



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

June 14, 2005

ALL ASSOCIATION MEMBERS

Circular Letter No. 05-1451

Re: Assigned Risk Plan Deductible Credits

Commerce Commissioner Wilson issued an Order on May 13, 2005 revising the deductible credits in use by the Assigned Risk Plan, effective May 15, 2005. A copy of the Order is attached for your review.

Should you have any questions or need further information concerning this Order, please contact Tammy Lohmann, Minnesota Department of Commerce Chief Workers' Compensation Analyst, at 651-296-2327, or by emailing her at tammy.lohmann@state.mn.us.

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

Issued this 13th day of May, 2005

In the Matter of the Minnesota
Workers' Compensation Assigned
Risk Plan

ORDER

Pursuant to Minnesota Statutes section 79.251, the Commissioner of Commerce is required to establish rates applicable to coverage issued through the Minnesota Workers' Compensation Assigned Risk Plan (the Plan).

By order dated May 13, 2005, the Commissioner has revised the deductible credits in use by the Plan effective May 15, 2005 for new and renewal policies.

A review subsequent to that order has established the following facts.

FINDINGS OF FACT

1. Minn. Stat. §79.251, subd. 3 provides: Insureds served by the assigned risk plan shall be charged premiums based on a rating plan, including a merit rating plan adopted by the commissioner by rule.
2. Minn. Stat. §79.081, subd. 1 provides: Each insurer, including the assigned risk plan, issuing a policy of insurance, must make available to an employer, upon request, the option to agree to pay an amount per claim selected by the employer and specified in the policy toward the total of any claim payable under chapter 176. The amount of premium to be paid by an employer who selects a policy with a deductible shall be reduced based upon a rating schedule or rating plan filed with and approved by the commissioner of commerce.
3. An actuarial review of all of the Plan's claims for accident years 1998 through 2003 was conducted. Based on the results of this review, medical loss elimination ratios (LER's) were calculated for six deductible levels. These loss elimination ratios were then multiplied by an expected loss ratio to obtain the premium credit to be applied to each of the six deductible levels. The expected loss ratios were taken from the 4/1/2005 – 3/31/2006 policy year rate level indications.

4. Since the Plan has not revised its deductible credits since 1992, a revision at this time is appropriate.

CONCLUSIONS OF LAW

That the proposed deductible credits meet all applicable requirements of Minnesota law and are reasonable and appropriate.

Pursuant to Minnesota Statutes §79.251, it is hereby

ORDERED

That effective May 15, 2005, the Minnesota Workers' Compensation Assigned Risk Plan will use the following deductible credits:

Per Claim Medical Loss Deductible

<u>Deductible</u>	<u>Premium Credit</u>
\$250	1.2%
\$500	2.1%
\$1,000	3.6%
\$2,500	6.2%
\$5,000	9.0%
\$10,000	13.2%



Glenn Wilson
COMMISSIONER

85 Seventh Place East, Suite 500
Saint Paul, MN 55101