed, the member should inform MCIT as soon as possible.

Consultants Offer Support

MCIT loss control consultants can assist members in their workplace safety and loss control efforts, including those related to summer working conditions. Members are encouraged to connect with their MCIT loss control consultant at **866.547.6516**.

BUILD AWARENESS WITH NO-COST RESOURCES

Members have access to no-cost resources to educate employees about heat-related illness and tick bites:

- **Quick Takes on Safety** are short discussion guides for supervisors to use with their teams that explain the hazards and provide practical ways staff can help prevent illness. Download at *MCIT.org/resources*. Choose Quick Take from the Resource Type filter.
- **Digital safety message** can be used anywhere a digital image can be placed, such as an email to staff, intranet page or as a handout. Download at *MCIT.org/resources*.
- **Tick ID Cards and other tick-borne disease prevention posters** are available from the Minnesota Department of Health. The ID cards easily fit in a person's wallet for quick reference in the field. Download at *Health.state.mn.us*.

Notable Legislative Changes Implicate Employment Practices …
continued from page 7

which provides standards and procedures to follow when a person who has been convicted of a crime seeks public employment. The statute prohibits public employers from disqualifying applicants from consideration for a position on the basis of a past conviction unless the crime(s) is directly related to the position for which the applicant is applying. It also requires public employers to consider evidence of rehabilitation before denying an individual employment on the basis of criminal history.

The statute previously stated an applicant "shall not be disqualified" from public employment if the applicant "can show competent evidence of sufficient rehabilitation and present fitness to perform the duties of the public employment sought … ."

The language of the statute was modified to clarify that an applicant "may be disqualified" from the employment unless the applicant can show "both: (1) competent evidence of sufficient rehabilitation; and (2) present fitness to perform the duties of the public employment sought … ." (see Minn. Sess. Laws ch. 97, art. 9, §§ 2-3.)

The statute also lists various types of documentary and other evidence the employer may consider in deciding whether the applicant showed both factors. These changes took effect May 19.

Members are encouraged to contact their legal counsel with any questions about these changes to the law.

How to Maintain Civility, Respect at Work

Provided by AllOne Health

A healthy work environment is based on mutual respect, where people show a polite attitude and decent etiquette that creates a positive atmosphere. Mutual respect is also based on a shared belief in the benefits of varied backgrounds, abilities and viewpoints within a team.

Mutual respect empowers organizations, leadership teams and individuals in many ways:

- Improved well-being and decreased absenteeism
- Positive and focused work atmosphere
- Trusted and open communication
- Collaborative decision making
- Increased loyalty among staff, leading to better retention of valued people
- A reputation for fairness and ethical strength
- Opening the door for new ideas, problem solving and innovation

6 Simple Strategies to Create a Culture of Mutual Respect

1. Get to know one another. Take an interest in other people's beliefs, behaviors, preferences and unique needs. Armed with that information, consider how your words and actions will affect others before you speak or act.

2. Learn about your differences. Some differences are harder to understand than others, particularly those rooted in unfamiliar cultures. Ask questions tactfully. Appreciate the value of diverse opinions in developing workplace structures and approaches.

3. Promote good manners. Simple, but true. Good manners are clear markers of your respect for someone. When in doubt, ask people how they want to be treated.

4. Let people work differently. Whenever possible, let employees work in ways that feel comfortable to them. In a culture of mutual respect, managers should consider encouraging their employees to find the approach that suits them best.

5. Maintain boundaries. It is important to know where the boundaries lie between sharing your experiences and views on the one hand and being confrontational, disrespectful or causing embarrassment on the other. Think carefully about what's useful or necessary to share at work and be alert to any particularly sensitive topics.

6. Be a role model. At whatever level you are, your words and actions can influence others, so it is important to lead by example. Work on your self-awareness and manage your own biases so that you do not unintentionally favor people with whom you feel a close affinity. Model the accepting, inclusive and welcoming attitudes and behaviors that you want to see other people adopt.

EAP Provides Support

You do not have to do it alone. The Employee Assistance Program offers a variety of ways to support you and your colleagues. In particular, the EAP provides unlimited telephonic consultation for supervisors regarding workplace concerns.

EAP services are confidential, voluntary and at no cost. Connect with the EAP at **800.550.6248** or *MCIT.AllOne Health.com*. Learn more about the EAP at *MCIT.org*.

WATCH ON DEMAND

"All You Need to Know About the Employee Assistance Program"

The recording of the "All You Need to Know About the Employee Assistance Program" webinar is posted to *MCIT.org/resources* for on-demand viewing. The webinar summarizes the many services offered through the EAP, who can use them and how to access them.

The Employee Assistance Program offered through MCIT supports the well-being of member organization employees and their families. All members are invited to view the recording.

What You Learn

The webinar addresses:

- The wide variety of services available through the EAP for individuals, law enforcement and for those in a supervisory role
- Resources other than counseling offered by AllOne Health, the EAP partner organization
- How to access services and resources
- Ideas and materials to promote the EAP to your organization's employees

Who Should View?

This session is best suited for those designated as the Employee Assistance Program contact for their organization. Others who may benefit from the information may be the administrator/coordinator, executive director, human resources manager, SWCD district manager, department heads.

ANNUAL REPORT MCIT 2025

THE POWER OF COLLECTIVE RISK MANAGEMENT

Minnesota Counties Intergovernmental Trust harnesses the power of collective risk management for the benefit of members. MCIT is a risk sharing pool, not an insurance company. It is a partnership among members rooted in a shared purpose: a collective commitment to providing stability and financial protection for counties and associated local governments.

The pooling of member resources allows MCIT to control the cost of coverage and provide risk management services at no or little cost.

This partnership builds collective resilience for members to enhance their capacity for managing risks and recovering from setbacks, and to ensure continuity of services for their communities.

MEMBERS DO THEIR PART, TOO

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

- Supporting loss prevention and risk management efforts within the entity's operations
- Taking reasonable steps to mitigate risks
- Collaborating with MCIT when losses occur
- Fulfilling the entity's financial obligations to MCIT

MCIT
MINNESOTA COUNTIES INTERGOVERNMENTAL TRUST

TAILORED COVERAGE, VALUABLE SERVICE, MEMBER FOCUSED

MCIT's mission is to provide Minnesota counties and associated members cost-effective coverage with comprehensive and quality risk management services. MCIT understands the unique challenges facing local governments and offers ways to address those risks.

- MCIT was established in 1979 as a joint powers entity pursuant to Minnesota Statutes, Sections 471.59 and 471.981.
- Membership is limited to Minnesota counties and associated public entities (e.g., soil and water conservation districts, agricultural societies (county fairs), historical societies, housing and economic development agencies, solid waste management operations, libraries, joint powers entities).
- MCIT provides property, liability, cyber, auto and workers' compensation coverage. Embedded in these lines are coverages specific to Minnesota public entities, such as claims for Open Meeting Law and Government Data Practices Act violations, land use decisions, K-9s and class 3 dams.
- Included services and programs provide valuable risk management support and recommendations tailored to local public entity operations and risks.

" I want to express our genuine appreciation for the continued partnership with MCIT loss control and risk management. Your team has consistently been a valuable resource, responsive, knowledgeable and supportive in helping us strengthen our operations and reduce risk. "

- Carl Nyquist
Emergency management director of Murray County

" We greatly appreciate the professionalism, expertise and support demonstrated by everyone [at MCIT] involved [in our claim]. I have only had positive experiences in all my contact with MCIT staff over the years. In my opinion, MCIT is a model agency that is distinguished by its responsiveness, helpfulness and ongoing support of its members. "

- Ann Walker Smalley
Executive director of Metronet

All 2025 financial and claim data included in this annual report are unaudited values. See MCIT's audited Financial Statements Dec. 31, 2025, for audited data at *MCIT.org*.

MCIT: PURE COVERAGE, HONEST SERVICE

RON ANTONY - CHAIR
Yellow Medicine County
Commissioner

MCIT is a unique partner for Minnesota counties. It is risk coverage and management in its purest form:

- MCIT has no profit motive to distract from carrying out the mission of providing cost-effective coverage and quality risk management services to members.
- Lines of coverage are developed to meet members' common risk exposures to ensure that members remain financially resilient and able to meet their public service obligations.
- Members have readily available, no-cost risk management and loss control support to minimize operational risks.

