



WCRA Legislative Proposal

Work Comp Advisory Council - January 14, 2026

Background on WCRA

- ◆ Quasi-public nonprofit association created in 1979 due to availability and affordability crisis in the MN work comp market
 - WCRA Statutes §§79.34-.40
- ◆ Exclusive provider of work comp excess of loss reinsurance in MN
- ◆ Board of Directors has representation across the work comp system
 - 4 insurer representatives
 - 2 self-insurer representatives
 - 2 employee representatives
 - 2 employer representatives
 - 1 public representative
 - 2 statutory representatives – State Board of Investment; Management and Budget
- ◆ Regulators – DLI and Commerce

Background on WCRA Legislation Proposal

- ◆ Input from work comp stakeholders
 - MN Chamber, AFL-CIO, Teamsters, Insurance Federation of MN, Focus Groups of Insurers, MN Employers Work Comp Alliance
- ◆ Agreement with DLI and Commerce on proposal
- ◆ Surplus distributions are a return of WCRA capital (i.e. a dividend); assessments are a surcharge to rebuild capital
 - Board makes decision, subject to regulatory approval by Commissioners of DLI and Commerce
 - Allocated to WCRA's members (MN licensed insurers and self-insurers) and employers (insured and self-insured) with MN work comp
 - MN Statutes and three judicial decisions govern this complex process

Goals of WCRA Legislation Proposal

- ◆ Distributions and assessments
 - Create **parallel administrative processes** between distributions and assessments for insured employers and self-insured employers in a revised §79.362
 - **Modernize** the process and **lessen the administrative burden**
 - **Reduce financial risk**
 - Implement **future-compatible** methodology for rates and exposure bases; still requires approval by DLI Commissioner
 - **Keep allocation** of distributions/assessments between members and insured employers **unchanged**
- ◆ Statutory clean-up

Benefits/Impacts of WCRA Legislation

◆ Insured Employers

- **ALL receive a policy credit** instead of a check; no minimums
- No uncashed checks or check fraud
- No tax withholding issues
- Reduced confusion for employers about WCRA

◆ Work Comp System

- Simpler administration process for insurers
- **No impact** on employees or on benefits for injured workers
- Consistency in processes for distributions and assessments

◆ WCRA

- Multi-year distributions/assessments reduce financial risk
- Administrative **cost savings** of at least **\$1 million**

Stakeholder Collaboration

- ◆ Organized focus groups of insurer members to explore the concept
 - Focus on costs, effort, risks, and lead time needed
- ◆ Developed proposal in collaboration with regulators
- ◆ Engaged with MWCIA on process changes
- ◆ Determined viability with other stakeholders
- ◆ Secured WCRA Board approval on December 4
- ◆ Received support from stakeholder groups; no known opposition

Next Steps

- ◆ Secure approvals from Work Comp Advisory Council, MN legislature, and Governor Walz