



Minnesota Workers' Compensation
Insurers Association, Inc.

7701 France Avenue South
Suite 450
Minneapolis, MN 55435-3203

952-897-1737 general
952-897-6495 fax

www.mwcia.org

October 10, 2018

ALL ASSOCIATION MEMBERS

Circular Letter 18-1741

RE: Housekeeping Filing – Amendment to the 2019 *Minnesota Ratemaking Report*
Volume 1

The Minnesota Department of Commerce has approved the above housekeeping filing to become effective 12:01 a.m., January 1, 2019 for new and renewal business.

Per approval of NCCI Items R-1414 and R-1414-A—Amendment to Item R-1414—Revisions to Retrospective Rating Plan Manual Appendix B and All Related Rules and Endorsements, the Table of Policy Excess Ratio Ranges and the Table of Expected Claim Count Groups will replace the Expected Loss Ranges in the annual *Minnesota Ratemaking Report*. Note that the Average Cost per Case by Hazard Group will be found below the Excess Loss Pure Premium Factors. Also note that the Hazard Group Differentials (commonly referred to as Relativities) are being removed, as they no longer apply to retrospectively rated policy premiums upon the implementation of NCCI Items R-1414 and R-1414-A.

The attached Exhibit 1 displays the revisions to pages 16, 17 and 18 of the 2019 *Minnesota Ratemaking Report*, Volume 1.

Carriers that have submitted filings containing any of these items with effective dates of January 1, 2019 or later, must revise their filings to reflect the changes contained in this Circular Letter. These carriers should attach a “Note to Reviewer” on the approved filing by October 31, 2018 to request that the filing be re-opened. Please don’t request that your filing be re-opened until you are ready to make the revisions, so that these filings can be re-approved promptly.

Please direct any questions you may concerning this item to MWCIA’s Actuarial Department at (952) 897-1737, option 3, or email at actuarial@mwcia.org.

MINNESOTA

Table of Expected Loss Ranges
Effective January 1, 2013

Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values	Expected Loss Group	Range Rounded Values
95	1,153 — 1,800	65	96,674 — 104,413	35	1,205,738 — 1,353,767
94	1,801 — 2,664	64	104,414 — 112,772	34	1,353,768 — 1,519,973
93	2,665 — 3,520	63	112,773 — 121,799	33	1,519,974 — 1,733,229
92	3,521 — 4,653	62	121,800 — 131,548	32	1,733,230 — 1,992,236
91	4,654 — 6,051	61	131,549 — 142,079	31	1,992,237 — 2,289,951
90	6,052 — 7,309	60	142,080 — 153,483	30	2,289,952 — 2,632,157
89	7,310 — 8,821	59	153,484 — 165,953	29	2,632,158 — 3,128,882
88	8,822 — 10,240	58	165,954 — 179,182	28	3,128,883 — 3,741,462
87	10,241 — 11,886	57	179,183 — 193,057	27	3,741,463 — 4,473,981
86	11,887 — 13,787	56	193,058 — 208,012	26	4,473,982 — 5,515,490
85	13,788 — 15,593	55	208,013 — 224,126	25	5,515,491 — 7,018,621
84	15,594 — 17,628	54	224,127 — 242,337	24	7,018,622 — 8,931,401
83	17,629 — 19,908	53	242,338 — 262,103	23	8,931,402 — 11,412,761
82	19,909 — 22,151	52	262,104 — 283,489	22	11,412,762 — 14,603,708
81	22,152 — 24,645	51	283,490 — 306,608	21	14,603,709 — 18,686,828
80	24,646 — 27,417	50	306,609 — 330,862	20	18,686,829 — 23,911,565
79	27,418 — 30,504	49	330,863 — 356,977	19	23,911,566 — 30,597,107
78	30,505 — 33,660	48	356,978 — 385,341	18	30,597,108 — 41,970,253
77	33,661 — 37,058	47	385,342 — 419,230	17	41,970,254 — 62,073,665
76	37,059 — 40,803	46	419,231 — 456,098	16	62,073,666 — 91,806,463
75	40,804 — 44,839	45	456,099 — 496,209	15	91,806,464 — 135,781,024
74	44,840 — 49,089	44	496,210 — 542,249	14	135,781,025 — 200,819,054
73	49,090 — 53,743	43	542,250 — 593,337	13	200,819,055 — 297,009,777
72	53,744 — 58,844	42	593,338 — 649,243	12	297,009,778 — 464,933,744
71	58,845 — 64,233	41	649,244 — 715,710	11	464,933,745 — 735,711,389
70	64,234 — 70,065	40	715,711 — 790,930	10	735,711,390 — 1,164,190,072
69	70,066 — 76,421	39	790,931 — 874,056	9	1,164,190,073 — & over
68	76,422 — 82,857	38	874,057 — 965,918		
67	82,858 — 89,499	37	965,919 — 1,073,888		
66	89,500 — 96,673	36	1,073,889 — 1,205,737		

Minnesota

State and Hazard Group Differentials

Hazard Group A	Hazard Group B	Hazard Group C	Hazard Group D	Hazard Group E	Hazard Group F	Hazard Group G
1.773	1.418	1.293	1.095	.928	.678	.586

Table of Classifications by Hazard Group

Refer to Appendix D of the *Minnesota Basic Manual* for a complete Table of Classifications by Hazard Group.

