

Fiscal Analysis Department
Minnesota House of Representatives



ISSUE BRIEF

The Minnesota Workers' Compensation Assigned Risk Plan
November 2018

This paper provides a brief summary of the Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) excess surplus transfers.

Definitions

ASSIGNED RISK PLAN – a workers' compensation insurance plan offered by the State of Minnesota to employers who have been rejected by private insurance providers (M.S. 79.252).

EXCESS SURPLUS – the amount of the assigned risk plan assets in excess of the amount needed to pay all current liabilities of the plan including administrative expenses and benefits claims (M.S. 79.251).

Assigned Risk Plan Excess Surplus Transfers

MWCARP Statement Date	Fiscal Year	Total to the State of MN	General Fund	Budget Reserve	21 st Century Minerals
31-Dec-07	FY 2009	\$16,822,055	\$10,000,000	\$1,922,055	
31-Dec-08	FY 2010				
31-Dec-09	FY 2011	\$22,665,498	\$14,000,000	\$8,665,498	
31-Dec-10	FY 2012	\$40,736,990	\$13,742,000	\$26,994,990	
31-Dec-11	FY 2013	\$25,718,620		\$25,718,620	
31-Dec-12	FY 2014	\$14,520,965	\$10,000,000	\$4,520,965	
31-Dec-13	FY 2015	\$16,683,262	\$10,500,000		\$4,820,000
31-Dec-14	FY 2016	\$17,753,420		\$8,113,420	\$4,820,000
31-Dec-15	FY 2017	\$1,355,223	\$6,082,000*		\$1,355,223
31-Dec-16	FY 2018	\$11,741,377		\$4,921,377	\$4,820,000
31-Dec-17	FY 2019	\$51,823,653		\$47,003,653	\$4,820,000
Total		\$219,821,063	\$64,324,000	\$127,860,578	\$20,635,223

*The unspent amount originally appropriated to the Department of Labor and Industry's workers' compensation program reform.

Background

Every summer an annual audit statement is released detailing the financial position of the assigned risk plan for the previous calendar year ending on December 31¹. Minnesota statute dictates that any excess surplus determined to exist is to be transferred to the budget reserve (M.S. 79.251). However, in most years the Legislature has directed all or a portion of that excess surplus to be transferred for other purposes prior to a transfer to the budget reserve. These other purposes have included transfers to the general fund, the 21st century minerals account in the special revenue fund, the

¹ The annual plan statements going back to 2005 can be found at <http://www.mwcarp.org/annualstatement.htm>
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University of Minnesota, the Rural Policy and Development Center trust fund account, and the Department of Labor and Industry workers' compensation program reform².

21st Century Minerals

In 2003 and 2009 Governor Tim Pawlenty used unallotment to move funds from the 21st century minerals account in the special revenue fund at the Department of Employment and Economic Development (M.S. 116J.423) to the general fund. In the Laws of 2014, Chapter 312, a transfer of up to \$4.82 million per year from the excess surplus of the assigned risk plan to the 21st century minerals account was established to replace remaining unallotted funds. This transfer recurs every year until \$24.1 million in total has been transferred. \$20.6 million has been transferred as of fiscal year 2019; \$3.5 million remains to be transferred³.

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² This amount was later transferred to the general fund in fiscal year 2017

³ 2014 Laws, Ch. 312, Art. 2, Sec. 14, Subd. d