

January 12, 2006

ALL ASSOCIATION MEMBERS

Circular Letter No. 06-1474

RE: 4-1-2006 Assigned Risk Rates

Commerce Commissioner Wilson issued a rate order on December 28, 2005 approving a 2.2% increase in the overall level of the Assigned Risk rates effective April 1, 2006. The following is an excerpt from the Commissioner's order:

"ORDERED

1. That effective April 1, 2006, the Minnesota Workers' Compensation Assigned Risk Plan will use a pure premium multiplier of 2.55 to be applied uniformly to the pure premium base rates of the 2006 Minnesota Ratemaking Report of the Minnesota Workers' Compensation Insurers Association.
2. That the expense constant will increase on each policy from \$160 to \$165.
3. That to provide for expected assessments of the Special Compensation Fund, the Plan will apply a policyholder surcharge of 3.6% of premium.
4. That the surcharge for foreign terrorism for policies written in 2006 will be \$0.02 per \$100 of payroll.
5. That the average premium level, including surcharges, will increase by 1.9%."

These rates have also been adjusted by the application of the Minnesota Contractors' Premium Adjustment Program.

The intent of this circular is to highlight only the items in the Assigned Risk Plan Rate Schedule and Miscellaneous Values Pages that will change due to the Commissioner's Order. A schedule of the approved rates and miscellaneous values for the Assigned Risk Plan is attached for your convenience.

Please direct any questions you may have regarding this item to one of our Underwriters at 952.897.1737 (Option 1) or by email at info@mwcia.org.

MINNESOTA WORKERS' COMPENSATION

Assigned Risk Plan Rates
Effective New and Renewal April 1, 2006

Class	4/1/2006 Assigned	Minimum	Class	4/1/2006 Assigned	Minimum	Class	4/1/2006 Assigned	Minimum
<u>Code</u>	<u>Risk Rate</u>	<u>Premium</u>	<u>Code</u>	<u>Risk Rate</u>	<u>Premium</u>	<u>Code</u>	<u>Risk Rate</u>	<u>Premium</u>
0005	8.54	379	1860	7.27	347	2534	3.62	256
0006	9.79	410	1924	5.20	295	2570	16.45	576
0008	7.96	364	1925	10.66	432	2585	8.93	388
0016	9.79	410	2001	6.07	317	2586	8.93	388
0034	10.76	434	2002	20.55	630	2587	3.95	264
0035	4.95	289	2003	7.29	347	2623	7.27	347
0042	15.30	548	2014	12.98	490	2640	10.61	430
0050	10.07	417	2016	6.25	321	2651	7.32	348
0079	7.96	364	2021	6.04	316	2660	7.32	348
0106	23.77	630	2039	6.99	340	2670	7.32	348
0113	10.76	434	2041	8.06	367	2683	7.32	348
0170	2.96	239	2065	6.99	340	2686	7.32	348
0251	16.52	578	2070	6.99	340	2688	7.32	348
0400	17.24	596	2081	4.82	286	2702	15.38	550
0401	35.60	630	2089	5.79	310	2710	36.16	630
0908	235.98	630	2095	5.36	299	2714	5.58	305
0909	198.62	630	2105	5.76	309	2729	11.09	442
0912	2560.33	630	2111	7.01	340	2731	8.03	366
0913	1025.13	630	2121	16.52	578	2735	6.07	317
0917	7.55	354	2130	7.70	358	2759	8.06	367
1164	16.12	568	2131	9.95	414	2790	4.05	266
1165	11.48	452	2157	25.19	630	2802	7.22	346
1320	5.30	298	2172	1.71	208	2812	7.47	352
1322	59.85	630	2174	5.48	302	2881	4.97	289
1430	16.63	581	2211	8.62	381	2883	11.19	445
1438	17.03	591	2220	6.27	322	2915	6.22	321
1452	15.56	554	2286	17.57	604	2916	8.62	381
1463	61.40	630	2288	8.85	386	2923	2.98	240
1472	12.27	472	2302	2.93	238	2960	13.97	514
1624	8.39	375	2305	10.02	416	3004	4.72	283
1642	2.45	226	2361	3.62	256	3018	4.87	287
1654	8.39	375	2362	3.62	256	3022	5.30	298
1655	8.39	375	2380	3.62	256	3027	4.59	280
1699	2.45	226	2388	3.62	256	3028	4.31	273
1701	2.45	226	2402	6.55	329	3030	22.31	630
1710	16.65	581	2413	5.69	307	3040	14.97	539
1747	6.89	337	2416	4.59	280	3042	4.72	283
1803	10.23	421	2417	5.69	307	3064	9.44	401
1852	6.22	321	2501	5.58	305	3066	10.35	424
1853	8.06	367	2503	3.62	256	3076	8.34	374

