

- Department of Commerce — Page 2
- From the Actuary — Page 2
- MCPAP Update — Page 3
- Assigned Risk Plan News — Page 2
- DLI Highlights — Page 3
- Recent Circulars — Page 4

# MWCIA News



[www.mwcia.org](http://www.mwcia.org)

April 2005 issue

a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### Quality Corporate Data ... Is It Really A Corporate Asset?

This may sound like a strange question coming from an organization whose main purpose is the collection, editing, analyzing and summarizing of quality data, and a strange question to put to an industry that uses this data every day. It is simply because of our focus on data, however, that I believe a question about the value of quality data is one that should be periodically asked.

The Spring 2005 edition of **IDM QUARTERLY** (a newsletter published by the Insurance Data Management Association's Education Committee), contains a couple of articles directed at the issue of data and data management. Aimee Siliato of Insurance Services Office observed that the value of data impacts a number of key management functions, including:

- Finance
- Information Technology
- Marketing
- Senior Management

Ms. Siliato also noted that a comprehensive data management program can align data across an entire organization and simplify processes for the sharing or re-use of data and the technological architecture needed to support the business. This data really serves as a key "raw material" for many central business functions. The quality of this data directly impacts those functions and, thus, the entire organization.

The second article in **IDM QUARTERLY** first appeared in EMC Insurance Companies' August 2004 employee newsletter. That article observed that "information isn't just

something EMC gathers to report to requesting bureaus ... data is an integral part of what EMC needs to conduct business - from processing claims to developing adequate rates in the actuarial department to determining what lines of business to write in underwriting." EMC also correctly observed that "poor data costs money. ... For an individual corporation, some observers put the cost of bad data at 15% to 20% of operating revenue."

I believe these authors are correct and, in the workers' compensation field, the value of good data and the cost of bad data may indeed be far greater. That is why "quality data" is both MWCIA's goal and mission. Meeting this goal starts with the quality built into our data reporting processes. This is important because a vast majority of our key products are based on the financial, unit statistical, and policy information that we collect from member carriers. This data flows through to our annual Ratemaking Report, our experience modification factor processing and other MWCIA products. It is also the basis for some of our key services, such as Proof of Coverage.

Our organization and all of our members face a common challenge to make sure our own data and the industry data received through MWCIA maintains its quality and, thus, its value. MWCIA staff continues to work to meet this challenge every day in a number of ways, both externally and internally. Externally we work cooperatively with a number of organizations such as the Insurance Data Management Association (IDMA) and Workers Compensation Insurance Organization (WCIO) to enhance standards and build tools that focus on industry-wide data management. In turn, these organizations work with other industry organizations on this

same issue. For example, WCIO recently held two panel discussions in conjunction with IDMA, Casualty Actuarial Society and AMCOMP (the work comp organization focused on education). I participated in both panel discussions.

Internally, MWCIA continues to refine our data management systems and enhance the value of our data through meaningful products that supplement our key functions of creating an annual Ratemaking Report, processing experience modification factors, etc.

One example of an MWCIA product designed to enhance the data we receive is the recently launched **Actuarial Report Resource On the Web (ARROW)**. It is a web-based product developed to allow carriers to perform queries against their own statistical plan data (through proper security) as well as comparative statewide data.

Another part of this effort depends on the work of our member companies whose senior management have a high level of commitment to devoting the time and resources needed to make quality data a reality.

MWCIA believes it is also important to occasionally look beyond the daily tasks of collecting and maintaining quality data to the broader issue of maximizing this corporate asset. Recognizing that quality data is a real asset is the first step in this ongoing process.

MWCIA clearly recognizes its role in utilizing this valuable asset. Through efforts like those described above, we'll continue to endeavor to maintain the value of quality data and to make it available to our members through products and services aimed at turning this potential value into real profits.

✎

## ASSIGNED RISK PLAN NEWS

### REMINDER: NEW RATES APRIL 1<sup>st</sup>

MWCARP would like to remind agents that the following changes became effective April 1, 2005:

- **New ARP Rate Schedule**
- **Expense Constant — \$160**
- **SCF Assessment — 4.1%**
- **Terrorism Act Surcharge — \$0.02**
- **Owner Maximum — \$76,960/year**
- **Parent, Child, Spouse Minimum — \$11,544/year (no max.)**

The Assigned Risk application with updated premium factor information is available on MWCIA's website at [www.mwcia.org](http://www.mwcia.org) as well as MWCARP's website at [www.mwcarp.org](http://www.mwcarp.org). Schedules of the new Assigned Risk Plan rates and Miscellaneous Values are also available on both websites. To further assist agents, MWCIA's website also contains two interactive programs: *Class Code Search* and *Assigned Risk Rates Search*.

