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MWCIA News



www.mwcia.org

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PRESIDENT'S CORNER

By Bruce A. Tollefson

The New Year Will Bring Many Changes

Today is one of those cold January days in the northland where, as the story is told, you not only see your breath, but you almost believe it will turn into an icicle and fall to the ground. It is hard to believe that last week during our January thaw, the more hardy among us were playing golf. After all, isn't that one of the reasons we live here . . . we just love changes in the weather.

As I look forward to 2003 I see signs of many changes on the horizon and not just in the weather. For example, we have a new Governor and new commissioners for the Department of Commerce and the Department of Labor & Industry. These new leaders are going to face many challenges, with an estimated \$4.5 billion budget deficit being one of the biggest.

How that challenge is met will surely touch, to some degree, every Minnesotan. However, for those of us in a regulated environment who deal with state government on a regular basis, the impact may be greater. We have yet to learn how the strain of budget cutbacks will impact how this Association and its members interact with our regulators.

People respond to change in many different ways. Some view change as a negative, some view it as a challenge, and others may view it as an opportunity. With the many changes that are yet to come, we will see many varied responses.

One change within the Department of Commerce, which I think will be viewed as a positive by many, is the return of Patrick Nelson as a Deputy Commissioner. Pat will oversee insurance related regulation. For those of you who do not know him, Pat is a seasoned and knowledgeable regulator who will require no learning curve to be fully effective. That is good news for all and we welcome Pat back.

The other good news is that in the public debate on issues that led up to the elections last fall; there was no groundswell of discontent with the operations of the workers' compensation system. You never quite know when the issue of workers' compensation will find its way into the public debate. That is particularly true in these difficult and changing economic times when employers feel the pressures of insurance cost increases.

I have advised you in earlier newsletters that our state's formalized structure of open communication between labor and industry leaders has made legislative policy squabbles infrequent. In the context of this election, it appears that my perception that the system isn't broken or in need of fixing is shared by many.

Our first big challenge of the year was one shared by every insurer and data service organization in the country. I am talking about the implementation of the Terrorism Risk Insurance Act of 2002. The speed with which regulators and industry representatives dealt with the issues arising from this new law in Minnesota and, from my perspective, in other states was very encouraging.

There is no question that 2003 will bring us many other changes and challenges. If history is a guide, some or perhaps many of those challenges will be unexpected. Still, my conviction is that we will address those challenges with an eye on the core principals that we have used in addressing problems in the past. Those include measuring our solutions with a proper balance between:

- Affordable employer coverage;
- Adequate employee benefits;
- Carrier financial stability; and
- Regulatory consistency and reasonableness

So as I see it, this New Year will be a year of change but not necessarily for the worse. If I am correct, we can all look back on what will have been a period of great opportunity, a very Happy New Year. That is my wish for the MWCIA and for all of our members. ☺

ASSIGNED RISK PLAN NEWS

New Assigned Risk Rates In Effect April 1, 2003

In our last issue of *MWCIA News*, staff announced the Commerce Commissioner's approval of new Assigned Risk Rates effective January 1, 2003 to comply with recent legislative changes. These changes required all Minnesota carriers to refile their workers' compensation rate schedules effective January 1st to exclude the Special Compensation Fund Assessment from their rate development.

On December 16, 2002, the Commerce Department released its annual Assigned Risk Plan Rate Order approving a 7.2% increase in the overall Assigned Risk Plan rate level effective April 1, 2003 for new or renewal business. In addition, the Commissioner approved an increase of \$5.00 in the Assigned Risk Plan's expense constant bringing it from \$140 to \$145. The Assigned Risk Plan's Special Comp. Fund Assessment Surcharge continues at 5.8% of the standard premium after the April 1st rate change.

MWCIA staff has fielded many phone calls and emails from agents who are interested in understanding how the new SCF surcharge affects minimum premium policies in the Pool. When calculating the necessary premium to place an employer who qualifies for a minimum premium policy in the Pool, you must add 5.8% of the minimum premium amount on top of the minimum premium in developing your deposit premium. To assist agents in making sure they properly calculate the Assigned Risk premium under the new rules, the ARP has released a new application effective January 1st. Copies of the new ARP application are available on MWCIA's website at www.mwcia.org or by calling our office at 952.897.1737.



An Important Reminder:

Please keep in mind that the carriers need to decide their own method for determining their SCF Assessment surcharge premium development. Do not assume all carriers calculate the SCF surcharge premium in the same manner. ARP's development is just one method for calculating the SCF surcharge. Be sure to contact each carrier you do business with before quoting your next policy to understand how the SCF surcharge affects your client's premium calculation. ☞

2002 Assigned Risk Plan 4th Quarter Totals

**Total Employer Count:
36,435**

**Total Premium Volume:
\$ 68,018,712**

A message from the DEPARTMENT OF COMMERCE

It has come to the attention of the Department of Commerce that some carriers still utilize department bulletins that are no longer being enforced by the Department. Any bulletin that does not appear on the Department website is no longer being used for purposes of review.

