



**Memo**

TO: Town Council  
Thru: Town Manager Paul Micali  
FROM: Finance Director Thomas Boland  
DATE: July 8, 2022



**RE: PRIMEX Cap Program**

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I received a letter from PRIMEX in June asking if the Town was interested in signing up for a guaranteed maximum Contribution Assurance Program (CAP) on both our Property Liability (P&L) and Workers Comp insurance for a three year period (FY 2024 through FY 2026). We have executed these agreements in the past, since FY 2013, to give us a sound basis to base our budgeted expense numbers on and because the guaranteed maximum increases have seemed reasonable in light of the state of the insurance industry over the past several years. We have been satisfied with PRIMEX's service as our insurance carrier, and their actual rates have come in below the guaranteed maximums for the past several years when you take into account the premium rebates that the Town has received. In reviewing the contract for the prior three years, the CAP rate was set at 8% for P&L and no guaranteed maximum was offered for Workers Comp due to the high incidence of claims that the Town had incurred. Currently, PRIMEX is offering the CAP program for another three years at 5% for P&L and 8% for Workers Comp. I believe that these guaranteed maximum rates are reasonable and recommend that we execute the CAP agreements for both P&L and Workers Comp for the period of July 1, 2023 through June 30, 2026.



June 9, 2022

Paul Micali, Town Manager  
Town of Merrimack  
6 Baboosic Lake Road  
Merrimack, NH 03054

**RE: Contribution Assurance Program (CAP) for FY 2024 – FY 2026 for the Workers' Compensation Program**

Dear Paul:

Primex<sup>3</sup> is pleased to offer the **Town of Merrimack** the option of participating in the **Contribution Assurance Program (CAP)** for the next three coverage period years. **For members who have demonstrated commitment to the Primex<sup>3</sup> pool, CAP provides stability by creating a limit on your Workers' Compensation contributions for future renewals.**

We are pleased to offer you a **CAP Agreement** that provides you budgetary assurance through **June 30, 2026**. (See enclosed **CAP Agreement and Resolution**.) **Please return your executed CAP Agreement and Resolution on or before July 21, 2022, to ensure your participation in CAP for the upcoming October 15, 2022 Renewal.**

The percentage listed is a maximum increase; actual increases will not exceed that percentage and may be lower, based on each member's performance. Performance still impacts contribution amounts, so it remains important for both Primex<sup>3</sup> and our members to leverage our partnership to effectively manage risks and any claims that occur.

Our goal has always been to provide members with the best programs at the best value. **CAP** provides predictable contributions in the Workers' Compensation Program that you and your taxpayers can count on for budgetary stability.

Please contact me or your Member Services Consultant with questions at 800-698-2364.

Sincerely,

Carl Weber  
Director of Member Services

Trust. Excellence. Service.

Bow Brook Place, 46 Donovan Street ■ Concord, NH 03301-2624  
(603) 225-2841 ■ (800) 698-2364 ■ nhprimex.org

**Workers' Compensation  
Contribution Assurance Program (CAP) Agreement**  
**THIS AGREEMENT AMENDS AND EXTENDS YOUR MEMBERSHIP AGREEMENT**  
**PLEASE READ CAREFULLY**

Primex<sup>3</sup> is offering members in our **Workers' Compensation Program** an opportunity to stabilize their annual contributions through participation in our Contribution Assurance Program (**CAP**). **CAP** is offered to members who qualify, providing them predictability by limiting the annual contribution increase during a defined period of years (**CAP Period**). By signing this Agreement, you agree to extend your Membership Agreement for **three (3) years** and Primex<sup>3</sup> agrees, with limited exception<sup>1</sup>, that your annual contribution increase will not exceed eight percent (8%) of the prior year's contribution. Because performance matters with Primex<sup>3</sup>, you may realize an annual increase that is less than the **CAP** through sound risk management and stable underwriting exposures.

We are offering this opportunity so that our members can extend their commitment to pooling through the Primex<sup>3</sup> programs. Participation in **CAP** for each year of the **CAP Period** is conditioned upon a three-year commitment to participation in the Primex<sup>3</sup> Workers' Compensation Program.

The following **CAP Period** years qualify for the Contribution Assurance Program (**CAP**):

**FY 2024 July 1, 2023 through June 30, 2024**

(maximum 8% increase over July 1, 2022 through June 30, 2023 contribution)

**FY 2025 July 1, 2024 through June 30, 2025**

(maximum 8% increase over July 1, 2023 through June 30, 2024 contribution)

**FY 2026 July 1, 2025 through June 30, 2026**

(maximum 8% increase over July 1, 2024 through June 30, 2025 contribution)

By signing this Agreement, the **Town of Merrimack** agrees to extend its risk pool membership and participation in the Primex<sup>3</sup> **Workers' Compensation Program** for three coverage period years, through **June 30, 2026**. The **Town of Merrimack** agrees and understands it remains bound by and subject to the terms and conditions of the Membership Agreement, Public Entity Coverage Documents and Trust Agreement, and all Trust by-laws, policies and procedures.