MINNESOTA WORKERS' COMPENSATION

Assigned Risk Plan Rates
Effective New and Renewal April 1, 2006

Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>	Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>	Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>
3081	10.35	424	3559	3.29	247	4112	1.40	200
3082	25.35	630	3571	1.61	205	4114	1.33	198
3085	9.89	412	3574	1.33	198	4130	4.74	284
3110	9.18	395	3612	3.93	263	4131	5.97	314
3111	7.09	342	3620	12.24	471	4133	4.87	287
3113	6.71	333	3629	4.92	288	4150	2.50	228
3114	4.77	284	3632	7.06	342	4206	13.11	493
3126	5.10	293	3634	3.77	259	4207	1.56	204
3131	3.21	245	3635	4.54	279	4239	3.01	240
3132	6.96	339	3638	1.94	214	4240	1.56	204
3145	4.23	271	3642	4.18	270	4243	6.78	335
3146	5.76	309	3643	3.54	254	4244	7.70	358
3169	2.93	238	3647	2.88	237	4250	1.56	204
3175	2.93	238	3648	5.48	302	4251	6.86	337
3179	3.54	254	3681	3.21	245	4263	1.56	204
3180	3.49	252	3685	2.50	228	4273	6.45	326
3188	7.34	349	3719	4.08	267	4279	10.71	433
3220	8.42	376	3724	15.30	548	4283	9.66	407
3223	10.61	430	3726	19.53	630	4299	5.46	302
3224	10.30	423	3803	5.43	301	4304	5.46	302
3227	10.61	430	3807	4.41	275	4307	4.90	288
3241	6.58	330	3808	8.87	387	4314	2.32	223
3255	15.66	557	3821	15.10	543	4351	2.68	232
3257	7.93	363	3822	5.84	311	4352	2.68	232
3300	14.99	540	3824	6.68	332	4361	1.91	213
3303	5.69	307	3826	2.14	219	4410	8.98	390
3307	5.69	307	3827	4.64	281	4420	5.79	310
3315	9.28	397	3830	4.97	289	4432	20.17	630
3334	3.32	248	3851	5.53	303	4452	3.01	240
3341	5.07	292	3881	10.15	419	4459	4.97	289
3365	10.28	422	4000	20.32	630	4470	2.24	221
3372	7.47	352	4021	15.27	547	4484	6.81	335
3373	9.56	404	4024	12.50	478	4493	2.81	235
3382	2.50	228	4034	9.64	406	4511	0.61	180
3383	2.50	228	4036	9.28	397	4557	6.15	319
3385	2.50	228	4038	8.34	374	4558	2.45	226
3400	10.61	430	4053	3.16	244	4568	15.63	556
3507	6.55	329	4061	3.16	244	4581	2.27	222
3515	4.90	288	4062	3.16	244	4583	8.19	370
3548	1.48	202	4101	6.12	318	4611	2.75	234