MCIT board members are privileged to focus decision making on what is best for the collective membership to ensure that all members' operational risks are financially protected.

We do not answer to shareholders and their desire for profits. Rather, we answer to our members, who expect governance for their benefit. Board members are each a representative of a member county. As such, we understand and live with how decisions at MCIT affect members.

We also understand the challenges of local government entities in Minnesota because MCIT only serves these organizations. Coverage, training events, programs and services are all tailored to meet the needs of our members.

Services and programs provided to members offer honest guidance with the simple goal of helping members improve their operations to lower risks and control losses.

During 2025, MCIT worked diligently to deliver on its mission, and this report highlights several of the ways MCIT accomplished that. The report also details the financial environment in which MCIT operates.

I am proud to continue to serve as board chair for this member-focused and member-responsive organization.

Thank you for your continued support.

Ron Antony

Ron Antony
MCIT Board Chair

BOARD OF DIRECTORS

DON WACHAL
VICE CHAIR
Jackson County
Commissioner

RANDY SCHREIFELS
SECRETARY-TREASURER
Stearns County
Auditor-treasurer

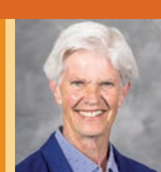
LINDSEY MEYER
Wright County
Auditor-treasurer

KURT MORTENSON
Otter Tail County
Commissioner

TODD PATZER
Lac qui Parle County
Commissioner

BRETT SKYLES
Itasca County
Administrator

JACK SWANSON
Roseau County
Commissioner



MARCIA WARD
Winona County
Commissioner

A POWERFUL PARTNERSHIP

MCIT believes in the important and critical role that counties and other local governments play in their communities. MCIT is proud of the part it plays in contributing to the continued financial stability of members.

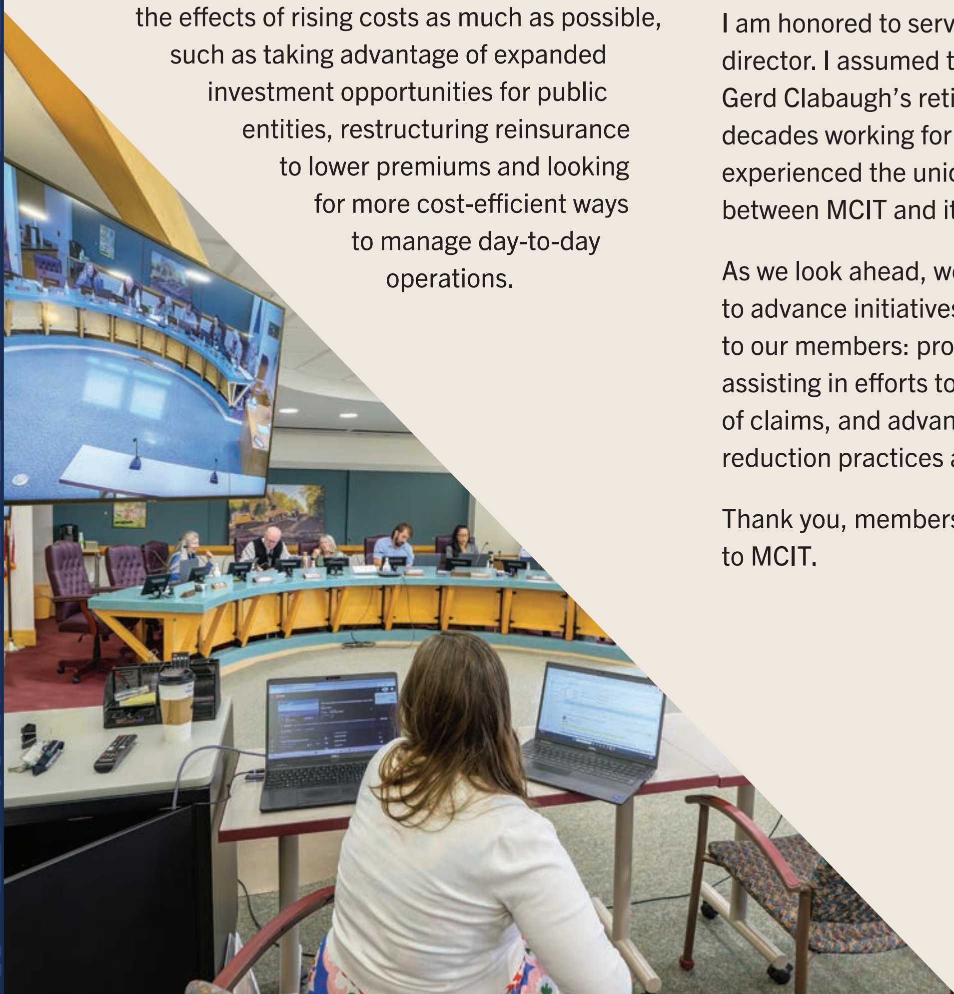
Every MCIT board member and employee approaches interactions with members as a partnership. We are here to support the good work that members carryout across the state.

To that end, every year, we analyze data and conversations with members to identify:

- Coverage that could be enhanced to address evolving risks for member operations
- Training topics to enhance knowledge for better risk management
- Resources and tools we can develop to assist members
- New services or programs to support members' risk management activities

During 2025, MCIT's finances stayed strong even in the face of continued headwinds from reinsurers and the effect of inflation on property valuations and the cost of claims.

MCIT looks to a number of tools to help temper the effects of rising costs as much as possible, such as taking advantage of expanded investment opportunities for public entities, restructuring reinsurance to lower premiums and looking for more cost-efficient ways to manage day-to-day operations.



STEVE NELSON
EXECUTIVE DIRECTOR

Notable member services during the year included:

- Extension of Benchmark Analytics' work with jails to establish the Jail Excellence Network
- Second round of grants to jails for expanded use of cameras in their operations to improve safety for inmates and staff
- Fully revised and updated second edition of the "Essentials of Data Security for Public Entities" guide
- Webinars that improved members' understanding of the MCIT program, MCIT coverage, claims management best practices, the connection between data management and cybersecurity, compliance with the Open Meeting Law, and public entity immunities for park and recreation operations
- In-person training events identifying employment and land use decision making risks and strategies for managing them

MCIT staff also traveled the state to deliver a report in person to member county boards about the MCIT program. It served as an opportunity to engage with county leadership about how MCIT supports their work and answer their questions.

I am honored to serve as the newest MCIT executive director. I assumed this role last September, following Gerd Clabaugh's retirement. With more than three decades working for this program, I have personally experienced the unique and powerful partnership between MCIT and its members.

As we look ahead, we will continue working each day to advance initiatives in the areas that matter most to our members: providing meaningful coverages, assisting in efforts to reduce the frequency and cost of claims, and advancing awareness of the best risk-reduction practices available.

Thank you, members, for your continued commitment to MCIT.

Steve Nelson
MCIT Executive Director

PROGRAM CHANGES MODERATED 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.

MCIT purchases reinsurance for all major lines of coverage to protect the financial integrity of the trust, insulating it and its members from the potential of catastrophic loss.

PROPERTY RATE DROPPED BUT PREMIUM ROSE

Due in part to several consecutive favorable loss years, MCIT's **property program was renewed** with Travelers **at a 2.5 percent drop in the rate** for 2025.

The program renewed at the prior $1.5 million retention level and at total premium of $4.8 million, an increase of 10 percent compared to 2024. The **higher premium was mostly due to a 13 percent rise in the total insured value** for members' covered property.

STRUCTURAL CHANGE MINIMIZED LIABILITY RENEWAL

After considering renewal options from County Reinsurance Limited, MCIT's liability reinsurance provider, MCIT chose to **increase** the **per claim retention for liability reinsurance from $850,000** in 2024 **to $1 million** in 2025.

This **held the 2025 premium to just a 1 percent increase**. Remaining at the $850,000 level would have resulted in a 21.5 percent rise in premium. Changes in MCIT's exposure base and ratable claim development, as well as the reintroduction of CRL's capital contribution program put upward pressure on liability reinsurance costs for 2025.

