

## INFORMATION MEMO

# LMCIT Workers' Compensation Coverage Guide

*Learn about the workers' compensation statute and the unique coverage features offered by the League of Minnesota Cities Insurance Trust (LMCIT). Understand premium and deductible options. Includes information on filing a workers' compensation claim.*

### RELEVANT LINKS:

See LMC website, [About LMCIT](#).

[Minn. Stat. § 176.181.](#)

Handbook, [Working Conditions for Public Employees](#).

[Minn. Stat. § 176.041.](#)

For more information, contact the LMCIT Underwriting Department.  
651.281.1200.  
800.925.1122.

[Minn. Stat. § 176.021, subd. 1.](#)

[Minn. Stat. § 176.011, subd. 16.](#)

See also Section I.C.9, *Statutory presumptions for certain diseases*.

## I. Workers' Compensation Coverage

This Coverage Guide provides a summary of workers' compensation coverage available through LMCIT. Members are encouraged to examine the coverage document for actual wording. In all cases, the coverage document determines coverage, exclusions, and limitations.

With certain exceptions, all cities must pay workers' compensation benefits to its employees for all injuries from accidents arising out of, and in the course of, city employment. The law is designed to ensure the quick and efficient delivery of benefits to injured workers.

LMCIT's workers' compensation coverage will respond to employees' injuries that have occurred within the state of Minnesota or for employees who are working on a temporary basis in other states. However, if members have employees who work out-of-state on a permanent or regular basis, the employee may be able to make a claim in the state the injury occurred. For this reason, members need to carefully examine whether a separate insurance policy needs to be purchased in another state. LMCIT can help evaluate this.

### A. Injury definition

Workers' compensation is a "no-fault system." In other words, regardless of who is at fault, an injured employee is covered under the workers' compensation statute. However, not all injuries that occur at work or during work hours are compensable. An injury defined by statute as compensable must have the following three elements:

- The employee must sustain a personal injury or occupational disease.
- The personal injury or occupational disease must arise out of employment.
- The personal injury or occupational disease must occur in the course of employment.

In Minnesota, there are also statutory presumptions. If certain diseases are contracted under certain occupations, they are presumed job-related and therefore, workers' compensation benefits may apply.

This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

## RELEVANT LINKS:

[Minn. Stat. § 176.011, subd. 16.](#)

[Minn. Stat. § 176.021, subd. 9.](#)

[Minn. Stat. § 176.135.](#)

[Minn. Stat. § 176.011, subd. 18.](#)

[Minn. Stat. § 176.101.](#)

Examples of non-work-related injuries include:

- Idiopathic injuries, which are injuries caused by a personal condition or where there is no known cause for the injury. An example is an employee who has sudden knee pain when getting up from a chair.
- Injuries that occur while participating in voluntary recreational programs such as a city-sponsored picnic. An employee who injures their back while playing volleyball is an example of this type of injury. This does not apply if an employee was ordered or assigned to attend.
- Injuries that occur during unpaid lunch breaks where the employer has no supervision or control during breaks. An example is an employee who injures their arm while playing flag football.
- Injuries that do not arise out of the employee's employment. An example is an employee who breaks his or her tooth while eating an apple at lunch.
- Mental impairment if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, or retirement taken in good faith by the employer.

## B. Benefits

The goal of the workers' compensation statute is to assist an injured employee in quickly obtaining appropriate medical care to help the employee return as close as possible to their pre-injury condition. If an employee has sustained an injury covered by workers' compensation, they may be entitled to:

- *Medical benefits* come with no cap under the workers' compensation statute, but medical providers are subject to a maximum fee.
- *Indemnity benefits*, or more commonly known as lost time benefits or wage replacement, are based on the individual's actual earning from all employment.
- *Temporary total disability* is paid when an employee is completely disabled from work for a temporary period.
- *Temporary partial disability* is paid when an employee receives less than his or her pre-injury wage.
- *Permanent partial disability* is paid when a disability rating, which is based on a loss of function or use, is provided by a treating physician.
- *Permanent total disability* is paid when an employee is permanently restricted from employment.

