



Minnesota Workers' Compensation
Insurers Association, Inc.
7701 France Avenue South • Suite 450
Minneapolis, MN 55435-3200

February 13, 2001

ALL ASSOCIATION MEMBERS

Circular Letter No. 01-1358

RE: **2000 TEST AUDIT SUMMARY REPORT**

Attached are the summary sheets showing the results of the 2000 Test Audit Program of the Minnesota Workers' Compensation Insurers Association, Inc. For your convenience, the report lists all test audits completed between January 1, 2000 and December 31, 2000 and is sorted in carrier number order.

We would like to announce at this time that we are enhancing our Test Audit Program. Our plan is to provide more detailed and meaningful reports for the carriers. We plan to have this program up and running in the near future. We want to again thank all those who contributed to this project.

Very truly yours,

M. A. JOHNSON

Director of Member Services

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.
Test Audits Completed January 1, 2000 - December 31, 2000

Assoc. File	Insurance	Test Audit	Company		Total Payroll
Number	Company	Payroll	Audit Payroll	Code	Difference
158194	10243	695,812	679,048	J	16,764
182071	11037	1,497,804	1,497,804	None	
148199	11495	296,658	296,658	None	
794953	11495	166,855	166,855	None	
964646	11495	187,379	215,280	U	-27,901
141011	11495	63,310	63,310	None	
224781	12173	15,630	15,750	U	-120
738662	12408	84,995	86,033	G	-1,038
267567	12602	56,347	46,940	U	9,407
267835	12807	192,656	192,656	None	
133154	12890	762,832	754,228	U	8,604
662640	13668	123,582	152,582	J	-29,000
252573	13692	300,889	300,889	None	
136214	13692	2,441,076	2,093,514	N	347,562
195122	13692	833,913	771,013	J	62,900
452041	13765	1,024,073	1,090,084	G & H	-66,011
198774	14451	4,057	3,736	R	321
195700	14508	729,300	729,300	None	
247186	14508	269,286	269,286	None	
280410	14842	14,941	6,809	U	8,132
883212	14842	203,427	203,427	None	
117846	14842	77,052	77,052	None	
156178	14842	168,669	168,669	None	
206618	14842	0	0	None	
223729	14842	15,525	15,525	None	
228434	14842	675,998	675,998	None	
241615	14842	22,254	22,254	None	
494500	15539	457,260	518,560	N	-61,300
894575	15539	248,253	249,143	G	-890
221112	15563	114,327	114,327	None	
501522	15571	178,077	178,077	None	
589128	15857	103,158	112,202	G & J	-9,044
405213	15865	225,920	226,766	U	-846
448966	15865	307,137	307,137	None	
494232	15865	120,285	120,285	None	
519090	15865	30,380	30,380	None	
524930	15865	141,474	141,474	None	
908479	15865	297,923	204,208	U	93,715
133094	15865	23,168	23,168	None	
138075	15865	73,143	73,143	None	
219908	15865	16,228	16,228	None	

Assoc. File	Insurance	Test Audit	Company		Total Payroll
Number	Company	Payroll	Audit Payroll	Code	Difference
234892	15865	261,523	261,523	None	
257417	15865	144,121	146,579	G	-2,458
174775	15873	47,993	47,993	None	
234550	15873	2,563,453	2,542,139	U	21,314
238079	15873	68,501	64,323	U	4,178
572080	15962	125,134	125,496	U	-362
134635	15962	399,847	395,610	R	4,237
267415	15962	93,304	93,304	None	
206618	16144	45,954	46,000	N	-46
65390	16446	333,724	315,996	U	17,728
321729	16446	88,382	87,968	U	414
409626	16446	457,699	461,866	G	-4,167
645770	16446	22,958	22,958	None	
828203	16446	37,024	37,024	None	
873937	16446	257,346	257,346	None	
220924	16446	256,496	256,496	None	
420824	16519	211,521	213,298	G	-1,777
127745	16519	60,684	60,715	U	-31
595934	16543	99,574	99,574	None	
1899	16713	271,359	271,359	None	
494747	16713	127,017	125,160	N	1,857
178241	16985	95,654	95,654	None	
448737	16985	199,055	133,374	U	65,681
755788	16985	154,077	154,126	U	-49
114871	16985	225,431	150,985	N	74,446
117610	16985	86,673	86,626	G	47
139764	16985	54,182	48,763	G	5,419
174209	16985	513,595	513,595	None	
158810	17256	106,008	104,179	U	1,829
470570	17256	51,156	51,156	None	
515426	17256	18,187	17,390	U	797
723681	17256	109,744	110,007	U	-263
877506	17256	83,070	83,070	None	
224294	17256	51,789	51,789	None	
266958	17256	19,664	19,664	None	
267567	17256	0	3,234	U	-3,234
390402	17426	42,636	41,100	N	1,536
136585	17507	158,867	158,867	None	
661481	17728	70,495	70,495	None	
622653	17965	3,495,602	3,489,103	G & U	6,499
70912	18228	49,824	49,942	G	-118
143138	18228	150,782	150,782	None	
361348	18244	582,253	597,800	U	-15,547
252870	18244	149,979	149,979	None	
123537	18376	34,495	34,495	None	
185221	20605	734,907	728,793	U	6,114

