



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

September 29, 2005

ALL ASSOCIATION MEMBERS

Circular Letter No. 05-1467

**RE: Revision of the Minnesota Cancellation and Nonrenewal Endorsement
(WC 22 06 01 B)**

The Minnesota Department of Commerce has approved the above filing to become effective 12:01 a.m., September 13, 2005.

The purpose of this filing is to bring the Minnesota Cancellation and Nonrenewal Endorsement (WC 22 06 01 B) into compliance with the new requirements set forth in Minnesota Statute 176.185, subdivision 1 and 1a.

The Minnesota Legislature has passed new requirements in the law governing the form and timing of notice carriers must give to policyholders and to the Commissioner of the Department of Labor & Industry in the event of cancellation, termination, expiration or nonrenewal. The new requirements are contained in Minnesota Statute 176.185, subdivision 1 and 1a. The Department of Labor & Industry sought to set a uniform 60-day notice requirement for all reasons concerning cancellation, termination or nonrenewal of policies.

Prior to these new requirements, the Minnesota Cancellation and Nonrenewal Endorsement (WC 22 06 01 B) required 60-day notice for all reasons for cancellation, termination or nonrenewal, with the exception of: (1) If a new policy had been in effect for fewer than 90 days, the carrier could cancel for any reason by giving the policyholder at least 30 days notice before the effective date of the cancellation and; (2) The carrier could give 30 days notice before the effective date of the cancellation for nonpayment of premium. Because the new law changed the requirements for notice to 60-days for cancellation, termination and nonrenewal notices, the mandatory Minnesota Cancellation and Nonrenewal Endorsement (WC 22 06 01 B) needs to be revised to change the 30-day notice currently contained in this endorsement for items (1) and (2) above to 60-day notice in order to bring this endorsement into compliance with the new law. As a result of these changes, the Minnesota Cancellation and Nonrenewal Endorsement (WC 22 06 01 B) will be changed to (WC 22 06 01 C).

Exhibit I illustrates the changes needed to be made to the Minnesota Cancellation and Nonrenewal Endorsement and to change this endorsement to version (WC 22 06 01 C). Exhibit II illustrates the changes to the Policy Cancellation and Nonrenewal rule contained on the Supplemental Pages of the **Minnesota Basic Manual**. Exhibit III illustrates the changes to the index of the **Minnesota Forms Manual**.

Please direct any questions you may have regarding this filing item to one of MWCIA's Member & Customer Services staff by calling 952.897.1737 (Option 1) or via e-mail at info@mwcia.org.

MINNESOTA CANCELLATION AND NONRENEWAL ENDORSEMENT

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

Cancellation of a New Policy

If this policy is a new policy and has been in effect for fewer than 90 days, we may cancel for any reason by giving you notice at least 60 days before the effective date of cancellation.

Cancellation of Other Policies

If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel **for one or more** of the following reasons:

1. Nonpayment of premium;
2. Misrepresentation or fraud made by you or with your knowledge in obtaining the policy or in pursuing a claim under the policy;
3. An act or omission by you that substantially increases or changes the risk insured;
4. Refusal by you to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed;
5. Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing this policy;
6. Loss of reinsurance by us which provided coverage to us for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise you that you have 10 days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within 30 business days after receipt of the appeal;
7. A determination by the commissioner that the continuation of the policy could place us in violation of the Minnesota insurance laws; or
8. Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to your obtaining or continuing this policy. This item shall not apply to persons who are retired at 62 years of age or older or who are disabled according to Social Security standards.

If we cancel your policy for any of the reasons listed in (1) through (8), we will give notice at least 60 days before the effective date of cancellation.

Notice of Cancellation

Any notice of cancellation under this endorsement shall be in writing and shall be sent by first class mail or delivered to you and any agent, to the last mailing addresses known to us. A cancellation notice for nonpayment of premium shall state the amount of premium due and the due date, and shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation in the notice. A cancellation notice for some other reason shall state the specific reason for cancellation and shall state the effective date of cancellation. The policy will end on that date.

Refunds Due You

If this policy is canceled, we will send you any premium refund due. If we cancel, the refund will be pro rata. If you cancel, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

Nonrenewal of Your Policy

Any notice of nonrenewal shall be in writing and shall be sent by first class mail, or delivered to you and any agent, to the last mailing addresses known to us, at least 60 days before the expiration date.