## RELEVANT LINKS:

[Minn. Stat. § 176.111.](#)  
[Minn. Stat. § 176.102.](#)

[29 C.F.R. § 1910.1030\(f\)\(1\)\(i\).](#)

- *Death benefits* are paid when an employee dies because of an injury.
- *Rehabilitation benefits* may be granted if the employee requests and the employer agree that consultation services of a qualified rehabilitation consultant (QRC) be obtained. If the employee qualifies, rehabilitation services may be provided. Generally, a QRC is required if the employee is not back to work 90 days from the date of injury.

## C. Unique features of LMCIT's workers' compensation coverage

LMCIT provides the same workers' compensation coverage and benefits as set by statute. However, it also covers some risks that statutory workers' compensation coverage doesn't cover.

### 1. Exposure testing

According to Federal and State Occupational Safety and Health Administration (OSHA) requirements, as well as Minnesota statutes, employers must pay for exposure testing for certain employees if they are exposed to some bloodborne pathogens or infectious diseases.

An employee who is exposed to an infectious disease but hasn't contracted the disease may not have an "injury" for purposes of workers' compensation. Because there is no injury or occupational disease, a standard workers' compensation insurance policy won't pay for diagnostic testing if an individual has been exposed, even though OSHA requires the city to provide that testing.

LMCIT automatically covers this employer responsibility at no additional premium charge for the following infectious diseases:

- Hepatitis.
- Human immunodeficiency virus (HIV).
- Acquired immunodeficiency syndrome (AIDS).
- Tuberculosis (TB).
- Meningitis.
- Bacillus anthracis (anthrax).

Coverage for exposure testing is broader than OSHA or statutory mandates. It covers up to \$7,500 per employee to test any city employee who is exposed in the course of their employment, not just public safety workers as required by law. When an employee has been exposed to an infectious disease, LMCIT also covers the diagnostic testing of the person or persons who were the source of the disease.

## RELEVANT LINKS:

[Minn. Stat. § 3.736, subd. 3.](#)

[Minn. Stat. § 466.04, subd. 1.](#)

[Longshore and Harbor Workers' Compensation Act, ch. 18, 33 U.S.C. §§ 901-950.](#)

[Jones Act, 46 U.S.C.A. § 30104.](#)

[Federal Employers' Liability Act, 45 U.S.C.A. § 51.](#)

[Minn. Stat. § 176.82.](#)

## 2. Employer's liability

The workers' compensation statute precludes most tort claims (an injury which arises out of a violation of a duty owed to an injured or damaged plaintiff) against an employer for injuries to an employee, but there are a few ways such claims can occur. For example, if an employee is injured while operating a piece of equipment, the employee may collect workers' compensation benefits from the city and decide to sue the equipment manufacturer for injuries that may have been caused by poor product design. The manufacturer in turn sues the employee's supervisor for negligent supervision.

LMCIT covers the city's potential tort liability for injuries to an employee. City officers, employees, fellow employees, and volunteers are named as covered parties, and the limit is \$1,500,000 per occurrence regardless of the number of claimants. There's also a \$1,500,000 agreement limit for damages arising out of disease.

## 3. Federal laws

LMCIT provides incidental coverage for liability a city may have under the Jones Act, Federal Employers' Liability Act, or Longshore and Harbor Workers' Compensation Act (LHWCA).

Claims for work performed by a city that are subject to the Federal Employers' Liability Act, Jones Act, or U.S. Maritime Law are covered under LMCIT's employers' liability coverage.

Claims for work performed by a city that are subject to the LHWCA are covered by LMCIT's workers' compensation coverage. While it is LMCIT's contention and understanding that municipal employees engaged in maritime employment are eligible for benefits under state workers' compensation law and not under the LHWCA, the LMCIT workers' compensation coverage will still apply for defense of the member if an injured employee tries to assert eligibility under the LHWCA.

