

# MWCIA News



April 2004 issue

a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### Having A Vision . . .

According to one author, *insurance* is properly defined as:

“an ingenious modern game of chance in which the player is permitted to enjoy the comfortable conviction that he is beating the man who keeps the table”.

As someone who has been in the insurance business all of my working life, however, I believe what we do is much more predictable than playing slot machines.

As we all know, insurance, or more specifically insurance pricing, is closely tied to predicting the probability that events will happen with a certain frequency and severity. The ability to make these predictions is a vital element in maintaining an efficiently operating workers' compensation industry. The staff of MWCIA, therefore, is acutely aware of how important our role is in assuring our membership has the proper tools to make this happen.

The ability to provide detailed, reliable, timely data and deliver it in a format that can be easily utilized by our members in pricing their products and responding efficiently to changing market conditions is central to MWCIA's mission. It is one of the key values we supply to our members.

Looking back on the long history of this organization that was founded in 1923, I am most impressed with the long-term vision that has been a key component of MWCIA's philosophy through the years. A display at one of MWCIA's past annual luncheons showed, among other things, that

MWCIA was an early adopter of computerized data processing by hiring what was then a small consulting firm to assist us in those efforts. That firm is now Lawson Software, a major computer consulting company based in St. Paul.

Another example is the innovative plan of my predecessor, John Hildebrandt. His vision, along with other key MWCIA staff members, arose from a simple problem. The evolution of technology and the needs of our members demanded that MWCIA be ahead of the curve on the automation of data receipt, handling and processing. The problem - how to accomplish that and still meet the differing needs of over 100 members without breaking the bank?

The solution - become a leader in forging collaborative and cooperative activities between similar rating bureaus in various states. The original goal of this vision was modest - cooperative purchasing of technology to yield cost savings.

Through the years, this original vision has been nurtured and expanded through the efforts of MWCIA and other comparable organizations facing similar challenges. Previously, I have given examples of the tangible results of that shared vision, including:

**Workers' Compensation Insurance Organization (WCIO)** - an organization that is seeking to standardize data reporting approaches and methods in several states for the purpose of improving efficiency and saving costs for our members.

**American Cooperative Council on Compensation Technology (ACCCT)** - a joint venture that has developed and supplied our members with free software tools such as *Bureau Entry and Edit Package* (BEEP) and *Policy Entry and Edit Package* (PEEP)

**Spectrum Partners, LLC** - a consortium of five rating bureaus that have developed state of the art data processing systems for the receipt, processing and delivery of data. This system gives each organization far more capabilities at far less cost than could have been accomplished by an individual organization.

So far in 2004, we have accomplished another tangible result of this vision by launching *Compensation Data Exchange* - a major Internet based data transmission system serving our industry.

Keeping our vision active and productive is an ongoing task involving many people who work to research, develop and implement products and services that can and do make a difference for the Minnesota workers' compensation market place. We are very fortunate at MWCIA to have business and technical staff that possess the ability to identify member needs and deliver helpful products and services.

MWCIA's vision for 2004 is based upon our ability to leverage our capabilities and systems to put more "power at your fingertips". The main tool for accomplishing this vision is MWCIA's robust website - [www.mwcia.org](http://www.mwcia.org) - which we hope will soon become the main method of communications and access for our members.

Look for more "power at your fingertips" throughout the year. ☺

## ASSIGNED RISK PLAN NEWS

### New Servicing Contractor Announced Effective July 1st

The Minnesota Workers' Compensation Assigned Risk Plan recently announced a change in the contract for the servicing contractor. Effective July 1, 2004, RTW has been selected to join Berkley Risk Administrators as a servicing contractor for the Assigned Risk Plan.

According to ARP's Administrator's office, RTW will be awarded 25% of the Plan's business and Berkley Risk Administrators (BRAC) will be awarded 75% of the business. RTW will start issuing policies for new assignments effective July 1<sup>st</sup>. Because Berkley currently holds 100% of ARP's business, 25% of Berkley's ARP renewal policies will begin to be transferred to RTW starting with the September renewals.

Details regarding the transfer of existing ARP business to RTW will appear in MWCIA's next newsletter and in future publications of Minnesota's two independent insurance agency organizations: MIIAB and PIA of Minnesota.

In addition to the change in servicing contractors, we would like to remind agents of ARP's recently revised application. The new application is now available on MWCIA's website at [www.mwcia.org](http://www.mwcia.org). It is also important to be aware of the following changes that became effective April 1, 2004:

- New ARP rate schedule
- Expense Constant - \$150
- SCF Assessment - 4.5%
- Terrorism Act Surcharge - \$0.02
- Owner Maximum - \$74,620/year
- Family Member Minimum - \$11,180/year
- Adjustment in Premium Calculation with Merit Rating

Questions regarding these changes may be directed to one of MWCIA's staff at [info@mwcia.org](mailto:info@mwcia.org) or call us at 952.897.1737. ☎

#### 2004 ARP Totals

Total Employer Count:  
42,218

Total Premium Volume:  
\$97,666,665

## IT'S MCPAP TIME!

### 2005 MCPAP Update

MWCIA's 2005 Minnesota Contractors Premium Adjustment Program (MCPAP) enrollment season came to a close on April 1<sup>st</sup>.

