

WCSI Actuarial Reporting Instructions

General Requirement

Self-Insured entities are required to provide periodic actuarial studies, showing estimated worker's compensation liabilities. Minnesota Statutes § 79A.04, Subd. 2 requires that the self-insurer provide estimated current and future liability as determined by an Associate or Fellow of the Casualty Actuarial Society every year for group member private self-insurers and, for a nongroup member private self-insurer's authority to self-insure, every year for the first five years of self-insurance authorization. After the first five years, the nongroup member's actuarial study shall be filed at least every two years.

Specific Instructions

The actuarial study should present the projected liability and estimated future liability of the enterprise, along with exhibits detailing the payroll and rate class, historical and projected, for all Minnesota locations. "Projected Liability" refers to the liability for unpaid losses resulting from workers' compensation claims, regardless of when the claims were incurred. The estimated liability at a point in the future is the current liability for unpaid losses plus the losses estimated to be incurred between now and the future point, minus losses estimated to be paid between now and the future point. The liability may be stated net of specific excess insurance, aggregate excess insurance, and expected reimbursements from the Special Compensation Fund.

"Estimated future liability" means the highest liability expected at any point during the two-year period following the valuation date of the study. Normally this will be the unpaid loss liability expected at the end of the two-year period, but it could be the liability expected at some other point during the period. If exposures decrease during the period, for example, the highest expected liability may occur at the beginning of the period. A one-year period may be used for determining estimated future liability when actuarial studies are prepared annually.

Pursuant to Minn. Stat. § 79A.04, subd. 2, the opinion must include the certified sworn affidavit from an officer of the company, on company letterhead in the form prescribed by the Department (see page 24 of the WCSI Application Packet, available [here](#)).

Further instructions for the actuarial study can be found in the WCSI Requirements document, available [here](#), at pages 4 - 5.

To assist us in fully evaluating your actuarial study, please also forward the completed actuarial data sheet found on our website at:

<http://mn.gov/commerce-stat/xls/self-insured-actuarial-data.xlsx>

Discounting

Effective with actuarial studies having a valuation date of January 1, 2022 or later, discounting is limited as follows:

For currently authorized self-insured entities, the actuarial opinion may discount liabilities to present value at a rate up to the lesser of four percent per annum, or the average of the applicable federal midterm rates, based on annual compounding, as published by the United States Secretary of the Treasury under United States Code, title 26, section 1274(d), for the 12 months preceding the valuation date of the report. The published rates may be accessed on the website of the Internal Revenue Service at:

<https://apps.irs.gov/app/picklist/list/federalRates.html>

For former self-insurers, who are no longer authorized to self-insure, the actuarial opinion may not discount liabilities to present value. No discounting is permitted for actuarial studies submitted on behalf of former self-insured entities.

Contact

If you or your actuary has any question regarding these instructions, please contact Eva Crawford, Self-Insurance Coordinator, at (651) 539-1541 or by email at:

eva.leonard@state.mn.us .