## 4. Obstructing an employee from seeking benefits

State law allows an injured employee to sue the city and/or a city officer or employee for damages for coercing or obstructing the employee from seeking workers' compensation benefits. A city with 16 or more employees can also be sued for failing to offer continued "light duty" employment to an injured employee if such employment is available.

## RELEVANT LINKS:

While there is no coverage for suits made pursuant to this statute under the LMCIT workers' compensation or employers' liability coverage, there is coverage under the LMCIT liability coverage (for members that have such coverage).

### 5. Elected and appointed officials

LMCIT makes workers' compensation coverage for elected and appointed officials the default coverage option for members of the workers' compensation program. In other words, elected and appointed officials of covered entities are covered parties for workers' compensation unless the member specifically elects otherwise. Covered individuals include:

- Mayors.
- Councilmembers.
- Elected clerks.
- Elected treasurers.

Members of other administrative boards and committees who have independent authority under law, either alone or with others of equal authority, to determine policy or make a final decision not subject to supervisory approval or disapproval are also covered. Some common examples include:

- Planning commissions.
- Utilities commissions.
- Park boards.
- Hospital or nursing home boards.

Workers' compensation benefits are paid only when the individual's injury is the result of their city-related activity. There can be many borderline situations in which it is debatable whether elected or appointed officers are conducting official business on behalf of and at the request of the city. For example, a mayor might be asked to attend a meeting of the Chamber of Commerce to discuss and explain city policies. Cities might want to consider adopting an ordinance or resolution that specifies whether the city considers such activities to be within the scope of duties.

If an injury is the result of a city-related activity, elected and appointed officials will receive medical and indemnity benefits. Indemnity benefits are based on the individual's total earnings from regular employment plus the salary (if any) they receive from the city.

Workers' compensation coverage is generally not available for purely advisory boards or members of committees that are not created by state law, such as volunteer members of a Fourth of July planning committee. However, limited medical, disability, impairment and death benefits are covered under LMCIT's volunteer accident coverage.

See also Section I.C.8, *All other volunteers*.

## RELEVANT LINKS:

Sam Tran  
LMCIT Underwriter  
651.215.4083  
800.925.1122  
[stran@lmc.org](mailto:stran@lmc.org).

See also LMC website,  
[LMCIT Eligibility Requirements](#).

See also Section II,  
*Premium options*.

See also Section I.C.5,  
*Elected and appointed officials*.

[Minn. Stat. § 176.011, subd. 9.](#)

## 6. Separate boards and commissions

Agencies that are legally separate from the city are not automatically covered by the city's workers' compensation coverage. Examples include:

- Housing and redevelopment authorities.
- Economic development authorities.
- Port authorities.
- Utilities commissions.
- Hospital or nursing home boards.
- Joint powers boards.

Cities should consider whether these agencies will have their own workers' compensation coverage or whether they'll be part of the city's workers' compensation coverage. If the latter is preferred, contact LMCIT to extend coverage to the agency (if coverage extension involves a joint powers board, at least one party of the board must be a Trust member).

Cities may prefer that agencies managed by a separate administrative board or commission have their own workers' compensation coverage separate from the city for a couple reasons. First, it may be easier to allocate costs between the two entities' budgets. Second, for purposes of LMCIT's experience modification calculation (a tool used to calculate premiums), each entity would stand on its own. For example, with separate coverage, losses experienced by employees of the utilities commission won't affect the city's experience modification, and vice versa.

Every city must weigh whether separate coverage is preferable. One downside is the city may lose some benefit of the volume discount on premiums. A premium discount applies when the total standard premium equals \$5,000 or more.

Once it's decided how the board or commission will be covered for workers' compensation, officers of that board or commission will be covered parties unless the member specifically elects otherwise. Workers' compensation benefits are applicable only when the individual's injury is the result of his or her activities as an officer of the board or commission.

## 7. Emergency response employees and volunteers

Emergency response volunteers, including paid on-call emergency volunteers, are defined by statute as "employees" for purposes of workers' compensation. They are entitled to workers' compensation benefits just like any other regular emergency response employee, if they're registered with and work under the direction and control of the city.

