

MWCIA News



July 2004 issue

a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

Improving 'Speed to Market'

In my last newsletter, I talked about our efforts to leverage the tools and technology at this Association to put additional power at the fingertips of our members. In looking for opportunities to fulfill that vision, I often think back to my years in the industry and consider what tools would have helped me in that role.

One of my responsibilities at an insurance company included pricing personal and commercial business lines. I developed a real appreciation for the need to get pricing decisions made, filed and implemented in a very short time frame. 'Speed to Market' was not just a phrase — it was a real and necessary business goal. However, making that goal a reality wasn't always easy because a number of steps necessary to bring a pricing decision to the marketplace were out of my control. This meant others could and did affect my ability to get needed pricing changes implemented.

I, like many others in the insurance industry, was looking for any type of automation or simplification that would help minimize the time needed to complete the process. By making use of rating programs, Excel software, and other computer related tools we were able to automate much of this process. However, those tools could only help create but were not a substitute for an appropriate filing process.

At MWCIA, we have been looking at what our technology can offer to our members in dealing with this issue. The question is a simple one — are there tools we can place at the

fingertips of our members to increase 'Speed to Market'?

Since the process of rate filings clearly involves the Department of Commerce, our task in addressing this issue has been a cooperative endeavor between MWCIA and the Department of Commerce.

I previewed these cooperative efforts in my July 2003 *MWCIA News* article. The Department was clearly interested in this effort not just because it made sense, but because it would hopefully allow them to meet their own goal of maintaining services with shrinking resources caused by state budget restraints. Building technological tools to increase the efficiency of rate filing reviews and approvals would help make that goal a reality.

In my earlier article, I stated:

"We [with the assistance of Commerce Commissioner Glenn Wilson, Deputy Commissioner Pat Nelson, and others] are now in the process of working with the Department of Commerce on tools that will allow our members to make rate filings and receive filing approvals quicker and easier."

This collaborative effort has led to the design, development, and implementation of our new **Rate Filing Application (RFA)** product last fall. RFA Phase 1 uses MWCIA base rates and includes an easy to build Loss Cost Multiplier feature, built-in edits and other help features. Qualifying rate filings using RFA are electronically reviewed and approved.

This fall, RFA Phase 2 is scheduled for release in time for next year's rate filing season. RFA Phase 2 will include enhanced functionality in the handling of class deviations, additional edits and help

features, and a section for processing Large Risk Rate Filings. In addition, MWCIA and the Commerce Department have developed a process for the billing of filing fees by MWCIA for filings that are submitted electronically. Members who sign up for this service can have qualifying filings electronically submitted to Minnesota's Commerce Department without needing to separately submit their filing fees or wait for those fees to be matched to the filing before processing can begin.

RFA's functionality is also compatible with NAIC's SERFF filing software. Members who complete rate filing worksheets using the RFA system can save their documents and attach them to their SERFF filing.

Speed, efficiency, and ease of use have been our standards in building this rate filing tool. Our ultimate goal is to create a tool available to our members that allows qualified rate filings to be submitted, reviewed, and approved virtually instantaneously. 'Speed to Market' for these filings will no longer be out of your control because of manual processing.

This is not the end of our work with the Commerce Department on improving efficiency and placing improvements at your fingertips. We have and will continue to consider and propose additional enhancements and improvements as this system develops a track record of experience.

MWCIA is always looking for ideas and suggestions. Please email your ideas, needs, or feedback to us at info@mwcia.org. Also, feel free to contact me at 952.897.6405, or you may contact our actuary, Craig Anderson, at 952.897.6431. ☎

ASSIGNED RISK PLAN NEWS

A reminder to agents that the Minnesota Workers' Compensation Assigned Risk Plan (ARP) now has two servicing providers: Berkley Risk Administrators and RTW.

RTW started accepting new ARP business effective July 1st and will begin issuing September renewal policies. Berkley policy information for ARP's renewals is being forwarded to RTW to assist them in preparing their renewal offers.

Please update your contact information for ARP to include the following information for RTW:

RTW
P.O. Box 390901
Minneapolis, MN 55439-0901

Tel. - (952) 897-5566
Tel. - (888) 273-9709

Fax - (952) 893-3707
Fax - (888) 811-0379

2004 ARP Totals

Total Employer Count:
42,428

Total Premium Volume:
\$101,399,677



From the Actuary . . .

MWCIA's Actuarial Subcommittee met Thursday, July 8th, to discuss rate level change alternatives for recommendation to MWCIA's Board of Directors for the 2005 ratemaking year.

Pending Board approval, this information will be used to develop the 2005 edition of Minnesota's Ratemaking Report which is currently scheduled for release on MWCIA's website by August 20th.

Once released, member carriers with MWCIA web user accounts will be able to download the 2005 Ratemaking Report directly from MWCIA's website at www.mwcia.org by using their login username and password. Members without an MWCIA web account will need to register online to receive their copy of the 2005 Ratemaking Report via email. ☞

A message from the DEPARTMENT OF COMMERCE

PERMISSIBLE CHARGE FOR WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

The Minnesota Department of Commerce wishes to clarify its past position regarding the method carriers are permitted to use to calculate the premium charge for the *Waiver of Our Right to Recover From Others Endorsement* WC 00 03 13.