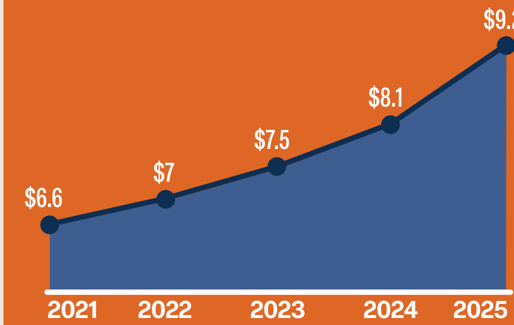
CRL is a member organization that provides reinsurance exclusively to county governmental risk sharing pool members like MCIT across the country.

WORKERS' COMPENSATION RETENTION CHANGE SAVED PREMIUM

MCIT **moved** the **workers' compensation reinsurance** plan for 2025 **to a $1 million per claim retention** from $500,000. This **resulted in a $470,000 premium savings.**

Workers' compensation reinsurance is secured through the Workers' Compensation Reinsurance Association as required by Minnesota law.

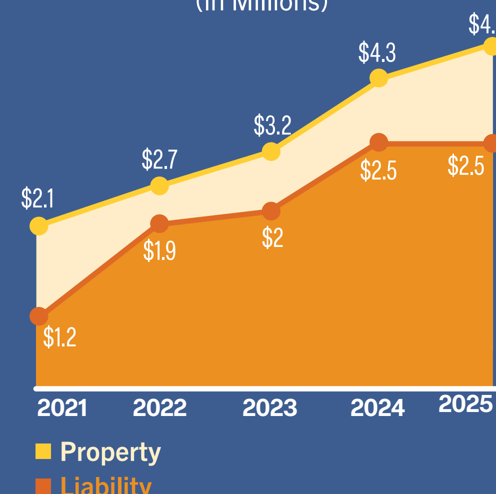
Total Insured Value Continued Climb
(in Billions)



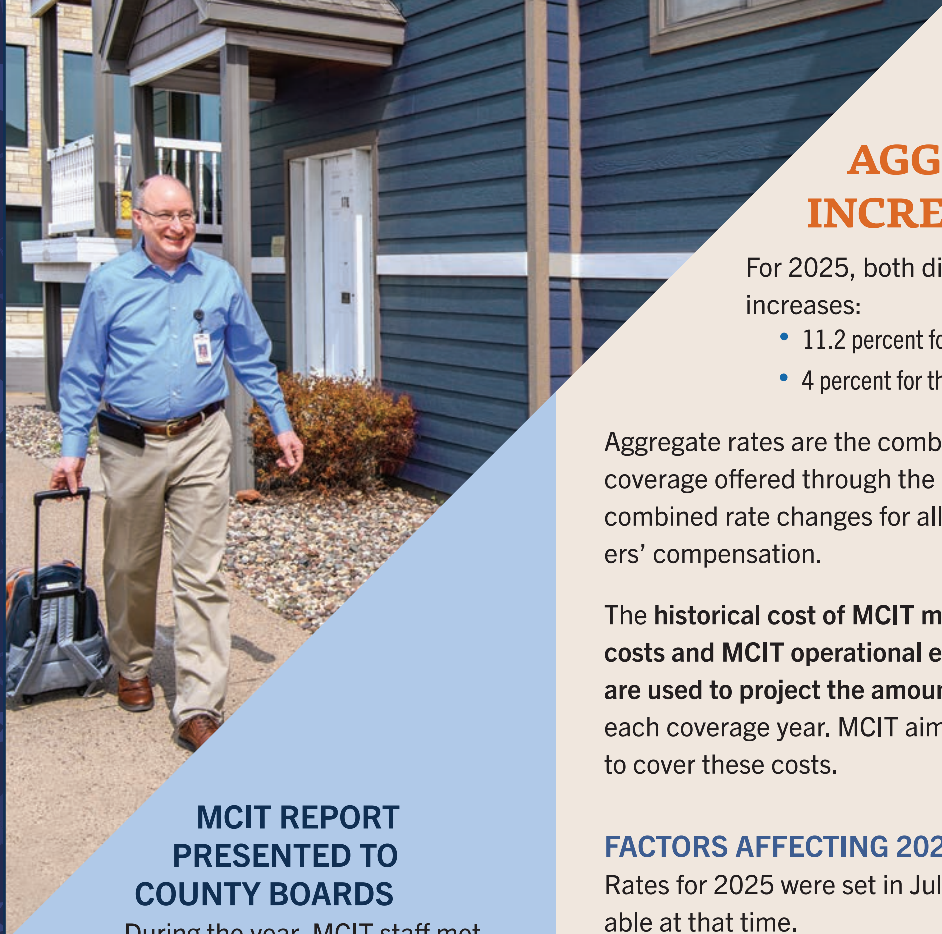
In just five years, the total insured value of member-covered property rose 39 percent (or by $2.6 billion).

- Across the program, the addition of new and upgraded member buildings increased the overall value of covered property.
- The rise in labor and material costs directly contributed to the valuation of members' buildings.
- The increase in property values contributed upward pressure on the cost of property reinsurance and coverage rates for members.

Total Reinsurance Premiums
(in Millions)



Notes:
- For 2024, property per claim retention level increased from $1 million to $1.5 million, and liability per claim retention level increased from $750,000 to $850,000.
- For 2025, liability per claim retention increased to $1 million.



AGGREGATE RATES INCREASED

For 2025, both divisions experienced aggregate rate increases:

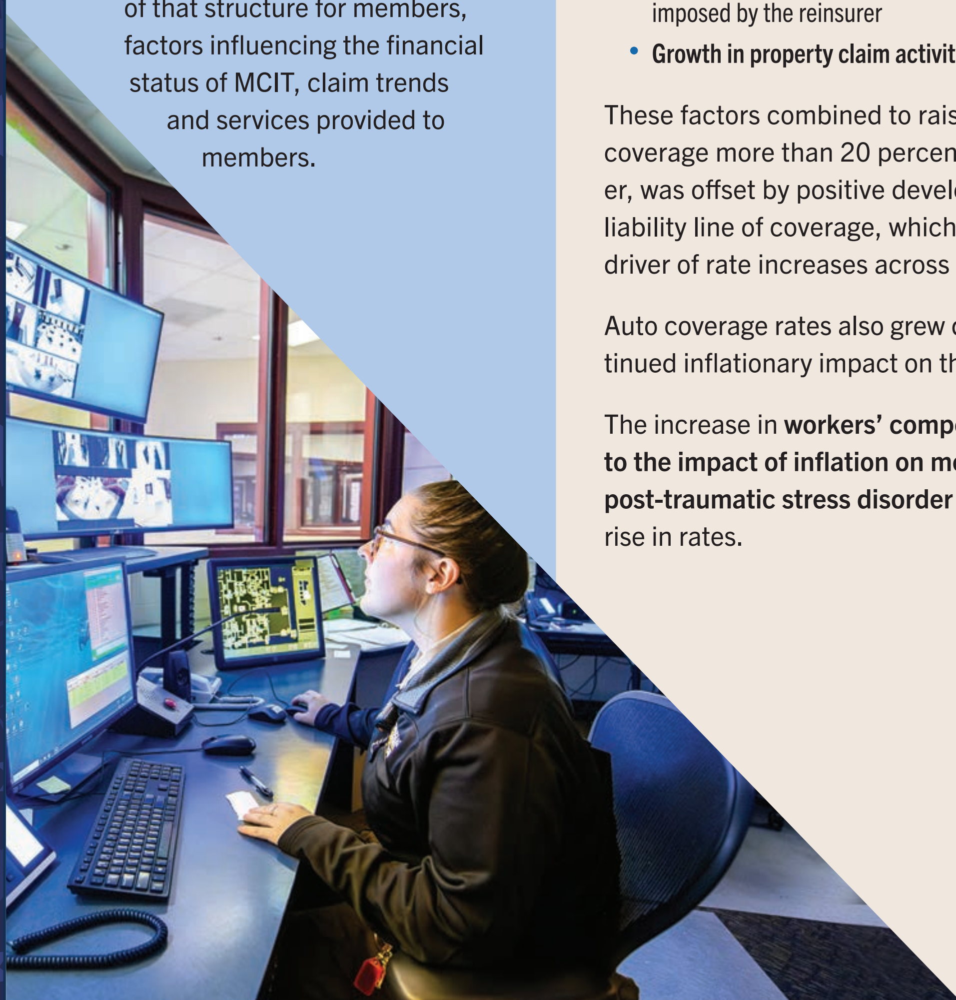
- 11.2 percent for the property and liability division
- 4 percent for the workers' compensation division

Aggregate rates are the combined rate changes for all lines of coverage offered through the property/liability program and the combined rate changes for all job classification codes for workers' compensation.

