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We Are You.

Workers' Compensation Wind-Down Membership Information

After reviewing the [Workers' Compensation Wind-Down Resources document](#), please review this additional information regarding the Wind-Down process and visit our Wind-Down resources webpage for further updates: <https://mmia.net/workers-compensation-wind-down>.

Current Members of Workers' Compensation Program

- Although MMIA will no longer offer future coverage for workers' compensation effective 07/01/2026, MMIA will continue to meet its coverage obligations for claims prior to 07/01/2026 per the Workers' Compensation Program Agreement (Program Agreement). This obligation may continue for many years until all claims are closed and are ineligible for re-open. The MMIA Workers' Compensation Program (Program) will continue to legally exist until all obligations are complete, only then will the Program terminate.
- As background, to become a Member of the Workers' Compensation Program the Member had to become a signatory to the underlying MMIA Interlocal Agreement, and also agree to the Program Agreement. Because the Program must continue to legally exist until all the Program's obligations are met, even though future workers' compensation coverage will not be provided, current Members will continue to remain Members of the Program unless they choose to voluntarily withdraw or until the Program terminates as noted above.
 - Please note that the governing bodies of each Member approved resolutions that evidenced membership in the Program and authorized the signing of the Program Agreement. You should consult with your City or Town Attorney about making legally enforceable determinations to voluntarily withdraw from the Program pursuant to the Program Agreement and Interlocal Agreement.
- If a Member chooses to voluntarily withdraw, they may be eligible to receive some of their equity in the Program through distributions of Unencumbered Reserves (money held by MMIA as a safety net that is above what's needed for claims and operations) as outlined in Section 5 of the Program Agreement.
 - Eligibility and distribution amounts will vary depending on several factors including:
 - Whether the individual Member account balance is positive or negative (negative account balances are not eligible for distributions)
 - Claim expenses for the individual Member
 - Operating expenses of the Program
 - Performance of the Program's investments
 - Whether the Program has sufficient funds to meet all obligations
 - Determining whether to voluntarily withdraw effective 07/01/2026, or at a future date, or to maintain membership until the Program terminates as noted above is an individual decision for each Member. The MMIA encourages each Member to complete an analysis to make a decision that is most appropriate for their individual needs. Items a Member may want to consider as part of the analysis may include:
 - Individual Member account balances are computed annually within 180 days of the close of the year (ending 06/30). These balances may fluctuate year by year based on the expenses and investment performance noted above. Statements for the year ending 06/30/2025, are not a guarantee of what a Member may expect for distribution should they withdraw effective 07/01/2026 but may be useful to the analysis.
 - Because expenses and investment performance will vary over time it is difficult for a Member to project whether withdrawal is individually more beneficial earlier or later. For example:
 - A Member that has a positive balance as of 06/30 in a given year may have a negative balance in a subsequent year and vice versa.
 - A Member that has a positive balance as of 06/30 in a given year may have a larger positive balance in a subsequent year and vice versa.
 - The Program may have sufficient funding to meet all obligations **and** make eligible distributions of Unencumbered Reserves to withdrawn Members as of 06/30 in a given year but may not have sufficient funds to meet all obligations **and** make eligible distributions in a subsequent year and vice versa.



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- While coverage will not be provided after 06/30/2026, claims from prior years will continue to develop and there are ongoing expenses to manage those claims. These amounts will continue to go against the Member account balances. Likewise, while revenue will not be collected after 06/30/2026, the funds in the Program will continue to be managed and invested and therefore will most likely add to the Member account balances. There can be no guarantee of performance of investments, however, MMIA does have investment opportunities that municipalities do not and works with financial advisors to be as effective with investments as possible.
- The Program has been managed to protect against the need and obligation to assess current and former Members for additional funds in the future to cover Program obligations (as part of the joint and several contractual liability of the Program Agreement). MMIA will continue to prioritize managing the Program in this same manner, however, there is still a possibility of future joint and several liability for all current and former Members of the Program. To help limit this possibility:
 - All eligible distributions of Unencumbered Reserves will be evaluated to ensure the Program has sufficient funds to meet all obligations until the Program's termination.
 - Any distributions of Unencumbered Reserves to voluntarily withdrawn Members will be allocated in the Member accounting calculations.
- Upon Program termination, any remaining funds will be distributed in accordance with Section 5 of the Program Agreement to Members with positive account balances. This will apply to both previous Members that voluntarily withdrew and current Members, according to the Member accounting calculations.
- Voluntary withdrawal does not impact the coverage in effect through 06/30/2026, nor does it impact those claims that are currently being adjusted by the MMIA.

Former Members of Workers' Compensation Program

- Members that have already withdrawn from the Program may continue to receive some of their Member equity in the Program through distributions of Unencumbered Reserves as outlined in Section 5 of the Program Agreement subject to the eligibility and distribution factors noted above.
- Upon Program termination, any remaining funds will be distributed in accordance with Section 5 of the Program Agreement to Members with positive account balances. This will apply to both previous Members that voluntarily withdrew and current Members, according to the Member accounting calculations.
- Withdrawal does not impact those claims that are currently being adjusted by the MMIA.

Workers' Compensation Wind-Down Support

For additional resources regarding the Workers' Compensation Program Wind-Down, visit our webpage at <https://mmia.net/workers-compensation-wind-down>. Please contact MMIA with questions at 800-635-3089.