MINNESOTA WORKERS' COMPENSATION

Assigned Risk Plan Rates
Effective New and Renewal April 1, 2006

Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>	Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>	Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>
4635	4.74	284	5348	15.58	555	6306	12.98	490
4653	6.89	337	5403	42.89	630	6319	8.08	367
4665	12.47	477	5437	20.30	630	6325	14.79	535
4670	11.22	446	5445	14.61	530	6400	43.71	630
4683	5.25	296	5462	14.76	534	6504	6.55	329
4686	3.49	252	5472	14.99	540	6811	7.93	363
4692	1.96	214	5473	9.10	393	6834	7.40	350
4693	2.68	232	5474	18.51	628	6836	7.40	350
4703	4.08	267	5478	14.82	536	6854	10.48	427
4720	2.68	232	5479	13.44	501	6882	27.21	630
4740	1.81	210	5480	19.84	630	6884	85.30	630
4741	1.58	205	5491	5.25	296	7201	13.44	501
4751	16.75	584	5506	16.01	565	7207	13.44	501
4767	2.19	220	5507	16.29	572	7222	18.03	616
4771	4.54	279	5508	23.08	630	7228	15.71	558
4777	13.11	493	5537	12.09	467	7229	21.24	630
4825	2.37	224	5538	13.62	506	7230	15.22	546
4828	1.07	192	5551	68.11	630	7231	15.22	546
4829	2.01	215	5606	4.46	277	7232	9.21	395
4902	2.78	235	5645	19.20	630	7360	8.64	381
4923	1.91	213	5649	14.92	538	7370	10.94	439
5000	144.56	630	5651	19.97	630	7380	9.26	397
5020	15.86	562	5703	38.66	630	7382	7.85	361
5022	18.28	622	5705	13.95	514	7390	14.13	518
5037	42.59	630	5951	10.40	425	7403	5.58	305
5040	131.71	630	6003	22.11	630	7405	1.02	191
5057	26.75	630	6017	20.20	630	7409	347.26	630
5059	172.25	630	6204	65.71	630	7420	21.19	630
5102	11.07	442	6213	18.62	630	7421	3.01	240
5146	13.54	504	6216	12.34	474	7422	4.69	282
5160	7.27	347	6217	14.51	528	7423	5.53	303
5183	11.53	453	6229	8.01	365	7425	33.38	630
5188	7.93	363	6233	24.79	630	7431	4.69	282
5190	8.08	367	6235	36.31	630	7502	3.06	242
5191	1.79	210	6236	92.82	630	7515	3.85	261
5192	7.93	363	6237	10.91	438	7520	15.43	551
5213	14.43	526	6248	17.03	591	7529	41.44	630
5215	15.17	544	6251	18.03	616	7538	21.85	630
5221	14.71	533	6252	29.89	630	7539	5.30	298
5222	34.27	630	6260	55.36	630	7540	4.59	280