<sup>1</sup> CAP protects the member from most contribution increases during the CAP period; i.e., those resulting from account underwriting, or directly caused by changes in the member's loss history, property and payroll exposures. For the protection of all members, CAP does not prevent Primex<sup>3</sup> from raising contributions across the pool/program to meet the actuary's reserve funding recommendations in response to catastrophic events, investment losses, severe adverse claim development, reinsurance failure, legislative enactments, judicial opinions and administrative orders. In the rare and unlikely event CAP maximum increase limits must be exceeded to adequately fund reserves, Primex<sup>3</sup> in fairness will provide members advance notice and the option of terminating the CAP Agreement.

The **Town of Merrimack** agrees that the eight percent (8%) maximum increase currently available for this **CAP Period** does not apply to any other year or period of years, and upon expiration of the **CAP Period** in this Agreement, any subsequent participation in a Primex<sup>3</sup> **CAP** will be subject to underwriting review, membership criteria, **CAP** criteria, determination of contribution and the maximum increase in place for the subsequent **CAP Period**.

The **Town of Merrimack** further acknowledges that by extending its Membership Agreement for three (3) coverage period years, the Public Entity Coverage Documents, General Conditions Section (L) ("Terminating Participation in Our Program(s)") is suspended during year one (1) and year two (2) of the three (3) year term, as there is no right to cancel or terminate during year one (1) and year two (2) but shall be reinstated for the end of year three (3).

The **Town of Merrimack** agrees that failure to provide notice in strict accordance with the Public Entity Coverage Documents, General Conditions Section (L) shall result in automatic renewal of risk management pool membership and continuation in the Primex<sup>3</sup> Workers' Compensation Program, but not continuation of **CAP** which must be separately offered and accepted.

Primex<sup>3</sup> acknowledges that the **Town of Merrimack** is a NH public entity which receives budgetary authorization for appropriations from an annual meeting of its legislative body and pertains to a fiscal year which commences on the following January 1 or July 1, of any given year. The **Town of Merrimack** also acknowledges that it is legally required to carry insurance coverage. As such, if the legislative body, at such annual meeting for any years that are within the anticipated term of the contract, fails to approve such appropriation, and there are no other lawful means of funding the coverage, this contract may be terminated by the **Town of Merrimack** by notice to Primex<sup>3</sup> made within 30 days of the legislative action at which such funding initiative was defeated and such cancellation shall be effective as of the commencement on the following fiscal year or on the anniversary of the policy, whichever first occurs.

The **Town of Merrimack**, however, agrees that it shall seek the requisite appropriations in good faith and that the availability of lower cost or otherwise preferable coverage alternatives during the term of this Agreement shall not constitute a good faith and permissible basis on which to fail to pursue the appropriations or assert that appropriations are unavailable. In the event of an early termination, the **Town of Merrimack** agrees to return the difference between the **CAP** increase and the uncapped contribution.

By affixing my signature below, I am attesting, representing and warranting that I am a duly authorized representative of the governing body of the **Town of Merrimack** with legal authority to contractually bind the **Town of Merrimack** to the terms of this Agreement, and that I understand the commitment being made to membership in the Primex<sup>3</sup> risk management pool and participation in the Workers' Compensation Program.

\_\_\_\_\_  
Authorized Representative of the  
Governing Body

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**RESOLUTION TO ENTER PRIMEX<sup>3</sup>**  
**Workers' Compensation Contribution Assurance Program (CAP)**

**RESOLVED:** To hereby accept the offer of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) to enter into its **Workers' Compensation Contribution Assurance Program (CAP)** as of the date of the adoption of this resolution, and to be contractually bound to all of the terms and conditions of Primex<sup>3</sup> risk management pool membership during the term of the **Workers' Compensation Contribution Assurance Program (CAP)**. The coverage provided by Primex<sup>3</sup> in each year of membership shall be as then set forth in the Coverage Documents of Primex<sup>3</sup>.

I attest that the foregoing is a true copy of the Resolution of the Governing Board of the **Town of Merrimack** adopted on \_\_\_\_\_.

Board: \_\_\_\_\_  
Title of Board

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_ duly authorized

Date: \_\_\_\_\_



June 9, 2022

Paul Micali, Town Manager  
Town of Merrimack  
6 Baboosic Lake Road  
Merrimack, NH 03054

**RE: Contribution Assurance Program (CAP) for FY 2024 – FY 2026 for the Property & Liability Program**

Dear Paul:

Primex<sup>3</sup> is pleased to offer the **Town of Merrimack** the option of participating in the **Contribution Assurance Program (CAP)** for the next three coverage period years. **For members who have demonstrated commitment to the Primex<sup>3</sup> pool, CAP provides stability by creating a limit on your Property & Liability contributions for future renewals.**

We are pleased to offer you a **CAP Agreement** that provides you budgetary assurance through **June 30, 2026**. (See enclosed **CAP Agreement and Resolution**.) **Please return your executed CAP Agreement and Resolution on or before July 21, 2022, to ensure your participation in CAP for the upcoming October 15, 2022 Renewal.**

The percentage listed is a maximum increase; actual increases will not exceed that percentage and may be lower, based on each member's performance. Performance still impacts contribution amounts, so it remains important for both Primex<sup>3</sup> and our members to leverage our partnership to effectively manage risks and any claims that occur.

