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
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.

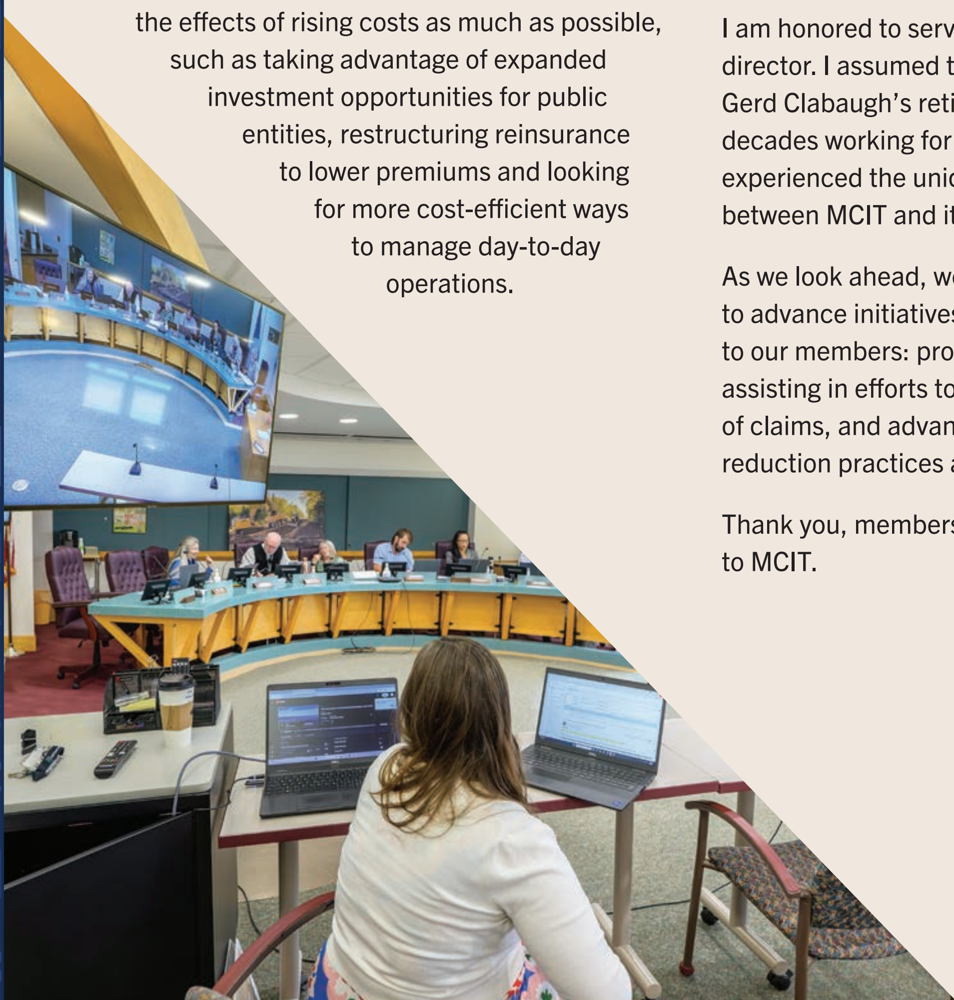
Every MCIT board member and employee approaches interactions with members as a partnership. We are here to support the good work that members carryout across the state.

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.

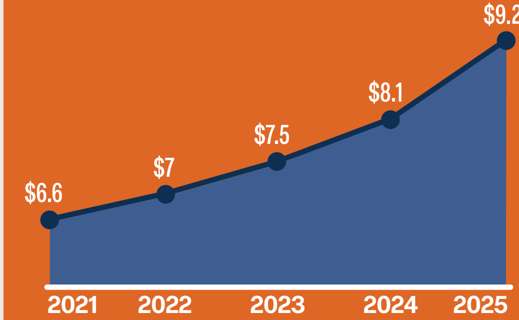
CRL is a member organization that provides reinsurance exclusively to county governmental risk sharing pool members like MCIT across the country.

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.

