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May 11, 2023

ALL ASSOCIATION MEMBERS

Circular No. 23-1820

**RE: NCCI ITEM E-1410—Revisions to Manual Rules Related to the
Inclusion of COVID-19 (Coronavirus) Claims in
Experience Rating and Merit Rating**

The Minnesota Department of Commerce has approved the above filing to become effective for experience rating modifications and merit rating plans with rating effective dates of July 1, 2023 and later.

The purpose of this item is to revise rules related to:

- Establish an end Accident Date of June 30, 2023 to Extraordinary Loss Event (ELE) Catastrophe Number 12 for the reporting of claims attributable to COVID-19 (coronavirus).
- Include claims attributable to COVID-19 (coronavirus) with Accident Dates on and after July 1, 2023 in experience rating calculations and merit rating plans.

Exhibit 1

Revise *Minnesota Experience Rating Plan Manual* Rule 1-C-3 to add an ending accident date to the exception stating that claims reported with Catastrophe Number 12 are excluded from experience rating calculations.

Note: In addition, this item proposes to eliminate the exceptions related to Catastrophe Number 48 because the effective dates of Catastrophe Number 48 are no longer in the experience period.

MWCIA staff recommends to adopt the proposed change(s).

Exhibit 2

Revise *Minnesota Statistical Plan Manual* Part 4-11-B-1 to add expiration accident date to Catastrophe 12 and information about reporting claims attributable to the COVID-19 pandemic not applicable to Catastrophe 12.

MWCIA staff recommends to adopt the proposed change(s).

Exhibit 3

N/A in Minnesota

Impact

The proposed changes have the potential to impact affected employers with experience rating modifications with rating effective dates of July 1, 2024 and later. To the extent affected, employers incur any COVID-19 claims without Catastrophe Number 12, the experience rating modifications will include such claims for those employers.

Based on the December 1, 2019 Accident Date, the earliest policy effective date under which COVID-19 claims could be reported without Catastrophe 12 claims is June 16, 2022. The earliest rating effective date that could be impacted by the included COVID-19 claims is March 16, 2024.

COVID-19 (coronavirus) claims with Accident Dates on and after July 1, 2023, will be included in merit rating plans.

The attached exhibits illustrate necessary changes to the ***Minnesota Experience Rating Plan Manual*** and the ***Minnesota Statistical Plan Manual***. As in past filings, strikethroughs indicate deleted text while underlining indicates new or added text. A copy of National Council's original filing memorandum is also included to provide additional background information regarding Item E-1410.

Please direct any questions you may have concerning this item to our Actuarial Department at 952.897.1737, Option 3, or email to actuarial@mwcia.org.

A NOTICE TO MEMBERSHIP:

MWCIA would like to remind our membership who have filed a Limited Power of Attorney with the Minnesota Department of Commerce that no materials referenced in this Circular Letter are required to be independently filed with the department.

Effective July 1, 2023

EXHIBIT 1

Minnesota Experience Rating Plan Manual

RULE 1—GENERAL EXPLANATIONS

C. DEFINITIONS

3. Losses

| CURRENT PHRASEOLOGY | PROPOSED PHRASEOLOGY |
|--|--|
| <p>3. Losses</p> <p>Incurred losses for each classification in the experience period are those reported according to the <i>Minnesota Statistical Plan</i>.</p> <p>a. No loss shall be excluded from the experience of an employer even if the employer was not responsible for the accident that caused such loss.</p> <p>Exception: Claims reported with Catastrophe Number 12 are excluded from experience rating calculations. Catastrophe Number 12 claims include all claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of December 1, 2019, and subsequent. This rule applies to experience rating modifications with rating effective dates of August 16, 2020, and later.</p> <p>Exception: Losses reported with Catastrophe Number 48 shall be excluded from experience rating calculations. Refer to the <i>Minnesota Statistical Plan Manual</i>, Part IV, Item 11 for the definition of losses included under Catastrophe Number 48. Catastrophe Number 48 claims include all workers compensation claims directly attributable to the September 11, 2001 attacks with accident dates of September 11 through September 14, 2001. This rule applies to experience rating modifications with anniversary rating dates of May 27, 2002 through June 14, 2006.</p> | <p>3. Losses</p> <p>Incurred losses for each classification in the experience period are those reported according to the <i>Minnesota Statistical Plan</i>.</p> <p>a. No loss shall be excluded from the experience of an employer even if the employer was not responsible for the accident that caused such loss.</p> <p>Exception: Claims <u>that are</u> reported with Catastrophe Number 12 <u>as</u> attributable to the COVID-19 (coronavirus) pandemic <u>according to the <i>Minnesota Statistical Plan</i></u> with Accident Dates of December 1, 2019 <u>through June 30, 2023 are excluded from experience rating calculations.</u></p> <p>b. Loss amounts may be limited in the experience rating calculation. For application of a loss limitation, <i>refer to Rule 2-C-13.</i></p> |

Effective July 1, 2023

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Effective July 1, 2023

EXHIBIT 2

Minnesota Statistical Plan Manual

PART 4—REPORTING INSTRUCTIONS — LOSSES

11. Catastrophe Number

B. Extraordinary Loss Event (ELE) Claims

1. ELE Catastrophe Number 12 – COVID-19 (Coronavirus) Pandemic

11. Catastrophe Number

Report the number used for reporting all claims (two or more) resulting from one accident.

- A. **Non-extraordinary Loss Event Claims.** A Non-extraordinary Loss Event catastrophe is defined as any accident (one occurrence) resulting in two or more reportable claims. If there are more than one catastrophe under the policy, each succeeding catastrophe number must be increased by one. A separate series of catastrophe numbers (01-10) must be used for each policy on which a catastrophe occurred.

After number “10” is assigned, the next number in the sequence will reprocess to number “01”. A separate series of catastrophe numbers, beginning with “01”, shall be used for each policy. Each succeeding catastrophe number shall be increased by one.

- B. **Extraordinary Loss Event (ELE) Claims.** An ELE catastrophe is a significant loss event from a workers’ compensation perspective, which is determined by the MWCIA on a case-by-case basis. When an ELE catastrophe number has been established and identified by the MWCIA, report the specific catastrophe number for each claim. The series of ELE catastrophe numbers are 11-99.

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|--|--|
| <p>1. ELE Catastrophe Number 12—COVID-19 (Coronavirus) Pandemic</p> <p>ELE Catastrophe Number 12 must be reported for claims attributable to the COVID-19 (coronavirus) pandemic beginning with Accident Dates of 12/1/2019 and subsequent. For claims reported with Catastrophe Number 12, the Nature of Injury Code 83–COVID-19 and Cause of Injury Code 83–Pandemic must also be reported.</p> | <p>1. ELE Catastrophe Number 12—COVID-19 (Coronavirus) Pandemic</p> <p>ELE Catastrophe Number 12 must be reported for claims attributable to the COVID-19 (coronavirus) pandemic with Accident Dates of 12/1/2019 <u>through 6/30/2023</u>. For claims reported with Catastrophe Number 12, the Nature of Injury Code 83–COVID-19 and Cause of Injury Code 83–Pandemic must also be reported.</p> <p><u>For claims attributable to COVID-19 (coronavirus) with Accident Dates on and after 7/1/2023, ELE Catastrophe Number 12 must not be reported. These claims must only be reported with Nature of Injury Code 83–COVID-19, and if applicable, these claims are also reported with Cause of Injury Code 83–Pandemic when the description of Pandemic applies to these claims, as described in Part 7 of the <i>Minnesota Statistical Plan Manual</i>.</u></p> |