The **historical cost of MCIT member claims, anticipated claim costs and MCIT operational expenses**, including reinsurance, **are used to project the amount of contribution** necessary for each coverage year. MCIT aims to collect only what is necessary to cover these costs.

MCIT REPORT PRESENTED TO COUNTY BOARDS

During the year, MCIT staff met with county boards in person to provide a report on MCIT that included a brief overview of MCIT as a risk sharing pool, the value of that structure for members, factors influencing the financial status of MCIT, claim trends and services provided to members.



FACTORS AFFECTING 2025 RATES

Rates for 2025 were set in July 2024 and considered data available at that time.

For property and liability rates, the factors having the most influence on the rate calculation were:

- **Higher cost of reinsurance** for both property and liability programs, including a $500,000 increase in per claim retention for property claims imposed by the reinsurer
- **Growth in property claim activity** in 2023

These factors combined to raise the rate for the property line of coverage more than 20 percent for 2025. This increase, however, was offset by positive developments in the public employees liability line of coverage, which typically had been volatile and a driver of rate increases across the membership.

Auto coverage rates also grew due to rising losses and the continued inflationary impact on the cost of vehicles and parts.

The increase in **workers' compensation rates were mostly due to the impact of inflation on medical costs.** Claims asserting **post-traumatic stress disorder also contributed** to the overall rise in rates.

DIVIDEND FOR WORKERS' COMPENSATION

MCIT returned a **$1.5 million dividend to members in 2025** from the workers' compensation division. 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.

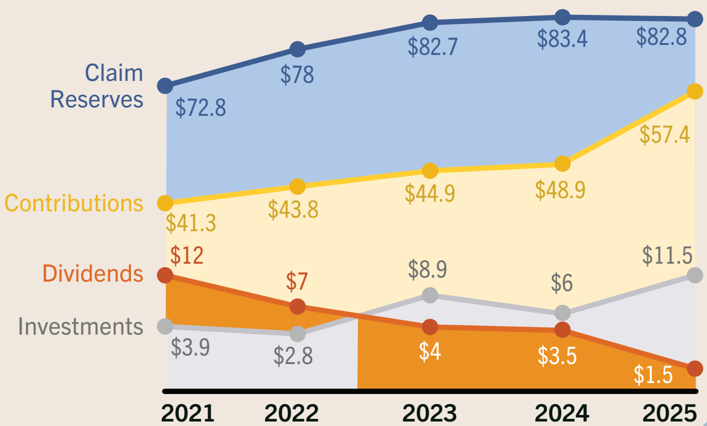
In 2024, **the workers' compensation division experienced better-than-expected claim results**. Actuarial analysis showed that even with continued activity arising from post-traumatic stress disorder claims and the increasing costs of medical care, the division produced positive claim results. These results are **due in part to the membership's commitment to risk management**.

PROPERTY/CASUALTY DIVISION REMAINS SOUND

Factors contributing to the board's decision not to declare a dividend from the property/casualty division included a relatively low aggregate rate increase in 2024; continuation of significant increases in the cost of both property and liability reinsurance; and increasing claim costs arising from law enforcement, property costs and auto losses in the division.

The division's financial condition remained sufficient to cover claim costs and operational expenses.

Claim Reserves, Member Contribution, Dividend, Net Investment Income (in Millions)

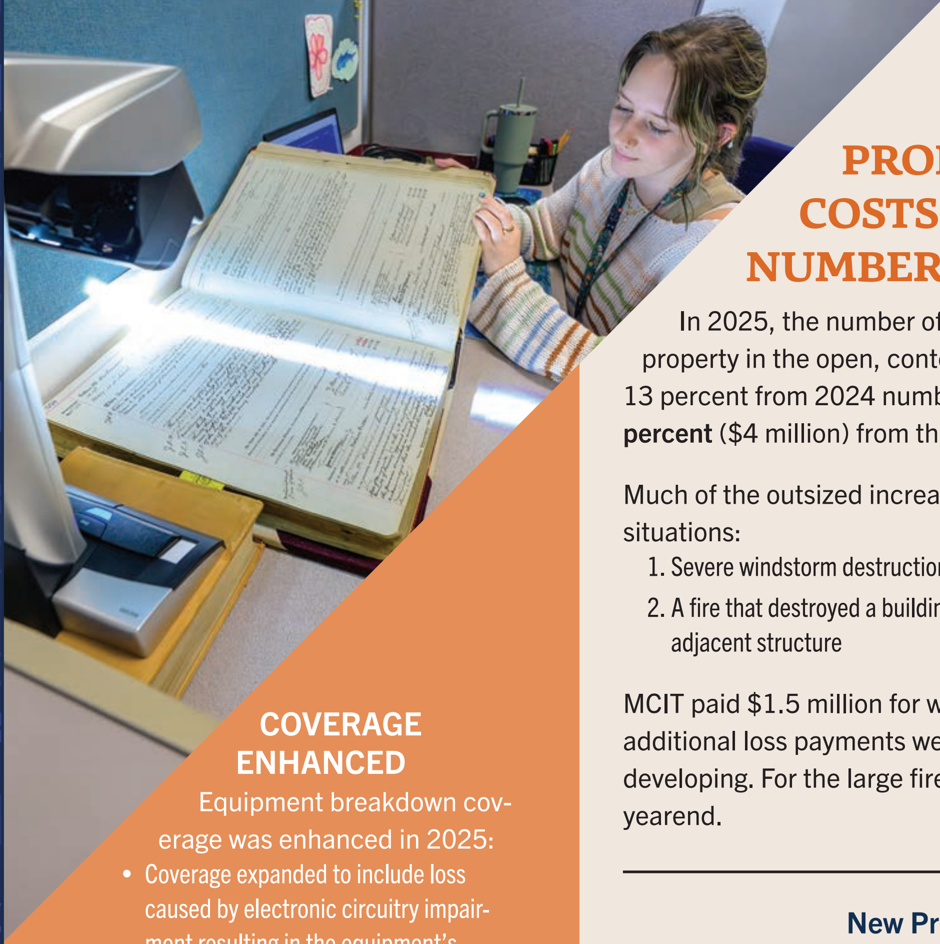


WEBINAR IDENTIFIED FACTORS FOR MEMBER CONTRIBUTIONS

In October 2025, MCIT presented the webinar "How MCIT Determines a Member's Contribution" to identify the factors that the MCIT board reviews when setting rates and explained:

- How those factors affect rate calculations
- Reasons different lines of coverage have varying rates
- How standard rates are applied to a member's specific risk factors

A recording of the session is available to view at *MCIT.org*.



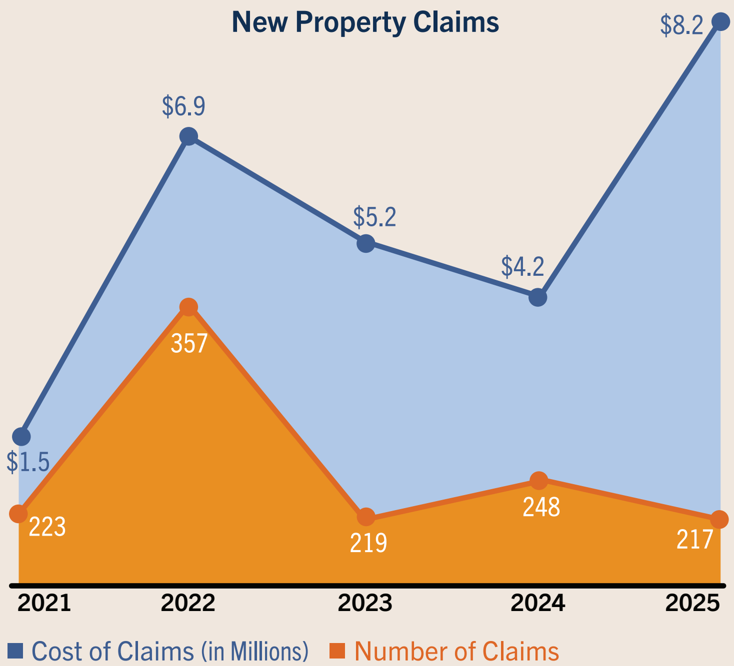
PROPERTY CLAIMS: COSTS ROSE WHILE NUMBER FELL

In 2025, the number of property claims (buildings, property in the open, contents and inland marine) dropped 13 percent from 2024 numbers, but the **expenses rose 95 percent** ($4 million) from the prior year.