## RELEVANT LINKS:

[Minn. Stat. § 12.22, subd 2a.](#)

See also LMC information memo, [Providing Assistance in Emergencies: Coverage and Liability Issues](#).

See also LMC information memo, [Providing Assistance in Emergencies: Coverage and Liability Issues](#).

[Minn. Stat. § 176.021, subd. 9.](#)

[Minn. Stat. § 176.011, subd. 9 \(9\).](#)

See also Section I.C.9, [Statutory presumptions for certain diseases](#).

If these volunteers are organized independently of the city and aren't employees for purposes of workers' compensation, they would not be entitled to benefits.

LMCIT automatically includes these volunteers under the city's workers' compensation coverage:

- Volunteer firefighters (including fire relief associations).
- Volunteer ambulance attendants.
- Volunteer first responders.
- Law enforcement assistance volunteers.
- Emergency management volunteers.
- Disaster assistance volunteers.
- Civil defense volunteers.

Injuries sustained while an emergency employee or volunteer is engaged in response activities is covered by workers' compensation. They are also covered from the time they respond to an emergency (e.g., a fire alarm, a pager, or other device) until the time they return home. Travel from home to the scene and directly home again is covered in an emergency. If they do not go straight home after responding to an emergency, the scope of employment ends at the emergency location. Also, travel from home to a meeting, drill, or other type of training is not covered.

Minnesota statute also excludes workers' compensation coverage for injuries sustained while any employee (not just emergency response employees) is participating in voluntary recreational programs sponsored by an employer, such as athletic events or picnics. The exception to this rule is if an employer requires its employees to attend these activities. In that case, a compensable injury would be covered.

Regarding emergency response volunteers, if they're unable to work in their normal occupation because they're injured while volunteering for the city, indemnity benefits are calculated as follows: If the volunteer only receives an expense reimbursement from the city, indemnity benefits are based on the greater of their regular employment earnings or an imputed full-time wage for a similar position. If the volunteer receives a wage from the city, benefits are based on the total wage plus the volunteer's regular employment earnings.

It's important to note that in Minnesota, there are also statutory presumptions for certain emergency response occupations. If certain diseases are contracted, they are presumed job-related and therefore, workers' compensation benefits may apply.

## RELEVANT LINKS:

See also Section I.C.7,  
*Emergency response  
employees and volunteers.*

See also section I.C.6,  
*Separate boards and  
commissions.*

[Minn. Stat. § 176.011,  
subd. 15\(b\).](#)

## 8. All other volunteers

Emergency response volunteers are covered by workers' compensation, while other types of volunteers, such as the following, are afforded alternative protections under LMCIT's volunteer accident coverage.

- Coaches and instructors in recreation programs.
- Volunteers working on a city sponsored festival or celebration.
- Volunteers working on city construction and demolition projects.
- "Clean-up day" volunteers.
- Volunteer members of advisory boards or committees that do not exercise independent decision-making authority.

The volunteer accident coverage is a standard coverage feature to all members of the workers' compensation program. While benefits are more limited than workers' compensation, there is some protection for volunteers on a no-fault basis, if those volunteers are working under the city's direction and control. Benefits include:

Disability benefit	\$900 per week is provided for up to 26 weeks if the volunteer is unable to work in his or her normal occupation.
Death benefit	\$200,000 is provided if the volunteer dies because of an injury.
Impairment benefit	Up to \$200,000 is provided if the volunteer is permanently disabled, either fully or partly, by an injury.
Medical benefit	\$2,500 is provided to help cover medical costs that the individual might otherwise be responsible for under the deductible on his or her health coverage.

The per accident limit for the volunteer accident coverage is \$500,000, which applies regardless of the number of volunteers who are injured in a single accident.

## 9. Statutory presumptions for certain diseases

Minnesota law asserts certain diseases are presumed to have been due to the nature of employment. Covered employees as defined in the LMCIT coverage document may be entitled to workers' compensation benefits, although in some cases the presumptions can be rebutted.

