

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



THE FOUNDATION OF OUR SUCCESS: A “CUSTOMER FIRST” APPROACH

Jennifer Wolf - President MWCIA

As we begin the new year, I want to highlight one of the core pillars of MWCIA's ongoing success: our commitment to delivering prompt, high-quality customer experiences. Whether you contact us by phone, email, or chat, our dedicated team is here to understand your needs and provide meaningful solutions.

At the heart of this effort is our **Workers' Compensation Resource Center** team, a group of knowledgeable professionals with deep expertise in underwriting and the unique complexities of Minnesota's workers' compensation system. Their extensive experience ensures that inquiries are handled efficiently, accurately, and with a personal touch that larger organizations often can't provide.

This team's ability to offer swift and informed responses, whether clarifying a classification code or ownership nuance, has made MWCIA a trusted partner in the industry. It's a key reason why stakeholders rely on us to deliver consistent value. As we continue to enhance our services this year, I invite you to engage with us and share feedback. Together, we'll uphold and improve the customer experience that makes MWCIA an essential resource for Minnesota's workers' compensation community.

Thank you for your continued trust and support.

WHAT'S IN OUR LATEST ISSUE:

[PG 2 - Minnesota's Updated Contractor Misclassification Rules](#)

[PG 3 - Monthly Data Quality Reports](#)

[PG 4 - Coming Soon: Decimal Extension](#)

[PG 6 - Auditors Corner](#)

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MINNESOTA'S UPDATED MISCLASSIFICATION RULES FOR CONSTRUCTION WORKERS EFFECTIVE MARCH 1, 2025

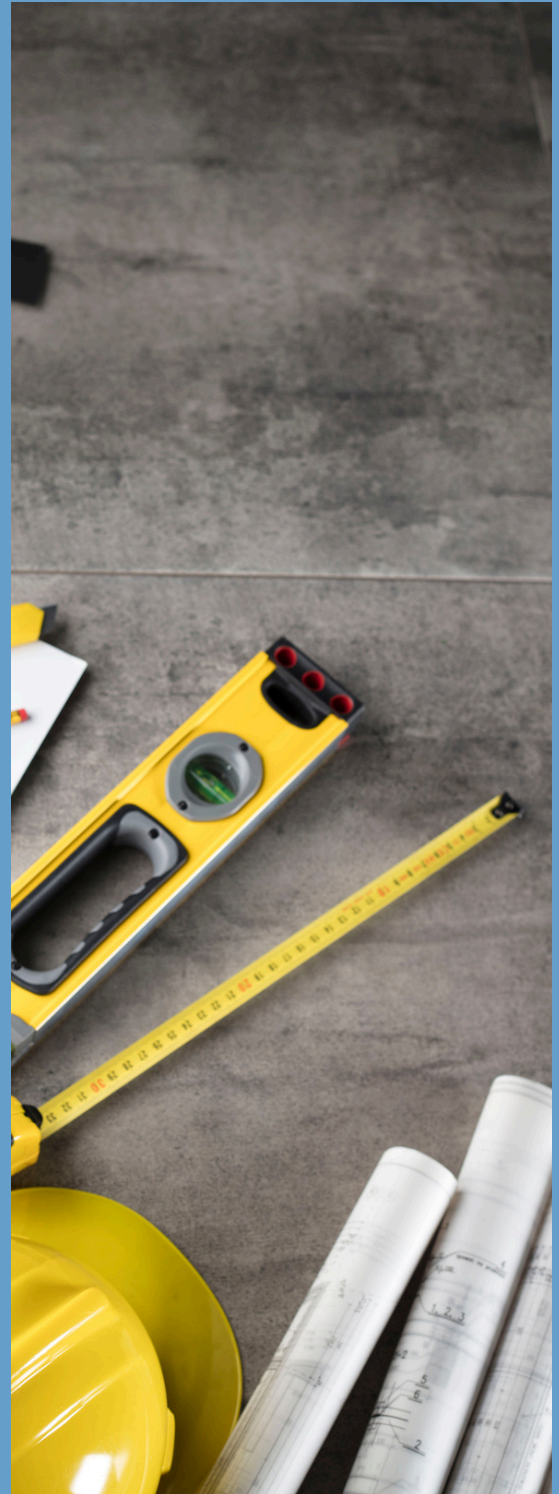
Guest Article - Minnesota Department of Labor and Industry

Under Minnesota law, it is illegal for employers to misclassify workers who are employees as independent contractors. As you likely already know, if employers fail to provide workers' compensation insurance for workers who are their employees, they risk being fined.

Misclassification is, in and of itself, a violation of Minnesota law. There are separate laws for workers in the construction industry (Minnesota Statute § 181.723) and workers in all other industries (Minnesota Statute § 181.722). These laws were recently updated by the Legislature. The Minnesota Department of Labor and Industry (DLI) has updated its website to help employers stay compliant. DLI's resources include pages specifically for construction worker misclassification and general worker misclassification, including links to the laws, general information, a presentation and FAQs.

Note: The updated laws are already in effect. The most recent update, which went into effect March 1, 2025, applies to workers in the construction industry. Prior to March 1, 2025, workers who provided or performed commercial or residential building construction or improvement services were considered employees and could only be considered independent contractors if they met nine legal requirements. As of March 1, 2025, there are 14 legal requirements. While many of these requirements are the same or substantially similar to the previous requirements, DLI encourages those in the construction industry to review the updated law and information on our website to stay compliant.