Although the total number of applications received for the 2005 program year was about par with past years, our new online application process yielded about one-third of the total applications submitted. These applicants not only made their application process easier, it also served to greatly reduce the number of man hours necessary to prepare applications for our Actuarial Department's process. By taking advantage of our new online process, these applicants not only received information throughout the process that identified potential entry errors, they also received immediate confirmation once their application passed all validation edits/checks. Because applications submitted online arrive virtually 'error free', they are processed automatically into our system and do not require staff intervention. By contrast, MWCIA staff must continue to spend many man-hours verifying information submitted on the hard copy applications for applicants who did not take advantage of the built-in edit/validation checks the online system offers. The number of employers who applied online this year encourages us, however, and we look forward to these numbers growing in the future.

If you have clients who missed the deadline, there is still time! Employers may continue to apply for a MCPAP credit until 90 days after the effective date of their 2005 experience modification. All applications submitted after the April 1<sup>st</sup> cutoff date, however, will automatically be subject to a two-point (.02) late penalty adjustment factor.

The 2005 MCPAP credit factors are scheduled to be released late summer/early fall of 2004 and will be sent to the employer as well as their current insurance company.

Questions regarding MCPAP may be emailed to our staff at [info@mwcia.org](mailto:info@mwcia.org). ☎

## UNDERWRITERS & AUDITORS CLASS CODE REFRESHER

*The following information is being provided to our members in response to recent inquiries regarding the various classifications available to the service station industry:*

The *Basic Manual on Workers' Compensation & Employers Liability Insurance* contains information on all classifications approved for use by the Minnesota Commerce Department. According to the *Basic Manual*, Minnesota has three basic classification codes available to the service station industry — Codes 8380, 8381, and 8006. It is important to note, however, that Code 8380, Code 8381, and Code 8006 should not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.

Code 8380 — Gasoline Station NOC-Retail & Drivers (also cross referenced under Automobile Service or Repair Center & Drivers) applies to a typical gas station operation involving full and self-service pumps as well as car repair.

Code 8381 — Gasoline Station Self-Service Only - Retail applies specifically to gas stations that operate only self-service pumps, have no car repair facility, and the gas receipts equal 90% or more of the total receipts for the location (excluding lottery ticket sales). The footnote in the *Basic Manual* for Code 8381 further states that gas stations with self-service and full service operations at the same location should be classified under Code 8380.

Code 8006 — Gasoline Station Self-Service & Convenience/Grocery-Retail applies to a typical convenience store operation with self-service gas pumps. To qualify for Code 8006, the total receipts from gasoline needs to account for less than 90% of the total sales for the location (excluding lottery ticket sales). Convenience stores with gas receipts that equal 90% or more of the total receipts for the location (excluding lottery ticket sales) should be classified as Code 8381. The footnote in the *Basic Manual* for Code 8006 further states that

Code 8380 should not be assigned at the same location as Code 8006.

For further information about the use of the classifications described in this article, please email our office at [info@mwcia.org](mailto:info@mwcia.org) or call one of our underwriters at 952.897.1737. ☞

## 2004 Annual Luncheon A Big Success!

On Monday, April 19<sup>th</sup>, MWCIA hosted its **2004 Annual Luncheon** at the beautiful Minnesota History Center in downtown Saint Paul. As keynote speaker, DLI Commissioner Scott Brener provided guests with valuable information about changes he hopes to implement over the coming year that affect our industry. "Thank you" Commissioner Brener for your help in making this year's event a big success!

### From the Actuary . . .

#### ACCEDE NOW AVAILABLE ONLINE!

On February 17, 2004, MWCIA announced the release of ACCEDE<sup>®</sup> (*Automated Carrier Call Entry and Data Edit*) On-Line. The new web-based ACCEDE<sup>®</sup> product enables carriers to enter, validate and submit their financial call data on-line, eliminating the need for a desktop application and the mailing of data diskettes.

Registered carrier groups receive a username and password via email which allows them to access ACCEDE<sup>®</sup> On-Line. After all the data for the five financial calls collected by MWCIA has been entered, users validate their data based on the same validation edits used by MWCIA's actuarial staff. Any anomalies are displayed on the error report. Users can either correct the error or provide an explanation for the error on-line before submitting their data. They also have access to view the data they submitted last year.