We need not mail or deliver this nonrenewal notice if you have:

1. Insured elsewhere;
2. Accepted replacement coverage; or
3. Requested or agreed not to renew this policy.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

Notes:

1. In order to conform each carriers' information page with other provisions of the Standard Workers' Compensation Policy, the Information Page must, at a minimum, comply with the sequence of Items 1 through 4 of WC 00 00 01 which may not be changed.
2. This endorsement conforms to the minimum notice requirements of Minnesota Statutes 60A.36, 60A.37 and 176.185, subd.1 and 1a. An insurer may modify this endorsement to provide for notice periods that exceed the statutory minimums.

B. EXCESS INSURANCE

Excess Insurance coverage in Minnesota is available to authorized self-insurers and is restricted by Minnesota Statute 79.34, subd. 2. Insurers may not offer or write an excess retention that exceeds the low retention limit set by the Workers' Compensation Reinsurance Association (WCRA). Excess Insurance programs must be filed with and approved by the Minnesota Department of Commerce.

C. MINNESOTA SPECIAL COMPENSATION FUND (SCF) ASSESSMENT SURCHARGE

Effective July 1, 2003, the Special Compensation Fund Assessment (SCF) is no longer included as part of the ratemaking process.

Effective January 1, 2003, all carriers writing worker's compensation insurance in Minnesota are required to implement a method for assessing policy holders for the SCF based on premium. This assessment should be made collectible through the use of a policy surcharge that must be identified on each policy.

The SCF premium surcharge is included within the definition of gross premium for premium tax purposes and statistical Code 0174 has been established for reporting purposes. The SCF premium surcharge is not subject to experience rating and should be reported on lines D, E, or F of the Unit Statistical Report.

Assigned Risk Rule:

The Assigned Risk Plan SCF surcharge is calculated by multiplying the premium after the application of an experience modification factor but before the application of any other rating factor by the established surcharge factor. In particular, the surcharge factor should be applied before the application of the MWCARP merit rating plan credit or debit. The SCF surcharge amount is an additional amount to be paid by the insured.

- a. For a policy with only one classification: When no payroll exists, the SCF surcharge in the Assigned Risk Plan is determined by multiplying the minimum premium by the SCF factor.
- b. For a policy with two or more classifications: When no payroll exists, the SCF surcharge in the Assigned Risk Plan is determined by multiplying the highest minimum premium on the policy by the SCF surcharge factor.

D. POLICY CANCELLATION OR NONRENEWAL

Minnesota Statutes 60A.36, 60A.37, 176.185, subd. 1, and 176.185.subd. 1a define the minimum notice requirements required for the cancellation or nonrenewal of a workers' compensation policy in Minnesota. The *Minnesota Forms Manual* contains the Minnesota Cancellation and Nonrenewal Endorsement (WC 22 06 01 C) which conforms to these minimum notice requirements. A carrier may modify that endorsement to provide for notice periods that exceed the statutory minimums.

EXHIBIT III

INDEX MINNESOTA FORMS MANUAL

The following forms and endorsements in this Minnesota Forms Manual have been approved by the Minnesota Commerce Department and are available for use in Minnesota.

- Introduction
- Workers' Compensation and Employers Liability Insurance Policy Rules
- WC 00 00 00 A Workers Compensation and Employers Liability Insurance Policy
- WC 00 01 01 A Defense Base Act Coverage Endorsement
- WC 00 01 04 A Federal Employers' Liability Act Coverage Endorsement
- WC 00 01 06 A Longshore and Harbor Workers' Compensation Act Coverage Endt.
- WC 00 01 08 A Nonappropriated Fund Instrumentalities Act Coverage Endorsement
- WC 00 01 09 A Outer Continental Shelf Lands Act Coverage Endorsement
- WC 00 01 11 Migrant and Seasonal Agricultural Worker Protection Act Coverage Endorsement
- WC 00 01 12 Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Act of 2002
- WC 00 02 01 A Maritime Coverage Endorsement
- WC 00 02 03 Voluntary Compensation Maritime Coverage Endorsement
- WC 00 02 04 Limited Maritime Coverage Endorsement
- WC 00 03 01 A Alternate Employer Endorsement
- WC 00 03 02 Designated Workplaces Exclusion Endorsement
- WC 00 03 03 C Employers Liability Coverage Endorsement
- WC 00 03 04 Insurance Company as Insured Endorsement
- WC 00 03 05 Joint Venture as Insured Endorsement
- WC 00 03 09 A Rural Electrification Administration Endorsement
- WC 00 03 10 Sole Proprietors, Partners, Officers and Others Coverage Endorsement
- WC 00 03 11 A Voluntary Compensation and Employers Liability Coverage Endt.
- WC 00 03 13 Waiver of Our Right to Recover from Others Endorsement
- WC 00 04 01 A Aircraft Premium Endorsement
- WC 00 04 03 Experience Rating Modification Factor Endorsement
- WC 00 04 05 Policy Period Endorsement