If you have questions about the effectiveness of a particular bulletin, please contact Tammy Lohmann, Chief Workers' Compensation Analyst, at (651) 296-2327 or email her at tammy.lohmann@state.mn.us. ☞

New Commissioners Announced

Governor Pawlenty has announced his replacement appointments for two commissioners who are of great importance to our industry. The new Commissioner for the Department of Commerce is Glenn Wilson and the new Commissioner for the Department of Labor & Industry is Jane Volz.

Mr. Wilson is currently First Vice President of U.S. Bank Home Mortgage and prior to that he was CEO and chair of Knutson Mortgage. In 1985, President Reagan appointed Wilson to serve as President of Ginnie Mae where he attracted investors to reduce interest rates on home loans.

Ms. Volz is a graduate of William Mitchell College of Law and is the owner of Volz Law Firm, Ltd. She has served as the co-chair of the Associated General Contractors Highway & Heavy Construction Grading Committee and is a member of the Association of Women Contractors, the Associated General Contractors of America & Minnesota, and the Minnesota Utility Contractors Association. ☞

Please note:

Minnesota's new Statewide Average Weekly Wage is \$702 effective October 1, 2002.

IT'S MCPAP TIME!

The 2004 Minnesota Contractors' Premium Adjustment Program enrollment period started the beginning of January and will run until April 1, 2003.

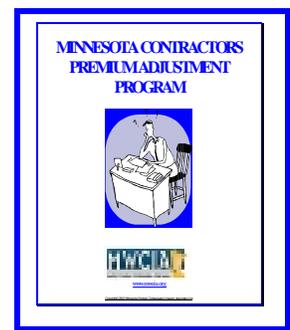
MWCIA staff continually looks for ways to make this program more efficient and less costly to administrate. Each year we mail out thousands of applications that are never returned. To address this issue, MWCIA has made a change in the criteria for mailing courtesy copies of the MCPAP application. Starting with the 2004 enrollment season, applications for the MCPAP credit factor were sent only to employers in the contracting industry that applied last year and/or qualify for experience rating.

Of course, any contractor who believes they qualify for this credit program may apply which is why it's more important than ever that agents and carrier reps check with their contractor clients to verify if they qualify for the 2004 program and to assist them in submitting a 2004 MCPAP credit application. Eligibility for the 2004 program requires an annual hourly average wage of \$18 for all employees in at least one contracting code for calendar year 2002. A copy of the 2004 application with instructions is available on our website at www.mwcia.org or by calling our office at 952.897.1737.

Remember, the deadline for enrollment in the 2004 program is April 1, 2003. Clients who apply after this deadline will be subject to a .02 late penalty adjustment factor and late applications will no longer be accepted 90 days after their modification effective date. ☞



MCPAP BROCHURE NOW AVAILABLE!



MWCIA staff has just completed a timely brochure that we believe agents will find very useful. It is especially

designed to assist agents in explaining how the Minnesota Contractors' Premium Adjustment Program works and contains useful tips on how to properly complete the application process.

To obtain your copy of this free brochure, simply log on to our website at www.mwcia.org. If you have any questions the brochure doesn't answer, feel free to email our office at info@mwcia.org or call us at 952.897.1737. ☞

FILING REFRESHER: Cancellations/Non-Renewals

Minnesota's Cancellation and Non-Renewal rules state that cancellation/termination/expiration filings will not become effective until:

- 30 days after receipt by MWCIA of WC 89 06 09 B for cancellations for non-payment
- 60 days after receipt by MWCIA of WC 89 06 09 B for all non-renewals

Remember, this rule applies whether a carrier files electronically or on hard copy.

Attention: All Members

The Annual Meeting of Minnesota Workers' Compensation Insurers Association, Inc. will be held at 1:30p.m. on Tuesday, April 22, at MWCIA's offices in Edina, Minnesota.

Official notification of the annual meeting will be sent to each member group approximately 30 days in advance of our meeting date. MWCIA bylaws require a 25% quorum of our membership to conduct Association business on that day. Due to the large number of members located outside the state, use of a proxy statement has been an invaluable tool in helping us achieve this quorum requirement. Members who are unable to attend MWCIA's Annual Meeting on April 22, 2003 are requested to return their proxy notices promptly to help staff avoid the additional time and expense associated with manually developing a quorum.

