



Changes to the MN Ratemaking Report, will it affect your insured?



Statute and rule changes that were discussed in [MWCIA's circular 22-1804](#) now allow MWCIA, the Data Service Organization (DSO) for Minnesota, to include additional components in the pure premium base rates provided to insurance carriers: trend, tail, and loss adjustment expenses (LAE). Trend accounts for the difference in the cost between the experience period used in the analysis and the future period in which the pure premium base rates will be in effect. Tail refers to the development of losses to ultimate, reflecting the long-tailed nature of workers' compensation claims and that some claims can not be closed for an extended period. LAE are expenses associated with the recording, adjusting, and settling of claims.

As agents, we understand that you must watch out for your insureds. We also know that this change might raise a question about the price of your insured's workers' compensation policies. We want to make sure to answer that question for you. This change does not impact policyholder premiums.

The change is only this, the entity determining these three price components is shifting from insurance carriers to MWCIA. MWCIA plans to include trend, tail, and LAE in the 2023 pure premium base rates included in the MN Ratemaking Report, subject to approval by the Minnesota Department of Commerce. Then, insurance carriers will not need to include these elements in their LCMs in the future. Policyholder premiums may fluctuate for other reasons, but it won't be because of this regulatory change.

If you have additional questions, contact MWCIA's Actuarial staff by calling 952.897.1737, Option 3, or emailing: actuarial@mwcia.org.