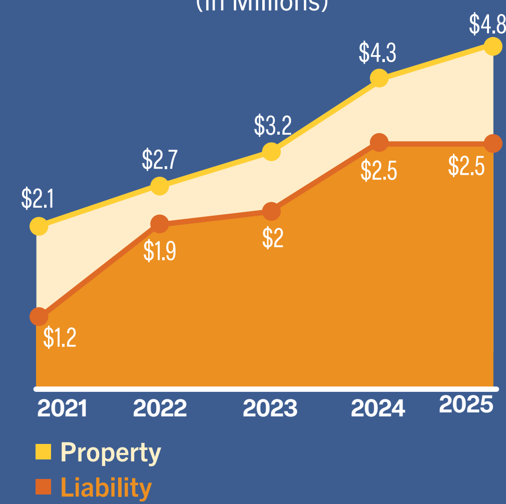
Total Insured Value Continued Climb
(in Billions)



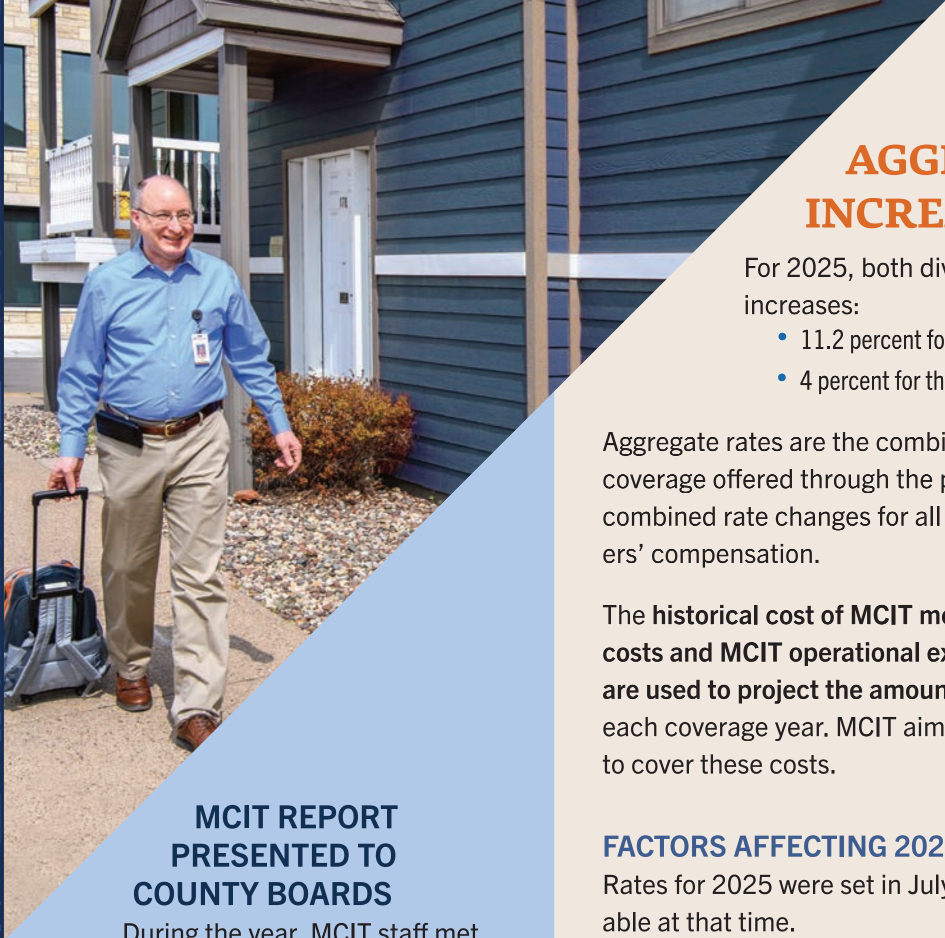
In just five years, the total insured value of member-covered property rose 39 percent (or by $2.6 billion).

- 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.

