



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

October 17, 2005

**ALL ASSOCIATION MEMBERS**

Circular Letter 05-1470

**RE: Information on the Minnesota Workers' Compensation Assigned Risk Plan  
Deductible Program**

Previously, in Circular Letter No. 05-1451, dated June 14, 2005, it was announced that Commerce Commissioner Wilson has issued an Order on May 13, 2005 revising the deductible credits in use by the Minnesota Assigned Risk Plan, effective May 15, 2005. Please refer to Circular Letter No. 05-1451 for additional information on the Order.

Attached are copies of the items to be used when applying for the Minnesota Assigned Risk Plan Deductible Program:

- 1) Application For the Deductible Program
- 2) Deductible Plan Guidelines

The Application and Guidelines are available on the Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) website at [www.mwcarp.org](http://www.mwcarp.org). Please direct any questions you may have regarding this matter to MWCARP at 952.924.6971 or by email to [deductible@mwcarp.org](mailto:deductible@mwcarp.org).

# Minnesota Workers' Compensation Assigned Risk Plan

4500 Park Glen Road • Suite 410 • Minneapolis, MN 55416 • (952) 924-6971 • www.mwcarp.org

## APPLICATION FOR DEDUCTIBLE PROGRAM

**Instructions:** Each policyholder requesting to add a deductible to its workers' compensation policy with the Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) **must complete this form in its entirety**. The *Information Disclosure Form* must be submitted along with financial statements. See *Deductible MWCARP Guidelines* for further information. If explanation of a particular response is necessary, please attach additional sheets. Questions regarding this application should be directed to Minnesota Workers' Compensation Assigned Risk Plan, 4500 Park Glen Road, Suite 410, Minneapolis, MN 55416, (952) 924-6971, or e-mail [deductible@mwcarp.org](mailto:deductible@mwcarp.org).

1. Check appropriate box:

New Applicant     Renewal     Requesting change in deductible level

2. Requested deductible per claim medical loss:

\$250     \$500     \$1,000     \$2,500     \$5,000     \$10,000

3. Who is applicant's current servicing carrier/insurance company? \_\_\_\_\_

Current Policy No. \_\_\_\_\_ Policy Expiration Date \_\_\_\_\_

If not currently insured by the MWCARP, list current carrier reason for non-renewal.

\_\_\_\_\_

4. Legal Name: \_\_\_\_\_ DBA: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_ Web Address: \_\_\_\_\_

5. Company Background

Date Established: \_\_\_\_\_ SIC #: \_\_\_\_\_

Standard Industrial Classification #

If fiscal year, give dates to: \_\_\_\_\_ to \_\_\_\_\_

Type of Entity:     C Corporation     S Corporation     Partnership     Sole Proprietorship     Other

If a corporation, under laws of what state? \_\_\_\_\_

Did the company succeed another company?     Yes     No

If yes, which company and what was the succession date? \_\_\_\_\_

\_\_\_\_\_

Names and addresses of affiliated entities, including parent and all subsidiaries (specify manner of affiliation).

\_\_\_\_\_

\_\_\_\_\_

6. Describe the nature of the company's business (major product lines) and the industry it serves.

\_\_\_\_\_

\_\_\_\_\_

7. Is the company involved in any litigation?     Yes     No

If yes, describe and give name and address of legal counsel, where further information can be obtained, if needed.

\_\_\_\_\_

\_\_\_\_\_

8. How long has the applicant been insured through the MWCARP? \_\_\_\_\_ years

If less than three years, give names of prior carrier(s) and policy number(s).

\_\_\_\_\_  
\_\_\_\_\_

9. List the banks where the applicant has loans, savings and/or checking accounts.

Name of Bank	Address	Type of Account	Telephone Number	Bank Officer
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

10. List three credit references.

Business Name	Address	Account No.	Telephone Number
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

11. Agent of record:

\_\_\_\_\_  
Name of Agent

\_\_\_\_\_  
Mailing Address of Agency

12. Signature of applicant.

That after due inquiry and to the best of my (our) knowledge and belief, the information contained in this statement is true and documents submitted herewith are true copies of the originals thereof. I (we) have received and read a copy of the publication entitled Minnesota Workers' Compensation Assigned Risk Plan Deductible Plan Guidelines, and understand that in submitting this Application, I (we) will be bound by all the terms and conditions of such Deductible Plan Guidelines.

\_\_\_\_\_  
Signature of Sole Proprietor, Partner or Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
Date

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**INFORMATION DISCLOSURE AUTHORIZATION**

To Whom It May Concern:

The undersigned applicant(s) has applied for a deductible with Minnesota Workers' Compensation Assigned Risk Plan (MWCARP). By the signature below, the applicant has authorized you to release any information required by the MWCARP, to complete the processing of the deductible request. Necessary credit information may include employment, savings deposits, checking accounts, consumer credit balances, payments and history.