Please be advised that there is no limit to the maximum charge for the endorsement. Carriers may use any premium calculation method for this endorsement as long as it complies with Minn. Stat. §79.55. Specifically, this statute prohibits rates that are excessive, inadequate, or unfairly discriminatory.

Carriers that would like to revise the premium calculation method will need to submit a filing reflecting the change. These filings should contain the following:

1. The NAIC Property & Casualty Transmittal Document
2. A filing fee of \$75 per company
3. A cover letter or explanatory memorandum briefly describing the carrier's rationale for the new premium calculation method
4. A revised manual page

Questions regarding this matter should be directed to Tammy L. Lohmann, Chief Workers' Compensation Analyst for the Minnesota Commerce Department at 651.296.2327, or by email to tammy.lohmann@state.mn.us. ☞

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.

Attention: Rate Filing Staff

As carriers begin preparing their 2005 rate filings, it is important that their staff keep the following items in mind:

- Enhancements to the Commerce Department's electronic filing system are scheduled to be completed in time for this year's filing season
- When submitting filings, please note the Minnesota Commerce Department prefers carriers to use the NAIC Uniform Property & Casualty Transmittal Document. The standard *Minnesota Property - Casualty Transmittal Form*, however, will also be accepted

As of July 13th, Commerce's 2005 rate filing requirements bulletin has not been issued. This annual update bulletin should be available by the end of July. Filing personnel are cautioned to only use the new bulletin when preparing next year's rate filings as other bulletins may contain information that is obsolete.

If you have any questions regarding the effectiveness of a particular bulletin or filing procedure, please contact Tammy Lohmann, Chief Workers' Compensation Analyst, for clarification at 651.296.2327, or you can send her an email her at tammy.lohmann@state.mn.us. ☞

DLI Highlights

NON-COMPLIANCE OF POC NOTICES INCREASING

The Department of Labor & Industry (DLI) has noticed an increase in the number of penalties issued for non-compliance of the mandatory coverage statute (Minn. Stat. §176.181), where employers allege, through their counsel, that they never received their renewal notices for their workers' compensation insurance policies, nor did they receive cancellation notices for non-renewals.

In other instances, some employers who paid their premiums on a timely basis had their checks returned for unknown reasons after the expiration date of their policy,

thus creating gaps in coverage. Again, the employers did not receive cancellation notices. This was not an attempt on the part of the employers to evade coverage, but did cause a penalty to be assessed.

DLI does not currently have specific numbers to provide, but will begin tracking these cases as they appear from this time forward. It is not so much the number of penalties that concerns DLI as it is the reasons causing the penalties. ❌

**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.

**Long Time Board Member
Retires**



Gene Miller, Executive Vice President of Western National Mutual Insurance Company and long time friend and Boardmember of MWCIA recently retired after 41 years of service to our industry.

In addition to his 41 years with Western National and his many years serving as one of MWCIA's Board of Directors, Gene found time to be

active in the following industry organizations:

- MN Metro Mktg. Managers
- Missouri Valley Ins. Group
- MN Insurance Federation
- 1752 Club
- Twin City Insurance Club

So what are Gene's retirement plans? As Gene so aptly put it at his retirement party: "its time for yours truly to 'move off into the sunset' and work on my golf game!" Gene and his wife's immediate plans are to do more boating on Lake Minnetonka and then spend two to three months this winter in Florida.

Thanks, Gene, for your many years serving on MWCIA's Board. We wish you and your wife the best and hope you have a long and enjoyable retirement!! ❌

**Have You Forgotten
Something?**

As a licensed wcomp carrier in Minnesota and member of MWCIA you need to inform the following organizations whenever your company's address/contact information changes:

- DOC
- MWCIA

Many times carriers are confused and believe they have informed MWCIA of their address/contact change because they notified a state office such as the Commerce Department. MWCIA is a separate organization, however, and must receive separate notification of all address/contact changes.

Please remind your filing and licensing staff to send separate notification of all address/contact changes to MWCIA. By keeping MWCIA advised of all changes on a timely basis, your company will never miss valuable notices and mailings from our office that our members have learned to depend on.

**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.*

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. 04-1418**
05/10/04 — Electronic Data Transmission - Impact Assessment Request
- Circular Letter No. 04-1419**
05/25/04 — ACCCT Announces Release of Experience Rating Worksheet Lookup Products
- Circular Letter No. 04-1420**
06/22/04 — ACCCT Announces BEEP 3.0 - Update to Desktop BEEP & BEEP User Guide Addendum
- Circular Letter No. 04-1421**
06/24/04 — 2004 Update to Retrospective Rating Parameters
- Circular Letter No. 04-1422**
06/24/04 — Revised Financial Call Incentive Plan
- Circular Letter No. 04-1423**
06/29/04 — Permissible Charge For Waiver Of Our Right To Recover From Others Endorsement

Note: MWCIA's Circular Letters are available online at 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. ↗

Missing A Circular?

Remember: MWCIA's circulars are also available on-line at www.mwcia.org with an index of archived circular letters going back to 1996.

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*, c/o 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.