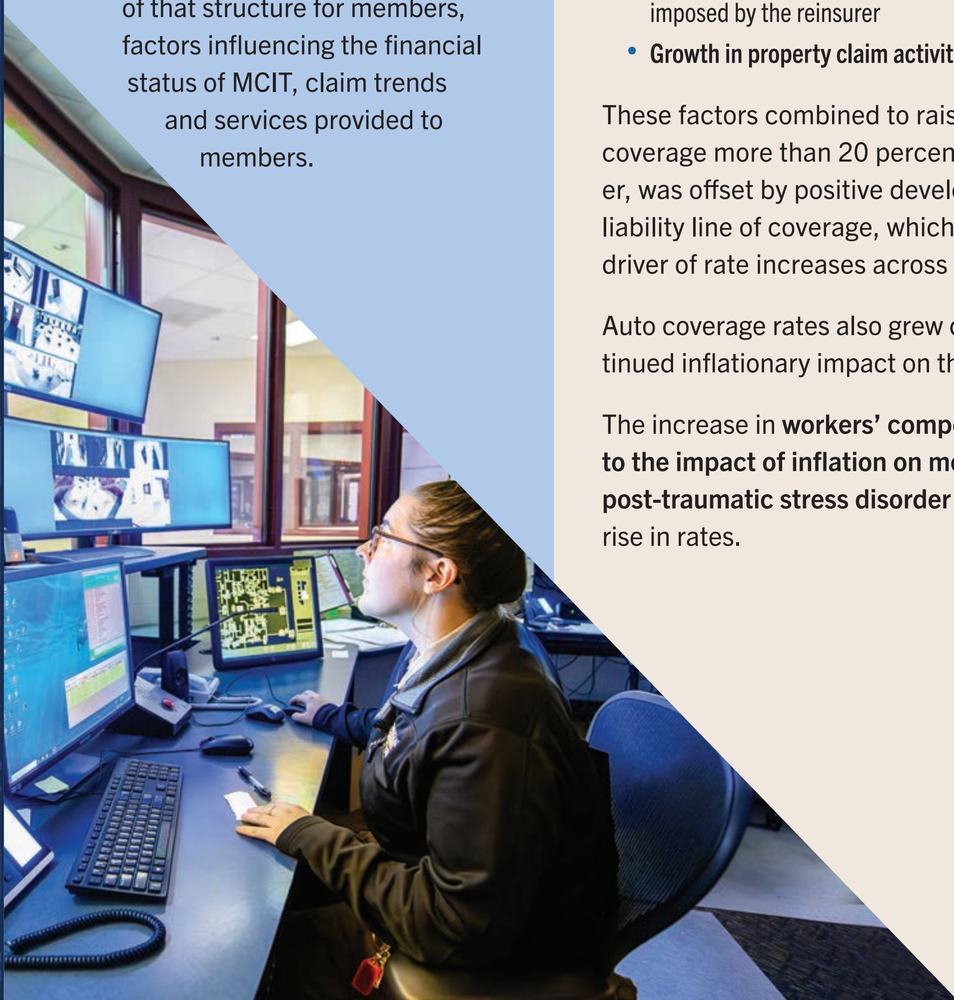
For property and liability rates, the factors having the most influence on the rate calculation were:

- **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.

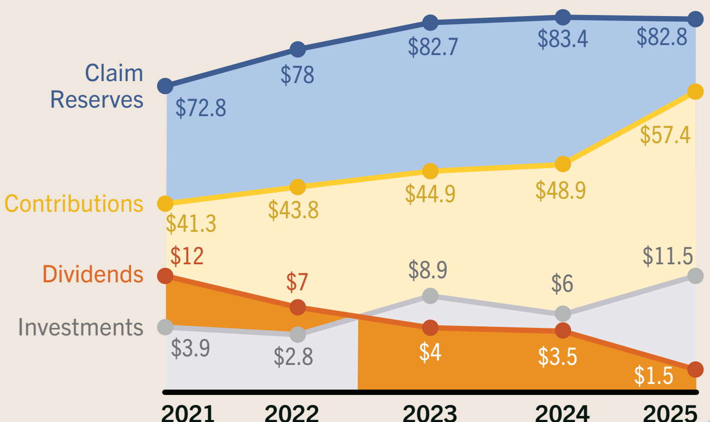
In 2024, **the workers' compensation division experienced better-than-expected claim results**. Actuarial analysis showed that even with continued activity arising from post-traumatic stress disorder claims and the increasing costs of medical care, the division produced positive claim results. These 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)