MINNESOTA WORKERS' COMPENSATION

Assigned Risk Plan Rates
Effective New and Renewal April 1, 2006

Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>	Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>	Class	4/1/2006 Assigned <u>Code</u> <u>Risk Rate</u>	Minimum <u>Premium</u>
7580	4.74	284	8204	34.86	630	8824	4.92	288
7590	12.24	471	8209	15.99	565	8825	2.78	235
7600	5.38	300	8215	7.98	365	8826	2.81	235
7601	21.09	630	8227	10.43	426	8828	7.27	347
7605	1.79	210	8232	8.52	378	8829	5.71	308
7610	0.69	182	8233	22.26	630	8830	7.34	349
7706	5.43	301	8235	16.29	572	8831	6.22	321
7708	95.17	630	8263	8.57	379	8832	0.87	187
7720	4.41	275	8264	5.02	291	8833	2.63	231
7855	56.00	630	8265	14.00	515	8835	6.45	326
8001	3.95	264	8279	13.44	501	8844	1.43	201
8002	2.24	221	8280	8.19	370	8845	3.19	245
8006	3.60	255	8284	11.40	450	8861	3.42	251
8008	1.68	207	8285	11.17	444	8868	0.97	189
8013	0.74	184	8286	13.26	497	8869	1.63	206
8015	1.45	201	8291	9.84	411	8901	0.26	172
8017	2.24	221	8292	8.52	378	9012	1.58	205
8018	8.90	388	8293	17.88	612	9014	6.68	332
8021	4.85	286	8304	11.07	442	9015	6.68	332
8029	4.18	270	8350	7.42	351	9016	7.70	358
8031	5.64	306	8353	8.52	378	9033	4.62	281
8032	2.93	238	8380	7.27	347	9040	6.96	339
8033	4.69	282	8381	1.99	215	9044	4.90	288
8034	7.91	363	8385	7.55	354	9052	4.54	279
8036	2.75	234	8392	5.25	296	9054	7.01	340
8039	3.90	263	8393	7.27	347	9058	4.54	279
8044	6.73	333	8395	7.27	347	9059	3.09	242
8045	0.71	183	8500	11.45	451	9060	1.68	207
8047	6.78	335	8601	1.68	207	9061	1.79	210
8048	7.91	363	8606	2.93	238	9062	4.26	272
8052	4.59	280	8719	5.48	302	9063	2.32	223
8058	4.23	271	8720	1.89	212	9082	2.73	233
8072	1.20	195	8721	2.88	237	9083	2.96	239
8102	9.64	406	8742	1.20	195	9084	3.67	257
8103	7.29	347	8745	5.58	305	9088	78.06	630
8106	9.87	412	8748	1.28	197	9093	2.37	224
8107	8.11	368	8800	5.61	305	9101	5.81	310
8111	7.32	348	8803	0.15	169	9102	4.77	284
8116	4.87	287	8810	0.43	176	9110	8.52	378
8203	5.51	303	8820	0.43	176	9149	4.54	279

MINNESOTA WORKERS' COMPENSATION

Assigned Risk Plan Rates
Effective New and Renewal April 1, 2006

Class	4/1/2006 Assigned	Minimum	Class	4/1/2006 Assigned	Minimum	Class	4/1/2006 Assigned	Minimum
<u>Code</u>	<u>Risk Rate</u>	<u>Premium</u>	<u>Code</u>	<u>Risk Rate</u>	<u>Premium</u>	<u>Code</u>	<u>Risk Rate</u>	<u>Premium</u>
9154	3.39	250	"S" Codes			Maritime and Federal Codes		
9156	9.38	400						
9178	20.25	630	6845	11.91	463	6702	(A)	(A)
9179	26.42	630	7309	16.32	573	6703	(A)	(A)
9180	5.13	293	7313	9.41	400	6704	(A)	(A)
			7317	10.86	437	7016	25.98	50
9182	2.73	233	7327	27.64	630	7024	28.87	100
9186	44.45	630	8726	4.72	283	7038	12.52	50
9220	9.00	390	9077	1.53	203	7046	13.49	50
9402	11.63	456				7047	32.28	100
9403	11.63	456				7050	15.56	100
						7090	13.90	100
9410	0.89	187	"F" Codes			7098	14.97	100
9501	3.77	259				7099	16.80	100
9516	4.67	282	6801	6.15	319	7151	(A)	(A)
9519	7.91	363	6824	12.47	477	7152	(A)	(A)
9521	21.78	630	6826	12.27	472	7153	(A)	(A)
			6843	31.37	630	7333	30.12	50
9522	20.37	630	6845	19.64	630	7335	33.48	100
9534	19.97	630	6872	26.88	630	7337	37.56	100
9539	20.15	630	6874	54.32	630	7394	25.70	50
9554	28.59	630	7309	25.50	630	7395	28.56	100
9586	2.40	225	7313	29.66	630	7398	31.95	100
			7317	22.24	630	8734	(A)	(A)
9600	20.37	630	7327	54.09	630	8737	(A)	(A)
9620	1.84	211	7350	15.68	557	8738	(A)	(A)
			8709	12.27	472	8805	(A)	(A)
			8726	11.22	446	8814	(A)	(A)
			9077	4.16	269	8815	(A)	(A)

