



Minnesota Workers' Compensation
Insurers Association, Inc.
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July 1, 2005

ALL ASSOCIATION MEMBERS

Circular Letter 05-1452

RE: Minnesota Department of Commerce Bulletin 2005-3

The Minnesota Department of Commerce released Bulletin 2005-3 on June 30, 2005. This bulletin contains information on recent legislative changes that affect workers' compensation in Minnesota. Please find attached Bulletin 2005-3 outlining these changes.

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

Bulletin 2005-3
Issued this 30th day of June, 2005

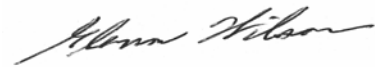
To: All Workers' Compensation Insurers Licensed in Minnesota

This bulletin contains information on recent legislative changes that affect workers' compensation insurance in Minnesota.

1. **Filing Fees.** Minnesota Statute §60A.14, Subd. 1 has been revised effective July 1, 2005 to provide for a fee differential between paper filings and electronic filings. The filing fee for paper filings will increase to \$90 per filing, while the fee for electronic filings will stay at \$75 per filing. Also, the fee for large risk alternative rating option plan filings will be lowered from \$250 per filing to \$75 per filing for electronic filings and \$90 per filing for paper filings.
2. **Experience Modification Factor Revision For Certain Closed Claims.** A new statute, Minn. Stat. §79.211, Subd. 4, addressing the revision of experience modification factors becomes effective August 1, 2005. This statute supersedes Minn. R. Part 2705.2700. Under this new law, an insurer or an employer with a workers' compensation policy that is subject to an experience rating plan may request the Minnesota Workers' Compensation Insurers Association (MWCIA) to revise the most recent experience modification if certain criteria are met. Such revision may either raise or lower the experience modification factor on the policy. The criteria that must be met for the experience modification to be revised are:
 - a. the request must be made in writing and submitted to the MWCIA;
 - b. the workers' compensation claim under the policy must be closed between the normal valuation date for that claim and the next time that valuation is used in computing the experience modification factor on the policy;
 - c. the MWCIA must receive a revised unit statistical report containing data on the closed claim consistent with its filed unit statistical plan; and
 - d. inclusion of the closed claim in the revised experience modification factor calculation must impact that factor by five percentage points or more.
3. **Large Risk Filings.** Minnesota Statute §79.56, Subd. 3(b) has been revised and re-numbered as Minn. Stat. §79.56, Subd. 1(b). There are several changes affecting large risk filings that become effective July 1, 2005.

- a. The threshold for all large risk filings is now \$250,000 in countrywide annual written workers' compensation premium. The insurer still must file a certification verifying that it will use the mutually agreed upon rating plan or rates only to write a specific employer that meets this threshold.
 - b. The statute now clarifies that this certification must be re-filed upon each renewal of the employer's policy.
 - c. The Large Risk Rating Filing form [DOC-WC-10] contained in department Bulletin 2004-3 has been codified, with the only change being that the threshold language now refers strictly to countrywide written workers' compensation premium. Carriers are to submit their large risk filings using substantially the form set out in the statute.
4. **Penalties.** Minnesota Statute §79.56, Subd. 3(a) has been revised to clarify that the penalties set out in this section also apply to failure to submit the large risk certification required by Minn. Stat. 79.56, Subd. 1(b).
5. **Renewal of Insurance Policy With Altered Rates – Terrorism Exception.** Minnesota Statute §60A.351, which requires 60 days notice prior to the expiration date of a policy that is being renewed at less favorable terms, has been amended to exclude coverage under the federal Terrorism Risk Insurance Act (TRIA) from this notice requirement. This should eliminate any potential problems arising from mid-term rate increases that may become necessary in the event that TRIA is not extended, as noted in our department Bulletin 2004-6.

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 .



Glenn Wilson
Commissioner of Commerce