### a. Heart and lung diseases

The workers' compensation statute establishes for firefighters and police officers a statutory presumption for heart and lung diseases, such as myocarditis and coronary sclerosis.



## RELEVANT LINKS:

[Minn. Stat. § 176.021, subd. 1.](#)

[Minn. Stat. § 176.011, subd. 15\(c\).](#)

[Minn. Stat. § 176.011, subd. 15\(b\).](#)

[Minn. Stat. § 176.011, subd. 15 and 16.](#)

If these responders contract a heart or lung disease, it is presumed job-related unless the employer can prove the disease was not work-related. For a heart or lung disease to be presumed job-related, the employee must have had a physical examination at the time they were first employed, and a written report of that examination showing the employee was free of the disease. This report must have been filed with the fire or police department.

### **b. Cancer**

The workers' compensation statute establishes for firefighters a statutory presumption for many types of cancer. For firefighters who entered service before Aug. 1, 1988, a prior examination is not required to be entitled to the cancer presumption. However, if the firefighter entered service after Aug. 1, 1988, was examined prior to employment, and the exam showed evidence of cancer, that cancer is not presumed job-related.

### **c. Infectious diseases**

The workers' compensation statute establishes for firefighters, police officers, and other emergency responders (see statute) a presumption that an infectious disease (e.g., pneumonia, HIV, and hepatitis) is job-related, but it only applies if the emergency responder was exposed to the disease while performing their duties. Ordinary diseases of life to which the general public is equally exposed to outside of employment, such as colds and flu, are generally not covered by workers' compensation.

### **d. PTSD**

The workers' compensation statute establishes for firefighters, police officers, and other emergency responders (see statute) a statutory presumption for PTSD. To be compensable, PTSD must be diagnosed by a licensed psychiatrist or psychologist and must meet the description of PTSD in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association. PTSD is not considered a personal injury if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer. The presumption may be rebutted by substantial factors brought by the employer and insurer.

## **II. Premium options**

Cities can tailor their premium options and deductibles in LMCIT's workers' compensation program.

## **A. Regular premium option**

If a city chooses the regular premium option, premium payments are the city's only responsibility or liability. The regular premium option is a "guaranteed cost" option.

Under this option, LMCIT first calculates a city's premium rate based on the city's payroll, according to payroll class (rates for volunteer firefighters are based on the population of the area which the fire department serves rather than payroll). To maintain fairness in setting each city's premium, the rate is then adjusted by an experience modification factor. The factor looks at each city's claims experience from the oldest three years during a four-year period. The most recent year isn't part of the factor because those claims haven't yet matured.

## **B. Retrospective rating option**

Cities can choose a retrospective rating option, which is an alternate method of determining a city's premium charge. The city's final premium under this option reflects the city's own actual loss experience for the year. With good experience, this option can save a city significant money during the long run. Of course, the city is also subject to possible premium increases if it experiences a lot of injuries or a single big loss. Cities that use retrospective rating—or would like to—should recognize that a strong safety program is an important component of developing good loss experience.

### **1. Eligibility**

There are three retrospective rating options available to any city whose standard premiums are \$25,000 or more. The election form is automatically sent with the regular premium quotation to qualifying members. A city can select only one premium option. If a city selects a deductible option or the standard premium option, it cannot select a retrospective rating option.

### **2. How the retrospective rating option works**

The city pays a deposit premium (net of discounts) to LMCIT at the beginning of the agreement period. The timing and amount of this payment are the same whether a retrospective rating option is selected. At the end of the agreement year, an audit determines the actual payroll for the period and the resulting net actual premium. If a retrospective rating option is not selected, this becomes the city's final premium.

## RELEVANT LINKS:

Learn more about the  
Special Compensation Fund  
at [Minn. Stat. § 176.129](#).

When a retrospective rating option is selected, the final premium is not known until all claim activity from that agreement period ceases permanently. The final premium reflects the city's own losses and is subject to minimum and maximum limits. The premium amounts are estimated at the beginning of the agreement period and provided to the city prior to the election of an option. The minimum and maximum premiums are adjusted after the payroll audit is complete, and it reflects the net actual premium for the period.

