

MWCIA News



January 2004 issue

a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

A New Year Brings Many Changes

"Today is one of those cold January days in the northland. . . . 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 dollar budget deficit being one of the biggest."

This is how my January 2003 MWCIA News article began. It is very interesting to look back to see what followed ... at least from our perspective.

A year ago we were facing a number of challenges related to improving our capacity to receive and transmit data and filings between MWCIA, our members, and regulators in a cost efficient manner. We were looking to do this at a time when financial limitations, particularly at the government level, were severe. Finally, we were looking to integrate our efforts with other nationwide initiatives to assure that workers' compensation policies written in Minnesota were not burdened by unique and costly data filing requirements.

One advantage of looking back is the ability to see the changes that addressed the challenges of the past year. Looking back at 2003, it is clear that beneficial changes were achieved.

Nationally, through the collaborative efforts of ACCCT, we implemented *Compensation Data Exchange (CDX)*, *Policy Entry & Edit Package (PEEP)*, and *Experience Rating Worksheet Lookup (EXR)*. Each of these

initiatives was designed to create value driven products and services that address the challenge of improving our service to members and regulators:

CDX is an internet-based service that facilitates the electronic transmission of workers' compensation data between member carriers and Data Collection Organizations (DCO). Circular Letter 03-1409 dated 10/24/03 will provide you with specific information.

PEEP is a web-based product specifically designed for the effective entry and electronic submission of policy information from member carriers to DCOs. Circular Letter 03-1411 dated 12/23/03 will provide you with specific information.

EXR is a web-based service specifically designed to provide member carriers with access to Experience Rating Worksheets through ACCCT's CDX Internet application.

Through collaborative efforts of key Minnesota stakeholders and MWCIA staff, we implemented Rate Filing Application (RFA), ACCEDE on the Web, and MCPAP on the Web. These initiatives address on a local level the need for value driven products and services specific to the needs of our members and regulators:

RFA is a cooperative effort between the Department of Commerce (DOC) and MWCIA to implement an automated rate filing software accessible through DOC's or MWCIA's websites. This process dramatically reduces the "time to market" for a vast number of Minnesota rate filings.

ACCEDE is our client-based, carrier financial data collection

software that has been substantially enhanced and web enabled, providing a more effective and efficient means of reporting necessary financial data.

MCPAP on the Web enhances this program to provide an online application process.

My outlook for 2003 was optimistic:

"So as I see it, this New Year [2003] 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 MWCIA and for all of our members."

And I think my optimism was correct. What MWCIA accomplished in enhanced products and services was achieved in spite of the monetary and resource limitations of 2003. For that I must thank our staff and the efforts of our members and regulators. It shows what can be accomplished when key stakeholders identify and collaborate on changes designed to make the Minnesota workers' compensation system work more efficiently and effectively.

What is in store for 2004? Clearly we need to continue to build upon the technology initiatives of 2003. In addition, we need to work with others to find ways to address rising costs in the workers' compensation system. One way this issue was addressed in 2003 was through a medical cost containment study conducted by the Department of Labor & Industry. MWCIA will continue to assist members and regulators by providing our expertise and critical data analysis for the purpose of addressing this and other issues in 2004.

Once again, I am optimistic and look forward to a very productive 2004. ☺

ASSIGNED RISK PLAN NEWS

New Assigned Risk Rates In Effect April 1, 2004

On December 12, 2003, the Commissioner for the Minnesota Department of Commerce released their annual Assigned Risk Plan Rate Order approving a 7.4% increase in the overall Assigned Risk Plan rate level effective April 1, 2004 for new or renewal business. The Commissioner also approved an increase of \$5.00 to the Assigned Risk Plan's expense constant bringing it from \$145 to \$150. The Assigned Risk Plan's Special Compensation Fund Assessment Surcharge will change from 5.8% to 4.5%. The Terrorism Risk Insurance Act Surcharge will remain \$0.02 per hundred of total payroll.

