



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

June 13, 2000

To: ALL ASSOCIATION MEMBERS

Circular Letter No. 00-1341 (originally released as No. 99-1341 in error)

RE: **FORMS MANUAL — Special Minnesota Endorsement &
BASIC MANUAL — Rule VIII: Part Two – Employers Liability**

The Minnesota Department of Commerce has approved the above filings to be effective 12:01 a.m., May 23, 2000 and May 10, 2000, respectively, applicable to new and renewal business only. The purpose of these filings is to create a special Minnesota endorsement to clarify statute differences concerning employers liability coverage in Minnesota and to amend the Minnesota exception pages of the *Basic Manual* to clarify these differences and the method by which increased limits for employers liability insurance is established in Minnesota.

As a Data Service Organization, MWCIA routinely reviews the forms and endorsements contained in National Council's *Forms Manual* for use in Minnesota. Over the past year, Association staff and the Department of Commerce completed a review of each form and endorsement for the appropriateness of their language as well as their applicability in accordance with current Minnesota law. In connection with this review, the Department of Commerce identified several problems with the present language of Part II of *Policy Form WC 00 00 00A*. Based upon this review, Commerce recommended creating a Minnesota exception to *Policy Form WC 00 00 00 A* to bring the language of the policy into compliance with specific Minnesota statutes. Recognizing the difficulties associated with requiring a special Minnesota policy, Association staff negotiated on behalf of our membership to satisfy our Commerce Department's concerns through the creation of a special Minnesota endorsement for the purpose of conforming the current language of the standard policy to Minnesota law. **Effective immediately, compliance with Minnesota statute requires the mandatory attachment of the *Minnesota Amendatory Endorsement WC 22 00 00* (Exhibit I) on every new or renewal policy where Minnesota coverage is being provided.**

In connection with their review of the present language under Part II of *Policy Form WC 00 00 00 A*, the Department of Commerce also requested an amendment to the rules of the *Basic Manual* to clarify that the employers liability portion of the policy (Part Two) is limited to a one year audit period. Additionally, Association staff updated the present tables in the Minnesota exception pages of the *Basic Manual* in connection with Rule VIII to remove the minimum premium charge indicators for increased limits since the determination of minimum premiums is the responsibility of each member carrier.

The attached Exhibit I illustrates the changes necessary in the *Forms Manual* to create *Minnesota Amendatory Endorsement WC 22 00 00*. Exhibits II – IV illustrate any changes necessary to the Minnesota exception pages of the *Basic Manual* to amend the rules pertaining to employers liability insurance so that it clarifies the differences in the law regarding audit period limitations for employers liability insurance and deletes specific minimum premium amounts in Minnesota's Table for Increased Limits. In reviewing these exhibit pages, it should be noted that the proposed language may contain either underlined and/or strikethrough text. The underlining represents new or added text while the strikethroughs indicate deleted text.

Please direct any questions you may have concerning this item to one of our underwriters at 952.897.1737, or by emailing our office at underwriting@mwcia.org.

Very truly yours,

M. A. Johnson
Director of Underwriting Services

A NOTICE TO MEMBERSHIP:

The Minnesota Department of Commerce requests that MWCIA remind it's members that the above filing applies automatically only to insurance companies who have filed a Limited Power of Attorney agreement with our Commerce Department. A properly executed Limited Power of Attorney authorizes MWCIA to make filings on behalf of individual insurance companies. Any insurance company who has not filed a Limited Power of Attorney agreement must independently submit the changes represented in each filing item to the Minnesota Department of Commerce for their approval.

EXHIBIT I
FORMS MANUAL

Proposed endorsement language as follows:

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 22 00 00

Original Printing

Effective May 23, 2000

Standard

MINNESOTA AMENDATORY ENDORSEMENT

This endorsement applies only to the insurance provided because Minnesota is shown in Item 3.A. of the Information Page.

PART TWO – EMPLOYERS LIABILITY INSURANCE

E. We will Also Pay is amended to read:

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. litigation costs taxed against you;
4. your share of pre- or post-judgment interest assuming that the principal amount of that judgment is within the applicable policy limits under this insurance; and
5. expenses we incur.

