



Minnesota Workers' Compensation
Insurers Association, Inc.
7701 France Avenue South • Suite 450
Minneapolis, MN 55435-3200

February 5, 2003

ALL ASSOCIATION MEMBERS

Circular Letter No. 03-1399

RE: 2002 TEST AUDIT SUMMARY REPORT

Attached are the summary sheets showing the results of the 2002 Test Audit Program of the Minnesota Workers Compensation Insurers Association Inc. For your convenience, the report lists all test audits completed between January 1, 2002 and December 31, 2002 and is sorted in carrier number order.

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

AFN Number	Insurance Company	Test Audit Payroll	Company Audit Payroll	Codes	Total Payroll Difference
1284193	10065	5328884	5328884		0
2114810	10065	137400	137400		0
0652415	10065	1335000	1335000		0
0902225	10065	137400	137400		0
712833	10359	41214	41214		0
1392859	10359	1530343	1530343		0
1401297	10359	921979	921979		0
197106	10731	3098428	3087503	C2 P1	10925
133540	10731	4130417	4130417		0
1853015	10782	534439	522254	P6	12185
366935	10960	4336201	4336201		0
1695053	10960	989991	989991		0
64432	10960	651307	651307		0
1036262	10960	352320	352320		0
0833550	11061	310171	310171		0
0299626	11061	225395	224309	P6	1086
833550	11061	310171	310171		0
2950596	11355	35441	35441		0
1349481	11355	710770	712309	P2	(1539)
1900587	11355	133984	133984		0
2067161	11355	1357738	1357738		0
184535	11495	1202138	1194858	P6	7280
0060895	11495	1726224	1726224		0
0079731	11495	50520	50520		0
333689	11495	1309220	1309220		0
794953	11495	179975	179975		0
1163426	11495	439667	485667	C2 P1	(46000)
235393	12238	729645	729645		0
3126760	12238	250568	250568		0
1161423	12378	564901	564901		0
1106546	12378	776705	768256	P6	8449
668265	12378	86412	86412		0
0096113	12416	174875	174875		0
2084597	12440	194610	194610		0
846740	12440	302149	241829	C5 P6	(60320)
438472	12440	360428	357768	P2	2660
0414522	12440	231853	231853		0
0163074	12440	420862	420862		0
2888297	12440	416961	416961	C5	0
2014300	12440	357067	357067		0
633380	12440	539110	537971	C2 P6	1139
0034690	12440	5351720	5351720		0
3056317	12440	1019484	1019484		0
1965115	12440	2970753	2970753		0
1787322	12440	629831	629831		0

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

AFN Number	Insurance Company	Test Audit Payroll	Company Audit Payroll	Codes	Total Payroll Difference
930962	12610	462758	462758		0
3048675	12890	1249390	1249390		0
0989266	12998	1020305	1020305		0
808296	12998	436531	411257	P3 P4	25274
1270788	12998	298194	303035	P6	(4841)
2505215	12998	338188	348105	C2 P6	(9917)
900273	12998	635709	652571	P6	(16862)
2062062	12998	949205	947542	P2 P6	1663
2505215	12998	338188	348105	C2 P6	(9917)
2241110	12998	1627400	1614204	P6	13196
1099485	12998	624843	662383	P3	(37540)
989266	12998	1020305	1020305		0
1135740	12998	1934790	1934790		0
62847	12998	3537510	3537510		0
996386	13129	956541	956541		0
0142662	13129	1625826	1625826		0
159310	13129	4123526	4123526		0
605840	13129	4858489	4858489		0
0096385	13390	3029774	3029774		0
3028380	13390	3037132	3037132		0
2773449	13404	2773449	2772449		0
903140	13404	1565398	1558938	P2	6460
698083	13404	4309785	4232916	C5 P5	76869
001976575	13692	2389148	2389148		0
0551414	13692	830312	830312		0
0329061	13692	10904859	10904859		0
174408	13692	2146488	2146488		0
0501328	13706	1558226	1558226		0
655465	13706	7347254	7347254		0
001079204	13706	3846985	3846985		0
2856450	13706	2468777	2457858	C2 P1	10919
2744457	13706	6168476	6168476		0
0998141	13706	85568	85568		0
1356330	14354	290772	291205	P2	(433)
3129665	14397	746024	770355	C5 P6	(24331)
3134257	15644	1868740	1868740		0
849588	15644	577927	577927		0
265551	15857	138156	145025	P2	(6869)
2270668	15873	401905	401905		0
1383280	15873	104927	85000	P3	19927
0966126	15873	176017	176017		0
1867334	15873	1175385	1175385		0
2295970	15954	395996	396147	C5 P6	(151)