Much of the outsized increase in cost of claims is due to two situations:

1. Severe windstorm destruction in northern Minnesota
2. A fire that destroyed a building and damaged mobile equipment and an adjacent structure

MCIT paid $1.5 million for windstorm damage by Dec. 31, but additional loss payments were expected as the claims were still developing. For the large fire, MCIT had paid $1.4 million by yearend.



COVERAGE ENHANCED

Equipment breakdown coverage was enhanced in 2025:

- Coverage expanded to include 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

MCIT risk management consultants explained coverage changes and answered common coverage questions during the "Coverage Update" webinar in January 2025.

Consultants Offer Risk Management Guidance

MCIT consultants respond to members' coverage and risk management concerns. Risk management consultation services include:

- Coverage discussions and explanation
- Review of contracts from a risk management perspective
- Advice about how members can best manage risks
- Training about specific topics

PARTNER SERVICES PROTECT MEMBERS' PROPERTY

BOILER, PRESSURE VESSEL INSPECTIONS

As part of the partnership with Hartford Steam Boiler for equipment breakdown coverage, HSB performs on-site boiler and pressure vessel inspections as required by the Minnesota Department of Labor and Industry. **Members never see a bill for these inspections.** Following the inspection, HSB files required forms with the state.

When conditions are discovered that could result in a serious loss or code violation, a loss prevention report is given to the member and MCIT.

Members can learn more about this service at *MCIT.org* under the Property & Liability tab.

FIRE SUPPRESSION SYSTEM DESIGN REVIEW

As part of property reinsurance from Travelers Insurance, members have access to no-cost review of fire suppression systems for new construction projects.

The Travelers' **review evaluates if the system will be sufficient to suppress fires given the proposed structural design**. Early identification of deficiencies means members can account for them in the design, and budget for estimated costs. The earlier in the process members engage Travelers for a plan review, the better.

The article "Take Advantage of No-cost Fire Suppression System Design Review" at *MCIT.org* offers more details about this service.

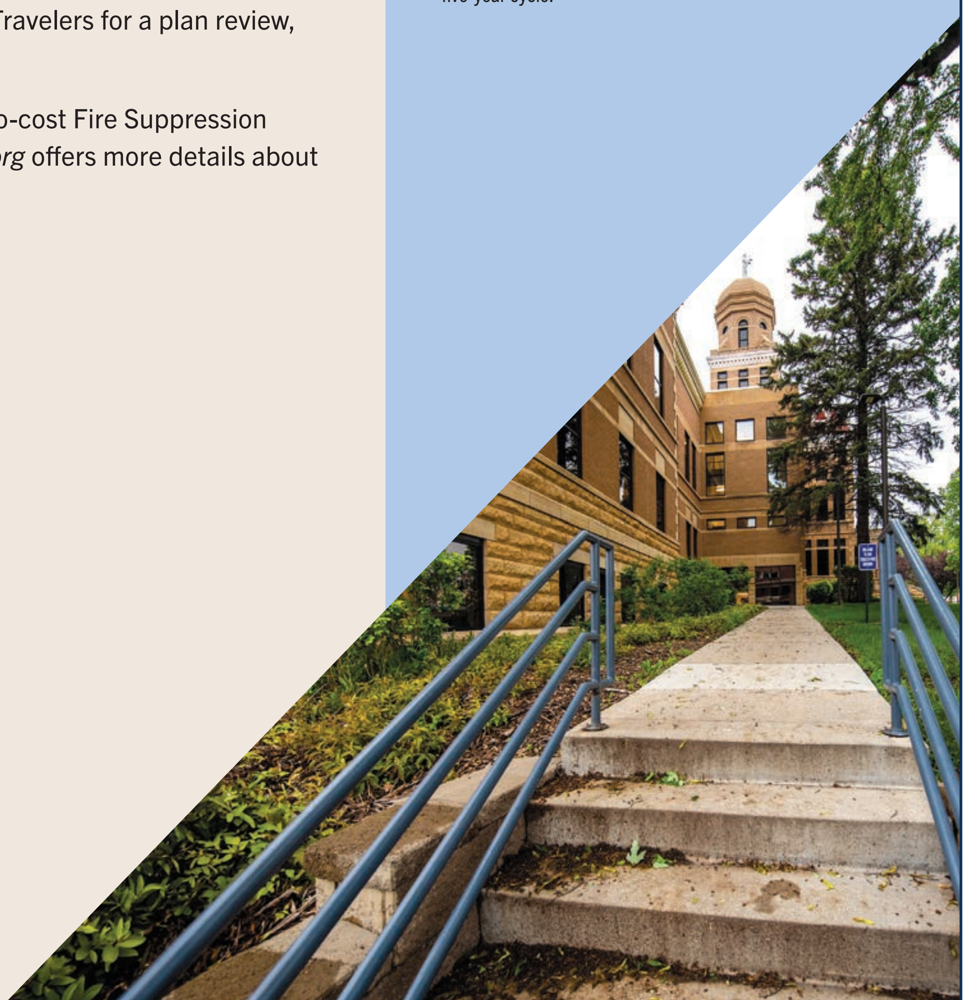
PROPERTY APPRAISALS: PHASE 3 COMPLETED

To assist members in determining appropriate replacement costs for large buildings, MCIT engages an appraisal firm to inspect and appraise all buildings above $100,000 scheduled value* every five years. In 2025, the final phase of building appraisals was completed for members in the southern third of the state.

Any adjustments to building values based on the appraisals were made midyear after consideration by the MCIT Board of Directors. All members received an appraisal report that included the updated replacement and actual cash values.

Values for scheduled buildings dictate the level of coverage available to a member should a loss occur. Inadequately valued property could mean that a member must shoulder more of the cost to rebuild and replace contents and equipment after a loss event.

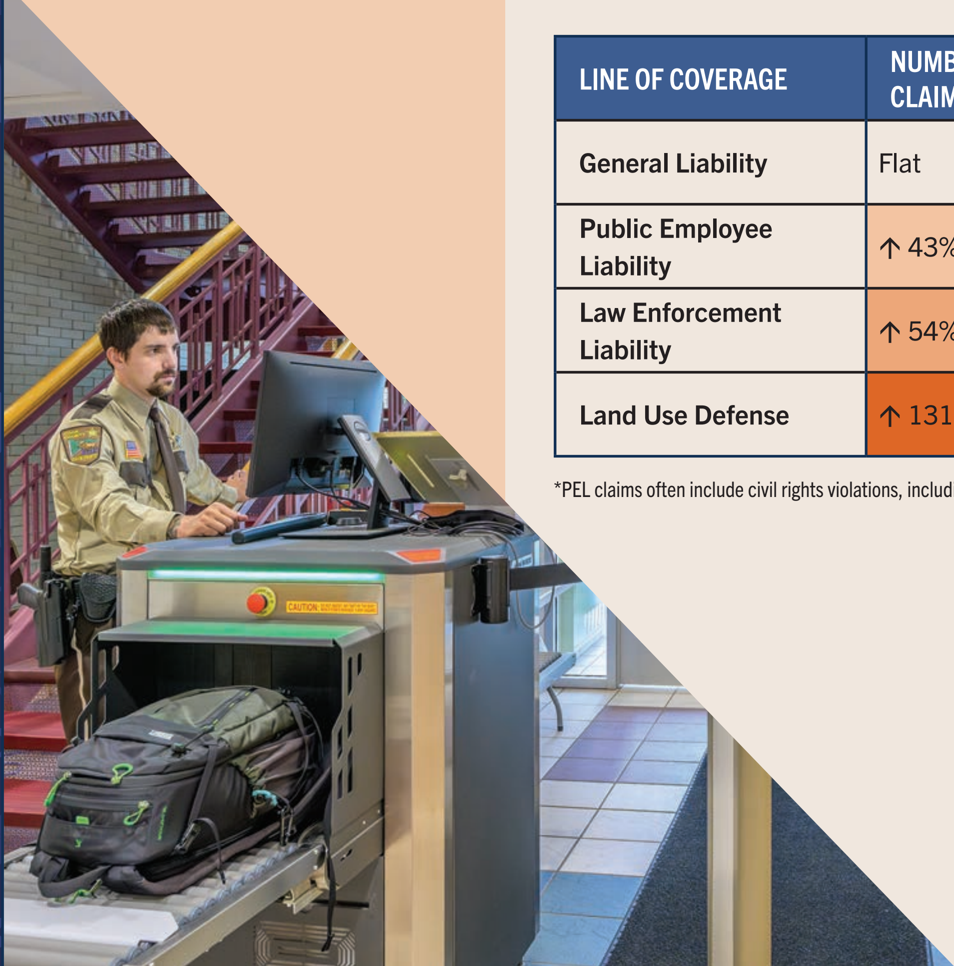
*The scheduled value threshold is subject to change with every five-year cycle.



