

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

Bulletin 2012-2

TO: All Insurance Companies Authorized to Write Workers' Compensation Insurance in Minnesota

FROM: Tim Vande Hey, Assistant Commissioner

SUBJECT: Confirmation of Reporting of the Special Compensation Fund (SCF) Premium Surcharge on the Books of Minnesota Workers' Compensation writers

PURPOSE

The purpose of this bulletin is to clarify the reporting of the Special Compensation Fund (SCF) Premium Surcharge in the NAIC Annual Statement. Pursuant to Minnesota Statute section 176.129, subd. 2(d), the SCF premium surcharge is included in the definition of gross premium and should be reported as such in the NAIC Annual Statement. The Statute specifically states, "Insurers shall collect the assessment from their insured employers through a surcharge based on standard workers' compensation premium for each employer. Assessments when collected do not constitute an element of loss for the purpose of establishing rates for workers' compensation insurance but for the purpose of collection are treated as separate costs imposed on insured employers. The premium surcharge is included in the definition of gross premium as defined in section 2971.01. An insurer may cancel a policy for nonpayment of the premium surcharge. The premium surcharge is excluded from the definition of premium except as otherwise provided in this paragraph."

EFFECTIVE DATE

This Bulletin remains in effect and is a clarification for past and future reporting purposes.

Questions regarding this Bulletin should be directed to Phil Vagliaturo at (651) 284-3265.

Date: December 12, 2012



Tim Vande Hey, Assistant Commissioner