Questions regarding the application process may be directed to MWCIA's staff at [info@mwcia.org](mailto:info@mwcia.org) or by dialing 952.897.1737, option 1.



#### Servicing Carrier Contact info:

**Berkley Administrators**  
PO Box 59143  
Minneapolis MN 55459-0143  
Tel: (612) 766-3000  
Tel: (800) 449-7707

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

*Metro Area:*  
Tel. - (952) 897-5566  
Fax - (952) 893-3707

*Outside Metro Area:*  
Tel. - (888) 273-9709  
Fax - (888) 811-0379

**Please Note:** Assigned Risk applications are assigned to the above servicing contractors on a random basis. ☞

#### 2005 MWCARP Annual Averages

**Total Employer Count:  
42,141**

**Total Premium Volume:  
\$100,477,294**

## A message from the DEPARTMENT OF COMMERCE

### ATTENTION AGENTS & UNDERWRITERS

Through the collaborative efforts of the Minnesota Department of Commerce and MWCIA, we are pleased to announce the availability of a new web-based product:

#### **RATE FILINGS — PUBLIC**

This product was developed to provide carriers, agents, and other interested parties a resource for electronically accessing the rate filing records of carriers licensed to write workers' compensation insurance in Minnesota.

Access to **RATE FILINGS — PUBLIC** is available on MWCIA's website at [www.mwcia.org](http://www.mwcia.org) by selecting **Rate Filings—Public** in the drop-down menu on the lefthand margin under **MWCIA Tools** or, via a link through Commerce's website ([www.commerce.state.mn.us](http://www.commerce.state.mn.us)) under **Industry Info & Services/Insurance/Policy Rates, Rules & Forms/Workers' Comp/View Filings**. This service is free of charge and allows the user to 'search' Commerce's records using five separate criteria.

**PLEASE NOTE:** Only wcomp. rate filings submitted using MWCIA's RFA program, and wcomp. rates, rules, and form filings submitted using SERFF are available for viewing under the **RATE FILINGS — PUBLIC** program. As the number of carriers filing electronically increases, more and more carrier data will become available under this program.

Should you have questions, please contact Tammy Lohmann, Chief Workers' Compensation Analyst, at 651.296.2327 or send her an email at [tammy.lohmann@state.mn.us](mailto:tammy.lohmann@state.mn.us). ☞

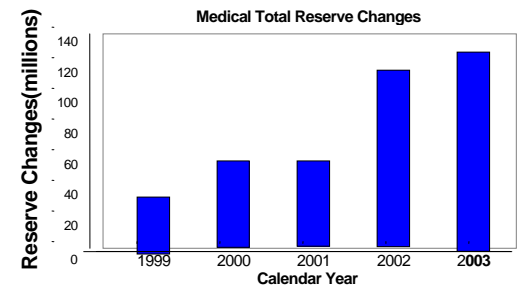
For information on filing electronically using RFA or SERFF, refer to Commerce Bulletin 2004-3.

## From the Actuary . . .

### MEDICAL COST EXPANSION CONTINUES

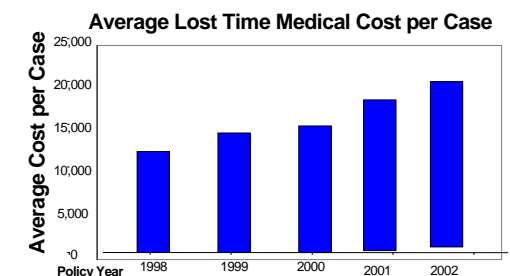
Carriers writing Minnesota workers' compensation are experiencing the same trends in medical loss cost expansion as the rest of the nation. Medical reserves increased almost \$400 million in the 1999-2003 time period — that's an increase of over 63% of in-force reserves.

#### **MINNESOTA WORKERS' COMPENSATION**



Increases in average medical costs are driving these reserve changes. Although overall claim frequency is still fairly static, projected medical lost time severity is up almost 64% since 1998, reaching a historical per case high of over \$19,000 in policy year 2002.

#### **MINNESOTA WORKERS' COMPENSATION**



As always, case severity changes like this tend to be harbingers for future pure premium base rate level movement. If claim frequency begins to creep upward as well, the pure premium level will be doubly impacted. ☞

**Remember:** Member carriers with MWCIA web accounts can download the **2005 Minnesota Ratemaking Report** directly from MWCIA's website at [www.mwcia.org](http://www.mwcia.org) using their web login username and password. Members without an MWCIA web account need to register online to receive a copy of the **2005 Minnesota Ratemaking Report** via email.

## MCPAP UPDATE

### 2006 MCPAP Enrollment Period Closed April 1<sup>st</sup>

MWCIA's 2006 Minnesota Contractors Premium Adjustment Program (MCPAP) enrollment season came to a close on April 1st.