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

AFN Number	Insurance Company	Test Audit Payroll	Company Audit Payroll	Codes	Total Payroll Difference
400211	15954	454861	454861		0
1802461	15954	431342	431342		0
2507986	15954	302078	302078		0
0240060	16144	129279	129279		0
1029860	16144	45837	49186	C5 P2	(3349)
1364383	16144	337320	337320		0
973688	16144	124840	124840		0
231231	16144	189684	189684		0
2249740	16144	169288	169288		0
0068098	16233	454175	454175		0
659479	16446	58699	58699		0
157155	16446	499189	499189		0
375551	16446	1322804	1322804		0
234451	16446	269767	269767		0
2712229	16446	631824	631824		0
1354329	16446	3801778	3801778		0
168840	16446	646291	646291		0
1845861	16446	430013	430013		0
779261	16470	1498297	1498297		0
2011107	16470	3560819	3560819		0
432270	16519	490611	490611		0
0432270	16519	490611	490611		0
000455598	16683	451413	451413		0
0455598	16683	451413	451413		0
1924613	16683	104727	104727		0
2175258	16985	136787	136787		0
1858300	16985	569390	569390		0
2580330	16985	109699	109699		0
1337173	17116	4790746	4790746		0
2628317	17116	616360	616360		0
3134371	17116	206525	206525		0
1453068	17116	772800	772800		0
1282425	17116	1281000	1281000		0
2238055	17116	222600	222600		0
604232	17116	478544	478544		0
2975556	17132	72807	72807		0
2842432	17132	48205	48205		0
2918978	17132	418006	418006		0
96512	17132	676818	676818		0
2302322	17469	225227	225227		0
986062	17507	187234	187234		0
1112120	17728	567402	569135	C5 P2	(1733)
2078945	17728	153160	153160		0

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

AFN Number	Insurance Company	Test Audit Payroll	Company Audit Payroll	Codes	Total Payroll Difference
836044	17728	1043653	1043653		0
0502650	17728	510222	450221	C2 P1	60001
2525470	18147	224894	224894		0
3130843	18147	489165	489165		0
955108	18244	523302	604402	C2 P1	(81100)
955108	18244	523302	604402	C2 P1	(81100)
0420867	18244	913080	913080		0
420867	18244	913080	913080		0
2149850	18376	110257	110257		0
0429040	18643	422000	422000		0
429040	18643	422000	422000		0
0732915	21466	6032	6013	P6	19
2902699	21466	106252	99937	P6	6315
2401177	21466	65954	66123	P2	(169)
1736973	21466	70792	70792		0
2391104	21466	61305	64318	P6	(3013)
0555487	21466	111557	110519	P6	1038
3120724	21466	76152	76152		0
173746	21466	86707	86707		0
1730649	21466	487318	358033	C1 P6	129285
2580012	21466	267845	305918	P3	(38073)
2619440	21466	125121	125121		0
594202	21466	114058	99510	P6	14548
3026078	21466	41700	41700		0
1460064	21466	40918	39961	P3	957
3119653	21466	145850	145850		0
2813092	21466	61039	61039		0
1884549	21466	244945	244945		0
2247879	21466	371380	371380		0
2909375	21466	567748	555245	P6	12503
2690160	21466	387860	387650	C3 P6	210
1192485	21466	366689	366689		0
699357	21466	559051	559051		0
2699664	21466	227886	227886		0
1750380	21466	1555408	1665527	P3	(110119)
625655	21466	390745	382724	P4	8021
1945580	21466	1624490	1624490		0
2802511	21466	32416	32416		0
429775	21466	223052	223052		0
2532344	21466	388313	388313		0
1789406	21466	36089	36089		0
1998811	21466	99049	107689	P3	(8640)
2203987	21466	696750	633789	C2 C5 P6	62961
2879182	21466	60011	60011		0

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

AFN Number	Insurance Company	Test Audit Payroll	Company Audit Payroll	Codes	Total Payroll Difference
1930656	21466	662509	668297	P5 P6	(5788)
686069	21466	247321	262263	P3 P5	(14942)
3120305	21466	92600	63199	P6	24401
2902648	21466	75161	75161		0
3127322	21466	1681994	1673541	C3 P1	8453
3038335	21466	40289	34700	C5 P3	5589
1175645	21466	574969	587951	P6	(12982)
2798034	21466	35051	35051		0
1465716	21466	641218	724289	P6	(83071)
2550	21466	194403	194403		0
1804618	21466	386575	386575		0
2516756	21466	555255	395508	P3	159747
1437500	21466	115909	111147	C1 C5 P5	4762
1262386	21466	576471	576471		0
498033	21466	620508	607734	P6	12774
1453793	21466	224778	94815	P3	129963
771082	21466	290307	289646	P6	661
1361309	21466	397088	397088		0
1668668	21466	102257	105611	P6	(3355)
808814	21466	509185	509185		0
2482541	21466	87986	87881	P6	105
1970461	21466	195870	193265	P6	2605
1176218	21466	279049	315104	P6	(36055)
270709	21466	947406	947444	P2	(38)
2041260	21466	357091	367500	P3	(10409)
2111330	21466	539569	539569		0
279005	21466	47115	47115		0
2588854	21466	58577	49780	P3	8797
629472	21466	108669	108669		0
1324080	21466	693177	693177		0
2067528	21466	76163	76163		0
2684314	21466	339150	339150		0
2798875	21466	117891	112628	P6	5263
2094487	22799	100963	100963		0
0816485	22799	500949	500949		0
0134570	22799	1478110	1478110		0
0382760	22799	462863	462863		0
0432610	22799	509767	509767		0
3129394	22799	522471	522471		0
0802514	22799	1077967	1077967		0
0391344	22799	3129463	3129463		0
0734462	22799	493986	493986		0
0480479	22799	1312348	1312348		0
0040118	22799	786371	786371		0

