



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

SPECIAL ATTENTION — RATE FILING STAFF

July 30, 2002

ALL ASSOCIATION MEMBERS

Circular Letter No. 02-1388

RE: Minnesota Department of Commerce Notification

The Minnesota Department of Commerce recently released Bulletin 2002-6 to clarify carriers' filing obligations under the law pertaining to Large Risk Alternative Rating Option (LRARO) filings and Large Risk Exemption (Non-LRARO) filings. A copy of Commerce's Bulletin is attached for your convenience. MWCIA staff is currently in the process of amending all affected manuals to comply with these changes to the law.

Please contact Tammy Lohmann, Chief Workers' Compensation Analyst for the Minnesota Department of Commerce by calling 651.296.2327 or emailing her at tammy.lohmann@state.mn.us if you have any questions or need further information concerning this matter.

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

Bulletin 2002-6
Issued this 7th day of June, 2002

To: All Workers' Compensation Insurers Licensed in Minnesota

This bulletin contains the filing procedures and forms that should be used to expedite the review of workers' compensation rate filings made under the provisions of Minnesota Statute 79.56, Subd. 3(b). It is being issued to clarify the differences between the two types of filings permitted by this statute.

1. Large Risk Alternative Rating Option (LRARO) Filings

Effective immediately, an insured can be written under a LRARO program if it has at least \$250,000 in written **countrywide** workers' compensation premium under the rates and rating plan of an insurer before the application of any large deductible rating plans. This change is a result of revisions made to Minnesota Statute 79.56, Subd. 3(b) in the 2002 legislative session.

The department has developed a Minnesota Large Risk Alternative Rating Option Filing Form [DOC-WC-LRARO] which includes the basic information that the department must receive so that it can certify that the insured's workers' compensation premium meets the statutory threshold. You may copy the format to accommodate additional premium information if you are using premiums paid in more than one state to meet the statutory threshold. **This information must be filed with the department at least 60 days prior to the effective date of the insured's policy.** Failure to submit all of the requested information or to sign the Certification Statement will delay the review of your filing.

The filing fee for LRARO filings is \$250 per filing. A separate filing must be submitted for each employer that is being written under the LRARO program.

2. Large Risk Exemption Filings (Non-LRARO)

The requirements for making a non-LRARO Large Risk Exemption filing have not changed since August 1, 2001. This portion of the statute creates an exception to the normal filing requirements for an employer that generates \$250,000 in annual written **Minnesota** workers' compensation premium under the rates and rating plan of an insurer before the application of any large deductible rating plans. Such an employer may be written by an insurer using rates or rating plans that are not subject to disapproval, but which have been filed with the department.

The department has developed a Minnesota Large Risk Exemption Filing Form (Non-LRARO) [DOC-WC-LGRISK], which includes the basic information the department must receive so that it can certify that the insured's workers' compensation premium meets the statutory threshold. **This information must be filed with the department at least 60 days prior to the effective date of the insured's policy.** Failure to submit all of the requested information or to sign the Certification Statement will delay the review of your filing.

The filing fee for the large risk exemption filings remains at \$75 per filing. A separate filing must be made for each employer that qualifies for the exemption.

Questions regarding this bulletin should be referred to Tammy L. Lohmann, Chief Workers' Compensation Analyst, at (651) 296-2327 or tammy.lohmann@state.mn.us.

James C. Bernstein
Commissioner of Commerce

MINNESOTA LARGE RISK ALTERNATIVE RATING OPTION FILING FORM

Name and Address of Insurer: _____

Name and Address of Insured: _____

Effective Date of Filing: _____

STATE #1 _____

Classification Code(s)	Approved Rate Per \$100 of Payroll	Payroll By Classification Code	Total Premium by Classification Code

List individually, and clearly identify, all rating credits, debits, surcharges or other factors that are being applied to the total premium in the order they have been applied.

Type of credit, debit, surcharge, or other rating factor	Amount of credit, debit, surcharge, or other rating factor

Total Premium for State #1 _____

MINNESOTA LARGE RISK ALTERNATIVE RATING OPTION FILING FORM

Page 2 of 2

Insured's Total Premium for All States _____

CERTIFICATION STATEMENT:

I hereby swear that the payroll information provided is accurate and that the rates and rating factors used to calculate the premium for purposes of qualifying for the Large Risk Alternative Rating Option Program have been approved by the appropriate state regulatory agencies. If it is subsequently determined that the information provided in this filing is not accurate and the statutory threshold has not been met, the Minnesota portion of the policy will be re-written using my company's rates and rating plan approved for use in the State of Minnesota. I also acknowledge that providing the department with incorrect information, will result in my company being subject to administrative actions, including, but not limited to civil penalties under Minnesota Statute 45.027.

Filing Analyst's Name: _____
Filing Analyst's Signature: _____

Responsible Officer's Title: _____
Responsible Officer's Name: _____
Responsible Officer's Signature: _____

MINNESOTA LARGE RISK EXEMPTION FILING FORM (NON-LRARO)

Name and Address of Insurer: _____

Name and Address of Insured: _____

Effective Date of Filing: _____

Classification Code(s)	Approved Rate Per \$100 of Payroll	Payroll By Classification Code (Minnesota only)	Total Premium by Classification Code

List individually, and clearly identify, all rating credits, debits, surcharges or other factors that are being applied to the total premium in the order they have been applied.

Type of credit, debit, surcharge, or other rating factor	Amount of credit, debit, surcharge, or other rating factor

Total Minnesota Workers' Compensation Premium _____

CERTIFICATION STATEMENT:

MINNESOTA LARGE RISK EXEMPTION FILING FORM (NON-LRARO)

Page 2 of 2

I hereby swear that the payroll information provided is accurate and that the rates and rating factors used to calculate the premium for purposes of qualifying for the large risk exemption from Minnesota workers' compensation rate filing requirements have been approved by the Minnesota Department of Commerce. If it is subsequently determined that the information provided in this filing is not accurate and the statutory threshold of \$250,000 in Minnesota workers' compensation premium has not been met, the policy will be re-written using my company's rates and rating plan approved for use in Minnesota. I also acknowledge that providing the department with incorrect information will result in my company being subject to administrative actions, including, but not limited to civil penalties under Minnesota Statute 45.027.

Filings Analyst's Name: _____
Filing Analyst's Signature: _____

Responsible Officer's Title: _____
Responsible Officer's Name: _____
Responsible Officer's Signature: _____