



Minnesota Workers' Compensation
Insurers Association, Inc.

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January 18, 2022

ALL ASSOCIATION MEMBERS

Circular Letter No. 22-1800

RE: 2021 Test Audit Summary Report

Attached are the summary sheets showing the results of the 2021 Test Audit Program by the Minnesota Workers' Compensation Insurers Association Inc. (MWCIA). For your convenience, the report lists all test audits completed from January 1, 2021 through December 31, 2021 and is sorted by Carrier ID in the voluntary and assigned risk markets.

If you have any questions regarding this report, please contact Trice Tormoen, Underwriting Supervisor, at 952-897-6402 or by emailing trice.tormoen@mwcia.org.

MWCIA

Test Audit Program



Voluntary Market

Test Audits Completed

January 1, 2021 - December 31, 2021

Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 1	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	0578649	10448	864,504	864,504		0
	1833391	10448	494,952	494,952		0
	3159459	10456	185,269	185,269		0
	1289578	10960	354,862	354,862		0
	2974622	11223	875,763	781,317	C4 P1	94,446
	3605336	11347	345,948	345,948	C4	0
	2880938	11347	951,900	1,085,126	C4 P1 P6	-133,226
	2109336	11347	1,611,085	971,433	P1	639,652
	3226295	11347	369,231	361,156	C4 P4	8,075
	3175516	11363	898,178	898,178		0
	3452866	11673	561,788	539,685	P4	22,103
	3511072	13161	432,440	432,440		0
	3188452	13269	1,257,828	1,255,529	P1	2,299
	0176133	14397	1,858,795	1,916,449	P4	-57,654
	0377104	15865	913,343	908,706	P2	4,637
	0588504	15865	165,540	159,552	C4 P5	5,988
	1908723	15865	1,990,149	1,990,149		0
	2228815	15865	1,011,872	1,001,011	P4 P6	10,861
	3619371	15865	110,132	102,516	P6	7,616
	3187618	22799	445,507	445,507		0
	2397080	22799	160,495	160,495		0
	2279355	22799	1,292,651	1,295,910	P4	-3,259

Quarterly Total Test Audit Payroll:	17,152,232
Quarterly Total Company Audit Payroll:	16,550,694
Quarterly Total Payroll Difference:	601,538

Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 2	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	1822209	10243	172,437	287,971	P1	-115,534
	2581957	10960	991,643	991,643		0
	2496674	11347	974,129	972,936	P6	1,193
	3219338	12432	269,666	272,777	P2 P6	-3,111
	1327275	13161	1,106,552	1,054,484	P6	52,068
	3222823	15865	1,771,930	1,771,930		0
	2961075	17124	259,062	265,234	P3	-6,172
	3715449	17124	340,071	360,287	P3	-20,216
	2893096	17124	829,813	829,813		0
	3613416	17469	169,777	169,777		0
	3615476	19291	996,762	969,272	P1 P6	27,490
	0474215	19968	772,656	772,656		0
	3336167	19968	624,270	624,270	C4	0
	0275131	22799	485,510	511,166	P4	-25,656
	3495696	22799	1,213,328	1,213,328		0
	3189990	22799	642,452	642,452		0
	0667587	24759	125,130	125,130		0
	3624297	24759	252,520	252,520		0
	0470708	27669	1,373,675	1,385,341	P2 P4	-11,666
	0923346	29475	723,732	723,732	C3	0
	2070294	29475	206,174	206,174		0
	0051985	29475	1,660,949	1,631,224	P4	29,725
	3365386	35866	431,987	431,987		0
	3733901	35866	457,165	467,524	C4 P2	-10,359

Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 2	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3149079	35866	631,350	636,785	C4 P4	-5,435