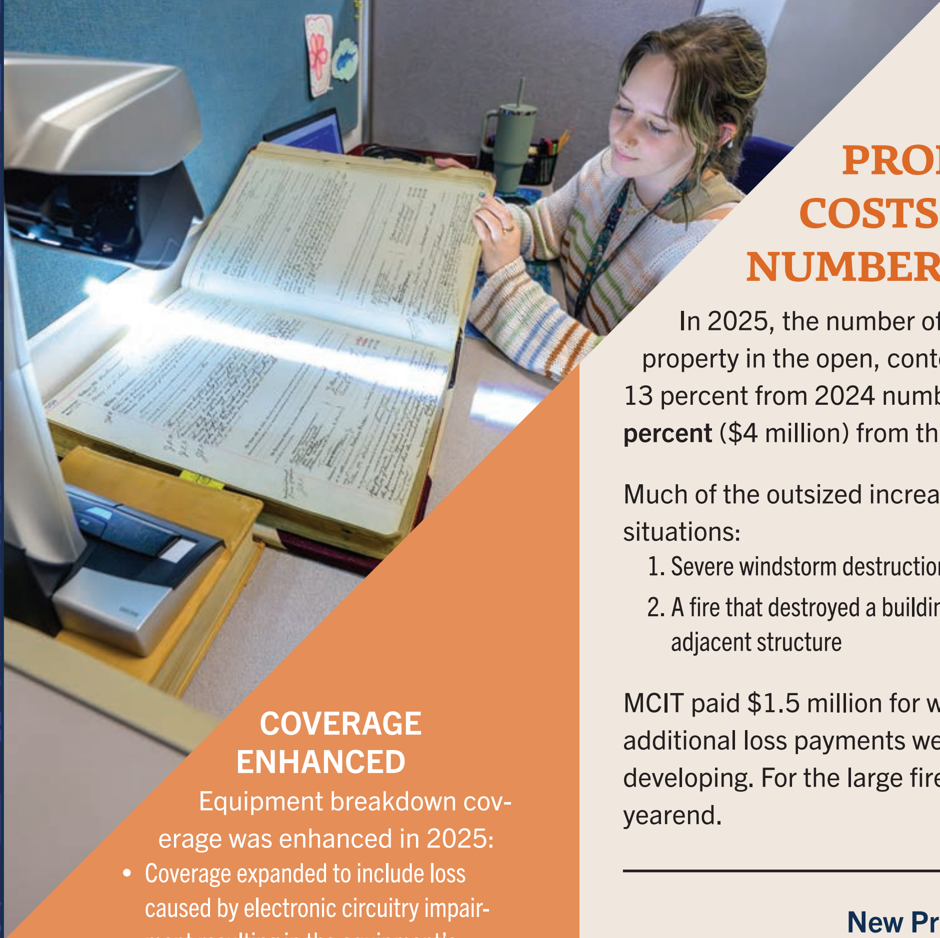


WEBINAR IDENTIFIED FACTORS FOR MEMBER CONTRIBUTIONS

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*.



