



Minnesota Workers' Compensation  
Insurers Association, Inc.

7701 France Avenue South  
Suite 450  
Minneapolis, MN 55435-3203

952-897-1737 general  
952-897-6495 fax

[www.mwcia.org](http://www.mwcia.org)

January 20, 2021

**ALL ASSOCIATION MEMBERS**

Circular Letter No. 21-1780

**RE: 2020 Test Audit Summary Report**

Attached are the summary sheets showing the results of the 2020 Test Audit Program by the Minnesota Workers' Compensation Insurers Association Inc. (MWCIA). For your convenience, the report lists all test audits completed from January 1, 2020 through December 31, 2020 and is sorted by Carrier ID in the voluntary and assigned risk markets.

If you have any questions regarding this report, please contact Trice Tormoen, Underwriting Supervisor, at 952-897-6402 or by emailing [trice.tormoen@mwcia.org](mailto:trice.tormoen@mwcia.org).

# **MWCIA**

## **Test Audit Program**



### **Voluntary Market**

**Test Audits Completed**

**January 1, 2020 - December 31, 2020**

# Minnesota Workers Compensation Insurers Association

## Voluntary Market

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 1	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	1408658	10243	374,777	374,777		0
	3628242	10863	1,946,100	1,946,100		0
	3158227	11037	898,757	902,265	C4 P6	-3,508
	3156937	11037	696,436	696,436	C3	0
	3179107	12890	645,722	712,008	P4 P6 P7	-66,286
	3210245	12890	942,499	948,822	P4	-6,323
	3473000	12890	1,418,015	1,418,015		0
	3519529	15539	175,445	158,837	P3 P7	16,608
	1260979	15539	90,045	118,005	P1 P3	-27,960
	0582735	15539	180,841	175,908	P4	4,933
	3320455	15539	176,050	151,569	C4 P4	24,481
	3221996	15539	519,325	519,325		0
	0920487	15539	1,431,024	1,422,779	C4 P1	8,245
	0527025	15539	224,630	222,785	P6	1,845
	2617730	15539	165,846	189,961	P1 P6 P7	-24,115
	3103793	15865	559,452	559,452	C4	0
	2241323	15865	1,124,332	1,062,571	P5 P6	61,761
	3206016	15865	934,978	801,892	P1 P2	133,086
	0614190	15865	250,954	250,954		0
	0708119	15865	1,115,734	1,115,734		0
	0671886	15865	438,710	438,710		0
	0887510	16446	518,401	518,401		0
	2822148	16446	115,874	115,874		0
	3431826	16985	124,982	125,983	P3	-1,001
	1719440	16985	392,680	325,000	P7	67,680
	3146423	16985	121,119	120,176	P6	943
	3128195	16985	218,710	215,652	P6	3,058
	1996843	17124	995,296	995,296		0
	3148205	17124	1,136,016	1,346,478	P5 P6	-210,462
	3176143	17124	770,758	771,677	P2	-919
	1903071	17124	853,637	853,637		0

# Minnesota Workers Compensation Insurers Association

## Voluntary Market

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 1	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3184839	17469	196,114	202,920	P2 P4	-6,806
	0417351	17469	408,880	408,880		0
	1221302	17469	113,818	113,818		0
	3156167	17469	374,973	374,973		0
	3603888	18147	582,260	582,260		0
	3615660	18147	347,188	347,188		0
	2392518	18147	48,161	151,017	P1	-102,856
	0009075	22241	1,284,496	1,284,496		0
	0180700	22799	1,254,857	1,254,857		0
	0367907	22799	987,334	873,823	P1 P7	113,511
	3277318	22799	1,486,211	1,486,211		0
	0452319	24759	1,636,453	1,636,453		0
	2697351	24759	684,784	694,866	P1 P4	-10,082
	3051951	24759	258,745	264,251	P3	-5,506
	2849429	24759	120,211	120,211		0
	2281244	24759	674,110	670,183	P4	3,927
	2094150	24759	114,675	114,675		0
	3166566	27669	259,772	259,772		0
	3219974	27669	461,260	421,856	C4 P6	39,404
	2016990	35866	670,191	670,191	C4	0
	3721561	35866	242,014	242,014	C4	0
	3145355	35866	628,613	673,794	C4 P3	-45,181
	0066010	35866	1,587,545	1,581,076	C4 P6	6,469
	2234394	35866	1,527,053	1,587,292	C4 P2 P3	-60,239
	0831905	39071	732,171	732,171		0
	0217620	39071	637,608	637,608		0
	3189080	39071	467,184	427,430	P3 P7	39,754