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

AFN Number	Insurance Company	Test Audit Payroll	Company Audit Payroll	Codes	Total Payroll Difference
2732149	22799	62209	62209		0
1881043	22799	14787945	14787945		0
2399210	22799	1260454	1260454		0
3046893	22799	61204	61204		0
0902950	22799	1288881	1288881		0
1986201	22799	653500	653500		0
0900770	22799	1568139	1568139		0
2402122	22799	839420	839420		0
0335550	22799	2843585	2843583	C5 P6	2
1230468	22799	201911	211016	C5 P6	(9105)
025087	22799	1192161	1192161		0
2552574	22799	602637	602637		0
1018701	22799	253084	253084		0
0140244	22799	1176313	1176313		0
0493171	22799	7618062	7618062		0
3143955	22799	248490	248490		0
3135063	24147	729340	729340		0
0621021	24562	120515	120627	P2	(112)
2007452	29645	36586	36586		0
2527600	29645	464344	464344		0
2111381	29645	159432	159432		0
1068024	29645	1478818	1478818		0
1147676	29645	3269861	3269861		0
1332384	29645	11838014	11838014		0
1094386	29645	2087796	2087796		0
14028	29645	1787317	1787317		0
0899011	29645	407635	407635		0
2296039	29645	565233	565233		0
2428300	29645	19876	19876		0
2310350	29645	561717	563889	C5 P6	(2172)
1940805	29645	246095	246064	C5 P6	31
375888	29645	881550	888605	P2 P4	(7055)
0009741	29645	221832	220014	P6	1818
337501	29645	407050	407050		0
389145	29734	642753	642753		0
1341405	29734	1295192	1295192		0
0089613	29734	3078119	3078119		0
0078476	29734	2934183	2934183		0
1843109	29734	5801351	5801351		0
1964496	29734	1983868	1983868		0
001341405	29734	1295192	1295192		0
0707368	29734	845840	845840		0
1425315	29734	631542	632412	C5 P2	(870)
309729	29734	408088	386649	C5 P6	21439

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

AFN Number	Insurance Company	Test Audit Payroll	Company Audit Payroll	Codes	Total Payroll Difference
1745581	29734	1708973	1708973		0
304085	29734	559688	559688		0
3133564	29734	76902	95581	P1	(18679)
3085392	29734	1923371	1737500	P3	185871
83399	29734	280099	284439	P6	(4340)
0231525	29734	976416	976416		0
103802	30902	687500	687500		0

MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

Test Audits Completed January 1, 2002 - December 31, 2002

Summary Totals - Test Audit Program 01/01/2003

Total Association Payroll	283,262,458	Total Plus Difference	15,231,967
Total Company Payroll	282,824,635	Total Minus Difference	33,286,168
Difference (m/p)	437,823	Net Difference (m/p)	-18,054,201
		Total Differences	48,518,135

Note: Payroll difference per policy audit represent only net

Note: Reported Payroll means differences that resulted from company audits versus that which must be for statistical purposes.

There were 270 test audits of 79 developed differences. In addition to the above mentioned there were several other audits conducted in connection with special projects requested by the Association.

It should be noted that test audits are selected on a random basis from unit statistical reports. Special attention is given to those reports when it appears there may have been a problem with the audit such as rounding, estimating, and payroll limitations. Thus there is a high percentage of differences between our Test Audits and the carrier audits selected.

Difference Reasons

Payroll Differences:

- P1: Officer, partner, individual payroll limitations
- P2: Overtime Credit
- P3: No payroll verification
- P4: Rule IV payroll inclusions/exclusions
- P5: Mathematical - extension errors
- P6: All other differences

Classification Differences:

- C1: Standard exceptions
- C2: Executive officers, partners, sole proprietors
- C3: Improper splitting of individuals payrolls
- C4: Change of claim on audit
- C5: All Other