ACCEDE<sup>®</sup> On-Line will reduce the overall financial call processing time significantly while affording carriers the opportunity to correct anomalies prior to submitting their data. Any questions regarding ACCEDE<sup>®</sup> On-Line should be directed to MWCIA's Senior Statistical Specialist, Sharon Bye by sending her an email at [sharon.bye@mwcia.org](mailto:sharon.bye@mwcia.org). ☞

### Are you using Approved Rates?

**Remember:** Rates are **not** approved for use in Minnesota until carriers receive formal approval of their rate filings from Minnesota's Department of Commerce.

### New Software Releases

MWCIA recently announced the release of an online version of BEEP as well as updated desktop software. For more information about these releases, please refer to MWCIA's Circular Letter No. 04-1414 and No. 04-1417 which are both available on our website at [www.mwcia.org](http://www.mwcia.org) under the 'publications' tab on the menu list in the left hand margin.

For related information about the latest CDX and PEEP releases, refer to MWCIA's Circular Letter No. 03-1409, No. 03-1411, and No. 03-1412. ☞

### 2003 Annual Report Now on Web

MWCIA's 2003 Annual Report has been released and is available online. To view a copy of this report, please logon to our website at [www.mwcia.org](http://www.mwcia.org) and click on the heading in the scrollbar located on the right hand margin of MWCIA's home page.

### Free Workshops For Minnesota Employers

After a temporary hiatus, the State of Minnesota's "Business & Employment Tax Workshop" is back on schedule!

The "Business & Employment Tax Workshop" is designed to provide new or established business owners and/or employers with everything they need to know to do business in Minnesota.

Each class is packed with resource information and examples on state and federal business tax filing, unemployment taxes, child support payments, and workers'

compensation insurance. The class is conducted by a team of representatives from Minnesota's Departments of Economic Security, Revenue, Human Services, and Labor & Industry as well as representatives from the Federal IRS Department and MWCIA, making this popular class the only 'one stop' resource of its kind. The "Business & Employment Tax Workshop" is **FREE** and class locations rotate around the twin cities area making it convenient for all to attend. It is also important to note that attendees may repeat the class as often as they like as a refresher or to get clarification of any new rules.

The State of Minnesota wishes to encourage all employers and business owners who are considering hiring employees in Minnesota to attend the "Business & Employment Tax Workshop". You can help get the word out by telling your clients about this valuable program. Online registration plus a copy of the current schedule is available by logging onto [www.uimm.org/tax/irs.htm](http://www.uimm.org/tax/irs.htm).

For more information about Minnesota's "Business & Employment Tax Workshop", please email the workshop's coordinator at [mdes.tax@state.mn.us](mailto:mdes.tax@state.mn.us) or give him a call at 651.297.2744. ☞

### 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.

### Please Don't Forget:

Send copies of your rate filings to MWCIA's office for our records **after** you receive approval from the Minnesota Department of Commerce.

## FILING REFRESHER:

### Cancellations & Non-Renewals

Minnesota's Cancellation and Non-Renewal Form WC 89 06 09 B must be filed in cases of cancellation, termination, or expiration:

- 30 days prior notice to MWCIA using WC 89 06 09 B is required before any cancellation or termination is effective
- 60 days prior notice to MWCIA on behalf of the Department of Labor & Industry and the insured using WC 89 06 09 B is required before any non-renewals are effective

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

### 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. 04-1413

01/28/04 — Statistical Codes  
9721, 9722, 9723,  
9724

#### Circular Letter No. 04-1414

01/28/04 — ACCCT Announces  
Release of Web-Based  
Bureau Entry & Edit  
Package (BEEP)

#### Circular Letter No. 04-1415

01/28/04 — 2003 Test Audit  
Summary Report

#### Circular Letter No. 04-1416

02/25/04 — Minnesota's  
Statistical Plan  
Annuity Tables

#### Circular Letter No. 04-1417

04/09/04 — ACCCT Announces  
Release of Update to  
BEEP 2.5 - Desktop  
Version

*Note:* MWCIA's Circular Letters are available online at [www.mwcia.org](http://www.mwcia.org) as well as a complete index of all circular topics since 1996. [↗](#)

### NON-APPROVED NCCI ITEMS

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

When preparing policies for Minnesota, therefore, please keep in mind 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

If you have any questions regarding these items, please contact our staff by emailing us at [info@mwcia.org](mailto:info@mwcia.org). [↗](#)

### A note re: MWCIA Mailings

To assure your organization receives MWCIA's mailings without interruption, it is important to submit all email changes to our office promptly. Please remember MWCIA's circulars are also available on-line at [www.mwcia.org](http://www.mwcia.org) as well as an archive index of prior circular letters.

*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](mailto: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.