Our goal has always been to provide members with the best programs at the best value. **CAP** provides predictable contributions in the Property & Liability Program that you and your taxpayers can count on for budgetary stability.

Please contact me or your Member Services Consultant with questions at 800-698-2364.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Weber".

Carl Weber  
Director of Member Services

Trust. Excellence. Service.

**Property & Liability  
Contribution Assurance Program (CAP) Agreement**  
**THIS AGREEMENT AMENDS AND EXTENDS YOUR MEMBERSHIP AGREEMENT**  
**PLEASE READ CAREFULLY**

Primex<sup>3</sup> is offering members in our **Property & Liability Program** an opportunity to stabilize their annual contributions through participation in our Contribution Assurance Program (**CAP**). **CAP** is offered to members who qualify, providing them predictability by limiting the annual contribution increase during a defined period of years (**CAP Period**). By signing this Agreement, you agree to extend your Membership Agreement for **three (3) years** and Primex<sup>3</sup> agrees, with limited exception<sup>1</sup>, that your annual contribution increase will not exceed five percent (5%) of the prior year's contribution. Because performance matters with Primex<sup>3</sup>, you may realize an annual increase that is less than the **CAP** through sound risk management and stable underwriting exposures.

We are offering this opportunity so that our members can extend their commitment to pooling through the Primex<sup>3</sup> programs. Participation in **CAP** for each year of the **CAP Period** is conditioned upon a three-year commitment to participation in the Primex<sup>3</sup> Property & Liability Program.

The following **CAP Period** years qualify for the Contribution Assurance Program (**CAP**):

**FY 2024 July 1, 2023 through June 30, 2024**

(maximum 5% increase over July 1, 2022 through June 30, 2023 contribution)

**FY 2025 July 1, 2024 through June 30, 2025**

(maximum 5% increase over July 1, 2023 through June 30, 2024 contribution)

**FY 2026 July 1, 2025 through June 30, 2026**

(maximum 5% increase over July 1, 2024 through June 30, 2025 contribution)

By signing this Agreement, the **Town of Merrimack** agrees to extend its risk pool membership and participation in the Primex<sup>3</sup> **Property & Liability Program** for three coverage period years, through **June 30, 2026**. The **Town of Merrimack** agrees and understands it remains bound by and subject to the terms and conditions of the Membership Agreement, Public Entity Coverage Documents and Trust Agreement, and all Trust by-laws, policies and procedures.

<sup>1</sup> CAP protects the member from most contribution increases during the CAP period; i.e., those resulting from account underwriting, or directly caused by changes in the member's loss history, property and payroll exposures. For the protection of all members, CAP does not prevent Primex<sup>3</sup> from raising contributions across the pool/program to meet the actuary's reserve funding recommendations in response to catastrophic events, investment losses, severe adverse claim development, reinsurance failure, legislative enactments, judicial opinions and administrative orders. In the rare and unlikely event CAP maximum increase limits must be exceeded to adequately fund reserves, Primex<sup>3</sup> in fairness will provide members advance notice and the option of terminating the CAP Agreement.



The **Town of Merrimack** agrees that the five percent (5%) maximum increase currently available for this **CAP Period** does not apply to any other year or period of years, and upon expiration of the **CAP Period** in this Agreement, any subsequent participation in a Primex<sup>3</sup> **CAP** will be subject to underwriting review, membership criteria, **CAP** criteria, determination of contribution and the maximum increase in place for the subsequent **CAP Period**.

The **Town of Merrimack** further acknowledges that by extending its Membership Agreement for three (3) coverage period years, the Public Entity Coverage Documents, General Conditions Section (L) ("Terminating Participation in Our Program(s)") is suspended during year one (1) and year two (2) of the three (3) year term, as there is no right to cancel or terminate during year one (1) and year two (2) but shall be reinstated for the end of year three (3).

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\_\_\_\_\_  
Authorized Representative of the  
Governing Body

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name



**RESOLUTION TO ENTER PRIMEX<sup>3</sup>**  
**Property & Liability Contribution Assurance Program (CAP)**

**RESOLVED:** To hereby accept the offer of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) to enter into its **Property & Liability Contribution Assurance Program (CAP)** as of the date of the adoption of this resolution, and to be contractually bound to all of the terms and conditions of Primex<sup>3</sup> risk management pool membership during the term of the **Property & Liability Contribution Assurance Program (CAP)**. The coverage provided by Primex<sup>3</sup> in each year of membership shall be as then set forth in the Coverage Documents of Primex<sup>3</sup>.

I attest that the foregoing is a true copy of the Resolution of the Governing Board of the **Town of Merrimack** adopted on \_\_\_\_\_.

Board: \_\_\_\_\_  
Title of Board

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_ duly authorized

Date: \_\_\_\_\_