



MWCIA

Minnesota Workers' Compensation Insurers Association, Inc.

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J.P. Hildebrandt, President

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ALL ASSOCIATION MEMBERS

Circular Letter No. 97-1280

RE: NCCI Item B-1340 Davis-Bacon Wages Placed By An Employer Into Third-Party Pension Trust

The Minnesota Department of Commerce has approved the above filing to be effective July 1, 1997, applicable to new and renewal business only, to allow the exclusion of payments made by employers into a third-party pension trust, for the Davis-Bacon Act or similar prevailing wage law, from the definition of remuneration for Workers' Compensation premium purposes as long as the pension trust is qualified under IRC Sections 401(a) and 501(a).

The National Council on Compensation Insurance advises that the removal of these monies should not have a significant affect on overall premium levels. The attached exhibit outlines the changes required in the Basic Manual necessary to implement this proposal. Please note that the proposed language on the exhibit page contains underlined and strikethrough text. The underlining represents new or added text while the strikethroughs indicate deleted text. The National Council's original filing memorandum is also attached for your review.

Very truly yours,

John P. Hildebrandt

President