

Privatization FAQ

Why is legislation being filed for MEM to pursue privatization?

MEM was created in the early 1990s to improve the workers compensation insurance market. We were successful. There is no longer a crisis in work comp, and MEM has achieved its original purpose as a company. It's time for the next chapter to best serve our policyholders, agents and the market.

When companies like ours privatize, rates go down – empowering businesses and growing our economy. When rates lower, the cost of doing business is lower, ultimately helping our communities thrive. Privatization removes barriers to growth. Diversification helps us fulfill the customers' demand for flexible insurance solutions made easy.

What is MEM's status as a company now, and how will that change if it becomes private?

MEM is a mutual insurance company created by state statute with a unique set of public purpose mandates connecting us to the government, including that MEM can only write workers compensation insurance in Missouri. The change in the statute being pursued would make MEM a private mutual insurance company. MEM would convert to a Section 379 mutual, which is what most (Missouri) mutuals are.

What about timing? How will this work?

Missouri [Sen. Sandy Crawford](#) and Missouri [Rep. Alex Riley](#) have separately introduced legislation for the 2023 session that would make Missouri Employers Mutual a private company. Both introduced the legislation on Dec. 1, the date when lawmakers began pre-filing legislation in preparation for the start of the next legislative session that will convene Wednesday, Jan. 4, 2023.

What will change for the policyholder if MEM privatizes?

Should the legislation pass, MEM will transition to a private mutual insurance company by Jan. 1, 2025.

Privatization will allow MEM to serve our mutual owners, our policyholders, better by allowing us to insure more businesses, provide better service and drive down rates. We have built a successful business by protecting businesses and their employees.

How has privatization worked for other state funds?

MEM is a mutual insurance company created by state statute. There are other state funds created in the same way. Six other states, most recently Oklahoma, have privatized their workers compensation funds, becoming completely independent from their respective state, and operating as any other private insurer. Other states that have successfully approved privatization include: Arizona, Oklahoma, Michigan, Nevada, Utah and West Virginia.

[AASCIF](#) companies (state funds or companies like MEM in other states) that have privatized – and their markets - are thriving. Privatization creates a robust competitive market to the benefit of all sizes and types of businesses. This can be seen in the data*: overall, rates fell following legislation that fully privatized the state funds. No state that has fully privatized has returned to a government-run state fund.

*Source: PCI: “Competition in the Workers Compensation Market”

How does MEM’s status as a private company affect the State of Missouri?

The state provides no funding to MEM and our assets are the policyholders’. The state’s only financial contribution to MEM was a \$5 million start-up loan in 1995, which was paid back in full, with interest, in 1999. MEM pays all state taxes like all other Missouri companies. As the largest writer of work comp, MEM pays the most work comp premium tax of any carrier. MEM will continue to be a valuable contributor to the state’s workforce and economic development efforts.

Will privatization change MEM’s engagement in the community?

Caring continues to be one of our core values. We’re proud of our success – and we’ve made it part of our company mission to share it with the communities we call home. Our headquarters will remain in Columbia, and our commitment to our community will not waver.

Questions?

For additional information or questions regarding MEM, please contact privatization@mem-ins.com