Employers who believe they qualify may still apply for their 2006 MCPAP credit factor up to 90 days from the effective date of their 2006 experience modification. Since their 2006 MCPAP application will be received after the April 1st cutoff, however, the employer will automatically receive the .02 late penalty adjustment factor surcharge. When contemplating the impact to the employer of the late penalty adjustment, it should be noted that the parameters of MCPAP as a credit only program requires that the MCPAP factor be capped at 1.00. This assures that a calculated .99 MCPAP factor subject to the .02 late penalty adjustment will never exceed a 1.00 MCPAP.

The 2006 MCPAP credit factors are scheduled to be released late summer/early fall 2005. Copies of the calculated credit worksheets will be mailed to the employer and their current insurance company well in advance of the 2006 renewal period.

MCPAP credit applications with instructions are available for both the 2005 and 2006 policy years on MWCIA's website at [www.mwcia.org](http://www.mwcia.org).

### **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.

## DLI Highlights

### MINNESOTA LABOR & INDUSTRY ANNOUNCES WEB-BASED INSURANCE LOOKUP

On April 1<sup>st</sup>, the Minnesota Department of Labor and Industry (DLI) launched a web-based workers' compensation insurance lookup tool. This search tool may be accessed from the main page of the DLI website at [www.doli.state.mn.us](http://www.doli.state.mn.us) or directly at <http://www.inslookup.doli.state.mn.us>.

This tool offers medical providers, the legal community and the public a rapid and efficient way to determine the insurance status of employers doing business in Minnesota.

A search will identify a list of employers through root word identification, wild card searches and location. The user may then choose the correct employer through address verification to determine the insurer. Self-insured employers are also identified. A 'tips' section is included to help the user improve their search results.

The "license lookup screen" link connects to insurer information from the Minnesota Department of Commerce's "License Lookup" service. This service provides status and contact information on the insurer.

In the event that coverage cannot be verified, the user may request insurance verification via an interactive form. By supplying the name of the business, the location, an employee name and a date of injury/interest, DLI staff members will attempt to identify the existence of coverage through a manual search method. An e-mail message with search results will be returned to the requesting party within two business days.

If you have any questions or would like to identify a suspected uninsured employer, please call 651.284.5109, email [DLI.Specialcomp@state.mn.us](mailto:DLI.Specialcomp@state.mn.us) or logon to DLI's website: at <http://www.doli.state.mn.us/workcomp.html>.

### **Are You Using Approved Rates?**

Carrier rates in Minnesota are **not** approved for use until formal approval is received from Minnesota's Department of Commerce. *Copies of manually filed rate filings should be sent to MWCIA's office for our records only after Commerce approval is received.*

## RESIDUAL MARKET NEWS

### Minnesota Assigned Risk Plan Continues to Decline

The Assigned Risk Plan continues to report a slow but steady decrease in size since early last fall. This decline represents approximately a 3.5% decrease in total Assigned Risk Premium Volume since September 2004. The current total premium volume through the end of March was \$98,250,188.

Agents continue to find the Assigned Risk Plan Depopulation Report on MWCIA's website to be an excellent marketing tool. To access this free product, log onto [www.mwcia.org](http://www.mwcia.org) and go to the drop-down menu under Assigned Risk on the lefthand margin of our home page. With **Assigned Risk Depop Search** the user can run queries online and print or save them to their own desktop. **Assigned Risk Depop Download** is a sortable Excel spreadsheet which is available by month or a full year.

### **Have You Forgotten Something?**

As a licensed wcomp. carrier in Minnesota and member of MWCIA, it is your responsibility to keep the following organizations informed of any company address/contact information changes on a timely basis:

- DOC
- MWCIA

Please remind your filing and licensing staff to send separate notification of all company name/address/contact changes to MWCIA on a timely basis.

## 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. 05-1442**  
02/1/05 — 2004 Test Audit  
Summary Report

**Circular Letter No. 05-1443**  
03/09/05 — Updated WCIO Workers  
Compensation Data  
Specifications Manual

**Circular Letter No. 05-1444**  
03/21/05 — ACCCT Announces an  
Online PEEP WebEx  
Training Session

**Circular Letter No. 05-1445**  
04/13/05 — MWCIA Announces  
Release of MANAGE USR

**Circular Letter No. 05-1446**  
04/14/05 — Announcing Release of  
the MWCIA Web-Based  
2004 Annual Report

## NON-APPROVED NCCI ITEMS

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

When preparing policies for Minnesota, please keep in mind that 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

**E-1379** 2003 *New Experience Rating Plan Manual*

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

**Remember:** By keeping MWCIA informed of all name, address, and contact changes, your company will never miss valuable notices and mailings from our office that our members have learned to depend on.

*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.



7701 France Avenue South; Suite 450  
Minneapolis, MN 55435 – 3200  
[www.mwcia.org](http://www.mwcia.org)