MCIT AWARDED GRANTS FOR JAIL CAMERAS

MCIT awarded more than $74,000 in grants to four members to adopt or expand the use of cameras in their jails:

- Crow Wing County received $17,700 to purchase additional fixed cameras to eliminate current blind spots; buy licenses to expand staff oversight; and expand data storage, monitoring enhancements and staff training.
- Murray County had $6,800 to purchase 12 fixed cameras to cover common areas and jail cells that were unmonitored by cameras.
- Otter Tail County used $30,000 to update its camera system for improved video clarity and reliability, and to install additional cameras in individual jail cells and unmonitored areas.
- Tri-county Community Corrections received $19,550 to buy body-worn cameras for all custody staff within the jail, along with batteries, charging stations and cloud-based video storage.



LIABILITY CLAIM COSTS INCREASED WITH MORE CLAIMS

Overall, the liability story for 2025 was more claims that cost more:

- **Claim numbers increased by 18 percent year over year**
- **Costs of claims rose 30 percent since 2024**

All but general liability saw an increase in the number of claims from 2024 to 2025. The most dramatic was for land use defense moving from 13 claims to 30 in one year, with a corresponding more than doubling in the expenses paid.

For public employee liability (PEL)* and law enforcement liability (LEL) claims, 2025 number of claims for both were the highest in the past three years.

- The number of PEL claims grew 43 percent, but costs rose by a modest 2 percent
- The number of LEL claims increased 54 percent, and the costs grew by a fairly proportional 57 percent

During 2025, the most frequent PEL and LEL claims involved violations of the Minnesota Government Data Practices Act and the Open Meeting Law, as well as Child Protective Services' removal of children from homes or alleged improper denial of benefits.

The general liability claim story was better with the number of claims flat year over year and the cost dropping by 19 percent.

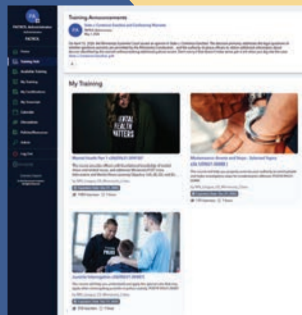
LINE OF COVERAGE	NUMBER OF CLAIMS	EXPENSES PAID
General Liability	Flat	↓ 19%
Public Employee Liability	↑ 43%	↑ 2%
Law Enforcement Liability	↑ 54%	↑ 57%
Land Use Defense	↑ 131%	↑ 111%

*PEL claims often include civil rights violations, including claims arising from law enforcement activities.

HELP FOR MEMBERS TO MANAGE LIABILITY RISKS

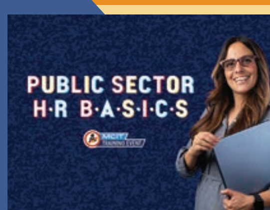
MCIT offered opportunities in 2025 for members to learn about and improve their liability risk management.

SUPPORT FOR LAW ENFORCEMENT



- **Benchmark Analytics partnership expanded** beyond individual member data analysis and recommendations to include six regional, in-person Jail Excellence Network meetings in 2025. The events were hosted by an MCIT member sheriff's office and included collaborative learning about jail best practices to reduce risks to both inmates and jail staff, as well as jail tours. The sessions focused on the big impact after-action reviews can have on reducing incidents going forward.
- **PATROL** (Peace Officer Accredited Training Online) offers on-demand, virtual training courses for licensed peace officers specific to Minnesota law. Courses are POST certified and teach best practices to execute public safety operations. MCIT subsidizes the production of this program and members are eligible for discounted subscriptions for their deputies.
- **Sponsored speakers** at Minnesota Sheriffs' Association and Jail Administrators conferences. Experts offered insights for how members could reduce risks and minimize incidents.

EMPLOYMENT RISKS ADDRESSED

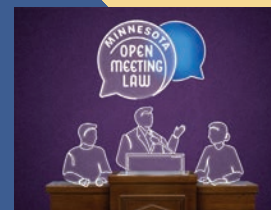


Two seminars provided guidance for human resources professionals in complying with employment laws and best practices. "Public Sector HR Basics" offered the foundations of compliance for those new to HR in the public sector, and "Public Sector HR 2.0" was a day focused on more complex HR risk management concerns.

The **Employee Assistance Program** is available to all member employees, elected officials and their families. It helps reduce employment risks in two ways:

- Offers employees and their families no-cost counseling to help manage personal challenges that may affect their job performance.
- Gives managers unlimited consultation for supervisory concerns so they can address issues in a timely and effective way.

WEBINARS EXPLAINED OPEN MEETING LAW



To assist members in complying with the many requirements of the Minnesota Open Meeting Law, MCIT presented four no-cost webinars during 2025. They addressed members' most frequently asked about areas of the law: fundamentals of the law, closing meetings, discussing personnel data at open meetings and board members' attending open meetings through virtual technology.

Recordings are available to view at *MCIT.org*.

MAKING LAWFUL LAND USE DECISIONS

Staying within the law when making decisions about how land can be used in a county can be tricky. MCIT sponsored the seminar "Navigating Key Land Use Issues" in August 2025 to provide best practices for both perennial and new areas that can trip up decision makers, including regulatory approaches to data centers and energy storage units, nonconforming uses and abandonment, and bias in the decision making process.

IMMUNITIES FOR PARKS AND REC OPERATIONS EXPLAINED

Minnesota public entities enjoy immunities that protect them from liability for injuries occurring on their premises. But that does not absolve them from all liability or make them immune from lawsuits.