Additionally, the Minnesota Assigned Risk Plan Maximum Individual Remuneration applicable to executive officers, partners, & sole proprietors will increase effective April 1, 2004 to \$1,435 per week (\$74,620 annually). The minimum for parents, spouse, and children coverage will increase to \$215 per week (\$11,180 annually).

To assist agents in properly completing an Assigned Risk application, MWCIA has included a blank application on our website which includes the current premium factors necessary to properly calculate ARP premium. This application will be updated to reflect the new factors that become effective on April 1st in the near future. Copies of ARP's current application are available on MWCIA's website at www.mwcia.org or by calling our office at 952.897.1737. ☎

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#### 2003 Assigned Risk Plan Yearend Totals

Total Employer Count:  
41,756

Total Premium Volume:  
\$92,548,342

## IT'S MCPAP TIME!

The 2005 Minnesota Contractors' Premium Adjustment Program enrollment period started the beginning of January and will run until April 1, 2004.

Each year, qualifying applicants receive up to a 25% credit that can be applied towards their next year's renewal premium. Participation in MCPAP is voluntary and there is no cost to apply. Applications submitted after the April 1<sup>st</sup> deadline, however, are subject to a two-point (.02) late penalty adjustment factor. To qualify for a Minnesota Contractors' Premium Adjustment Program (MCPAP) credit factor in 2005, employers in the contracting industry must have paid an average hourly wage of \$18.50 for all employees whose payroll is reported under a single contracting class code for calendar year 2003.

### Electronic filing is now available!

MWCIA is pleased to announce the implementation of a new online feature for submitting 2005 MCPAP applications.

Applying for this special credit program will be easier this year for those who wish to apply online. Enrolling online has two immediate advantages: 1) employers will be able to validate their application information prior to submission and avoid costly mistakes that may prevent applicants from qualifying for a 2005 MCPAP credit factor, plus; 2) employers will know that their application was submitted on time and passed initial program qualifications via our new online validation system. Once the 2005 MCPAP online application is completed, the employer simply reviews their data for accuracy and clicks on 'okay' to submit it. The submitted data will be automatically entered into our system — on time and secure!

Employers who qualify for a 2005 MCPAP credit factor will receive a copy of their credit factor worksheet early next fall in plenty of time for their 2005 policy renewal offers.

We hope both carriers and agents will encourage their contractor clients to try MCPAP's new online application process this year. This service is free, easy, and available anywhere the Internet can be

accessed! What if you have a client who didn't receive an application but believes they qualify for 2005? Don't worry! Simply have them log onto MWCIA's website at [www.mwcia.org](http://www.mwcia.org) to start the application process.

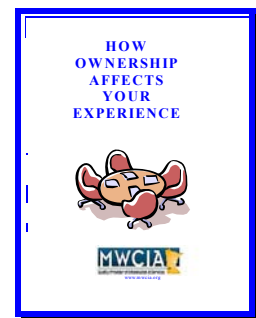
Whether submitting online, via fax, or by mail, please remember all 2005 MCPAP applications must be either received in our office or postmarked no later than April 1, 2004 to avoid the .02 late penalty adjustment factor.

For more information on the 2005 Minnesota Contractors' Premium Adjustment Program (MCPAP) — check out our website at [www.mwcia.org](http://www.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 OWNERSHIP BROCHURE NOW AVAILABLE!



MWCIA has just completed a new brochure that we believe our membership and agents will find very useful. The "*How Ownership Affects Your Experience*" brochure is designed to assist in explaining to the policyholder how ownership impacts experience rating and is an excellent companion to our brochure entitled "*Understanding Experience Rating*".