A photographic copy of this authorization including the signature(s) is deemed to be the equivalent of the original and may be used as a duplicate original.

Your prompt reply will help expedite the applicant's deductible application.

Thank you.

\_\_\_\_\_  
Legal Name of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Sole Proprietor, Partner or Officer

\_\_\_\_\_  
Title

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## DEDUCTIBLE PLAN GUIDELINES

### 1. AVAILABILITY

All deductible plan applicants must be submitting an application for coverage in the MWCARP or already be in the MWCARP to be eligible. Minimum premium policies are not eligible for the deductible program.

### 2. WHEN TO APPLY

New applicants to the MWCARP must apply for the deductible 30 days prior to submission of their application for coverage to the MWCARP. Current MWCARP policyholders must have their deductible application to the MWCARP 90 days prior to their renewal. The MWCARP will grant or deny a deductible request within 20 days after a complete application has been received. If granted, a deductible will be applied to a new or renewal policy at the effective or renewal date.

### 3. HOW TO APPLY

The application categories and required information are described in Paragraph 5 below.

### 4. SELECTION OF DEDUCTIBLE LIMITS

Each applicant must select a "per claim medical loss deductible." The per claim medical loss deductible applies separately to each accident or disease for each claimant. The amount a policyholder may be required to pay in a policy period is limited to the MWCARP's retention limit with the Workers' Compensation Reinsurance Association (WCRA). The minimum per claim medical loss deductible is \$250 and the maximum is \$10,000. Deductible credits applied to the estimated standard premium are as follows:

Deductible	Credit
\$ 250	1.2%
\$ 500	2.1%
\$ 1,000	3.6%
\$ 2,500	6.2%
\$ 5,000	9.0%
\$ 10,000	13.2%

### 5. APPLICATION REQUIREMENTS BY DEDUCTIBLE AMOUNT

#### ***Deductibles \$250, \$500 and \$1,000***

1. Completed *Deductible Application* including the signed *Information Disclosure Form*.
2. If insured outside the MWCARP at any time in the past two years, hard copy loss runs from the previous carrier(s).
3. Financial statement for the last two years and/or tax returns for same period.
4. Additional financial information as requested.

#### ***Deductibles \$2,500, \$5,000 and \$10,000***

1. Completed *Deductible Application* including the signed *Information Disclosure Form*.
2. If insured outside the MWCARP at any time in the past three years, hard copy loss runs from the previous carrier(s).
3. Financial statement, compiled, reviewed or audited by an Independent Certified Public Accountant for the last three years.  
*If the statement is more than six months old, an officer of the company must sign an affidavit under oath stating there has been no material change in the net worth of the company or any other adverse change in its financial condition since the end of the period.*
4. Additional financial information as requested.

#### ***Underwriting Criteria***

Each applicant must demonstrate adequate financial stability to be responsible for the payment of deductible amounts. In determining whether an applicant is financially stable, the MWCARP shall consider the applicant's credit history; its current ratio; its long-term and short-term debt to equity ratios; its net worth; financial characteristics of the particular industry in which the applicant is involved; any recent changes in the management and ownership; any other financial data submitted to the MWCARP by the applicant; and the applicant's workers' compensation experience for the last three years.

### 6. CANCELLATION

Claims that are subject to a policyholder's deductible shall be handled in the same manner as all other claims. The MWCARP will pay the claims that are subject to the deductible and, on a monthly basis, bill the policyholder for the deductible portion. The policyholder must reimburse the Plan within 60 days for these charges or the policy will be cancelled for nonpayment.

### 7. DUTY TO REPORT ALL CLAIMS

The existence of a deductible does not change the policyholder's obligation to report all claims to its servicing carrier. Claims that are subject to the deductible will be handled in the same manner as all other claims and must be reported in accordance with the regular terms of the policy.

### 8. EXPERIENCE MODIFICATION

The deductible has no beneficial impact on the experience modification calculation. Claims will not be reduced by the amount of the deductibles incurred.

### 9. WHERE TO MAIL THE COMPLETED APPLICATION

All deductible application information must be sent directly to the MWCARP Administrator's office (not to the servicing carrier) at the following address:

MWCARP — Attn: Deductible  
4500 Park Glen Road, Suite 410  
Minneapolis, MN 55416

If you have questions regarding the deductible program, please call (952) 924-6971, e-mail [deductible@mwcarp.org](mailto:deductible@mwcarp.org), or direct correspondence to the above address.