The webinar "Understand Park and Rec Immunities for Better Risk Management" presented in August 2025:

- Dove deep into what immunities actually afford Minnesota public entities and what they do not
- Reviewed case law in this area, examining the good and bad outcomes for public entities
- Offered best practices for preserving immunities

A recording is available to view at *MCIT.org.*

WEBINAR TACKLED DATA MANAGEMENT AND ITS SECURITY IMPLICATIONS

The enormous volume of information that public entities collect, create and maintain to carry out their operations means their data security threat landscape is just as large. The no-cost webinar "Manage Data to Manage Cyber Risk" presented Sept. 17, 2025, by MCIT risk management staff:

- Explained how deliberately managing an organization's records and data can help reduce the potential adverse consequences from a data security incident
- Gave an overview of the laws related to a public entity's data management, including the Minnesota Official Records Act, Records Retention Act and Minnesota Government Data Practices Act
- Provided best practices for reducing the amount of information the public entity maintains and how to ensure the information it needs to keep is secure

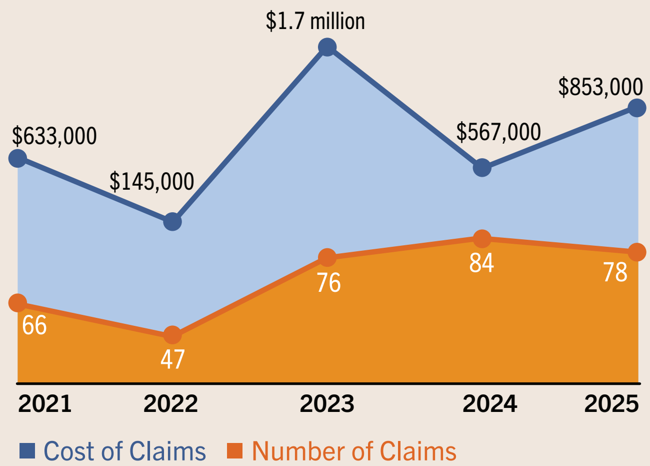
A recording of the session is available to view at *MCIT.org.*

CYBER CLAIM COSTS INCREASED AS NUMBERS FELL

The number of cyber claims dropped by 7 percent from 2024, breaking an upward trend over the previous five years, but the **total cost rose by 35 percent**. Unfortunately, this means that the average cost of a cyber claim increased to $10,932 in 2025 compared to $6,747 in 2024.

There were eight claims involving phishing scams, representing 26 percent of cyber claim expenses paid, as well as one ransomware claim costing $420,000, or 53 percent of cyber costs. 2024 had no ransomware claims, contributing significantly to the fall in overall claim expenses for that year.

TOTAL COST AND NUMBERS OF CYBER CLAIMS

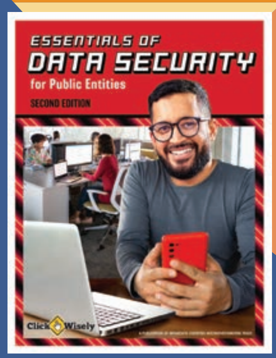


Guide for Improving Data Security Fully Updated

One of the most difficult data security challenges is the human element. The second edition of MCIT's "Essentials of Data Security for Public Entities" was released in September 2025.

- Each chapter was updated to address current security concerns and best practices.
- More robust guidance was included around IT vendor contracts, incident response, data management, remote work and user authentication.

The **guide recognizes** that keeping a local government's **data security goes beyond technical solutions**, such as email filters, firewalls and passwords, **and identifies crucial nontechnical strategies** that if left unaddressed can leave an organization just as vulnerable to breach as if the entity had no technical solutions at all.



"Data Security for Public Entities" is **intended to be used across an organization's leadership to guide decision making** and provide strategies for securing data throughout the entity's operations.

Through MCIT, members have access to eRiskHub.com, *which is a repository for all types of cybersecurity information, best practices and tools at no cost.*

PHYSICAL DAMAGE DROVE AUTO CLAIM COSTS

For auto claims, there were **just 2 percent more claims** in 2025 compared to 2024, **but the cost of the claims increased 39 percent** from the prior year due to a significant increase in physical damage claim expenses. In 2024, physical damage costs were 74 percent of auto claim expenses; in 2025, those costs represented 86 percent.

Auto physical damage claims:

- Number of new claims rose 2 percent from 932 claims in 2024 to 953 in 2025
- Expenses climbed 113 percent to $5.1 million from $2.4 million the prior year

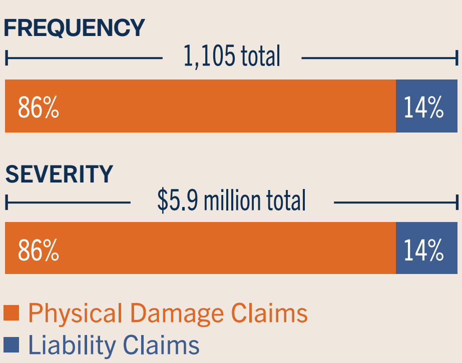
Much of the greater cost of the claims relates to the higher cost to repair vehicles, which is a continuing trend of the past several years. Significantly, MCIT covered nine physical damage claims that were total losses, exceeding $50,000 each, and one claim of a total loss to a snow plow at $169,000. The average cost of a physical damage claim in 2025 rose to $5,393 from $2,551 in 2024.

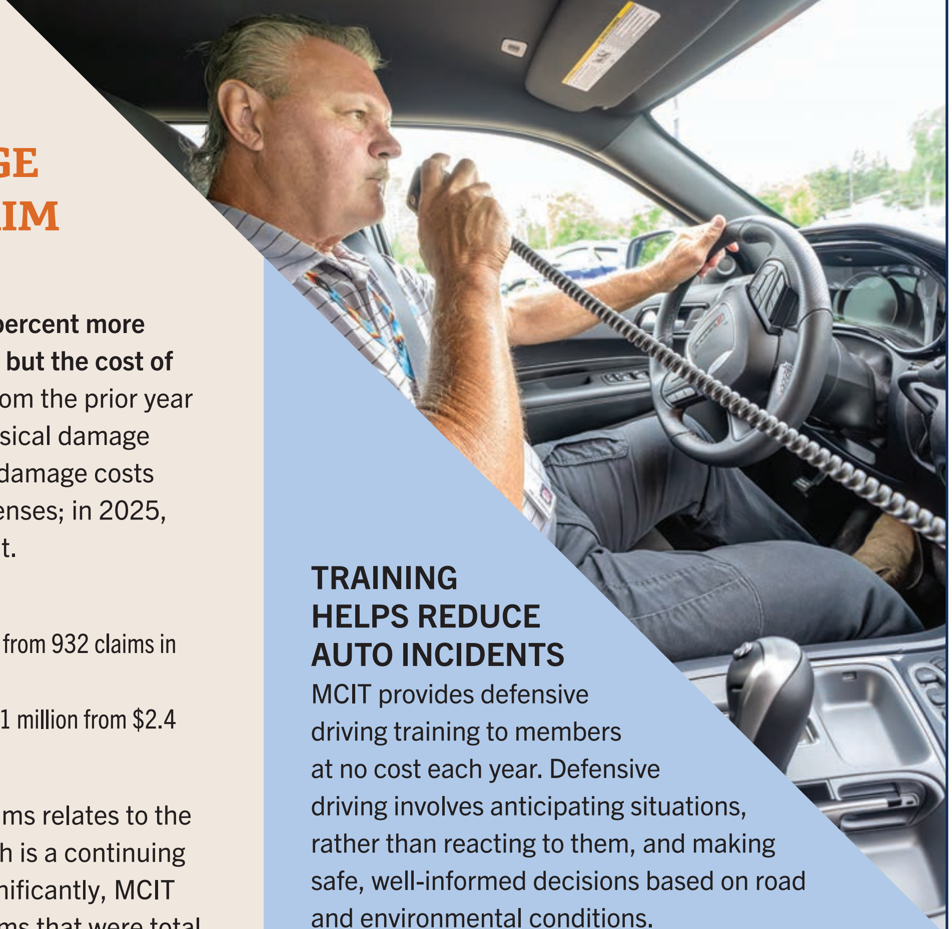
Auto liability claims:

- Number of new claims were essentially the same as 2024 (152 in 2025, 151 in 2024)
- Expenses dropped 2 percent to $806,490 from $825,000 in 2024

Claims for auto liability mostly paid for property damage to third parties' vehicles, along with an underinsured motorist claim.

2025 AUTO CLAIMS





TRAINING HELPS REDUCE AUTO INCIDENTS

MCIT provides defensive driving training to members at no cost each year. Defensive driving involves anticipating situations, rather than reacting to them, and making safe, well-informed decisions based on road and environmental conditions.