When submitting your proxy to our office, please note proxies are assigned by group and not by individual member carrier. If you have any questions about our proxy

system, please feel free to email us at info@mwcia.org. ☞

Mark Your Calendars!

Enjoy a view of the capitol and experience the rich ambiance of the Minnesota History Center by attending MWCIA's 2003 Annual Luncheon. The event will be held this year on April 21st starting at 11 a.m. Each year MWCIA hosts this annual event to provide its members and other guests with an opportunity to network with industry folk and meet various staff from the Department of Commerce, the Department of Labor & Industry, and MWCIA.

Mark your calendar and plan now to join us on April 21, 2003 at the beautiful Minnesota History Center in Downtown Saint Paul. Hope to see you there!

DLI Highlights. . .

The Department of Labor & Industry (DLI) recently released its December edition of their new journal, **DLI Research Reporter**. This free publication is released three times per year and is available on their website at www.doli.state.mn.us/reporter.

To receive online notification of new issue releases, send an email to Majordomo@state.mn.us indicating the subject line as "subscribe researchreporter". Please direct any questions about the Department of Labor & Industry's **Research Reporter** to DLI by emailing them at dli.research@state.mn.us or calling Kristin at 651.284.5025. ☞

FILING REFRESHER: PROOF OF COVERAGE

MN Rule 5222 requires all policy information to be filed on a timely basis with MWCIA as the official repository of Minnesota's Proof of Coverage. All Proof of Coverage notifications must be filed in the approved format:

- Within 10 days of the policy effective date, or
- Within 20 days of binding coverage

Remember, this rule applies whether Proof of Coverage data is filed electronically or on hard copy.

TERRORISM ACT UPDATE

For information regarding proper handling of the new **2002 Terrorism Risk Insurance Act** in Minnesota, please refer to MWCIA's Circular Letter No. 03-1397; Circular Letter No. 03-1398; and Commerce Bulletin 2003-1. Copies of all three documents are now available on MWCIA's website at www.mwcia.org.

A Reminder to our WEB Users

It's Renewal Time

January and February are popular renewal months for MWCIA's Web User Accounts. Reminder notices are sent four weeks prior to an account's expiration date via email to account users at the following levels:

Member Primary
Member Secondary
Subscriber Platinum

Each of the above account levels provides users with unlimited access to Minnesota employer's experience modification rating data for 12 months. The renewal fee is \$1,000. Please submit this fee promptly to assure your company receives continuous service.

If you need assistance with MWCIA's website or account system, please call 952.897.1737 or email your questions to info@mwcia.org. ☞

Please note:

The Minnesota Assigned Risk Plan Maximum Individual Remuneration applicable to executive officers, partners, & sole proprietors will change effective April 1, 2003 from \$1,360 per week (\$70,720 annually) to \$1,405 per week (\$73,060 annually).

Congratulations Sherry Ask!

IFM staffer, Sherry Ask, will no longer be the energy charged Engage Project Coordinator at the Insurance Federation. Why you might ask? Sherry recently accepted a new challenge as the President of the Minnesota Association of Farm Mutual Insurance Companies in Saint Cloud.

During her 23+ years at the Insurance Federation, our staff has worked with Sherry in many different capacities throughout the years including assisting MWCIA in offering CEU credits at our last Annual Luncheon this past April.

The staff at MWCIA extends best wishes to Sherry as she embarks on her new adventure. ☺

RECENT CIRCULARS, ETC.

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

Circular Letter No. 02-1393

09/25/02 – Minnesota Filing Procedures Manual

Circular Letter No. 02-1394

10/17/02 – 1-1-2003 Assigned Risk Rates

Circular Letter No. 02-1395

12/23/02 – 4-1-2003 Assigned Risk Rates

Circular Letter No. 02-1396

12/23/02 – NCCI Policy Form Circular PF-02-08
(September 17, 2002)

Circular Letter No. 03-1397

01/15/03 – 2002 Terrorism Risk Insurance Act –
Rate Filing and Unit Reporting

Circular Letter No. 03-1398

01/15/03 – 2002 Terrorism Risk Insurance Act –
Disclosure Notices & Endorsement
WC 00 04 20

Note: MWCIA's Circular Letters are available online at www.mwcia.org, as well as a complete index of all 2002 circular topics. ☺

NON-APPROVED NCCI ITEMS

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

The following NCCI Items are **not** approved for use in Minnesota:

B-1369 – 2001 Basic Manual For Workers' Compensation & Employers' Liability Insurance

U-1372 – Issuing Agency/Producer Office Address Endorsement WC 89 06 25

B-1373 – Basic Manual Rules & Enhancements

R-1378 – 2002 Update to Retrospective Rating Plan Parameters

If you have any questions regarding these items, please contact our staff by emailing us at info@mwcia.org. ☺

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.

