



SETTING THE CONTRIBUTION RATES FOR FISCAL YEAR 2025

LGLP's Mission:

LGLP¹ is committed to providing stable, affordable, quality liability coverage for its members.

Rate Setting Method:

Each year the LGLP Board employs a professional actuary to help it set contribution rates for the next fiscal year. In a nutshell, the actuary analyzes LGLP's historical loss data, historical contributions, trends and projected financial position, then applies financial and statistical theory to recommend a range of contribution rates that will keep the Pool financially sound.

What's New:

This year's study also included a "relativity study" for the first time in over a decade. A relativity study is a way to measure how entity types perform compared to the entire membership of the Pool. That is, what portion of the Pool's overall losses are attributable to each entity type.

Periodically readjusting the relativities is important to ensure that our members are contributing a fair proportion to the Pool based on the unique risks and typical loss rates for their entity type.

The Result:

Overall, the Pool expects to see a modest increase in contributions in the next fiscal year. However, due to the relatively adjustments, some entity types will see a decrease in rates, and some will see an increase. Counties and Municipalities will see an increase; some entity types like Fire, Recreation, Irrigation, and other Districts will see a decrease in rates.

Deeper Dive:

Several factors contribute to the overall increase.

Unsurprisingly, inflation drives higher amounts in all elements of the cases and claims covered by LGLP. This includes higher prices for automobile repair, medical care, and attorney's fees, just to name a few.

In the past several years, LGLP strived to maintain or lower contribution rates in recognition of the hardships and instability caused by the pandemic for our members. From 2020 to June 2023, the total annual contributions to LGLP decreased by ten percent. Combined with inflation and losses, LGLP's projected financial position has shrunk by twelve percent in the last three years. Fortunately, LGLP remains well funded and will be able to meet obligations, even assuming an exceptionally bad year. Nonetheless, to counter this trend and keep the Pool stable, the Board enacted a modest overall increase in contributions.

¹ LGLP (The Wyoming Local Government Liability Pool) is a self-insurance program created by statute to provide a mechanism for local governments to pool resources to handle claims brought against local governments under the Wyoming Governmental Claims Act and arising under federal law. The Pool is operated by a joint powers board elected by member entities.