H. Recovery From Others is amended to read:

Our ability to exercise your rights to recover our payment from anyone liable for an injury covered by this insurance does not apply if that other person is insured for the same loss by us. This limitation applies only if the loss was caused by the non-intentional acts of the person against whom subrogation is sought.

PART FIVE - PREMIUM

G. Audit is amended to read:

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data.

We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends, except as it pertains to Part Two – Employer's Liability Insurance which shall be one year. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

**EXHIBIT IV
BASIC MANUAL
MINNESOTA EXCEPTION PAGES**

PROPOSED PHRASEOLOGY:

RULE VIII – LIMITS OF LIABILITY

Item 3.B. of the Information Page

Amend as follows:

A. WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY

1. Part One – Workers Compensation

There is no limit of liability in the Standard Policy for Part One – Workers Compensation. The policy provides all benefits required by any workers compensation law of a state listed in Item 3.A. of the Information Page.

2. Part Two – Employers Liability

a. Standard Limits

The standard limits of liability under Part Two are shown in the Table for Standard Limits.

Table for Standard Limits	
Bodily Injury by Accident:	
\$100,000 – each accident	
Bodily Injury by Disease:	
\$100,000 – each employee	
Bodily Injury by Disease:	
\$500,000 – policy limit	

b. Increased Limits

The limits under Part Two may be increased, subject to the following:

(1) The limits of liability shall be the same for all states specified in Item 3.A. of the Information Page.

(2) The additional premium for increased limits shall be determined by multiplying the total premium by the percentage shown in the Table for Increased Limits. Total premium shall be computed before application of expense constants, experience rating or merit rating modification, premium discount, retrospective rating adjustment, or deductible credits and shall not be less than the minimum premium, if any, filed by or on behalf of the carrier if approval for their use is granted by the Minnesota Department of Commerce.

Table for Increased Limits	
Limits of Liability (000 omitted)	Percentage
\$100/100/1,000	.50
100/100/2,500	.75
100/100/5,000	1.00
100/100/10,000	1.25
500/500/500	1.00
500/500/1,000	1.25
500/500/2,500	1.50
500/500/5,000	1.75
500/500/10,000	2.00
1,000/1,000/1,000	2.00
1,000/1,000/2,500	2.25
1,000/1,000/5,000	2.50
1,000/1,000/10,000	2.75

**EXHIBIT IV
BASIC MANUAL
MINNESOTA EXCEPTION PAGES**

PROPOSED PHRASEOLOGY:

Such minimum premium is in addition to the policy minimum premium at standard limits of liability and applies even though coverage for increased limits may have been added during the policy term. Premiums for the standard limits of Part Two – Employers Liability coverage shall be subject to a one year audit period.

(3) The premium for increased limits shall be subject to experience rating modification and adjustment for premium discount or retrospective rating.

c. Accident Limit

The limit of liability under Part Two for Bodily Injury by Accident applies to all bodily injury arising out of any one accident.

d. Disease Limits

The limit of liability under Part Two for Bodily Injury by Disease – each employee – applies as a separate limit to bodily injury by disease to any one employee and the limit for all bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease.

e. Show Limits on the Information Page

The limits of liability under Part Two must be stated in Item 3.B. of the Information Page.

EXHIBIT I

BASIC MANUAL

PART ONE – RULES

CURRENT NCCI PHRASEOLOGY:

RULE I - GENERAL

D. Policy and Endorsement Forms Manual

Refer to the Policy and Endorsement Forms Manual for complete description of coverages and instructions on use of policy and endorsement forms.

PROPOSED MINNESOTA EXCEPTION PHRASEOLOGY:

RULE I - GENERAL

D. Policy and Endorsement Forms Manual

The following forms and endorsements are applicable for use in Minnesota:

