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MWCIA News



PRESIDENT'S CORNER

By Bruce A. Tollefson

Value of Minnesota's Work Comp System – From Their Perspective

On April 24th, MWCIA held its Annual Luncheon Presentation. In recent years, our Luncheon Presentation has been a forum where our members and other guests have heard from key Minnesota regulators as well as employer, employee and insurance industry leaders sharing their views on issues impacting the workers' compensation system in Minnesota.

This year we invited two of our top legislative leaders, Senate Majority Leader Roger D. Moe and Speaker of the House Steve Sviggum, to be our guest presenters. We knew when this event was scheduled that both Senator Moe and Speaker Sviggum would be in the middle of the current legislative session. As the leaders of the Senate and the House, either of these gentlemen might be forced to remain at the Capitol to meet the demands of their "day job". As luck would have it, Senator Moe was caught by just such a scheduling conflict. Speaker Sviggum, however, was able to break away – having dealt with a crisis literally minutes before leaving the Capitol!

Speaker Sviggum began his comments on the "Value of Minnesota's Work Comp System – From Their Perspective" by referring to one of his favorite books: *ALL I REALLY NEED TO KNOW I LEARNED IN KINDERGARTEN* by Robert Fulghum.

One of the key messages of this book is to 'live a balanced life'. Speaker Sviggum's point was that maintaining a "balance" is a very important factor in many parts of our lives. In the case of the Minnesota workers' compensation system, there must be a solid balance between costs and benefits. The level of benefits paid to the injured employees must be in balance with the cost of workers' compensation to the business owner. Otherwise, the system will lose its supporters and have a negative impact on our economy.

Helping to maintain this balance is a critical component of MWCIA's role in establishing Pure Premium Base Rates, which accurately reflects the benefits paid to injured workers. Speaker Sviggum also noted that achieving this balance was aided by legislative changes to the system made in 1992 and 1995 and the implementation of the Workers' Compensation Advisory Council.

I certainly agree. I also believe, however, that the real benefits of a strong, balanced workers' compensation system go beyond individual injured employees and their employers.

Our economy, while still in an enviable position in the world, may be vulnerable to weakness in the future. Indeed, everyone with money in the stock market is sobering to a more realistic view of his or her anticipated wealth. Just as the security of savings or a steady job provide a degree of comfort in these uncertain times, the confidence a strong and balanced workers' compensation system offers employers and employees adds a degree of comfort and optimism to their view of the future. This

confidence can expand beyond the workers' compensation system to elements of the economy as a whole.

Speaker Sviggum believes Minnesota has reached a workable 'balance' between costs and benefits and that it also has a responsive mechanism in the Workers' Compensation Advisory Council for positive fine-tuning of that balance in the future. This assessment would seem to be tangible evidence that the system is not "broken" or in need of any major adjustments.

This approach from decision makers such as Speaker Sviggum is a very positive assessment of the value of the Minnesota workers' compensation system. We at the Minnesota Workers' Compensation Insurers Association are excited about this assessment and are proud of the role we played in helping to reach both the perception and reality of this balance.

Many thanks to Speaker Sviggum for taking time out of his very busy day to share his thoughts with the attendees of this year's MWCIA Annual Luncheon Presentation. Throughout the busy legislative days ahead, we encourage Speaker Sviggum to help keep the concept of 'balance' in the forefront of any discussion or proposal. After all, balance is what provides the real value for the Minnesota Workers' Compensation System!

FROM THE ACTUARY . . .

Here's a logic puzzle from our actuary that we thought some of you might enjoy:

Seymour, a claims adjuster, was having lunch in the home office cafeteria of BIG Insurance Company one day with Eunice, the company's head actuary.

"Heard you were working on that catastrophe claim over in the warehouse district." Eunice began.

"Yup." said Seymour, "Three contractors. Big mess."

"How many claims did each of the three contractors have?" Eunice questioned.

"Well, you figure it out..." Seymour challenged. "The product of the number of claims is 36."

"Okay - - but I need more information than that." Eunice countered.