- WC 00 04 06 A Premium Discount Endorsement
- WC 00 04 09 Premium Determination Endorsement — Former Self-Insurers 1
- WC 00 04 10 Premium Determination Endorsement — Former Self-Insurers 2
- WC 00 04 12 Contingent Experience Rating Modification Factor Endorsement
- WC 00 04 14 Notification of Change in Ownership Endorsement
- WC 00 04 19 Premium Due Date Endorsement
- WC 00 04 20 Terrorism Risk Insurance Act Endorsement
- Policyholder Disclosure Notice of Terrorism Insurance Coverage
- Policyholder Disclosure Notice of Terrorism Insurance Coverage
- WC 00 05 03 A Retrospective Premium Endorsement — One Year Plan
- WC 00 05 04 A Retrospective Premium Endorsement — Three Year Plan
- WC 00 05 05 A Retrospective Premium Endorsement — Long-Term Construction Project
- WC 00 05 08 Retrospective Premium Endorsement Aviation Exclusion
- WC 00 05 09 A Retrospective Premium Endorsement Changes
- WC 00 05 10 Retrospective Premium Endorsement Non-Ratable Catastrophe Element or Surcharge
- WC 00 05 11 Retrospective Premium Endorsement Short Form
- WC 00 05 12 A Retrospective Premium Endorsement One Year Plan — Multiple Lines
- WC 00 05 13 A Retrospective Premium Endorsement Three Year Plan — Multiple Lines
- WC 00 05 14 A Retrospective Premium Endorsement Long Term Construction Project — Multiple Lines
- WC 00 05 15 Retrospective Premium Endorsement Flexibility Options
- WC 00 06 03 Benefits Deductible Endorsement
- WC 89 06 09 B Policy Termination/Cancellation/Reinstatement Notice
- WC 22 00 00 A Minnesota Amendatory Endorsement
- WC 22 00 01 Information Page
- WC 22 03 01 Minnesota Compliance with Applicable Trade Sanction Laws
- WC 22 03 02 Minnesota Independent Contractors Coverage Endorsement
- WC 22 03 03 Minnesota Third Degree of Kindred Family Member Exclusion Endt.
- WC 22 04 01 Minnesota Contracting Premium Adjustment Program Endorsement
- WC 22 04 02 Minnesota Anniversary Rating Date Endorsement

- WC 22 06 00 Minnesota Policy Change Endorsement
- WC 22 06 01 C Minnesota Cancellation and Nonrenewal Endorsement
- WC 22 06 02 Minnesota Policy Information Page Endorsement Insured's Name
- WC 22 06 03 Minnesota Policy Information Page Endorsement Policy Number
- WC 22 06 04 Minnesota Policy Information Page Endorsement Effective Date
- WC 22 06 05 Minnesota Policy Information Page Endorsement Expiration Date
- WC 22 06 06 Minnesota Policy Information Page Endorsement —
Insured's Mailing Address
- WC 22 06 07 Minnesota Policy Information Page Endorsement —
Experience Modification
- WC 22 06 08 Minnesota Policy Information Page Endorsement Producer's Name
- WC 22 06 09 Minnesota Policy Information Page Endorsement —
Change in Workplace of Insured
- WC 22 06 10 Minnesota Policy Information Page Endorsement—
Insured's Legal Status
- WC 22 06 11 Minnesota Policy Information Page Endorsement Add States
- WC 22 06 12 Minnesota Policy Information Page Endorsement Employer Limits
- WC 22 06 13 Minnesota Policy Information Page Endorsement Change in State
- WC 22 06 14 Minnesota Policy Information Page Endorsement —
Endorsement Numbers
- WC 22 06 15 Minnesota Policy Information Page Endorsement —
Class, Rate, Other Change
- WC 22 06 16 Minnesota Policy Information Page Endorsement —
Interim Adjustment of Premium
- WC 22 06 17 Minnesota Policy Information Page Endorsement —
Carrier Servicing Office
- WC 22 06 18 Minnesota Policy Information Page Endorsement —
Interstate/Intrastate Risk ID Number
- WC 22 06 19 Minnesota Policy Information Page Endorsement Carrier Number
- WC 22 06 20 Minnesota Entity Address Schedule