<u>FORM/ENDORSEMENT#</u>	<u>VERSION SUFFIX</u>	<u>DESCRIPTION</u>
Forms -		
WC000000	A	WORKERS COMP & EMPLOYERS LIAB. INS POLICY
WC000001	A	INFORMATION PAGE
WC890609	B	POLICY TERMINATION/CANCELLATION/REINSTATEMENT NOTICE
Endorsements -		
WC000101	A	DEFENSE BASE ACT COVERAGE
WC000102		FEDERAL COAL MINE HEALTH & SAFETY ACT COVERAGE
WC000104		FEDERAL EMPLOYERS' LIABILITY ACT COVERAGE
WC000106	A	LONGSHOREMEN'S & HARBOR WORKERS COMP ACT COVERAGE
WC000108	A	NONAPPROPRIATED FUND INSTRUMENTALITIES ACT COVERAGE
WC000109	A	OUTER CONTINENTAL SHELF LANDS ACT COVERAGE
WC000111		MIGRANT SEASONAL AGRICULTURAL WORKER PROTECT ACT
WC000201	A	MARITIME COVERAGE
WC000203		VOLUNTARY COMPENSATION MARITIME COVERAGE
WC000204		LIMITED MARITIME COVERAGE ENDORSEMENT
WC000301	A	ALTERNATE EMPLOYER
WC000302		DESIGNATED WORKPLACES EXCLUSION
WC000303	B	EMPLOYERS LIABILITY COVERAGE
WC000304		INSURANCE COMPANY AS INSURED
WC000305		JOINT VENTURE AS INSURED
WC000307		MEDICAL BENEFITS REIMBURSEMENT
WC000308		PARTNERS, OFFICERS, AND OTHERS EXCLUSION
WC000309	A	RURAL ELECTRIFICATION ADMINISTRATION
WC000310		SOLE PROPRIETORS, PARTNERS, OFFICERS, OTHERS COVERAGE
WC000311	A	VOL. COMP & EMPLOYERS LIABILITY COVERAGE
WC000313		WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS
WC000315		DOMESTIC & AGRICULTURAL WORKERS EXCLUSION
WC000324		WORKERS COMP INS PLAN – OTHER STATES ENDORSEMENT
WC000401	A	AIRCRAFT PREMIUM
WC000403		EXPERIENCE RATING MODIFICATION FACTOR
WC000405		POLICY PERIOD
WC000406	A	PREMIUM DISCOUNT
WC000409		PREMIUM DETERMINATION – FORMER SELF INSURERS 1
WC000410		PREMIUM DETERMINATION – FORMER SELF INSURERS 2

Refer to the *Forms Manual of Workers' Compensation & Employers Liability Insurance* for complete descriptions of coverage and instructions on the use of specific policy forms and endorsements or visit the Minnesota Workers' Compensation Insurers Association, Inc.'s website @ www.mwcia.org.

EXHIBIT I

BASIC MANUAL

PART ONE – RULES

CURRENT NCCI PHRASEOLOGY:

RULE I - GENERAL

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PROPOSED MINNESOTA EXCEPTION PHRASEOLOGY:

RULE I - GENERAL

D. Policy and Endorsement Forms Manual

The following forms and endorsements are applicable for use in Minnesota:

<u>FORM/ENDORSEMENT#</u>	<u>VERSION SUFFIX</u>	<u>DESCRIPTION</u>
WC000412		CONTINGENT EXPERIENCE RATING MODIFICATION FACTOR
WC000414		NOTIFICATION OF CHANGE IN OWNERSHIP
WC000503	A	RETRO PREMIUM RATING OPTS V ONE YEAR PLAN
WC000504	A	RETRO PREMIUM RATING OPTS V THREE YEAR PLAN
WC000505	A	RETRO PREM. RTG OPTS V LONG TERM CONSTRUCT PROJECT
WC000508		RETRO PREMIUM AVIATION EXCLUSION
WC000509	A	RETRO PREMIUM CHANGES
WC000510		RETRO PREM. NONRATABLE CATASTROPHE ELEMENT/SURCHARGE
WC000511		RETRO PREMIUM SHORT FORM
WC000512	A	RETRO PREMIUM ONE YEAR PLAN MULTIPLE LINES
WC000513	A	RETRO PREMIUM THREE YEAR PLAN MULTIPLE LINES
WC000514	A	RETRO PREM. LONG TERM CONSTRUCT PROJECT MULT LINES
WC000515		RETROSPECTIVE PREMIUM FLEXIBILITY OPTIONS
WC000603		BENEFITS DEDUCTIBLE
WC220000		MINNESOTA AMENDATORY ENDORSEMENT
WC220401		MINNESOTA CONTRACTING PREMIUM ADJUSTMENT PROGRAM
WC220402		MINNESOTA ANNIVERSARY RATING DATE ENDORSEMENT
WC220601	B	MINNESOTA CANCELLATION ENDORSEMENT

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