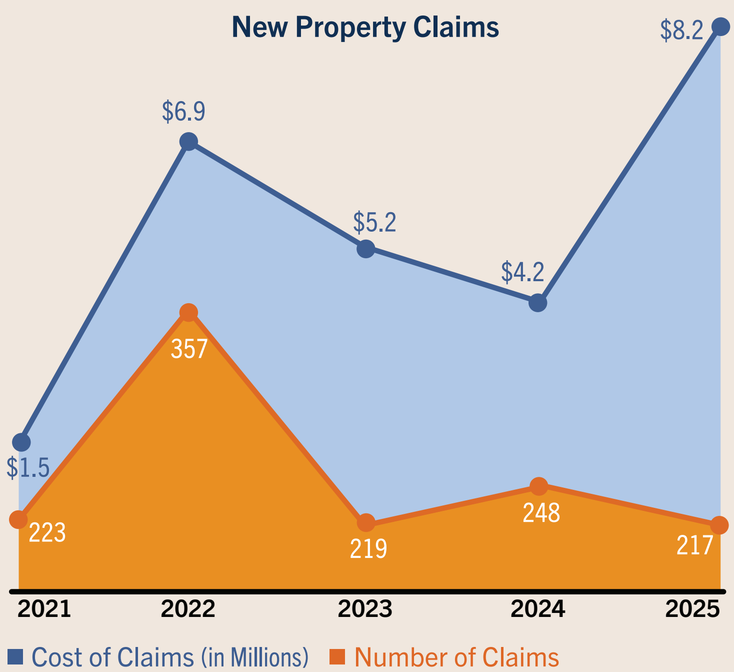
PROPERTY CLAIMS: COSTS ROSE WHILE NUMBER FELL

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.

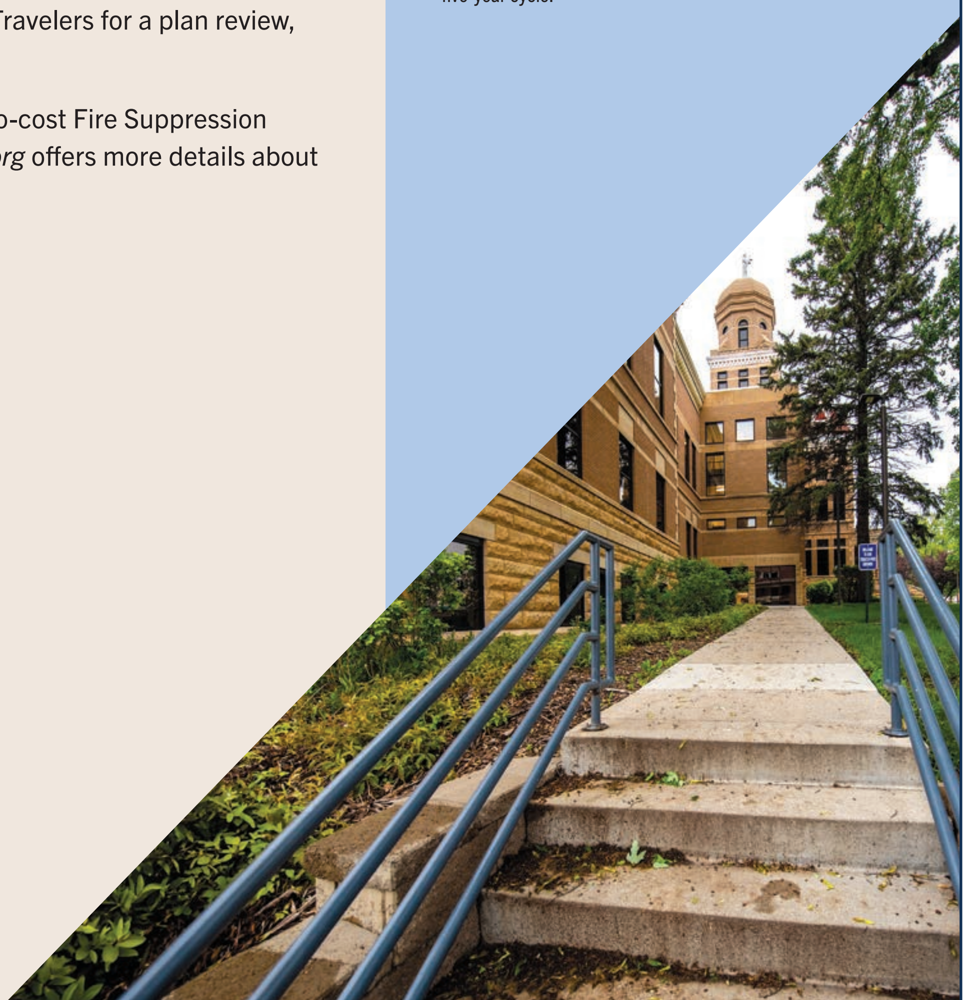
PROPERTY APPRAISALS: PHASE 3 COMPLETED

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.