Quarterly Total Test Audit Payroll: **17,482,740**

Quarterly Total Company Audit Payroll: **17,570,413**

Quarterly Total Payroll Difference: **(87,673)**



Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 3	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	2082217	10243	461,778	645,187	P1 P6 P7	-183,409
	3720273	11037	350,875	350,875		0
	2077175	12122	749,829	749,829		0
	3190862	12890	1,660,736	1,660,736	C5	0
	3226421	12890	659,886	679,938	P3	-20,052
	3528163	12890	1,580,924	1,573,619	P2 P6	7,305
	3588044	16446	108,307	109,212	P1	-905
	3486896	16446	161,866	162,369	P2	-503
	3251387	16446	257,548	253,240	C3 C4 P3	4,308
	1762125	16446	732,917	735,267	P1	-2,350
	1719033	16446	150,702	150,702		0
	0131849	16446	170,536	163,017	P2	7,519
	0201545	16446	731,709	752,970	P4	-21,261
	3272932	16985	96,566	103,286	P6	-6,720
	1073338	16985	140,480	140,480		0
	3655001	17124	1,790,156	1,726,687	P6 P7	63,469
	3603665	17124	770,911	770,911		0
	1148435	17124	821,467	821,467		0
	1279823	17426	1,043,146	853,208	P4 P7	189,938
	3285732	17426	224,852	224,852		0
	1386352	17426	695,456	695,456		0
	1889699	17426	253,471	253,471		0
	2853302	17426	131,548	131,548		0
	2875748	17426	412,439	519,366	C4 P1	-106,927
	2302322	17469	226,353	225,511	P3	842
	3178247	17469	398,248	398,248		0
	3224419	17469	365,621	366,967	P6	-1,346
	3240610	17469	147,238	147,238		0
	3150077	17469	727,666	727,666		0
	3625047	17469	193,945	193,945		0
	1712110	18147	241,907	247,605	P6	-5,698

Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 3	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	1790943	18147	202,235	239,721	P1	-37,486
	0674451	18147	269,806	269,806		0
	2274795	18147	158,847	140,063	P6 P7	18,784
	1368095	19968	1,707,070	1,722,040	P2	-14,970
	3177636	19968	318,796	262,282	P1 P6	56,514
	3230827	19968	1,596,930	1,596,930		0
	3549966	19968	975,316	452,000	P2 P6	523,316
	3603044	19968	806,588	1,200,000	P7	-393,412
	3631566	19968	237,915	278,138	P1 P6	-40,223
	3735868	19968	688,800	688,800		0
	2366185	24759	828,366	828,366		0
	0773069	24759	147,900	147,900		0
	2282879	24759	151,486	151,486		0
	0081523	24759	384,294	492,415	P1	-108,121
	2797917	24759	813,757	813,757		0
	3194407	24759	952,477	952,477		0
	3611031	24759	115,947	115,947		0
	3609082	27669	1,743,757	1,743,757	C4	0
	3108161	29475	1,174,870	1,179,033	P2 P4	-4,163
	2967928	29475	804,205	733,849	P1	70,356
	2134438	29475	975,667	975,667		0
	2360900	69103	1,014,684	1,025,189	P3	-10,505

Quarterly Total Test Audit Payroll: **32,528,796**

Quarterly Total Company Audit Payroll: **32,544,496**

Quarterly Total Payroll Difference: **(15,700)**

Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 4	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	1917099	11037	1,160,045	1,164,306	P4 P6	-4,261
	2985560	11037	135,971	135,971		0
	2695413	11169	280,746	280,746		0
	3503449	11169	266,755	266,755		0
	2688018	11169	801,735	801,735		0
	2515520	11169	266,161	249,347	P6	16,814
	1399071	11169	85,461	115,265	P1 P6	-29,804
	0362549	11169	310,982	310,982		0
	1069683	12122	1,994,132	1,994,132		0
	1286048	12122	828,575	828,575	C4	0
	0810088	12122	277,859	314,370	P4 P6	-36,511
	0467847	12122	536,431	540,525	P6	-4,094
	1010573	12122	818,207	818,921	P6	-714
	3160729	12122	875,023	907,636	P3	-32,613
	3601713	12122	517,739	517,110	P6	629
	2426560	13633	216,963	216,963		0
	3586986	13633	1,549,606	1,549,606		0
	3317231	13633	220,279	206,729	C4 P6	13,550
	3629104	16446	232,856	232,856		0
	3158050	16446	842,122	831,191	P3	10,931
	2776820	16985	129,980	129,980		0
	3603872	16985	266,730	266,730		0
	2899698	17035	598,716	601,339	P2	-2,623
	2804735	17035	189,826	202,443	P5	-12,617
	3201061	17035	188,356	127,341	P1 P4	61,015
	3147275	17035	481,984	555,923	P6	-73,939
	3460145	17035	298,202	298,202		0
	0304239	17124	1,371,371	1,382,105	P5 P6	-10,734
	2497581	17124	299,544	299,544		0
	2744180	17124	270,224	254,582	P2	15,642
	3176237	17124	152,091	152,091		0

Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 4	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	1948482	17426	2,002,556	2,002,556	C4	0
	3221666	17426	602,479	602,479		0
	3157412	17612	331,495	331,495		0
	1146203	18147	270,024	270,024		0
	3743725	27669	150,865	150,865		0
	3165207	29475	514,965	514,965		0
	2221314	35866	149,825	152,033	P6 P7	-2,208
	2970430	69103	249,742	249,742		0
	3173370	69103	598,038	598,038		0
	3628976	69103	208,532	208,532		0
	3164208	76093	267,272	251,566	P7	15,706
	3140900	76093	106,962	100,231	P4 P7	6,731
	3214920	90468	164,824	154,197	P6	10,627
	3311318	90468	378,600	436,424	C4 P1	-57,824
Quarterly Total Test Audit Payroll:			22,460,851			
Quarterly Total Company Audit Payroll:			22,577,148			
Quarterly Total Payroll Difference:			(116,297)			

Minnesota Workers' Compensation Insurers Association

Voluntary Market

Test Audits Completed January 1, 2021 - December 31, 2021

YTD Total Test Audit Payroll:	89,624,619
YTD Total Company Audit Payroll:	89,242,751
YTD Total Payroll Difference:	381,868

Total Audits:	145
Total Audits requiring corrected USRs: *	61
Percentage of Audits requiring corrected USRs: *	42.1 %

Summary of Differences:

Payroll Difference	Count	Classification Difference	Count
P1	18	C1	0
P2	12	C2	0
P3	8	C3	2
P4	16	C4	15
P5	3	C5	1
P6	29		
P7	8		

Difference Reasons

Payroll Differences:

- P1: Officer, partner, individual and family members payroll inclusion, exclusion or limitation
- P2: Overtime Credit
- P3: Reported payroll not within policy period dates
- P4: Rule 2 payroll inclusions/exclusions
- P5: Mathematical - extension errors
- P6: All other differences
- P7: Accepting insured figures without an audit

Classification Differences:

- C1: Standard exceptions
- C2: Executive officers, partners, sole proprietors
- C3: Improper splitting of individuals payrolls
- C4: Classification variance
- C5: All Other

* Test Audits that develop a reportable difference in payroll (\$3,000 difference in reportable payroll or in excess of 2% of total payroll) or classification code (a change in governing code).

MWCIA

Test Audit Program



Assigned Risk - Mail Audits

Test Audits Completed

January 1, 2021 - December 31, 2021

Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Mail Audits

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 2	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3606552	12368	278,003	187,819	P6 P7	90,184
	3104299	12368	244,276	244,276	C4	0
	0947679	12368	132,865	132,136	C4 P6	729

Quarterly Total Test Audit Payroll: **655,144**

Quarterly Total Company Audit Payroll: **564,231**

Quarterly Total Payroll Difference: **90,913**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Mail Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Mail". This will include audits between the \$3,000 - \$10,000 range that are experience rated (only those flagged as "Mail" audits). This will not include audits with a premium greater than \$10,000.



Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Mail Audits

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 3	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3224177	12368	101,320	86,650	P6 P7	14,670
	3596561	12368	51,086	50,369	P6 P7	717
	3217824	12368	50,300	50,300		0

Quarterly Total Test Audit Payroll: **202,706**

Quarterly Total Company Audit Payroll: **187,319**

Quarterly Total Payroll Difference: **15,387**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Mail Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Mail". This will include audits between the \$3,000 - \$10,000 range that are experience rated (only those flagged as "Mail" audits). This will not include audits with a premium greater than \$10,000.



Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Mail Audits

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 4	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3152835	12368	76,179	75,086	P6 P7	1,093
	3204788	12368	56,671	56,671		0
	3714033	12368	67,964	71,275	C4 P3 P7	-3,311
	3657199	12368	85,358	95,166	P7	-9,808

Quarterly Total Test Audit Payroll: **286,172**

Quarterly Total Company Audit Payroll: **298,198**

Quarterly Total Payroll Difference: **(12,026)**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Mail Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Mail". This will include audits between the \$3,000 - \$10,000 range that are experience rated (only those flagged as "Mail" audits). This will not include audits with a premium greater than \$10,000.



Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Mail Audits

Test Audits Completed January 1, 2021 - December 31, 2021

YTD Total Test Audit Payroll:	1,144,022
YTD Total Company Audit Payroll:	1,049,748
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YTD Total Payroll Difference:	94,274

Total Audits:	10
Total Audits requiring corrected USRs: *	6
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Percentage of Audits requiring corrected USRs: *	60.0 %

Summary of Differences:

Payroll Difference	Count	Classification Difference	Count
P1	0	C1	0
P2	0	C2	0
P3	1	C3	0
P4	0	C4	3
P5	0	C5	0
P6	5		
P7	6		

Difference Reasons

Payroll Differences:

- P1: Officer, partner, individual and family members payroll inclusion, exclusion or limitation
- P2: Overtime Credit
- P3: Reported payroll not within policy period dates
- P4: Rule 2 payroll inclusions/exclusions
- P5: Mathematical - extension errors
- P6: All other differences
- P7: Accepting insured figures without an audit

Classification Differences:

- C1: Standard exceptions
- C2: Executive officers, partners, sole proprietors
- C3: Improper splitting of individuals payrolls
- C4: Classification variance
- C5: All Other

* Test Audits that develop a reportable difference in payroll (\$3,000 difference in reportable payroll or in excess of 2% of total payroll) or classification code (a change in governing code).

MWCIA

Test Audit Program



Assigned Risk - Physical Audits

Test Audits Completed

January 1, 2021 - December 31, 2021

Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 1	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3731407	12368	51,955	51,955		0

Quarterly Total Test Audit Payroll: **51,955**

Quarterly Total Company Audit Payroll: **51,955**

Quarterly Total Payroll Difference: **0**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 2	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	1437500	12368	299,159	299,955	P1 P2 P4	-796
	3689142	12368	284,681	284,681		0
	1221299	12368	120,345	120,345	C4	0

Quarterly Total Test Audit Payroll: **704,185**

Quarterly Total Company Audit Payroll: **704,981**

Quarterly Total Payroll Difference: **(796)**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 3	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3226687	12368	76,392	91,617	P1	-15,225
	2663414	12368	88,285	88,285		0
	3714141	12368	57,983	57,983		0
	3477675	12368	129,400	129,400		0
	3654239	12368	356,374	356,374		0

Quarterly Total Test Audit Payroll: **708,434**

Quarterly Total Company Audit Payroll: **723,659**

Quarterly Total Payroll Difference: **(15,225)**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2021 - December 31, 2021

Quarter: 4	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3620769	12368	82,292	82,292		0

Quarterly Total Test Audit Payroll: **82,292**

Quarterly Total Company Audit Payroll: **82,292**

Quarterly Total Payroll Difference: **0**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



Minnesota Workers' Compensation Insurers Association

Assigned Risk Market - Physical Audits

Test Audits Completed

January 1, 2021 - December 31, 2021

YTD Total Test Audit Payroll:	1,546,866
YTD Total Company Audit Payroll:	1,562,887
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YTD Total Payroll Difference:	(16,021)

Total Audits: 10

Total Audits
requiring corrected USRs: * 2

Percentage of Audits
requiring corrected USRs: * 20.0 %

Summary of Differences:

Payroll Difference	Count	Classification Difference	Count
P1	2	C1	0
P2	1	C2	0
P3	0	C3	0
P4	1	C4	1
P5	0	C5	0
P6	0		
P7	0		

Difference Reasons

Payroll Differences:

- P1: Officer, partner, individual and family members payroll inclusion, exclusion or limitation
- P2: Overtime Credit
- P3: Reported payroll not within policy period dates
- P4: Rule 2 payroll inclusions/exclusions
- P5: Mathematical - extension errors
- P6: All other differences
- P7: Accepting insured figures without an audit

Classification Differences:

- C1: Standard exceptions
- C2: Executive officers, partners, sole proprietors
- C3: Improper splitting of individuals payrolls
- C4: Classification variance
- C5: All Other

* Test Audits that develop a reportable difference in payroll (\$3,000 difference in reportable payroll or in excess of 2% of total payroll) or classification code (a change in governing code).