



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

January 17, 2007

**ALL ASSOCIATION MEMBERS**

Circular Letter 07-1499

**RE: Electronic & Manual Reporting of Employee Leasing Arrangements**

Circular Letter No. 05-1471, dated November 2, 2005, announced new Minnesota employee leasing rules and associated endorsements. The new Rules follow the Multiple Coordinated Policy approach. The purpose of this circular letter is to provide additional information on how employee leasing arrangement policy information should be reported to the Minnesota Workers' Compensation Insurers Association, Inc. (MWCIA), either electronically or manually. Refer to the attached reporting requirements documents. Please note that the attached documents are intended to be used only in conjunction with the Workers Compensation Insurance Organizations (WCIO), *Workers Compensation Data Specifications Manual*, specifically the reporting instructions outlined in the section entitled 'Workers Compensation Policy Reporting Specifications' (WCPOLS). The most current information can always be accessed via the WCIO website at [www.wcio.org](http://www.wcio.org) under the 'Products' section.

Please note that for leasing arrangements where the contractual agreement between the employee leasing company and the client company provides that the client company will obtain its own workers compensation coverage for both leased and direct hire employees, the Minnesota specific employee leasing rules and endorsements do not apply. The new Minnesota employee leasing rules and endorsements (refer to Circular Letter No. 05-1471) do apply in situations where the employee leasing company is purchasing the workers compensation coverage for the employees it leases to a client company. ***[Special Note: Any insured or agent of an insured who has specific questions related to coverage of leased employees should contact its insurance provider directly.]***

Please ensure this Circular Letter and the attached documents are brought to the attention of appropriate personnel within your company (i.e. policy tape data processing, local underwriting office, and/or IT).

If you have any questions please contact Pam Flaten from MWCIA at 952.897.6417 or by email at [pam.flaten@mwcia.org](mailto:pam.flaten@mwcia.org).

**ELECTRONIC**  
**Reporting Requirements for**  
**Minnesota Employee Leasing Endorsement**  
**WC 22 03 04**  
**&**  
**Minnesota Exclusion of Coverage for Leased**  
**Employees Endorsement**  
**WC 22 03 05**

**Leasing Company:** *means the entity which leases employees to the client company under an employee leasing arrangement and which is identified in Item 1 of the Information Page.*

**Client Company:** *means the entity who obtains any or all of its employees from another entity under an employee leasing arrangement which is identified in Item 1 of the Information Page and on the Minnesota Employee Leasing Endorsement (WC 22 03 04).*

**Employee Leasing Arrangements:** *are contractual arrangements whereby an entity (the client company) leases for a fee or other compensation any or all of its employees from another entity (the employee leasing company). Employee leasing arrangements include, but are not limited to, full service or long term leasing arrangements under which the leasing company provides employees to the client company and undertakes some of the employment responsibilities for those leased employees.*

The Client Company and the Leasing Company will each obtain separate Workers Compensation policies to cover their own employees, not covered by any leasing arrangement. The Leasing Company policy must contain the Minnesota Exclusion of Coverage for Leased Employees Endorsement WC 22 03 05 to clarify the policy does not provide coverage for any employees leased to others. Instructions for reporting for this endorsement follow.

In addition to the above, for employee leasing arrangements, The Leasing Company is responsible for purchasing a separate Workers Compensation policy for each Client Company to cover the exposure of their leased employees. This policy must contain the Minnesota Employee Leasing Endorsement WC 22 03 04. Instructions for reporting for this endorsement follow.

## Leasing Company Reporting Instructions

### MINNESOTA EMPLOYEE LEASING ENDORSEMENT WC 22 03 04

#### HEADER RECORD (Record Type Code 01)

- Field No. 9 Report Employee Leasing Policy Type Code '5'  
(Employee Leasing Policy For Leased Workers of a Single Client Company).

#### NAME RECORD (Record Type Code 02)

Only the Leasing Company should be reported as the primary named insured **and only** the Client Company name is reported as the secondary named insured. No additional names should be reported.

➤ To report the **Leasing Company** information:

- Field No. 5 Name Link Identifier  
- report '001'.
- Field No. 6 Professional Employer Organization (Leasing Company) or Client Company Code  
- report code 'P'.
- Field No. 7 Insured Name  
- report the **Leasing Company** name.
- Field No. 9 Federal Employer Identification Number (FEIN)  
- report the **Leasing Company's** Federal Employer Identification Number.
- Field No. 13 State Unemployment Number (UI)  
- report the **Leasing Company's** State Unemployment Number.