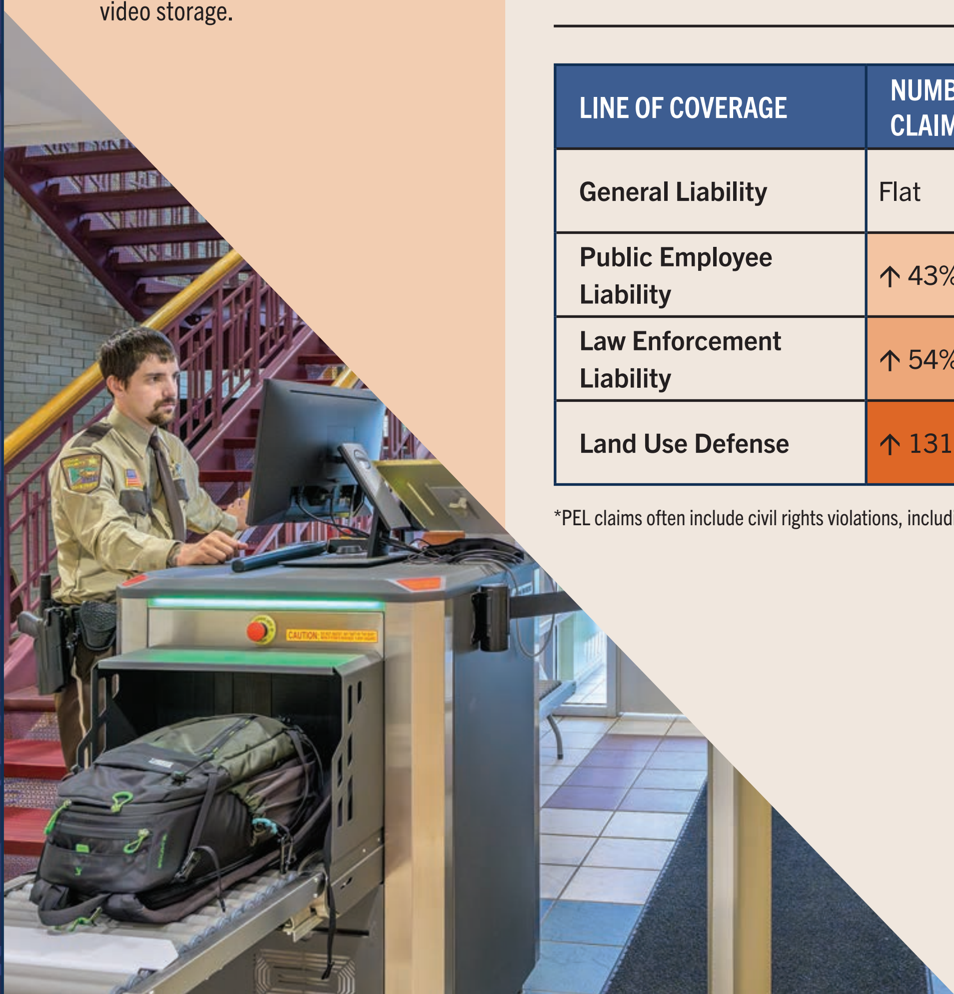
*The scheduled value threshold is subject to change with every five-year cycle.



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

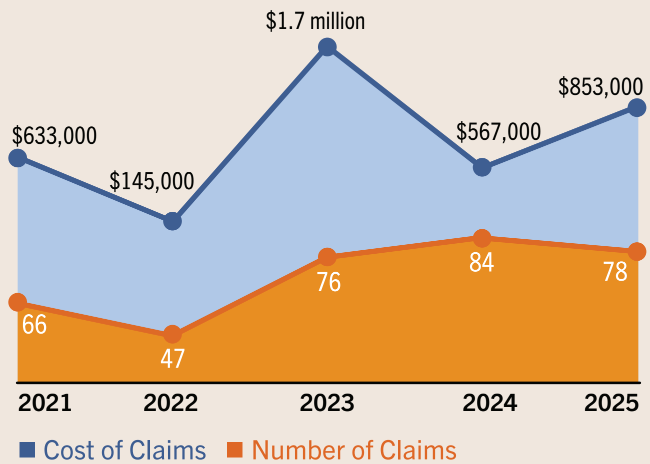
A recording of the session is available to view at *MCIT.org.*