"Alright." added Seymour, "The sum of the number of claims is the same as the address of our building."

"Now we're getting closer," said Eunice, "but, I still need more information."

"Well", Seymour thought for a second before adding, "The contractor with the most claims is married to an actuary."

"I got it!" said Eunice with a smile.

How many claims did each of the contractors have?

Did you solve the puzzle? Prizes will be awarded to the first 5 readers who submit the correct answer. To enter, just email us at information@mwcia.org and mark the subject line as "MWCIA Puzzle". Please remember to include your name and title as well as your company name and address when entering. The correct answer will appear in our next issue of *MWCIA News* along with the names of all winners.

If you have a brainteaser or puzzle you'd like to share with our readers, please submit them to us at information@mwcia.org. (Be sure to include the answer to your puzzle!)

Did you know?

MWCIA's website experienced 74,951 'hits' over the past quarter? Much of our information is *free!* Check us out at www.mwcia.org.

Attention Agents

NEW ARP BROCHURE RELEASED



MWCIA is pleased to announce the release of our long awaited brochure entitled "*How to Complete Minnesota's Workers Compensation Assigned Risk Plan Application*". This handy little brochure was created by our staff as a quick reference guide to help agents in the field who must place business in the Minnesota Assigned Risk Plan commonly known as the 'Pool'. This single page document is full of useful tips to smooth out the application process as well as basic information on the Assigned Risk Plan rules and procedures and also general contact information for the 'Pool'. The "*How to Complete Minnesota's Workers Compensation Assigned Risk Plan Application*" brochure is free! To obtain your copy, call our office at 952.897.1737 or log on to our website at www.mwcia.org.

We would like to thank the Minnesota Department of Commerce and Assigned Risk Plan Administrator's office for their support of MWCIA in making this product.

☞ Look for additional brochures and web fact sheets from MWCIA on a variety of topics relating to the workers' compensation industry in the months to come. If you have a suggested topics for a future brochure or web fact sheet, please submit your ideas to MWCIA in care of Marie Johnson at marie.johnson@mwcia.org or give her a call at 952.897.6410.

New WCRA Surplus Announced

WCRA recently approved the distribution of a \$310 million surplus to its members and Minnesota policyholders. Insurers must provide WCRA with complete and accurate information about their work comp. policyholders for 2000 before they will be eligible to receive their surplus checks. Questions regarding WCRA's surplus distribution should be directed to them by calling 651.293.0999 (800.293.8006 toll-free) or by sending an email to wkra@wcr-mn.com.

✦ Free Web Access ✦

MWCIA's website provides quick access to:

- ✦ Assigned Risk Rates
- ✦ Employer ID Numbers
- ✦ Class Codes
- ✦ Carrier Rates (limited)

Agents & Members have **free** access to the products listed above and more. For information on all of MWCIA's products & services, check out our website at www.mwcia.org!

IT'S NOT TOO LATE !

Every year MWCIA receives dozens of calls from employers or their agents asking if it's too late to apply for a **Minnesota Contractors Premium Adjustment Program (MCPAP)** credit factor after the April 1st cutoff. While telling us your dog ate the application won't save you from a late penalty, it's not too late to apply!

MCPAP is a voluntary program and qualifying employers can receive up to a 25% premium credit to be applied after the experience modification factor on their workers' compensation policies.

To qualify for a 2002 MCPAP credit factor, an employer must have paid total annual average wages during 2000 to their Minnesota employees under one of the qualifying contracting codes of \$17.⁰⁰.

Although the normal enrollment period has ended, employers can still apply until 90 days after their 2002 experience modification effective date. Employers applying after the enrollment period cutoff date, however, will be subject to a two-point (.02) late penalty adjustment factor. **All applications submitted more than 90 days after the employer's 2002 experience modification effective date will be rejected.**

Please direct any questions regarding this valuable program to MWCIA by emailing underwriting@mwcia.org or calling us at 952.897.1737. Applications and instructions for completing the 2002 MCPAP application are now available on MWCIA's website at www.mwcia.org.