➤ To report the **Client** information:

- Field No. 5 Name Link Identifier  
- report '002'.
- Field No. 6 Professional Employer Organization (Leasing Company) or Client Company Code  
- report code 'C'.
- Field No. 7 Insured Name  
- report the **Client's** Name.

## **ELECTRONIC REPORTING REQUIREMENTS FOR MULTIPLE COORDINATED POLICIES**

- Field No. 9 Federal Employer Identification Number (FEIN)
    - report the **Client's** Federal Employer Identification Number (FEIN).
  - Field No. 13 State Unemployment Number (UI)
    - report the **Client's** State Unemployment Number (UI)
- \*\*\* DO NOT REPORT the Leasing Company's FEIN and UI numbers when reporting Client information in the Name Record.

### **ADDRESS RECORD** (Record Type Code 03)

Only the mailing address of the Leasing Company **and** the Client Company are to be reported in the Address Record. Additional **Client Workplace** addresses are to be reported using Record Type Code HC (see instructions below).

➤ To report the **Leasing Company** information:

- Field No. 4 Type of Address Code
  - report '1'.
- Field No. 7 Address
  - report the **Leasing Company's** mailing address.
- Field No. 8 Name/Address/Exposure Link, Name Link Identifier
  - report '001'.

➤ To report the **Client** information:

- Field No. 4 Type of Address Code
  - report code '2'.
- Field No. 7 Address
  - report the **Client's** mailing address.
- Field No. 8 Name/Address/Exposure Link, Name Link Identifier
  - report '002'.

### **ENDORSEMENT IDENTIFICATION RECORD** (Record Type Code 07)

- Field No. 5 Endorsement Number
  - report '**WC220304**'.

## **ELECTRONIC REPORTING REQUIREMENTS FOR MULTIPLE COORDINATED POLICIES**

### **MINNESOTA EMPLOYEE LEASING ENDORSEMENT RECORD** (Record Type Code HC)

Only the **Client's** information is reported on any HC record. The **only** exception is Field No.15, Insured Name, which will contain the name of the **Leasing Company** which was reported on the Name Record (Record Type Code 02) using Name Link Identifier '001' and Continuation Sequence Number '001'.

- All HC records require complete **Client** information, including Name of Client, Client's Federal Employer Identification Number (FEIN) and Client's Minnesota Unemployment Identification Number (UI).

\*\*\* DO NOT REPORT the Leasing Company's FEIN and UI numbers.

- At least two HC records are required.
  1. One HC record is required to report the Client Mailing Address using Leasing Address Type Code '1' in Field No. 9.
  2. At least one HC record is required to report the Workplace Address using Leasing Address Type Code '2' in Field No. 9.
    - As many HC records as needed may be used to report multiple Workplace Addresses using Leasing Address Type Code '2'.
    - If the Workplace Address is the same as the Client Mailing Address, report the address using Leasing Address Type Code '2'.

**Note:** Regarding Multi-state policies, where the Leasing Company has a Client with multiple Client locations (some which may be out of state), in addition to reporting the MN Workplace Addresses, those out-of-state locations can be reported to MWCIA as Workplace Addresses as well. We do not need or require the out-of-state locations, but we will store what is received.

**Note:** There is no requirement to report the WC 22 03 04 form using sequencing, we can accept as many of these HC records as are submitted.

**ELECTRONIC REPORTING REQUIREMENTS FOR MULTIPLE COORDINATED POLICIES**

**MINNESOTA EXCLUSION OF COVERAGE FOR LEASED EMPLOYEES  
ENDORSEMENT WC 22 03 05**

**HEADER RECORD** (Record Type Code 01)

- Field No. 9 Employee Leasing Policy Type Code  
- report code '3'.

**ENDORSEMENT IDENTIFICATION RECORD** (Record Type Code 07)

- Field No. 5 Endorsement Number  
- report 'WC220305'.

**Client Company Reporting Instructions**

**HEADER RECORD** (Record Type Code 01)

- Field No. 9 Employee Leasing Policy Type Code  
- report code '6'.

There are no other changes in reporting other than the above.



