LWMMI

League of Wisconsin Municipalities Mutual Insurance

2014 POLICY YEAR DIVIDEND

The LWMMI Directors are pleased to announce the declaration of a $1,900,000 Dividend. The total Dividend paid to members since 2006 is over $11,750,000. We thought it would be helpful to once again explain the rationale the Directors use to declare Dividends:

Q. Why are Dividends paid?

A. Dividends are a return of excess funds to the 390 owners of LWMMI (Policyholders) resulting from a combination of good claims experience, positive investment earnings and low expenses.

Q. How do you know if you have "excess" funds to return?

A. LWMMI retains independent actuaries that provide guidance on the amount of funds to hold for claims. As Directors, we hold additional reserves to provide protection for the payment of adverse claim development and to ensure that LWMMI's policyholders surplus exceeds the requirements of the Insurance Department of the State of Wisconsin. Funds in excess of these amounts are declared as Dividends.

Q. How is each insureds Dividend determined?

A. 50% of your Dividend is based on your pro rata contributions to premiums for the past five years (2010-2014). The other 50% of your Dividend is based on the amount of claims your municipality had during that same five year period compared to your premiums.

Q. So – If I have fewer claims and remain in LWMMI, my Dividend is larger?

A. Exactly!

Q. Should I expect approximately the same Dividend next year?

A. **NO!** – Each year's Dividend is calculated independent of prior years. Dividends are based on claim activity and actuarial adjustments. Neither is known in advance.
Remember – Dividends are not guaranteed, nor should you budget for them! As an example, because of poor experience in 2011, no dividend was declared.

Q. If LWMMI can pay Dividends, does that mean we were charged too much?

A. Not necessarily. The State of Wisconsin mandates the Workers Compensation rates and LWMMI independent actuaries determine adequate claim reserves. If LWMMI claims experience is better than expected, the excess premium may be returned through Dividends.

Q. What does the Board of Directors believe is the single most important activity a municipality can do to minimize claims?

A. If an employee is injured, bring that employee back to light duty work within the first three calendar days following the day of injury.

Thank you for you participation. LWMMI continues to provide the coverages you need at a reasonable premium. We are all in this together – working to reduce losses helps everyone. The enclosed check is tangible evidence of a well run program.

Sincerely,

David De Angelis, President
May 2015

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Village of Shorewood Hills

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Village Manager
Village of Elm Grove

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