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October 31, 2023

## **ALL ASSOCIATION MEMBERS**

Circular No. 23-1829

**RE: Housekeeping Filing – NCCI ITEM R-1422—REVISIONS TO THE  
RETROSPECTIVE RATING PLAN MANUAL RULE RELATED TO THE  
TAX MULTIPLIER**

The Minnesota Department of Commerce has approved the above filing to become effective January 1, 2024 for new and renewal voluntary policies only. The purpose of this housekeeping filing is to revise Rule 1-B-2-g related to the Tax Multiplier (TM) in the ***Retrospective Rating Plan Manual***. The countrywide state act weight effective January 1, 2024 is stated below. Subsequent updates will be published in the Minnesota Ratemaking Report.

The countrywide state act weight effective 1/1/2024 is 24%.

### **Exhibit 1**

Revise ***Retrospective Rating Plan Manual*** Rule 1-B-2-g to update the information related to state and federal tax multipliers.

***MWCIA staff recommends to adopt the proposed change(s).***

### **Impact**

No statewide premium impact will result from the changes proposed in this item.

The attached exhibits illustrate necessary changes to the ***Retrospective Rating Plan Manual***. As in past filings, strikethroughs indicate deleted text while underlining indicates new or added text. A copy of National Council's original filing memorandum is also included to provide additional background information regarding Item R-1422.

Please direct any questions you may have concerning this item to our Actuarial Department at 952.897.1737, Option 3, or email to [actuarial@mwcia.org](mailto:actuarial@mwcia.org).

### **A NOTICE TO MEMBERSHIP:**

MWCIA would like to remind our membership who have filed a Limited Power of Attorney with the Minnesota Department of Commerce that no materials referenced in this Circular Letter are required to be independently filed with the department.

**Effective January 1, 2024**

**EXHIBIT 1**

**Retrospective Rating Plan Manual**

**RULE 1—GENERAL EXPLANATIONS**

**B. DEFINITIONS**

**2. Elements of the Retrospective Rating Plan Formula**

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY
<p><b>g. Tax Multiplier (TM)</b></p> <p>Tax multipliers vary by state and generally cover licenses, fees, assessments, and taxes that the carrier must pay on the premium collected in an individual state.</p> <p><i>For states where NCCI files full rates, refer to the State Special Rating Values pages of this manual for the individual state tax multiplier.</i></p> <p>For states where NCCI files loss costs, <del>refer to NCCI's <b>Tax and Assessment Directory</b> for the individual state tax multiplier.</del></p>	<p><b>g. Tax Multiplier (TM)</b></p> <p>Tax multipliers vary by state and generally cover licenses, fees, assessments, and taxes that the carrier must pay on the premium collected in an individual state.</p> <p><i>For states where NCCI files full rates, refer to the State Special Rating Values pages of this manual for the individual state <u>and federal</u> tax multipliers.</i></p> <p>For states where NCCI files loss costs, <u>carriers must calculate their own state and federal tax multipliers. The tax multiplier formula is provided in the Glossary of NCCI's <b>Tax and Assessment Directory (TAAD)</b>. Information regarding state taxes and assessments, as well as the federal United States Longshore and Harbor Workers' (USL&amp;HW) Compensation Act—Special Fund assessment, are contained in the relevant section of the <b>TAAD</b>. State act weights can be found in each state's annual rate/loss cost filing circular. The federal act weight can be derived as one minus the state act weight.</u></p>