Did you know?

Past issues of *MWCIA News* are available online at www.mwcia.org.

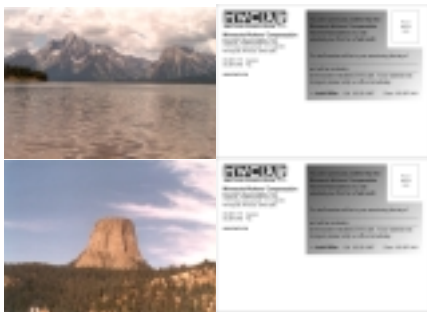
Speaker Steve Sviggum at
MWCIA's Annual Luncheon

This year MWCIA held their Annual Meeting & Luncheon Presentation on April 24th at the Doubletree Hotel in Bloomington, Minnesota where we featured a very special guest – Speaker of the House, Steve Sviggum. See our insert for highlights of this year's event and plan now to join us in 2002!

**NEW TEST AUDIT PROGRAM
Update**

Beginning January 15, 2001, Jodell Miller joined MWCIA as our new Test Auditor. A big part of Jodell's initial role has been to review our new Test Audit Program to develop ways to enhance our new system and make it more 'user friendly' to the auditors and the employers participating in the test audit review.

Have your clients received one of these?



One small enhancement we've made is the implementation of a reminder postcard that the Test Audit Department has started to send to employers who are scheduled for a Test Audit.

As more information becomes available about our new Test Audit Program we will post it on our website at www.mwcia.org. If you have questions in the meantime, please feel free to email them to Jodell Miller at jodell.miller@mwcia.org or Gary Bauer at gary.bauer@mwcia.org.

MWCIA
CALENDAR OF EVENTS
2001 Golf Outing July 26th

**A request from the
DEPARTMENT OF COMMERCE**

Recently, the Department of Commerce has been receiving policy information (policies, cancellations, reinstatements) from some of our member carriers. DOC staff asks that we remind membership that MWCIA is the official repository for filing coverage information in Minnesota.

Policy information received by DOC will not be returned to the sender nor forwarded to our office. Please check your records to make sure you are sending all of your Minnesota policy information to MWCIA at 7701 France Avenue South, Suite 450; Minneapolis, MN 55435-3200.

Remember . . .

Commerce's new location & fax number:

Minnesota Department of Commerce
85 Seventh Place East, Suite 500
St. Paul, Minnesota 55101-2198

Fax number: 651.284.4106
Phone number: 651.296.4026 (unchanged)

**DEPARTMENT OF LABOR &
INDUSTRY HIGHLIGHTS**

**Assigned Risk Plan Surplus
Creates Settlement Opportunities
for Special Comp Fund Cases**

Minnesota's Legislature appropriated \$325 million from the excess surplus of the Minnesota Assigned Risk Plan in July of 2000. These monies are specifically dedicated to reduce long-term liabilities of Supplemental and Second Injury reimbursement claims.

Even though the Second Injury Fund program was repealed in 1992 and the Supplemental Benefit program was repealed in 1995, long tails of liabilities for claims remain open for the Special Comp Fund to pay.

The excess surplus monies provide a unique opportunity for injured workers and insurers to settle cases through structured or lump sum payments. Department of Labor & Industry staff are available to work with insurers in assessing and pricing settlement options. DOLI's staff is also willing to work with claimants and insurers to craft suitable payment structures.

Insurers are encouraged to review their cases to identify claims they believe would be good settlement candidates and to present a list of all candidates to the SCF for review and settlement authority. Insurers submitting lists to SCF should be prepared to communicate offers to claimants and their attorneys.

DOLI is committed to reducing delays in resolving cases by having mediation, structured settlement advisors, and staff dedicated to ensuring quick turnaround on settlements and reimbursements.

This surplus distribution may not last long! Once the dollars are exhausted, or transferred by the Legislature, DOLI may not have funding to continue settling cases as easily. An article notifying insurers, self-insurers and claimants of this opportunity will appear in the upcoming publication of COMPACT.

