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Frequently Asked Questions

Revised 2024 Pure Premium Base Rates

What was the revision needed to the 1/1/24 pure premium base rates (PPBR)?

Financial data is the data source for aggregate ratemaking and Unit Statistical Plan data is the data source for class ratemaking. An adjustment factor is applied to account for the data source and timing differences. This adjustment, the Financial Data Adjustment Factor, inadvertently included loss adjustment expenses. This caused double counting of the loss adjustment expense provision in two of the three components of the pure premium calculation.

Why are so many more class pure premium base rates (PPBR) revised upward than downward?

Classes with lower exposure in Minnesota were affected more by the error. Classes with lower exposure had PPBR increases. To maintain the same overall pure premium base rate level, a small number of classes had PPBR decreases to balance the classes with increases. The PPBRs decreased for 62 class codes, increased for 368 class codes, and did not change for 39 class codes.

Does this affect 2025 class pure premium base rates?

The pure premium base rates effective 7/15/24 will underly 2025 class ratemaking. Exhibit B in the 2025 Ratemaking Report, which details class ratemaking, will be expanded to provide additional detail and transparency into the class ratemaking process.

How may carriers adopt the revised pure premium base rates?

No action is required by carriers. Carriers may choose to submit a rate filing to the Minnesota Department of Commerce utilizing the revised pure premium base rates effective on or after 7/15/24. The standard rate filing process and 60-day approval window applies.

What happens to policies written before 7/15/24?

There will not be any retrospective impact.

Is experience rating affected?

No, the expected loss rates (ELRs) and experience modification factors will not be adjusted.

What is the latest exposure used in the [Circular 24-1845 Summary of Changes chart](#)?

The latest exposure is policy year 2020 payroll.

Where may I download the revised 7/15/24 pure premium base rates?

Member carriers with [Web Membership](#) accounts can download the revised pure premium base rate schedule and updated Exhibit B by using their Web Membership login username and password.

My question isn't answered. What should I do?

Please email additional questions to actuarial@mwcia.org.