



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

September 7, 2006

ALL ASSOCIATION MEMBERS

Circular Letter No. 06-1492

RE: 2007 Minnesota Ratemaking Report – Revision to Miscellaneous Values and Loss Elimination Ratios

It has come to our attention that we neglected to update the rule references on the Miscellaneous Values Page 16 of the 2007 Ratemaking Report to coincide with the Minnesota Basic Manual. Also, a typo was discovered on Page 19, Loss Elimination Ratios.

Exhibit I illustrates the changes needed to the Miscellaneous Values and Exhibit II illustrates the changes needed to the Loss Elimination Ratios of the 2007 Ratemaking Report. Please note that the corrected language contains underlined and strikethrough text. The underlining represents new and added text while the strikethroughs indicate deleted text.

Please direct any questions you may have to our Actuarial Services Department at 952-897-1737, Option 3, or by emailing our office at ratemakingreport@mwcia.org.

EXHIBIT I

MINNESOTA

Miscellaneous Values

Maximum Individual Remuneration applicable to executive officers, partners, and sole proprietors in connection with <i>Minnesota Rule IX A 4 and Rule IX B 5 of the Basic Manual Rule 2-E-1-b and Rule 2-E-3-a</i> , electing members/owners of a Limited Liability Company in connection with <i>Minnesota Rule IX G 2 of the Basic Manual Rule 2-E-2-b</i> , Code 9178--"Athletic Team: Non-Contact Sports", and Code 9179--"Athletic Team: Contact Sports"	\$1,565.00
Minimum Individual Remuneration applicable to executive officers, partners, and sole proprietors in connection with <i>Minnesota Basic Manual Rule IX A 4 2-E-1-b</i> and Rule <i>IX B 5 2-E-3-a</i> , and electing members/owners of a Limited Liability Company in connection with <i>Minnesota Rule IX A 1 of the Basic Manual Rule 2-E-2-b</i>	\$280.00
Minimum Remuneration for spouse, parent or child of an individual proprietor or a partner of a partnership or of an executive officer of a closely held corporation or members/owners of a Limited Liability Company who are eligible for coverage under 176.041, are employed by such entity to perform work in connection with the operations of the employer and for whom coverage has been elected in writing, the actual payroll of such spouse, parent or child as indicated in the insured's records shall be included in the basis of premium computation subject to a minimum amount per each week actually worked (a part of a week shall be considered a full week). There is no maximum.	\$235.00
Taxicab Driver Payroll: When the payroll of taxicab drivers is not verifiable in the payroll records of the insured, the payroll of such drivers shall be established as 150% of the statewide average weekly wage extended for the period of employment during the policy term. If the owner also rents or leases the vehicle, an additional premium will be charged for each leased or rented vehicle per policy year based on 100% of the statewide average weekly wage extended to an annual basis.	
United States Longshoremen's and Harbor Workers' Compensation Coverage Percentage applicable only in connection with <i>Minnesota Basic Manual Rule 3-A-4-b Rule XII D 3</i> (multiply a Non-"F" classification rate by a factor of 1.51).....	51%

**EXHIBIT II
MINNESOTA**

Effective
January 1, 2007

Loss Elimination Ratios

The advisory LERs are a percentage of ultimate loss whereby the loss has been developed to an ultimate basis and trended to the midpoint of the rating period for which the LERs are intended. The advisory LERs reflect the following considerations.

- The annual severity trends which underlie the projected severities by injury type are 6.5% for indemnity loss and 12.5% for medical loss.
- A factor of 1.125 for indemnity loss and 1.325 for medical loss are used to project loss from an eighth report to an ultimate basis.
- The advisory LERs are on a per claim basis.

Hazard Group I			Hazard Group II		
<u>Loss Limit</u>	<u>Medical Deductible</u>	<u>Total Claims Deductible</u>	<u>Loss Limit</u>	<u>Medical Deductible</u>	<u>Total Claims Deductible</u>
100	.0097	.0097	100	.0097	.0097
150	.0144	.0144	150	.0144	.0144
200	.0188	.0189	200	.0188	.0189
250	.0230	.0231	250	.0230	.0231
500	.0407	.0410	500	.0406	.0408
1,000	.0647	.0658	1,000	.0636	.0646
1,500	.0810	.0831	1,500	.0791	.0810
2,000	.0941	.0973	2,000	.0913	.0942
2,500	.1052	.1095	2,500	.1017	.1056
5,000	.1458	.1557	5,000	.1392	.1481
10,000	.1984	.2191	10,000	.1871	.2057
15,000 25,000	.2795	.3335	15,000 25,000	.2616	.3106
50,000	.3345	.4360	50,000	.3134	.4062

Hazard Group III			Hazard Group IV		
<u>Loss Limit</u>	<u>Medical Deductible</u>	<u>Total Claims Deductible</u>	<u>Loss Limit</u>	<u>Medical Deductible</u>	<u>Total Claims Deductible</u>
100	.0050	.0051	100	.0032	.0032
150	.0075	.0075	150	.0048	.0048
200	.0099	.0099	200	.0064	.0064
250	.0121	.0122	250	.0079	.0079
500	.0218	.0220	500	.0144	.0146
1,000	.0352	.0359	1,000	.0241	.0245
1,500	.0447	.0460	1,500	.0310	.0319
2,000	.0524	.0544	2,000	.0365	.0379
2,500	.0590	.0618	2,500	.0414	.0432
5,000	.0843	.0907	5,000	.0598	.0642
10,000	.1185	.1320	10,000	.0851	.0946
15,000 25,000	.1776	.2148	15,000 25,000	.1310	.1581
50,000	.2245	.2980	50,000	.1715	.2277