Any member interested in working with one of DOLI's staff on a case, or group of cases should contact Karen Kask-Meinke at DOLI's offices (651-296-2117).

ASSIGNED RISK PLAN NEWS

MWCIA staff processed 9,215 Assigned Risk applications in 2000 bringing the total number of employers in the Minnesota Assigned Risk Plan to 32,220 with a total premium volume of \$25,857,487.

A new Minnesota Assigned Risk Plan rate schedule was released via MWCIA Circular Letter No. 01 – 1357 dated January 4, 2001. Copies are available on MWCIA's website at www.mwcia.org, or by calling our front desk at 952.897.1737. Assigned Risk rates are also a feature of MWCIA's interactive online lookup program.

In addition to a new rate schedule, the Assigned Risk Plan increased the Maximum Individual Remuneration applicable to executive officers, partners, sole proprietors, members/owners of Limited Liability Companies, and athletic teams under Basic Manual Rules IX-A.4, IX-B.5, and IX-A.1 to \$1,285/weekly (\$66,820/annually); and the Minimum Individual Remuneration for family members to \$193/weekly (\$10,036/annually) effective April 1, 2001, applicable to new and renewal business only.

Remember . . .

Wausau's new phone number is 800.732.7324.

A special note to Agents

Do you know that you no longer need to file Minnesota Assigned Risk Plan applications in duplicate? A single photocopied application containing the employer's **original** signature is now acceptable. Copies of ARP's applications are available on MWCIA's website and can be easily downloaded for printing.

RECENT CIRCULARS, ETC.

As a quick reference tool for our members and subscribers, the following list indicates all MWCIA Circulars published since the release of our last newsletter:

Circular Letter No. 01-1358

02/13/01 – 2000 Test Audit Summary Report

Circular Letter No. 01-1359

03/13/01 – Correction of reference to M.S. 176.012 on the Minnesota Miscellaneous Values Page of the Basic Manual

Circular Letter No. 01-1360

03/13/01 – Premium Due Date Endorsement

Circular Letter No. 01-1361

04/12/01 – Revised Minimum Assessment

MWCIA's Circular Letters are available online at www.mwcia.org.

The following list indicates NCCI items that are **not** approved for use in Minnesota:

U-1355 – WCSP Pension Table Revisions (89-91 Mortality) – See MWCIA Circular Letter No. 99-1326

R-1356 – 1999 Update to Retrospective Rating Plan – See MWCIA 2000 Annual Ratemaking Report

E-1357 – Experience Rating for Self-Insureds – ERM 6 Forms

B-1351 – Workers' Compensation Premium Algorithm

U-1358 – WC Statistical Plan Claim Grouping Option

U-1360 & U-1360A – URE Workers' Compensation Statistical Plan – see Minnesota's Statistical Plan Manual

R-1365 – 2000 Update to Retrospective Rating Plan – See MWCIA 2001 Annual Ratemaking Report

U-1368 – URE WC Statistical Plan Revision

As the data service organization, MWCIA is the only company authorized to file manual rules, standard forms & endorsements, and classification & statistical codes relating to workers' compensation insurance on behalf of member companies in the state of Minnesota.

Remember . . .

MWCIA's Area Code Is Now 952

MWCIA News is a periodic publication of the Minnesota Workers' Compensation Insurers Association as a service to its members and the workers' compensation industry. Please direct any questions, comments or suggestions you may have concerning this publication to Marie Johnson, editor of *MWCIA News*, % MWCIA: 7701 France Avenue South, Suite 450; Minneapolis, MN 55435. You may also contact her by phone (952.897.6410), fax (952.897.6495), or by emailing her at marie.johnson@mwcia.org.

MWCIA PURPOSE

As the preferred provider of quality Minnesota Workers' Compensation information, we are committed to developing products, services and markets that meet our customers' evolving needs, and to providing a work environment rich in opportunities for personal and professional growth.



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ADDRESS CORRECTION REQUESTED