# Minnesota Workers Compensation Insurers Association

## Voluntary Market

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 1	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3229910	39071	947,225	947,225		0

Quarterly Total Test Audit Payroll: **38,291,051**

Quarterly Total Company Audit Payroll: **38,336,590**

Quarterly Total Payroll Difference: **(45,539)**



# Minnesota Workers Compensation Insurers Association

## Voluntary Market

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 2	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3159096	11037	180,487	180,487		0
	3477586	15539	117,714	108,200	P7	9,514
	1997599	15539	705,526	705,526	C4	0
	3448909	15539	120,516	125,357	C4 P6	-4,841
	3524620	15571	404,007	393,549	P5 P7	10,458
	0022551	15865	591,579	593,850	P2	-2,271
	1912640	16985	159,642	141,973	P5	17,669
	3183134	16985	78,111	124,000	P6	-45,889
	0045896	17124	384,740	384,740		0
	3141075	22799	786,397	786,397		0
	2075253	22799	641,210	641,210		0
	1747070	22799	245,033	245,033		0
	2607980	22799	306,847	294,330	C4 P1	12,517
	2381303	22799	97,731	102,611	P3	-4,880
	0778753	27669	1,668,884	1,696,349	P1	-27,465
	1749927	35866	160,083	237,616	P1 P2	-77,533
	2937140	35866	837,347	837,347		0
	1288369	35866	705,161	705,161	C4	0
	2212595	39071	1,279,506	1,279,506		0
	2066971	39071	472,920	472,920		0

Quarterly Total Test Audit Payroll: **9,943,441**

Quarterly Total Company Audit Payroll: **10,056,162**

Quarterly Total Payroll Difference: **(112,721)**

# Minnesota Workers Compensation Insurers Association

## Voluntary Market

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 3	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3104508	11347	403,307	349,175	P1	54,132
	0512532	11347	175,935	202,436	P1 P2 P6	-26,501
	3190480	12432	2,513,897	1,444,294	P1 P2 P4	1,069,603
	2018934	12432	67,611	138,694	P1	-71,083
	0374610	12637	360,105	251,841	P1	108,264
	3592518	13072	444,252	392,582	C4 P1 P4	51,670
	3627646	14397	218,307	293,219	P1	-74,912
	1050290	15865	507,835	507,835	C4	0
	0673951	15865	454,441	454,441		0
	3332049	16985	191,507	178,180	P2 P6	13,327
	1411578	22799	1,283,179	1,283,179		0
	0061271	22799	1,269,997	1,269,997		0
	1755790	22799	1,620,370	1,616,493	P4 P5	3,877
	3176419	22799	318,099	318,099		0
	0922293	22799	104,642	104,642		0
	3593318	24759	338,447	338,447		0
	0013994	27669	1,831,949	1,844,061	P2	-12,112
Quarterly Total Test Audit Payroll:			<b>12,103,880</b>			
Quarterly Total Company Audit Payroll:			<b>10,987,615</b>			
Quarterly Total Payroll Difference:			<b>1,116,265</b>			

# Minnesota Workers Compensation Insurers Association

## Voluntary Market

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 4	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3671760	11037	417,532	417,532		0
	3641404	11266	419,836	345,152	P6 P7	74,684
	3047040	11266	356,124	389,120	P1	-32,996
	2196573	11347	1,339,115	1,339,115		0
	3148614	11347	827,622	644,776	P1	182,846
	3588315	11347	280,763	337,797	P1	-57,034
	2259508	11347	235,623	241,623	P1	-6,000
	2013410	11363	622,770	417,209	P1 P6 P7	205,561
	3421087	11576	215,680	215,680		0
	3159330	12432	283,628	283,628		0
	3716137	12637	332,446	304,641	P4 P6	27,805
	2685426	13102	261,166	261,166		0
	1145770	15865	1,887,305	1,887,305		0
	2544008	15865	458,970	456,834	P6	2,136
	3058557	15865	93,502	104,404	P2	-10,902
	0602205	15865	362,196	362,196		0
	3646970	15865	100,080	100,080		0
	3572254	19291	284,168	284,168		0
	3208217	22799	1,447,500	1,461,498	P1 P2	-13,998
	3272033	22799	441,358	441,358		0
	3197060	22799	990,527	1,025,811	P1	-35,284
	1385208	22799	147,700	145,999	P5 P7	1,701
	0504920	22799	195,156	195,156		0