Learn more about [worker misclassification](#) and learn more about [workers' compensation and independent contractors or employees](#).



MONTHLY DATA QUALITY REPORTS: ENHANCING TIMELINESS AND ACCURACY

Data Services Department



We are pleased to announce the implementation of our new monthly data quality reports, aimed at measuring and improving the timeliness and accuracy of policy and unit statistical data submissions. These reports provide critical insights into key metrics, including the percentage of policies submitted before their effective date and the availability of unit statistical reports by their due date.

Reports are distributed each month to the designated policy reporting manager and the unit reporting manager within the carrier group, ensuring that all relevant stakeholders receive this valuable information. Authorized users can access the reports by logging into MWCIA.ORG Web Membership and navigating to the Reports section. Access to these reports is managed by the Group Administrator, who oversees permissions for your company.

Please note a missing report for any given month may indicate that MWCIA did not receive data from the carrier group during the evaluation period. Additionally, if a

carrier within the group has not submitted any policy or unit statistical report data for the evaluation period, the carrier may not be displayed in the report.

Currently, there are no fines associated with these new reports, allowing a focus on improvement and accuracy without the added pressure of penalties.

For questions regarding the new reports, please contact dataquality@mwcia.org.

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COMING SOON: DECIMAL EXTENSION OF PURE PREMIUM BASE RATES AND EXPECTED LOSS RATES

Actuarial Department

Additional specificity to the pure premium base rates (PPBR) and expected loss rates (ELRs) are coming soon. Here is what you need to know:

What? PPBR, ELRs, and assigned risk rates increase from two decimal places (X.XX) to three decimal places (X.XXX).

When? Effective 1/1/2026 and later.

Where? Decimal extension is occurring across all jurisdictions. Minnesota's update will show up in a variety of places:

- Ratemaking Report
 - PPBR schedule and supporting information
 - ELRs
 - Catastrophe (Other Than Certified Acts of Terrorism) recommendation will have a trailing 0.
 - Terrorism recommendation is currently three decimal places.
- Assigned Risk Plan
 - Assigned risk rates
 - Terrorism rate
- Experience Modification Worksheets
 - The ELR on ratings effective 1/1/26 and later
 - Note: The experience modification factor will remain at two decimal places.
- Unit Statistical Reporting
 - Three decimal manual rates effective 1/1/2026 and later will be reported on and after 7/1/2027
 - WCIO WCSTAT standard record layout supports three decimal place reporting.
- Policy Data
 - Three decimal manual rates will be reported for policies effective 1/1/26 and later.
 - WCIO WCPOLS standard record layout supports three decimal place reporting.

Why? The added precision will improve accuracy and stability.

For example: Under two-decimal precision, a class code with a PPBR of 0.05 can only change by $\pm 20\%$, either to 0.04 (-20%) or 0.06 ($+20\%$). Under three-decimal precision, a 0.05 PPBR may be updated in increments of $\pm 2\%$. The PPBR will be more accurate.

COMING SOON: DECIMAL EXTENSION OF PURE PREMIUM BASE RATES AND EXPECTED LOSS RATES

Continued

PPBR changes are balanced to the industry group level. Class codes with small PPBRs typically have large exposure. Under two-decimal precision, these class codes act as anchors for their industry group since a large portion of exposure is “anchored” in place. This means the other class codes within the industry group are adjusted more to make up for the anchoring effect. Additional precision counters the anchoring effect, which increases stability across class ratemaking.

Please see the 1st Quarter 2024 MWCIA Quarterly [Decimal Extension - Why do it?](#) article for additional explanation.

FAQs:

What if carrier systems are not ready yet? The Minnesota Department of Commerce advises carriers may file for an effective date after 1/1/26 should additional time be required to update systems.

What is the premium impact of this change? None, this is a premium neutral update.

Is this a methodology change? No, the rounding rules are updated. The underlying derivation of PPBRs and ELRs are not changed.

Please contact Actuarial Services at actuarial@mwcia.org with additional questions.



AUDITORS CORNER

MWCIA Auditor



Thanks for stopping by the Auditor's Corner. As we have shared before, the Minnesota Insurance Auditor's Association (MIAA) is a great resource for local auditors to discuss current issues in the industry. Networking during these meetings can be incredibly beneficial, as it allows members to tap into the extensive knowledge base of the group, helping to answer industry-related questions and share valuable insights.

The MIAA typically meets four times a year between September and May. Meetings are held in person at the MWCIA office with a virtual option offered as well. The MIAA has one last meeting scheduled before they break for the summer. Please consider joining us on Monday, May 19th, 2025, at 11:30 am CT.

If you have any questions regarding joining the MIAA or topic suggestions for a meeting, please contact Terra Jordahl at Terra.Jordahl@mwcia.org.

MN WORK COMP FORUM

Newsletter Editor

Registration is now OPEN for our event on October 14, 2025! Get ready for an incredible lineup of sessions, an interactive "Test Your Knowledge" game show, and an exhibitor hall featuring amazing workers' compensation stakeholders!

We'll be diving into important topics like Avoiding the Medicare Iceberg, the New Worker Misclassification Law, and Health Care Trends that will Impact Workers' Compensation.

Don't miss your chance to be a part of this fantastic event! Click the link to register now and secure your spot at the MN Work Comp Forum!

[Register Today!](#)



EXHIBITOR REGISTRATION

SPONSOR & ATTENDEE REGISTRATION

HOTEL RESERVATIONS

Registration Information

October 14, 2025, 8:00AM - 4:00PM
(Lunch Included)