The final premium equals the minimum premium plus actual incurred losses and loss-related expenses, including assessments due to the state Special Compensation Fund. Unlike typical retrospective plans offered by private insurers, LMCIT's retrospective rating formula doesn't use a "loss conversion factor."

The city is billed or refunded the difference between the net deposit premium and the final premium. This is accomplished by annual adjustments.

### **a. Annual adjustments**

Under the retrospective rating option, final premium amounts are determined based on a city's own losses, which are adjusted throughout the coverage term. The first adjustment is made approximately six months after the expiration of the agreement period, based on the total incurred cost of losses known at that time. Further adjustments are made annually thereafter until all claim activity ceases permanently. This includes activity on claims that reopen and claims for injuries that are filed later for an accident occurring within the retrospective year.

These adjustments continue if any claims remain open or until the retrospective year is closed. If a closed claim reopens, or if a new claim is filed for an injury from that year, the annual retrospective rating adjustment for that coverage year resume unless the retrospective year has been closed by the city.

### **b. Closing past retrospective years**

LMCIT automatically closes retrospective years after 16 years, unless the city specifies it wants to hold the old retrospective year open. This is done for ease of administration and to help cities avoid surprises for old claims that reopen. Cities are notified of the automatic closure and the option to hold retrospective years open longer.

LMCIT automatically closes retrospective years after 16 years, unless the city specifies it wants to hold the old retrospective year open.

## RELEVANT LINKS:

To close a retrospective rated year or to learn what your city's close-out charge would be, contact:  
Sam Tran  
LMCIT Underwriter  
651.215.4083  
800.925.1122  
[stran@lmc.org](mailto:stran@lmc.org).

This is done for ease of administration and to help cities avoid surprises for old claims that reopen. Cities are notified of the automatic closure and the option to hold retrospective years open longer.

Cities also have the option to close retrospective years sooner. Beginning five years after the first adjustment is made on a retrospective year, cities can close coverage from previous years. If a city selects this option, no further adjustments are made to the city's premium for the selected year(s), regardless of future changes that may occur in the city's paid or incurred losses.

There is an additional charge to close a retrospective rated year, which varies by age—the longer it is after the coverage year, the lower the charge to close it. Cities may elect to close older years by sending a written request to LMCIT. The request must be made within 60 days following its annual workers' compensation retrospective adjustment invoice letter. A city can choose to close all, some, or none of its retrospective rated policies that are five years old or more.

### **(1) Advantages of closing past retrospective years**

Closing past retrospective years eliminates the risk the city could incur additional charges because a claim from an old injury has reopened or has turned out to be much more serious than previously expected. It also eliminates some accounting and record keeping for the city, since the city will no longer receive annual adjustments on older years.

### **(2) Disadvantages of closing past retrospective years**

One disadvantage to closing past years is that there is a cost to the city, at least up until 16 years out. Another potential disadvantage is that closing an old year also eliminates the possibility of receiving money back in a future adjustment in situations where a claim from that year closes for less than the amount for which it was reserved. Additionally, if a city already hit the maximum premium on an old retrospective rated year, there's no advantage to the city to close that year since there's no longer any risk that costs for that year will increase.

## **3. Effect on experience modification factor**

An experience modification factor is used under the retrospective rating option. The calculation, though, uses several years' worth of data, unlike the shorter calculation used under the regular premium option. The retrospective rating adjustment has a more immediate reaction to a city's loss experience, and it can offer larger reductions or additions to the city's premium.

## RELEVANT LINKS:

See also LMC website,  
[LMCIT Loss Control Services](#).

### 4. Loss control

For cities that choose the retrospective rating option, it is always in the best interest of the city to use LMCIT's safety and loss control services.

Reducing losses and creating a safer working environment not only decreases the city's experience modification factor, but it also helps lower the overall rates for all cities. Under the retrospective rating option, this becomes even more important. There's no additional charge for most loss control services.

