



MWCIA

**Minnesota Workers' Compensation Insurers Association, Inc.**

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Bruce A. Tollefson, President

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ALL ASSOCIATION MEMBERS

Circular Letter No. 98-1300

RE: Special Compensation Fund Assessment

The Minnesota Department of Labor and Industry has announced a rate increase to 30 percent from 28 percent effective for the Special Compensation Fund (SCF) assessment. The assessment rate is paid by insurers and self-insured employers as a percentage on indemnity benefits paid to injured workers. The assessment rate had remained at 28 percent for the past six reporting periods.

During that time, the department has been able to maintain a positive SCF balance in spite of rapidly falling indemnity benefits. The assessment base has dramatically shrunk since 1991 due to the significant drop in lost-time claims and indemnity payments. In fiscal 1998, the assessments paid by insurers are expected to be less than \$100 million—the lowest since 1988.

SCF pays for the administrative costs of the workers' compensation system (\$33 million), Supplemental Benefit reimbursements (\$65 million), Second Injury Benefit reimbursements (\$20 million) and uninsured employers claims (\$5.2 million).

The SCF Advisory Committee, composed of representatives of labor, employers, insurers and other regulatory agencies, also asked DLI's commissioner to direct one percent of the increase (\$3.4 million) to focus on reducing the long-term cost of the Supplementary Benefit and Second Injury programs by settling cases which will save significant dollars in long-term costs.

Sincerely,

CRAIG A. ANDERSON

Vice President  
Actuarial Services

CAA/sb