Quarterly Total Test Audit Payroll: **12,000,767**

Quarterly Total Company Audit Payroll: **11,662,248**

Quarterly Total Payroll Difference: **338,519**



# Minnesota Workers Compensation Insurers Association

## Voluntary Market

Test Audits Completed      January 1, 2020 - December 31, 2020

YTD Total Test Audit Payroll:	<b>72,339,139</b>
YTD Total Company Audit Payroll:	<b>71,042,615</b>
YTD Total Payroll Difference:	<b>1,296,524</b>

Total Audits:	<b>119</b>
Total Audits requiring corrected USRs: *	<b>57</b>
Percentage of Audits requiring corrected USRs: *	<b>47.9 %</b>

**Summary of Differences:**

Payroll Difference	Count	Classification Difference	Count
P1	<b>24</b>	C1	<b>0</b>
P2	<b>12</b>	C2	<b>0</b>
P3	<b>8</b>	C3	<b>1</b>
P4	<b>11</b>	C4	<b>16</b>
P5	<b>6</b>	C5	<b>0</b>
P6	<b>18</b>		
P7	<b>11</b>		

**Difference Reasons**

Payroll Differences:

- P1: Officer, partner, individual and family members payroll inclusion, exclusion or limitation
- P2: Overtime Credit
- P3: Reported payroll not within policy period dates
- P4: Rule 2 payroll inclusions/exclusions
- P5: Mathematical - extension errors
- P6: All other differences
- P7: Accepting insured figures without an audit

Classification Differences:

- C1: Standard exceptions
- C2: Executive officers, partners, sole proprietors
- C3: Improper splitting of individuals payrolls
- C4: Classification variance
- C5: All Other

\* Test Audits that develop a reportable difference in payroll (\$3,000 difference in reportable payroll or in excess of 2% of total payroll) or classification code (a change in governing code).

# **MWCIA**

## **Test Audit Program**



### **Assigned Risk - Mail Audits**

**Test Audits Completed**

**January 1, 2020 - December 31, 2020**

# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Mail Audits

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 1	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3624078	12368	59,241	59,241	C4	0
	2370506	12368	207,443	190,242	C4 P2 P6 P7	17,201
	2676915	12368	216,852	216,852		0
	3339747	12368	113,732	111,904	P4 P7	1,828

Quarterly Total Test Audit Payroll: **597,268**

Quarterly Total Company Audit Payroll: **578,239**

Quarterly Total Payroll Difference: **19,029**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Mail Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Mail". This will include audits between the \$3,000 - \$10,000 range that are experience rated (only those flagged as "Mail" audits). This will not include audits with a premium greater than \$10,000.

MWOCIA

# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Mail Audits

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 2	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	2926814	12368	222,213	222,213		0
	0910899	12368	400,499	396,963	C4 P6	3,536

Quarterly Total Test Audit Payroll: **622,712**

Quarterly Total Company Audit Payroll: **619,176**

Quarterly Total Payroll Difference: **3,536**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Mail Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Mail". This will include audits between the \$3,000 - \$10,000 range that are experience rated (only those flagged as "Mail" audits). This will not include audits with a premium greater than \$10,000.



# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Mail Audits

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 4	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3288268	12368	99,347	99,347		0
	3647679	12368	85,667	85,667		0

Quarterly Total Test Audit Payroll: **185,014**

Quarterly Total Company Audit Payroll: **185,014**

Quarterly Total Payroll Difference: **0**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Mail Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Mail". This will include audits between the \$3,000 - \$10,000 range that are experience rated (only those flagged as "Mail" audits). This will not include audits with a premium greater than \$10,000.



# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Mail Audits

Test Audits Completed      January 1, 2020 - December 31, 2020

YTD Total Test Audit Payroll:	<b>1,404,994</b>
YTD Total Company Audit Payroll:	<b>1,382,429</b>
YTD Total Payroll Difference:	<b>22,565</b>

Total Audits:	<b>8</b>
Total Audits requiring corrected USRs: *	<b>3</b>
Percentage of Audits requiring corrected USRs: *	<b>37.5 %</b>

**Summary of Differences:**

Payroll Difference	Count	Classification Difference	Count
P1	0	C1	0
P2	1	C2	0
P3	0	C3	0
P4	1	C4	3
P5	0	C5	0
P6	2		
P7	2		

**Difference Reasons**

Payroll Differences:

- P1: Officer, partner, individual and family members payroll inclusion, exclusion or limitation
- P2: Overtime Credit
- P3: Reported payroll not within policy period dates
- P4: Rule 2 payroll inclusions/exclusions
- P5: Mathematical - extension errors
- P6: All other differences
- P7: Accepting insured figures without an audit

Classification Differences:

- C1: Standard exceptions
- C2: Executive officers, partners, sole proprietors
- C3: Improper splitting of individuals payrolls
- C4: Classification variance
- C5: All Other

\* Test Audits that develop a reportable difference in payroll (\$3,000 difference in reportable payroll or in excess of 2% of total payroll) or classification code (a change in governing code).

# **MWCIA**

## **Test Audit Program**



### **Assigned Risk - Physical Audits**

**Test Audits Completed**

**January 1, 2020 - December 31, 2020**

# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 1	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	2161656	12368	769,340	769,340	C4	0
	3208463	12368	238,101	238,101		0
	1046926	39579	262,401	261,473	P6	928
	3460907	39579	365,287	365,287		0
	3625894	39579	172,767	171,957	P2 P6	810
	2886898	39579	1,512,409	1,511,410	C4 P4	999
	0579840	39579	245,216	245,216	C4	0
	2191296	39579	316,728	316,728		0

Quarterly Total Test Audit Payroll: **3,882,249**

Quarterly Total Company Audit Payroll: **3,879,512**

Quarterly Total Payroll Difference: **2,737**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 2	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	2283123	39579	266,739	266,739		0

Quarterly Total Test Audit Payroll: **266,739**

Quarterly Total Company Audit Payroll: **266,739**

Quarterly Total Payroll Difference: **0**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 3	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3600510	12368	1,675,164	1,706,921	P4	-31,757

Quarterly Total Test Audit Payroll: **1,675,164**

Quarterly Total Company Audit Payroll: **1,706,921**

Quarterly Total Payroll Difference: **(31,757)**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Physical Audits

Test Audits Completed January 1, 2020 - December 31, 2020

Quarter: 4	AFN Number	Carrier ID	Test Audit Payroll	Company Audit Payroll	Reason Code(s)	Total Payroll Difference
	3727696	12368	54,457	54,457		0
	3633417	12368	56,126	56,126		0

Quarterly Total Test Audit Payroll: **110,583**

Quarterly Total Company Audit Payroll: **110,583**

Quarterly Total Payroll Difference: **0**

The selection criteria for this report is based on a flag which indicates whether it is a "Physical or a "Mail" audit. The audits shown in this "Assigned Risk Market - Physical Audits" report are those audits that were completed within the time frame indicated in the report header, which passed the data validation and have been flagged as "Physical". This will include audits in the > \$3,000 premium range and are experience rated.



# Minnesota Workers Compensation Insurers Association

## Assigned Risk Market - Physical Audits

Test Audits Completed      January 1, 2020 - December 31, 2020

YTD Total Test Audit Payroll:	<b>5,934,735</b>
YTD Total Company Audit Payroll:	<b>5,963,755</b>
YTD Total Payroll Difference:	<b>(29,020)</b>

Total Audits:	<b>12</b>
Total Audits requiring corrected USRs: *	<b>3</b>
Percentage of Audits requiring corrected USRs: *	<b>25.0 %</b>

**Summary of Differences:**

Payroll Difference	Count	Classification Difference	Count
P1	0	C1	0
P2	1	C2	0
P3	0	C3	0
P4	2	C4	3
P5	0	C5	0
P6	2		
P7	0		

**Difference Reasons**

Payroll Differences:

- P1: Officer, partner, individual and family members payroll inclusion, exclusion or limitation
- P2: Overtime Credit
- P3: Reported payroll not within policy period dates
- P4: Rule 2 payroll inclusions/exclusions
- P5: Mathematical - extension errors
- P6: All other differences
- P7: Accepting insured figures without an audit

Classification Differences:

- C1: Standard exceptions
- C2: Executive officers, partners, sole proprietors
- C3: Improper splitting of individuals payrolls
- C4: Classification variance
- C5: All Other

\* Test Audits that develop a reportable difference in payroll (\$3,000 difference in reportable payroll or in excess of 2% of total payroll) or classification code (a change in governing code).