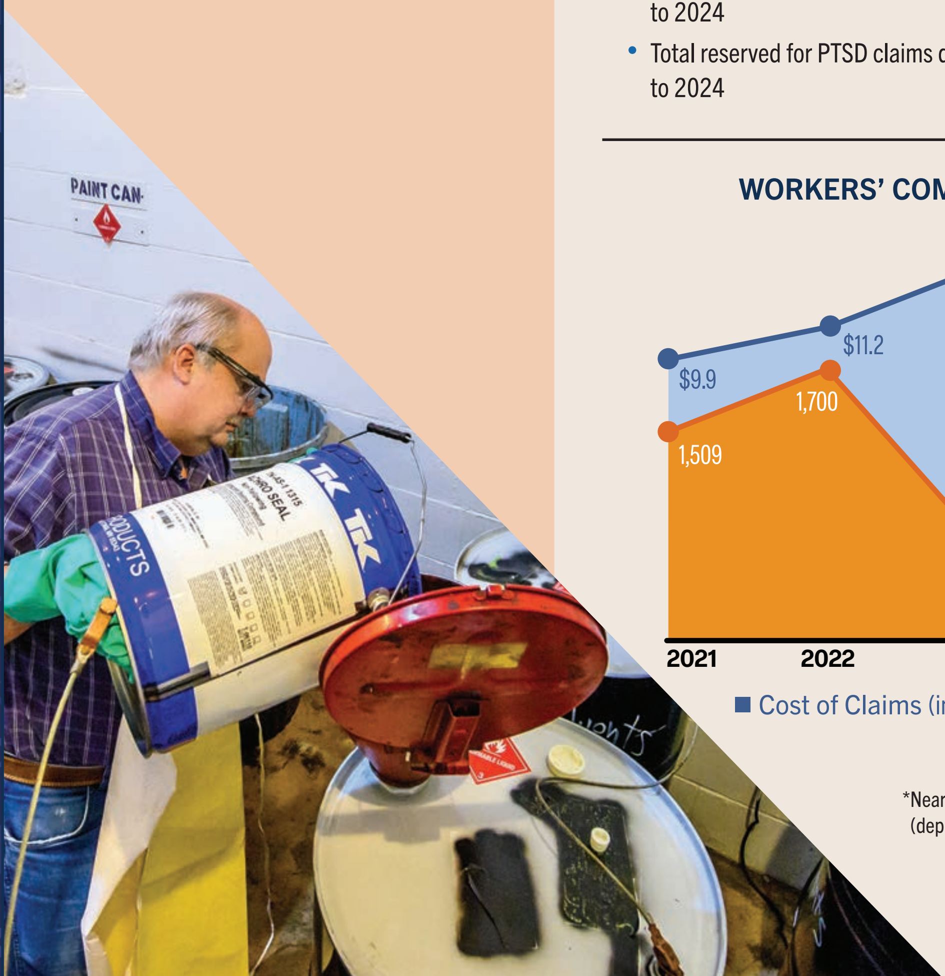
Training drivers to be safe helps reduce the number and severity of auto collisions and crashes. Fewer and less severe auto incidents lead to lower costs for repairing damaged vehicles and reduces injuries to employees and citizens.

The defensive driving training offered to members through MCIT is designed for those employees who drive as part of their job duties on behalf of the member organization.

SEMINAR ADDRESSED CURRENT CHALLENGES FOR EMPLOYERS

The seminar "Workers' Compensation for the Public Employer" in August 2025 brought MCIT members and experts together to explore issues and strategies for managing workers' compensation challenges:

- Post-traumatic stress disorder and the workers' compensation presumption
- Keys to an effective return to work program for injured employees
- Supporting staff through stressful work situations (e.g., law enforcement and social services)
- Public Employees Retirement Association (PERA) duty disability



WORKERS' COMPENSATION CLAIM NUMBERS AS EXPECTED, COSTS INCREASED

New workers' compensation claims reported in 2025 were just 5 percent more in 2025 compared to 2024. This continues the trend of a return to historic levels following the peak of COVID-19 claims in 2022.

The **total paid in workers' compensation claims for 2025 increased 25 percent** compared to 2024. The breakdown in claim cost changes year over year by category of expense for 2025 were:

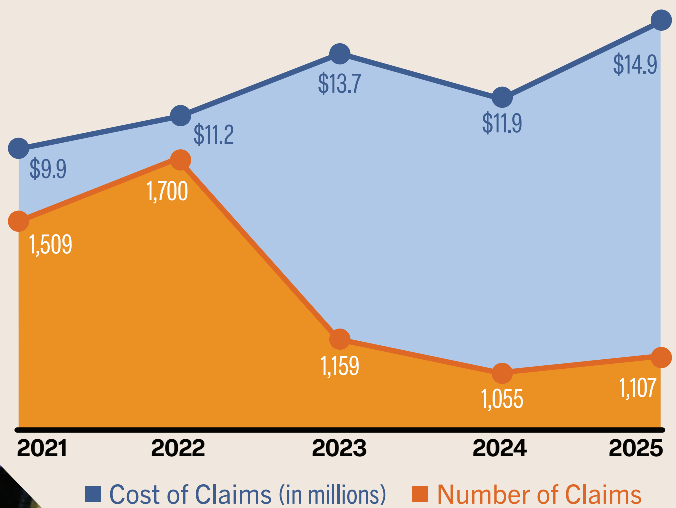
- Medical expenses rose 60 percent
- Indemnity benefits increased 8 percent
- Other expenses dipped 16 percent
- Rehabilitation declined 27 percent

One tragic injury arising from a vehicle incident accounted for most of the extreme jump in claim costs for 2025. This claim breached the reinsurance threshold. MCIT will recover all but the first $1 million in expenses.

Post-traumatic stress disorder (PTSD) claims data for 2025:*

- 20 new claims with a date of injury for the year compared to 13 in 2024 and 27 in 2023
- 32 open PTSD claims at yearend 2025 compared to 38 at yearend 2024
- Total paid for open PTSD claims increased by $184,000 in 2025 compared to 2024
- Total reserved for PTSD claims decreased by $381,000 in 2025 compared to 2024

WORKERS' COMPENSATION CLAIMS



*Nearly all cases arose from law enforcement operations (deputies and jailers).

CONSULTANTS ASSIST WITH WORKPLACE SAFETY

MCIT loss control consultants work with individual members to strengthen their workplace safety practices, as well as other loss control strategies.

WHAT CONSULTANTS CAN DO FOR MEMBERS

MCIT loss control consultants:

- Help members with hazard identification, such as workplace safety surveys and reports
- Participate in safety committee meetings
- Provide written loss prevention educational resources
- Assist with loss control training (e.g., strategies to reduce common injuries to employees, limiting property losses, fostering a positive safety culture)
- Help with employee injury data analysis
- Conduct ergonomic train the trainer sessions
- Offer written safety program feedback

MCIT 2025 FINANCIAL STATEMENTS

Every year, MCIT undergoes a financial audit, performed by the independent audit firm Eide Bailly LLP. MCIT again received an unmodified opinion on the 2025 Financial Statements.

The completed audit report, including financial statements, is available at *MCIT.org/about.*

MCIT Membership Includes Minnesota Safety Council Membership

MCIT provides each member with a Minnesota Safety Council membership at no cost, giving members even more services and programs to support their loss control efforts. Through MSC, members have access to:

- Low-cost employee training courses including mental health first aid; drug, alcohol and cannabis reasonable suspicion; and first aid, CPR and AED
- No-cost streaming videos for a variety of workplace safety and human resources topics
- Driving safety resources, such as videos, team conversation guides, traffic safety newsletter, sample policies, hands-on tools for distracted driving and impaired driving, driving safety awareness campaigns and roadside emergency supply kits
- Regional safety groups meet to build expertise and share resources, and collaborate and network with other professionals
- Discounted registration fee for annual health and safety conference, as well as discounts on safety products
- Consultation services to help members build expertise and improve the performance of safety programs. MSC consultation services include phone consultation, on-site consultation and training, customized training programs, facility/worksite hazard assessments, mock compliance walk-throughs and OSHA inspections, safety/health program reviews/audits and program development support

July 2026

MCIT BULLETIN

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COMING EVENTS

July 10
MCIT BUILDING, ST. PAUL
9 A.M.: Board of Directors meeting
1 P.M.: Claims Committee meeting

AUG. 14
MCIT BUILDING, ST. PAUL
9 A.M.: Board of Directors meeting
1 P.M.: Claims Committee meeting

WHAT'S INSIDE...

2025 MCIT Annual Report

The 2025 MCIT Annual Report offers details about the factors influencing MCIT's financial position during 2025, including reinsurance, contribution rates, divided and claim trends across lines of coverage. Service initiatives from the year are also detailed.

Read the report starting on page 13.