CYBER CLAIM COSTS INCREASED AS NUMBERS FELL

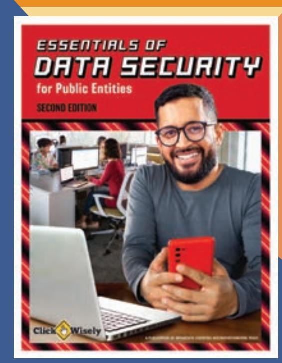
The number of cyber claims dropped by 7 percent from 2024, breaking an upward trend over the previous five years, but the **total cost rose by 35 percent**. Unfortunately, this means that the average cost of a cyber claim increased to $10,932 in 2025 compared to $6,747 in 2024.

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

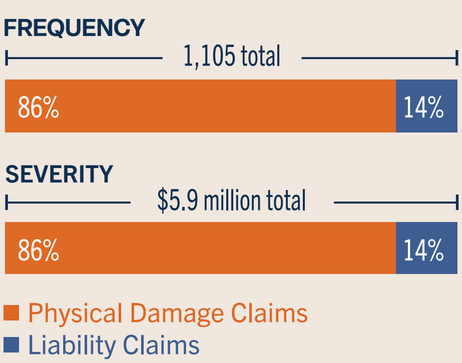
Much of the greater cost of the claims relates to the higher cost to repair vehicles, which is a continuing trend of the past several years. Significantly, MCIT covered nine physical damage claims that were total losses, exceeding $50,000 each, and one claim of a total loss to a snow plow at $169,000.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

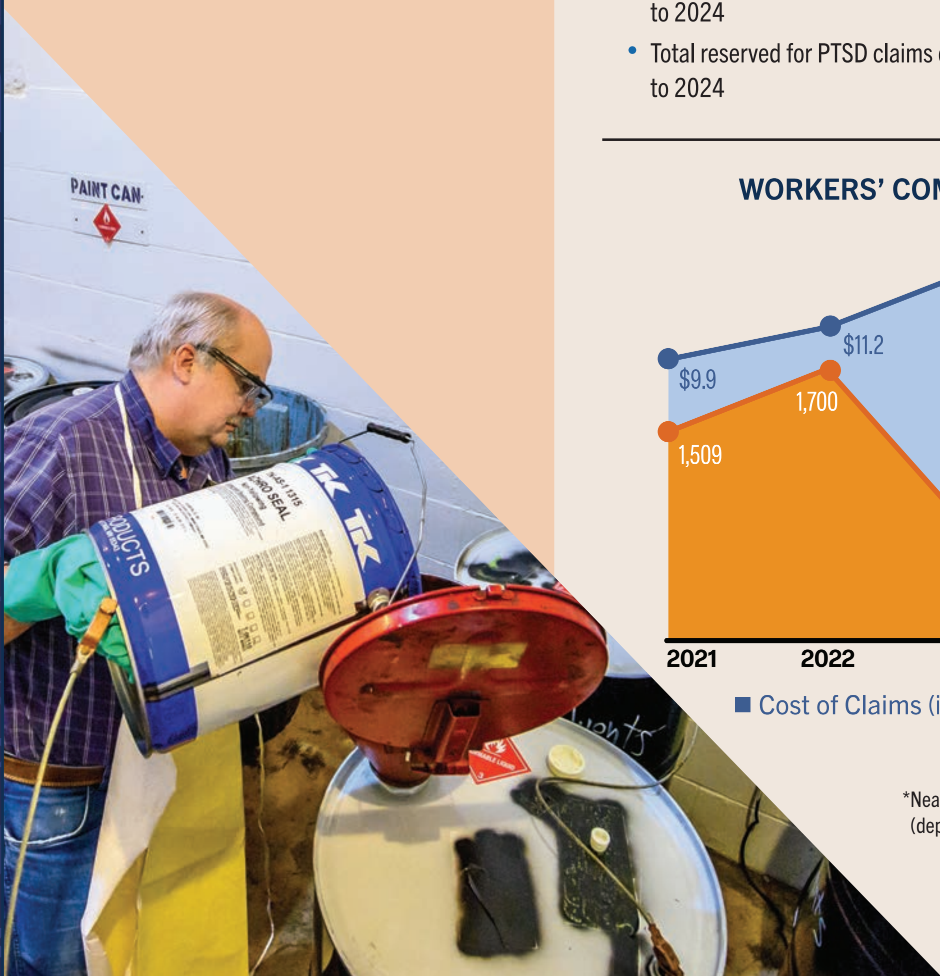
Training drivers to be safe helps reduce the number and severity of auto collisions and crashes. Fewer and less severe auto incidents lead to lower costs for repairing damaged vehicles and reduces injuries to employees and citizens.