State Special Classifications Only

Class Code	Hazard Group	Class Code	Hazard Group
0006	C	8284	E
2686	B	8285	E
2729	E	8286	E
3341	E	8353	E
4314	D	8395	D
5649	F	8825	A
6248	F	8829	C
7706	F	8830	C
7708	F	8844	C
8029	B	8845	C
8034	C	9054	B
8036	B	9539	F
8048	B		
8052	C		
8280	E		

MINNESOTA

Effective
January 1, 2019

Excess Loss Pure Premium Factors

The advisory ELPPFs are a percentage of ultimate loss (i.e., loss developed to an ultimate basis and trended to the midpoint of the rating period for which the ELPPFs are intended). The excess ratio curves are constructed by claim groups that reflect both the injury type and the loss development categories used to calculate the DSE pure premium base rates. In addition, the advisory ELPPFs reflect the following:

- The annual severity trends which underlie the projected severities by injury type are 1.5% for indemnity loss and 3.0% for medical loss.
- A factor of 1.033 for indemnity loss and 1.055 for medical loss are used to project loss from a 24th report to an ultimate basis.
- The advisory ELPPFs reflect adjustments to be on an occurrence basis and to include "Large Events".

Loss Limit	Hazard Group						
	A	B	C	D	E	F	G
10,000	.703	.749	.768	.806	.832	.881	.891
15,000	.645	.694	.715	.758	.788	.845	.859
20,000	.599	.650	.671	.718	.751	.815	.830
25,000	.561	.613	.634	.683	.718	.788	.805
30,000	.529	.581	.602	.653	.690	.764	.781
35,000	.501	.553	.574	.626	.664	.742	.760
40,000	.476	.528	.549	.602	.641	.722	.740
50,000	.436	.485	.507	.560	.601	.687	.704
75,000	.363	.409	.427	.481	.523	.616	.631
100,000	.314	.356	.372	.426	.466	.562	.576
125,000	.278	.317	.331	.383	.422	.520	.532
150,000	.250	.287	.299	.350	.387	.485	.495
175,000	.228	.263	.273	.322	.358	.456	.464
200,000	.210	.243	.252	.300	.334	.431	.438
225,000	.194	.226	.234	.280	.313	.409	.415
250,000	.181	.211	.218	.263	.295	.389	.395
275,000	.170	.199	.205	.248	.279	.371	.377
300,000	.160	.188	.193	.235	.265	.355	.361
325,000	.151	.178	.183	.224	.252	.341	.347
350,000	.143	.169	.173	.213	.240	.329	.334
375,000	.136	.161	.165	.204	.230	.317	.322
400,000	.130	.154	.157	.195	.220	.306	.311
425,000	.124	.148	.150	.187	.212	.296	.301
450,000	.119	.142	.144	.180	.204	.287	.290
475,000	.114	.136	.138	.173	.196	.278	.281
500,000	.110	.131	.133	.167	.190	.271	.273
600,000	.095	.114	.115	.147	.167	.243	.246
700,000	.084	.101	.101	.131	.149	.222	.224
800,000	.075	.091	.090	.118	.134	.204	.206
900,000	.067	.083	.082	.107	.122	.189	.191
1,000,000	.0611	.0761	.0741	.0991	.1121	.1767	.1789
2,000,000	.0320	.0410	.0380	.0541	.0621	.1074	.1095
3,000,000	.0210	.0270	.0250	.0370	.0420	.0773	.0804
4,000,000	.0150	.0200	.0180	.0280	.0320	.0602	.0633
5,000,000	.0110	.0160	.0140	.0220	.0250	.0492	.0513
6,000,000	.0090	.0130	.0110	.0180	.0210	.0412	.0432
7,000,000	.0070	.0110	.0090	.0150	.0170	.0351	.0372
8,000,000	.0060	.0090	.0070	.0130	.0150	.0301	.0322
9,000,000	.0050	.0070	.0060	.0110	.0130	.0271	.0291
10,000,000	.0040	.0060	.0050	.0090	.0110	.0241	.0251

