



WORKERS' COMPENSATION
REINSURANCE ASSOCIATION

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WCRA Legislation Proposal

What is the WCRA?

The Workers' Compensation Reinsurance Association (WCRA) is a quasi-public, nonprofit association created by the Minnesota Legislature in 1979 to provide reinsurance protection for serious Minnesota workers' compensation injuries.

What's the purpose of the proposed legislation changes?

These changes will modernize and make consistent the administrative processes for issuing periodic WCRA distributions (i.e. dividends) and assessments to employers purchasing workers' compensation insurance. These changes will also reduce the financial risk to the WCRA and the workers' compensation system. It's important to note that the formulaic allocation of distributions and assessments between our members and employers will remain unchanged.

What are the benefits/impacts for workers' compensation stakeholders?

- **Insured employers** – ALL insured employers will receive a prospective policy credit rather than a retrospective check when the WCRA declares a distribution. This eliminates check minimums, tax withholding, and uncashed checks.
- **Insurers** – The administrative process is simplified by providing a premium credit on workers' compensation policies rather than submitting a data call. Insurers that participated in focus group sessions supported this legislative change.
- **Self-Insurers** – The distribution for the self-insured employer component will now be prospective instead of based on a prior calendar year.
- **Employees and injured workers** – Employees are not affected. Benefits for injured workers are unaffected.
- **WCRA** – Administrative cost savings of at least \$1 million will be realized. Financial risk is reduced by allowing for multi-year distributions.

Who supports or opposes this legislation?

We have broad support from the affected stakeholders and our regulators at the Department of Labor and Industry and the Department of Commerce. There is no known opposition.

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