Assoc. File	Insurance	Test Audit	Company		Total Payroll
Number	Company	Payroll	Audit Payroll	Code	Difference
209643	21466	120,701	120,701	None	
174015	21466	54,125	54,080	U	45
256305	21466	53,420	53,450	U	-30
895423	22640	74,390	82,848	U	-8,458
135690	22799	256,128	259,888	H	-3,760
336700	22799	430,413	430,413	None	
368440	22799	345,814	344,952	H & U	862
565580	22799	837,644	837,644	None	
566594	22799	247,648	249,728	H	-2,080
661724	22799	62,105	62,105	None	
707210	22799	134,922	136,870	U	-1,948
712868	22799	490,238	490,238	None	
785628	22799	299,252	299,252	None	
957577	22799	87,471	87,471	None	
104593	22799	358,677	277,370	H	81,307
108512	22799	767,523	771,687	H	-4,164
139253	22799	219,407	221,488	H	-2,081
177817	22799	190,443	190,443	None	
191706	22799	53,334	53,334	None	
472492	24139	31,763	31,763	None	
119953	28312	867,531	867,531	None	
121984	29645	909,060	927,375	G	-18,315
909408	29734	560,587	560,734	G	-147
51462	31623	333,978	333,978	None	
113664	31623	183,155	215,130	J	-31,975
172260	31623	455,307	455,307	None	
342017	31623	205,549	195,814	U	9,735
370690	31623	270,687	271,287	G & U	-600
402974	31623	206,246	206,246	None	
445649	31623	197,182	197,182	None	
503509	31623	168,954	168,954	None	
668451	31623	146,516	134,678	H	11,838
806102	31623	161,255	161,255	None	
813460	31623	671,978	671,978	None	
923389	31623	187,950	187,950	None	
182004	31623	279,543	279,543	None	
196739	31623	481,635	481,635	None	

**Summary Totals - Test Audit Program 01/01/2000 -
Reported**

Total Assoc. Payroll	37,875,323	Total Plus Difference	863,288
Total Company Payroll	37,309,795	Total Minus Difference	-297,760
Difference (m/p)	565,528	Net Difference (m/p)	565,528
		Total Differences	1,161,048

Note: Payroll difference per policy audit represent only net

Note: Reported payroll means differences that resulted from company audits versus that which must be for statistical purposes.

There were 124 test audits of 59 developed differences. In addition to the above mentioned there were several other audits conducted in connection with special projects requested by the Association

It should be noted that test audits are selected on a random basis from unit statistical reports. Special attention is given to those reports when it appears there may have been a problem with the audit such as rounding, estimating, and payroll limitations. Thus there is a high percentage of differences between our Test Audits and the carrier audits selected.

Difference Reason

- A. Classification change or difference--resulting from not reporting the employees wages to the recommended classification for statistical**
- B. Clerical - footing, extension,**
- C. No subcontractor**
- D. No hired trucker coverage.**
- E. Omission of subsidiary company**
- F. Omission of bonuses, commissions and other includable pay in accordance with Minnesota**
- G. Credits - overtime credit, Holiday, vacation and sick pay**
- H. Officers, Partners or Individual Owners salary**
- I. Officers, Partners or Individual Owners duty differences.**
- J. Officers, Partners or Individual Owners and/or family members included or**
- K. Omission of miscellaneous, part-time, contract or casual labor,**
- L. Verification with tax reports, information returns,**
- M. Analysis of general ledger accounts, cash disbursements**
- N. Accepting insured figures without**
- O. Premium controversy between carrier and insured. Association as**
- P. Other states inclusions and**
- R. Different period**
- U. Other - differences in payroll source information, earning records and unaccountable**
- W. Meals and quarters**
- X. Inclusion of subcontractors already covered by Workers'**
- Y. Inactive, active employees, minimum**