



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

June 14, 2007

**ALL ASSOCIATION MEMBERS**

Circular Letter 07-1510

**RE: NCCI Item B-1387-A – Revisions to Basic Manual Classifications**

The Minnesota Department of Commerce has approved the above filing to become effective 12:01 a.m., January 1, 2008, for new and renewal business.

The purpose of the above filing item is to assign new hazard group labels for the two new charitable codes, 8842 and 8864, and to delete the hazard group labels for the two charitable codes that will be eliminated effective January 1, 2008.

NCCI Item B-1387- Revisions of Basic Manual Classifications updated classifications and references involving two industries: Charitable/Welfare Organizations & Group homes and Bottling Operations. One of the changes, with respect to the Charitable/Welfare industry in that filing, was to eliminate Classification Codes 8861 and 9110 and establish two new codes, 8842 and 8864. This filing was approved by the Minnesota Department of Commerce to become effective January 1, 2008.

Subsequent to the approval of Item B-1387, NCCI completed a separate filing, Item B-1403, to revise hazard group assignments. The number of hazard groups was increased from four to seven. (This filing also provided a revised four-hazard group system.) NCCI Item B-1403 was approved by the Minnesota Department of Commerce to become effective July 1, 2007. NCCI Item B-1403 included the hazard group label "C-2" for codes 8861 and 9110, but did not include the hazard group labels for the two new charitable codes, 8842 and 8864. This proposed filing creates hazard group labels for codes 8842 and 8864 as of their January 1, 2008 effective date and removes the hazard groups for codes 8861 and 9110 which are being eliminated as of this same date.

Exhibit I illustrates the changes necessary to the *Minnesota Basic Manual* to implement the revisions in Item B-1387 for Minnesota.

As you review the exhibit for Item B-1387-A, please note that strikethroughs indicate deleted text while underlining indicates new or added text.

A copy of National Council's original filing memorandum is included for your convenience to provide additional background information on this particular filing. **Please note:** NCCI's filing memorandum for Item B-1387-A includes an exhibit adjusting the hazard codes in the ***Retrospective Rating Plan Manual***. Minnesota, however, approved NCCI Item B-1403 effective on July 1, 2007 which removes the hazard group table from the ***Retrospective Rating Plan Manual*** and places it into the ***Minnesota Basic Manual***. We have, therefore, omitted the exhibit for the ***Retrospective Rating Plan Manual*** from our filing exhibits for Item B-1387-A.

Please direct any questions you may have regarding this filing item to MWCIA's Member & Customer Services' staff at 952.897.1737 (Option 1) or via email at [info@mwcia.org](mailto:info@mwcia.org).

### **A NOTICE TO MEMBERSHIP:**

The Minnesota Department of Commerce requests that MWCIA remind its members that the above filing only applies automatically to insurance companies who have filed a Limited Power of Attorney agreement with our Commerce Department. A properly executed Limited Power of Attorney authorizes MWCIA to make filings on behalf of individual insurance companies. Any insurance company who has not filed a Limited Power of Attorney must independently submit the changes represented in each filing item to the Minnesota Department of Commerce for their approval.

Effective 1-1-2008

## MINNESOTA BASIC MANUAL

### Deductible Insurance

#### Table of Classifications by Hazard Group

| <u>Code No.</u> | <u>Hazard Group</u> | <u>1-4</u> |
|-----------------|---------------------|------------|
| 8842            | C                   | <u>2</u>   |
| 8861            | E                   | <u>2</u>   |
| 8864            | C                   | <u>2</u>   |
| 9110            | E                   | <u>2</u>   |

April 11, 2007

Mr. Bruce Tollefson, President  
Minnesota Workers Compensation Insurers Association  
7760 France Avenue South  
Minneapolis, Minnesota 55435

Re: **Item B-1387—Revisions to Basic Manual Classifications**

Dear Mr. Tollefson:

National item filing B-1387—Revisions of Basic Manual Classifications was filed in all NCCI states in April of 2004, with a proposed effective date of October 1, 2004. The purpose of the filing was to update classifications and references involving two industries: Charitable/Welfare Organizations & Group Homes, and Bottling Operations.

A component of implementing the proposed changes to the charitable industry was a three-year rate/loss cost and rating value transition for Codes 8861 and 9110. At the end of the transition period, these classifications will be replaced by two new codes, 8842 and 8864. The transition program was implemented with individual state rate filings on or after October 1, 2004. The program is scheduled for completion on October 1, 2007 for new and renewal business.

Subsequent to the national approval of Item B-1387 and implementation of the transition program, NCCI released an announcement that a separate item filing would be made during the summer of 2006. The purpose of that filing (Item B-1403) was to revise the hazard group assignments and update the expected loss ranges and state hazard group relativities.

Item B-1403 was filed in July 2006, and the proposed implementation of Item B-1403 in each respective state except Hawaii and Virginia was with the next loss cost/rate filing effective on or after January 1, 2007, applicable to new and renewal voluntary and assigned risk business. Item B-1403 included the new hazard group label "C-2" for Codes 8861 and 9110, but did not include the hazard group labels for the two new charitable codes, 8842 and 8864.

We apologize for this oversight. Attached is an amended page to Item B-1387, which reflects the change in hazard group labels. The labels for Codes 8842 and 8864 will be "C-2", same as the codes they replace, 8861 and 9110.

March 30, 2007  
Mr. Bruce Tollefson  
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Please let us know if your organization files and receives approval of this update.

If you have any questions, or need further information, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Terri Robinson". The signature is written in black ink and is positioned above the printed name and title.

Terri Robinson  
State Relations Executive

TR:ah

**CHARITABLE/WELFARE ORGANIZATIONS & GROUP HOMES**

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**EXHIBIT 2**

**BASIC MANUAL**

Effective 12:01 a.m., October 1, 2007

**Deductible Insurance**

Table of Classifications by Hazard Group

| <u>Code No.</u> | <u>Hazard Group</u> |            |
|-----------------|---------------------|------------|
|                 | <u>A-G</u>          | <u>1-4</u> |
| 8842            | C                   | 2          |
| 8861            | C                   | 2          |
| 8864            | C                   | 2          |
| 9110            | C                   | 2          |

**RETROSPECTIVE RATING PLAN MANUAL**

Effective 12:01 a.m., October 1, 2007

**Part Four F**

Table of Classifications by Hazard Group

| <u>Code No.</u> | <u>Hazard Group</u> |            |
|-----------------|---------------------|------------|
|                 | <u>A-G</u>          | <u>1-4</u> |
| 8842            | C                   | 2          |
| 8861            | C                   | 2          |
| 8864            | C                   | 2          |
| 9110            | C                   | 2          |