

SAMPLE

Calculation of Deficiency Assessment for Self-Insurers

Member: ABC Corporation

1) 2008 WCRA Exposure	1,673,857
2) Pure Premium Factor	1.2
3) 2008 Pure Premium	1,394,881
4) 2010 Projection Factor	1.0645336
5) Est. 2010 Pure Premium	1,484,897
6) Deficiency Assessment Rate	1.61%
7) Est. 2010 Deficiency Assessment	23,907

1) Final 2008 Audited WCRA Exposure

2) When MN converted from a rate state to a loss cost state, a 1.2 pure premium adjustment factor was added in the calculation of WCRA exposure for all members so that our exposure base was consistent with the older years. The Deficiency Assessment is based on DSR premium, which excludes the 1.2 adjustment factor. Thus, we need to divide out the 1.2 factor from the WCRA exposure to get DSR premium.

3) = (1) / (2)

4) Since the Deficiency Assessment is based on estimated 2010 pure premium, we calculated a factor to project the increase in total self-insurer exposure from 2008 to 2010. This factor reflects changes in wage, MWCIA loss costs, and number of workers.

5) = (3) x (4)

6) This is the Deficiency Assessment rate approved by the MN Department of Commerce.

7) = (5) x (6)