MINNESOTA WORKERS' COMPENSATION

Assigned Risk Plan Rates
Effective New and Renewal April 1, 2006

Miscellaneous Values

Expense Constant applicable to all policies	\$165.00
Maximum Individual Remuneration applicable to:	
- executive officers, partners and sole proprietors in connection with <i>Minnesota Basic Manual</i> Rule 2-E-1-b and Rule 2-E-3-a - members/owners of a Limited Liability Company in connection with <i>Minnesota Basic Manual</i> Rule 2-e-2-b	\$1,550.00
- Code 9178--"Athletic Teams: Non-Contact Sports" - Code 9179--"Athletic Team: Contact Sports"	
Minimum Individual Remuneration applicable to:	
- executive officers, partners and sole proprietors in connection with <i>Minnesota Basic Manual</i> Rule 2-E-1-b and Rule 2-E-3-a - members/owners of a Limited Liability Company in connection with <i>Minnesota Basic Manual</i> Rule 2-E-2-b	\$230.00
Minimum Remuneration for Spouse, Parent or Child Elections	
If a parent, spouse or child of an individual sole proprietor or a partner of a partnership or an executive officer of a closely held corporation, who is eligible for coverage under 176.041, is employed by such entity to perform work in connection with the operations of the employer and for whom coverage has been elected in writing, the actual payroll of such spouse, parent or child as indicated in the insured's records shall be included in the basis of premium computation subject to a minimum amount per each week actually worked (a part of a week shall be considered a full week). There is no maximum.	\$232.00
United States Longshoremen's and Harbor Workers' Compensation Coverage Percentage applicable only in connection with <i>Minnesota Basic Manual Rule 3-A-4-b</i> (Multiply a Non-F classification rate by a factor of 1.51)	
	51%
Foreign Terrorism per \$100 of payroll	\$0.02
Minnesota Special Compensation Fund Assessment	3.6%
Limits of Employers Liability	
Standard	
Bodily Injury by Accident	\$100,000 Each Accident
Bodily Injury by Disease:	\$500,000 Policy Limit
Bodily Injury by Disease:	\$100,000 Each Employee
Increased Limits to:	
Bodily Injury by Accident	\$500,000 Each Accident
Bodily Injury by Disease:	\$500,000 Policy Limit
Bodily Injury by Disease:	\$500,000 Each Employee
Increased Limits to:	
Bodily Injury by Accident	\$1,000,000 Each Accident
Bodily Injury by Disease:	\$1,000,000 Policy Limit
Bodily Injury by Disease:	\$1,000,000 Each Employee

1% of the total premium or \$50, whichever is greater

5% of the total premium or \$150, which ever is greater

Taxicab Driver Payroll

When the payroll of taxicab drivers is not verifiable in the payroll records of the insured, the payroll of such drivers shall be established as 150% of the statewide average weekly wage extended for the period of employment during the policy term.

If the owner also rents or leases the vehicle, an additional premium will be charged for each leased or rented vehicle per policy year based on 100% of the statewide average weekly wage extended to an annual basis.

Experience Rating Eligibility

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$8,000. If more than two years, an average annual premium of at least \$4,000 is required. Page A-1 of the ***Experience Rating Plan Manual*** should be referenced for the latest approved eligibility amounts by state.

Merit Rating Eligibility

A risk is eligible for Minnesota merit rating when payrolls or other exposures developed within the rating period do not qualify an employer in the Minnesota Assigned Risk Plan for an experience modification factor. Refer to Minnesota Page E-1 in the ***Experience Rating Plan Manual*** for information on the Minnesota Assigned Risk Plan Merit Rating Program.

Safety Program Rating Plan — Rule

The total net debit or credit produced by this rating plan is added to unity then applied multiplicatively to the risk's standard (i.e., after the application of experience rating) premium. The result is the risk's net premium.

