

# MWCIA QUARTERLY

The Official Quarterly Newsletter of  
The Minnesota Workers' Compensation Insurers Association.

*MWCIA News is a periodic publication of the Minnesota Workers' Compensation Insurers Association as a service to its members and the workers' compensation industry. Please direct any questions, comments or suggestions for articles you may have concerning this publication to: Dani Main—editor of MWCIA News via e-mail: newsletter@mwcia.org*



## CELEBRATING OUR PROGRESS AND COMMITMENT

***Jennifer Wolf - President MWCIA***

This year's mild Minnesota winter has me on the look-out earlier than usual for the crocuses. As the crocuses emerge, heralding the arrival of spring, we find ourselves surrounded by nature's gentle reminder of renewal and growth. This is especially fitting for MWCIA, as spring 2024 finds us embracing change by welcoming new talent and wishing farewells to retiring colleagues.

MWCIA will be welcoming three talented individuals who will help move our vision and mission forward. Sherry Latronica will serve as the Data Quality and Compliance Manager, with the responsibility for advancing our data governance and quality initiatives. Shawana Jones will serve as the Systems Engineer, supporting our digital security and technology infrastructure.

### WHAT'S IN OUR LATEST ISSUE:

**PG 2 - President's Message Continued**

**PG 3 - Decimal Extension - Why do it?**

**PG 4 - Happy Retirement Kim LaHoud**

**Page 4 - Happy Retirement Pat Riley**

**Page 5 - Auditors Corner - Correction**

# CELEBRATING OUR PROGRESS AND COMMITMENT

*Jennifer Wolf - President MWCIA*

*continued from page 1*

Lastly, Farhan Ahmed will serve as a full-stack developer, modernizing MWCIA's client-facing digital tools.

We also recognize the talents and contributions of Kim LaHoud and Patrick Riley, who are retiring from MWCIA. Kim LaHoud has supervised policy data collection for many years, supporting the transition from policy tape to electronic submissions during her career. Patrick Riley has administered MWCIA's network, ensuring the security and availability of technology solutions used across the organization. We extend our gratitude for the enduring and impactful contributions of both Kim and Pat.

As we anticipate the flowers blooming and the transformation of the upcoming season, let us look forward to a season of collaboration where seasoned and new professionals unite in service to the Minnesota workers' compensation community.



**DECIDE  
COMMIT  
FOCUS  
SUCCEED**

# DECIMAL EXTENSION - WHY DO IT?

## *Actuarial Services Department*

You may have already heard the buzz - we're adding a decimal place to the pure premium base rates (PPBRs) and expected loss rates (ELRs) **effective January 1, 2026.**



This is an exciting change for Minnesota's workers' compensation industry! Let me tell you why:

Over time, the workers' compensation industry has seen an expansion of payrolls. Additionally, we've generally seen a downward trend in system costs. The combination of these two factors resulted in the PPBRs of some class codes falling below \$0.10 per \$100 of payroll. These class codes are nicknamed "penny codes." Currently, PPBRs are rounded to the nearest cent, or hundredth. This means a change of 10% or more is needed to move the PPBR of a penny code; A \$0.10 PPBR could move up to \$0.11 (+10%) or down to \$0.09 (-10%).

When we determine PPBRs, we make sure the pure premiums will be adequate at the class level, industry group level, and in aggregate. During industry group balancing, the penny codes act as an anchor because many penny codes have a large volume of payroll and don't change under the current rounding. When the penny codes are not changing, PPBRs for the other class codes within their industry may need to be slightly adjusted up or down to achieve the appropriate balance for the group. Note, the change for each class code is capped at swing limits, which limits the movement of a PPBR to 25% above or below the industry group's indicated change.

All told, extending decimal specificity to the thousandth will achieve two important objectives:

- Increasing rate accuracy.
  - At a minimum, a penny code with a \$0.100 PPBR could move up to \$0.101 (+1%) or down to \$0.099 (-1%), allowing for greater precision of the PPBR.
- Increasing rate equity.
  - Penny codes would no longer act as an anchor, reducing the adjustments to all classes during industry group balancing.

If you have any questions about the change, the Actuarial Services team would be happy to talk to you about it. Please contact us at [actuarial@mwcia.org](mailto:actuarial@mwcia.org).

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# HAPPY RETIREMENT KIM LAHOUD!

Your MWCIA Family

After nearly 40 years of dedicated service, Kim LaHoud retired from MWCIA on March 22, 2024. Kim was our resident policy data subject matter expert and served as the supervisor of the Policy Team. Kim saw many changes during her time at MWCIA, including how we collect policy data. From paper forms to electronic data interchange, as well as

the many system changes, Kim was supportive and key to the successful adoption of these changes. Although Kim retired, her legacy will endure through the many friendships she built and the impact that she has had on those she has supported. We celebrate Kim's many years of service to MWCIA and wish her a happy retirement filled with relaxation and new adventures!

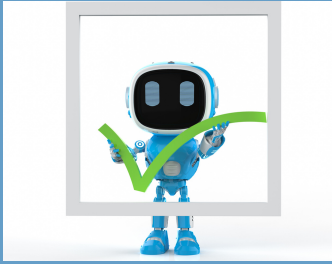
# HAPPY RETIREMENT PAT RILEY!

Your MWCIA Family

After more than 25 years of service with MWCIA, it is with a mix of emotions that we announce the retirement of Pat Riley. Pat's dedication as our Senior Network Administrator and support for our users has been instrumental in keeping our organization running smoothly for over two decades. We will miss his presence in the office and his willingness to go the extra mile to help anyone in need. His unwavering support for our staff has been an invaluable asset to MWCIA.

We wish Pat all the best in his well-deserved retirement. We hope Pat enjoys this next chapter in his life, filled with relaxation, new adventures, and quality time with his loved ones.





## AUDITORS CORNER: CORRECTION - 4TH QUARTER 2023

*Terra Jordahl -*

*Sr. Field Operations Specialist/Test Auditor*

Attention auditors!

We would like to make a correction to our last Auditors Corner Article. The last Auditors Corner article discussed the Small Closely Held Rule and the 22,880-hour threshold when determining if an executive officer is included or excluded. The article stated that if there is more than one entity on a single policy combine the hours of all the entities to determine if that threshold has been exceeded. This was incorrect.

The correction is that total hours worked for the calendar year threshold is applied per entity, not combined for the policy. If one entity surpasses the 22,880 hours worked in the calendar year preceding the policy period, then the executive officers would be included, and you would combine the remuneration from each entity for the executive officers and apply the min and max to each of the officer's combined remuneration.

If you have any questions about the Small Closely Held Corporation Rule please visit us @ [www.mwcia.org](http://www.mwcia.org).

Important Information  
you ***Need To Know*** links:

[Circulars: Changes to MN Workers Compensation](#)

[Helpful Industry Links:](#)

[MN DLI, MN Dept of Commerce, MN Dept of  
Employment & Economic Development](#)

[Yearly Changes:](#)

[Split Point,](#)

[Per Claim Accident Limitations,](#)

[Min/Max Payrolls](#)

[Online Training:](#)

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[ERM-14,](#)

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[Assistance/General: Option 0](#)

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