MINNESOTA**Table of Expected Claim Count Groups**

Expected Claim Count Group	Expected Number of Claims (Rounded Values)	Expected Claim Count Group	Expected Number of Claims (Rounded Values)	Expected Claim Count Group	Expected Number of Claims (Rounded Values)
94	0.00 - 0.12	67	3.27 - 3.56	40	45.8 - 51.6
93	0.13 - 0.15	66	3.57 - 3.89	39	51.7 - 58.4
92	0.16 - 0.19	65	3.90 - 4.26	38	58.5 - 66.3
91	0.20 - 0.23	64	4.27 - 4.66	37	66.4 - 75.5
90	0.24 - 0.27	63	4.67 - 5.09	36	75.6 - 86.4
89	0.28 - 0.32	62	5.10 - 5.57	35	86.5 - 99.2
88	0.33 - 0.38	61	5.58 - 6.09	34	99.3 - 114
87	0.39 - 0.44	60	6.10 - 6.67	33	115 - 133
86	0.45 - 0.51	59	6.68 - 7.30	32	134 - 154
85	0.52 - 0.59	58	7.31 - 8.00	31	155 - 181
84	0.60 - 0.66	57	8.01 - 8.77	30	182 - 213
83	0.67 - 0.75	56	8.78 - 9.62	29	214 - 253
82	0.76 - 0.84	55	9.63 - 10.6	28	254 - 302
81	0.85 - 0.94	54	10.7 - 11.6	27	303 - 364
80	0.95 - 1.05	53	11.7 - 12.8	26	365 - 442
79	1.06 - 1.17	52	12.9 - 14.1	25	443 - 543
78	1.18 - 1.29	51	14.2 - 15.5	24	544 - 673
77	1.30 - 1.42	50	15.6 - 17.2	23	674 - 845
76	1.43 - 1.57	49	17.3 - 19.0	22	846 - 1,080
75	1.58 - 1.73	48	19.1 - 21.0	21	1,081 - 1,400
74	1.74 - 1.89	47	21.1 - 23.4	20	1,401 - 1,840
73	1.90 - 2.08	46	23.5 - 26.0	19	1,841 - 2,490
72	2.09 - 2.27	45	26.1 - 28.9	18	2,491 - 3,450
71	2.28 - 2.49	44	29.0 - 32.3	17	3,451 - 4,930
70	2.50 - 2.72	43	32.4 - 36.2	16	4,931 - 7,330
69	2.73 - 2.98	42	36.3 - 40.6	15	7,331 and above
68	2.99 - 3.26	41	40.7 - 45.7		

Table of Policy Excess Ratio Ranges

Sub-Table	Excess Ratio Range (Rounded Values)
1	0.000 - 0.008
2	0.009 - 0.026
3	0.027 - 0.051
4	0.052 - 0.077
5	0.078 - 0.109
6	0.110 - 0.143
7	0.144 - 0.178
8	0.179 - 0.217
9	0.218 - 0.264
10	0.265 - 0.309
11	0.310 - 0.351
12	0.352 - 0.412
13	0.413 - 0.475
14	0.476 - 0.541
15	0.542 - 0.639
16	0.640 - 0.758
17	0.759 - 0.847
18	0.848 - 1.000

Exhibit 1

Minnesota

Effective
January 1, 2019

Per Claim Excess Ratios

Per the *NCCI Retrospective Rating Plan Manual*, when the Basic Premium Factor is based on values in the Table of Aggregate Loss Factors, the underlying policy excess ratio could reflect loss limits on a per claim instead of per occurrence basis. The table below should be used when computing the expected excess losses for loss limits applied on a per claim basis to determine the policy excess ratio.