"*How Ownership Affects Your Experience*" marks the fourth brochure created by MWCIA for its members and agents to assist them

in explaining various elements of the workers' compensation system to their staff and policyholders. To obtain your copy of our latest **free** brochure or any of the others, simply log onto our website at [www.mwcia.org](http://www.mwcia.org) and click on the desired brochure under 'publications' on the menu list in the left hand margin. If you have questions that are unanswered after reading these brochures, please feel free to email our office at [info@mwcia.org](mailto:info@mwcia.org) or call us at 952.897.1737. Please email any suggestions you may have for future brochure topics to our office in care of [marie.johnson@mwcia.org](mailto:marie.johnson@mwcia.org) for our consideration. ☞

## ACCCT ANNOUNCES NEW SOFTWARE

*American Cooperative Council on Compensation Technology* (ACCCT) recently announced the release of two additional software products to assist carriers in submitting data to MWCIA in addition to several other DCOs.

### Compensation Data Exchange

*Compensation Data Exchange* (CDX) is an internet-based service that will facilitate the electronic transmission of workers' compensation data between member carriers and MWCIA. CDX is exciting news since several media suppliers have announced the discontinuation of 3890 tape cartridges and the 9 track reels that many of our members currently use to transmit data to our office. Also, it eliminates costly fee based provider services. This software is **free** to MWCIA's member carriers and includes the ability to encrypt and zip data. Although MWCIA also has the ability to receive data via email, CD-Rom, or Zip disks (100 or 250 mb), we wish to encourage our membership to take advantage of the superior data transmission method that CDX represents.

### Policy Edit & Edit Package

*Policy Edit & Edit Package* (PEEP) is a product similar to BEEP. While BEEP was created to assist member carriers in preparing unit statistical data for

filing with MWCIA, PEEP is designed to assist member carriers in preparing policy data for submission with MWCIA. PEEP provides important basic validation features for all transaction and record types and complies with WCPOLS specifications. In addition, it is designed to work with ACCCT's new electronic transmission application — CDX. Like BEEP and CDX, PEEP software is also available to MWCIA's membership **free** of charge.

For more information about CDX and PEEP, please refer to MWCIA's Circular Letter No. 03-1409, No. 03-1411, and No. 03-1412 which are located under 'publications' on the menu list in the left hand margin of our website at [www.mwcia.org](http://www.mwcia.org). ☞

## Attention: All Members

MWCIA's Annual Meeting will be held at 1:30p.m. on Tuesday, April 20, at our 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 the day of our Annual Meeting. Due to the large number of members located out of state, however, the use of proxy statements has been an invaluable tool in helping us fulfill this quorum requirement. Members who are unable to attend MWCIA's Annual Meeting on April 20, 2004 are urged to return their proxy notices promptly to help staff avoid the additional time and expense associated with manually developing a quorum.

When submitting your company's proxy to our office, please note proxies are assigned by group and not by individual member carrier. Carriers who are part of a membership group, therefore, are entitled to submit a single proxy for all member carriers within their group. If you have any questions about the proxy system, please send your inquiry via email to our staff at [info@mwcia.org](mailto: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 2004 Annual Luncheon** on Monday, April 19<sup>th</sup>, starting at 11a.m. Each year MWCIA hosts this annual event to provide it's 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 now and plan to join us on April 19, 2004 at the beautiful Minnesota History Center in Downtown Saint Paul.

## 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.

## 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. 03-1409**

10/24/03 — ACCCT Announces  
Release of  
Compensation Data  
Exchange

### **Circular Letter No. 03-1410**

12/19/03 — 4-1-2004 Assigned  
Risk Rates

### **Circular Letter No. 03-1411**

12/23/03 — ACCCT Announces  
Release of Policy Entry  
& Edit Package (PEEP)

**Circular Letter No. 03-1412**

12/23/03 — ACCCT Announces Alerts & Changes for Compensation Data Exchange

Note: MWCIA's Circular Letters are available online at [www.mwcia.org](http://www.mwcia.org), as well as a complete index of all 2003 circular topics. ☞

**Please Don't Forget:**

*To file a copy of your approved rate filings with MWCIA for our records.*

**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). ☞

**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.

**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.