Each individual debit or credit shall be based on relevant evidence that is contained in the file of the inspecting underwriter. Rate modifications will not be made effective until supporting evidence is received by the underwriter.

The basis for determining a risk's overall rate factor shall be made available to the employer so that corrective measures may be taken by the employer to improve safety and reduce premium.

Each employer shall maintain the right of appeal with respect to its assigned rating modification factor. A written response detailing the basis for its rebuttal shall be provided by the employer to the Assigned Risk Plan Administrative office. An admissible basis for appealing a rate is an employer's claim that financial constraints make required improvements infeasible.

RATING ITEM

RANGE OF ALLOWABLE MODIFICATION

1. AWAIR/OSHA Compliance

-5% to 5%

Evaluation of general level of compliance with Minnesota OSHA standard, "AWAIR" which defines essential elements of a formal program, and management and employee commitment to safety.

- written accident and injury reduction plan
 - management participation, established,
 - measured and maintained
 - implementation of plan, how and by who
 - communication of plan to all employees
 - enforcement of safe work practices and rules
 - copy of OSHA 200 log, accident summary – 3 years
-

2. Other Operational Methods

-5% to 5%

Employee selection and training procedures, internal inspection, and organizational directives toward safety (e.g., safety incentive programs). Also includes employee interviews, drivers training, ergonomic awareness and established emergency procedures.

- employee selection
- employee training
- employee supervision
- safety committees
- internal inspections
- driver training
- ergonomic awareness
- safety incentives
- emergency incentives

3. Premises

-2% to 2%

Includes cleanliness of work site, density of people relative to capacity, noise levels, number of exits, lighting, electrical lockout, chemical and various physical hazards unique to work site.

- age of building
- lighting
- placement of emergency equipment
- number of emergency exits
- unique physical hazards
- hazards of entrance and exit area
- electrical lockout/tagout
- other emergency controls
- unique chemical hazards

4. Equipment, Machinery, Devices

-2% to 2%

Includes machine safeguards, state-of-the-art conformity of equipment, warnings, machine electrical and chemical hazards.

- age of machinery
- care, maintenance and replacement practices
- hazard warnings
- posted usage instructions
- personal protective items
- inherent hazards of machinery including physical, electrical, chemical, radioactivity
- condition and type of motor vehicles
- quality of office furniture

5. Medical Facilities

-3% to 3%

Includes first aid stations, eye wash facilities, presence of medical personnel, CPR awareness, etc.

- availability of medical professionals
- CPR training and posting
- quality of first aid facilities
- designated clinics
- bloodborne prevention
- emergency medical procedures
- return to work program

6. Accident Reporting and Investigation

-4% to 4%

Level of reporting, record keeping, investigation and researching accidents. Also includes related follow-up procedures.

- record keeping
- reporting procedures
- near miss evaluation
- studies of underlying causes
- investigation of work place accidents and illness
- inquiries directed to injured and fellow employees
- level of follow-up procedures
- corrective action implementation

Maximum Debit or Credit for this rating Plan is Plus or Minus 15%.

Participation in Assigned Risk's Safety Plan requires prior approval and a physical inspection. Requests for an inspection should be directed to MWCARP by writing MWCARP – Attn: Safety Plan; 4500 Park Glen Rd, Suite 410; Minneapolis, MN 55416, by phone at 952-924-6972 or by email info@mwcarp.org.

Deductible Plan — Rule

The Minnesota Workers' Compensation Assigned Risk Plan will use the following deductible credits:

Per Claim Medical Loss Deductible**Deductible Premium Credit**

\$250	1.2%
\$500	2.1%
\$1,000	3.6%
\$2,500	6.2%
\$5,000	0.9%
\$10,000	13.2%

Participation in MWCARP's Deductible Plan requires prior approval. For copies of the applications and complete rules, refer to MWCARP's website at www.mwcarp.org.