Loss Limit	Hazard Group						
	A	B	C	D	E	F	G
10,000	.701	.747	.767	.805	.831	.880	.891
15,000	.643	.692	.713	.757	.787	.845	.859
20,000	.596	.648	.669	.716	.750	.814	.829
25,000	.558	.610	.631	.681	.716	.787	.804
30,000	.525	.578	.599	.651	.688	.763	.780
35,000	.497	.550	.571	.623	.662	.741	.759
40,000	.473	.524	.546	.599	.639	.720	.738
50,000	.432	.482	.503	.557	.598	.685	.702
75,000	.358	.405	.423	.478	.519	.614	.629
100,000	.308	.351	.367	.422	.463	.559	.573
125,000	.272	.312	.326	.378	.418	.517	.528
150,000	.244	.281	.293	.345	.382	.481	.492
175,000	.222	.257	.267	.317	.353	.452	.460
200,000	.203	.237	.246	.294	.329	.426	.434
225,000	.187	.219	.228	.274	.307	.404	.411
250,000	.174	.204	.211	.257	.289	.384	.390
275,000	.163	.192	.198	.242	.273	.366	.372
300,000	.153	.181	.186	.229	.259	.350	.356
325,000	.144	.171	.176	.217	.246	.336	.341
350,000	.136	.162	.166	.206	.234	.324	.328
375,000	.129	.154	.158	.197	.224	.311	.316
400,000	.123	.147	.150	.188	.213	.300	.305
425,000	.117	.141	.143	.180	.205	.290	.294
450,000	.112	.135	.137	.173	.197	.281	.284
475,000	.107	.129	.131	.166	.189	.272	.275
500,000	.104	.124	.126	.160	.183	.265	.267
600,000	.089	.107	.108	.140	.160	.236	.240
700,000	.078	.095	.095	.124	.142	.215	.217
800,000	.069	.085	.084	.111	.127	.197	.199
900,000	.061	.077	.076	.101	.115	.182	.184
1,000,000	.055	.070	.068	.093	.105	.170	.172
2,000,000	.027	.036	.033	.049	.056	.101	.103
3,000,000	.017	.023	.021	.032	.037	.071	.074
4,000,000	.012	.016	.015	.024	.027	.055	.058
5,000,000	.008	.013	.011	.018	.021	.044	.046
6,000,000	.007	.010	.008	.015	.017	.036	.038
7,000,000	.005	.008	.007	.012	.014	.030	.032
8,000,000	.005	.007	.005	.010	.012	.026	.028
9,000,000	.004	.005	.005	.008	.010	.023	.025
10,000,000	.003	.005	.004	.007	.008	.020	.021

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2686	B	8036	B	8829	C
2729	E	8048	B	8830	C
3341	E	8052	C	8844	C
4314	D	8280	E	8845	C
5649	F	8284	E	9054	B
6248	F	8285	E	9539	F
7706	F	8286	E		
7708	F	8353	E		
8029	B	8395	D		

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20,000	.599	.650	.671	.718	.751	.815	.830
25,000	.561	.613	.634	.683	.718	.788	.805
30,000	.529	.581	.602	.653	.690	.764	.781
35,000	.501	.553	.574	.626	.664	.742	.760
40,000	.476	.528	.549	.602	.641	.722	.740
50,000	.436	.485	.507	.560	.601	.687	.704
75,000	.363	.409	.427	.481	.523	.616	.631
100,000	.314	.356	.372	.426	.466	.562	.576
125,000	.278	.317	.331	.383	.422	.520	.532
150,000	.250	.287	.299	.350	.387	.485	.495
175,000	.228	.263	.273	.322	.358	.456	.464
200,000	.210	.243	.252	.300	.334	.431	.438
225,000	.194	.226	.234	.280	.313	.409	.415
250,000	.181	.211	.218	.263	.295	.389	.395
275,000	.170	.199	.205	.248	.279	.371	.377
300,000	.160	.188	.193	.235	.265	.355	.361
325,000	.151	.178	.183	.224	.252	.341	.347
350,000	.143	.169	.173	.213	.240	.329	.334
375,000	.136	.161	.165	.204	.230	.317	.322
400,000	.130	.154	.157	.195	.220	.306	.311
425,000	.124	.148	.150	.187	.212	.296	.301
450,000	.119	.142	.144	.180	.204	.287	.290
475,000	.114	.136	.138	.173	.196	.278	.281
500,000	.110	.131	.133	.167	.190	.271	.273
600,000	.095	.114	.115	.147	.167	.243	.246
700,000	.084	.101	.101	.131	.149	.222	.224
800,000	.075	.091	.090	.118	.134	.204	.206
900,000	.067	.083	.082	.107	.122	.189	.191
1,000,000	.0611	.0761	.0741	.0991	.1121	.1767	.1789
2,000,000	.0320	.0410	.0380	.0541	.0621	.1074	.1095
3,000,000	.0210	.0270	.0250	.0370	.0420	.0773	.0804
4,000,000	.0150	.0200	.0180	.0280	.0320	.0602	.0633
5,000,000	.0110	.0160	.0140	.0220	.0250	.0492	.0513
6,000,000	.0090	.0130	.0110	.0180	.0210	.0412	.0432
7,000,000	.0070	.0110	.0090	.0150	.0170	.0351	.0372
8,000,000	.0060	.0090	.0070	.0130	.0150	.0301	.0322
9,000,000	.0050	.0070	.0060	.0110	.0130	.0271	.0291
10,000,000	.0040	.0060	.0050	.0090	.0110	.0241	.0251

Average Cost Per Case

Hazard Group						
A	B	C	D	E	F	G
6,773	9,695	11,012	13,863	18,513	29,370	33,460