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:

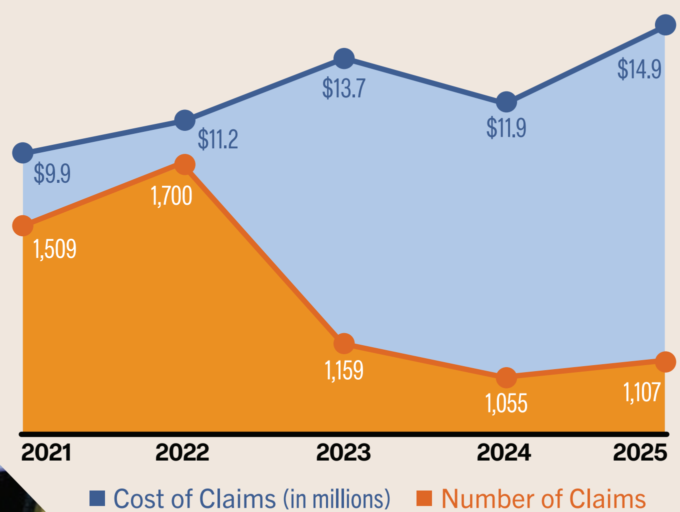
- Medical expenses rose 60 percent
- Indemnity benefits increased 8 percent
- Other expenses dipped 16 percent
- Rehabilitation declined 27 percent

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

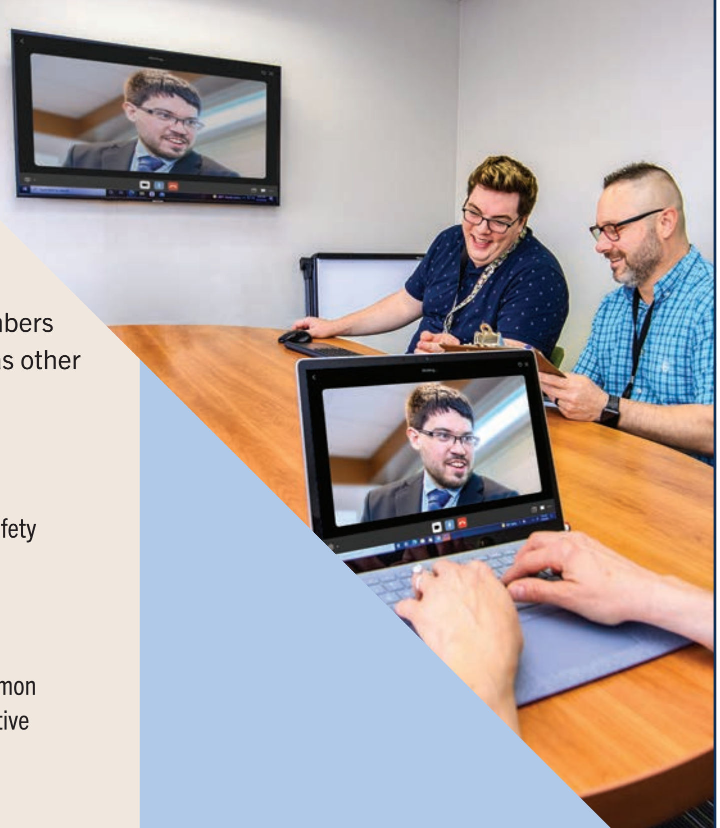
WORKERS' COMPENSATION CLAIMS



*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