### 5. Deciding whether to choose a retrospective rating option

Looking at the city's losses from the past few years can help a city determine whether a retrospective plan makes sense. Key points to keep in mind:

- Workers' compensation losses can develop adversely. Loss experience that initially looks good can become more expensive by the time those losses are finally closed in the future.
- In any one year, a city's losses could turn out to be very different from—and possibly much greater than—the pattern for past years.
- A single large loss during the year could be enough to push the city to the maximum premium. Claims from prior years sometimes reopen or increase in cost, which means the city can owe additional amounts for prior years. When retaining risk through the retrospective option, a city should have a plan for where funds will come from to cover the city's potential obligations according to the retrospective.
- Unlike the way the experience modification formula works, large losses are not discounted for purposes of the retrospective rating formula.
- Cities should consider whether they are comfortable trading off cost certainty for potential savings (i.e., the city is confident that employee injuries will be kept down enough to save money in the coming year).

Cities that use a retrospective should review their decision on an annual basis. This can be done when the city receives its annual adjustment invoice or refund, along with supporting loss and premium data.

### C. Deductible option

LMCIT offers several deductible options.

## RELEVANT LINKS:

See also Section II.B,  
*Retrospective rating option.*

To learn more about the  
current year's deductible  
options and premium  
credits for each, contact:  
Sam Tran  
LMCIT Underwriter  
651.215.4083  
800.925.1122  
[stran@lmc.org](mailto:stran@lmc.org).

[LMCIT Loss Control  
Services.](#)

### 1. Eligibility

All members are eligible to choose their own deductible amount. The deductible options give smaller cities (those with standard premiums less than \$25,000 and who are not eligible for the retrospective rating option) a way to reduce their premium costs by retaining some risk. The deductible approach may also be an attractive alternative for larger cities who feel the retrospective rated premium option is too risky. A city can select only one premium option. If a city selects the retrospective rating option or the standard premium option, it cannot also select the deductible option.

### 2. How the deductible options work

Under a deductible option, the city pays a lower premium in return for agreeing to reimburse LMCIT for paid medical losses up to the deductible. As claims are submitted and medical costs are incurred, LMCIT will pay the medical vendors directly. The city is then billed for medical costs up to its per occurrence deductible. Each occurrence has its own deductible.

### 3. Effect on the experience modification factor

The experience modification factor would be the same regardless of the deductible option chosen.

### 4. Loss control

It is always in the city's interest to use LMCIT's safety and loss control services. Reducing losses saves the city money by lowering its experience modification factor; it creates a safer working environment for employees; and it helps lower overall rates for all member cities. Under a deductible option, the city stands to benefit even more by avoiding and controlling losses. There's no additional charge for most loss control services.

### 5. Deciding whether to choose a deductible option

It is the city's decision whether to select a deductible option, and it can be helpful to look at the city's loss history to see how it would have done in past years under a deductible plan. Key points to keep in mind:

- A city's loss experience will vary from year to year. Any one year's losses could turn out to be very different from—and perhaps much greater than—the pattern of past years.
- There's no theoretical “worst case maximum cost” under a deductible plan. Since the deductible applies to each occurrence, the maximum cost to the city depends on how many occurrences it has that year.

## RELEVANT LINKS:

[LMCIT claim forms, information sheets, and other resources.](#)

[Submit a claim online.](#)

Email: [claims@lmc.org](mailto:claims@lmc.org).

Fax: 651.281.1297 or 888.234.7839.

Mail: 145 University Ave  
W, St. Paul MN 55103-2044.

Phone: 651.281.1200 or 800.925.1122.

A deductible option can be a good way for the city to save money, but a deductible means the city is retaining risk. Cities that use a deductible option need to consider how they will fund that risk. The deductibles apply per occurrence, which means cities need to be prepared for the possibility that there could be many occurrences during any given year.

### III. Filing a workers' compensation claim

Claims can be submitted to LMCIT using any of the following methods.

- Online
- Email
- Fax
- Mail
- Phone