

MWCIA News



www.mwcia.org

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a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

Remembering Gary Bauer

The President's Corner is my opportunity to give my thoughts on issues and developments of concern or interest to our members. Usually it is devoted to developments in the Minnesota workers' compensation market, or products and services offered or planned to be offered by the Association.

My message this month is about a different topic. It is a topic I wish I did not have to write about, but it is an important topic nonetheless. It is about the sudden passing of our friend and co-worker, Gary Bauer.

For those that work with our staff members on a regular basis, you get to know them on personal as well as a business basis. For me, this is one of the great things about coming in contact with the many different people throughout my career. Of course, I get a great sense of accomplishment and fulfillment from what I do, but equally I thoroughly enjoy meeting people and getting to know them both personally and professionally. Some of those who I have met over the years I consider especially talented and personable. Gary Bauer was one of those special people.

Gary accomplished a lot over the many years he worked in the insurance industry and his 32 years at the MWCIA. During his time with MWCIA, he moved up from his beginning position as Field Auditor to being a Senior Underwriting Specialist which included direct

supervision of our Field Auditing staff.

Gary was a member of the Minnesota Insurance Auditors Association (MIAA), the Insurance Auditors Association of the Central States (IAACS), the National Society of Insurance Premium Auditors (NSIPA) and the Twin Cities Insurance Club (TCIC).

In many cases, Gary was the "go to guy" for many things that came up during the course of the business day. He was the one person our staff knew they could count on for the answers and solutions to the various questions and issues that they couldn't solve on their own. He was a great teacher and mentor for many inside and outside of MWCIA.

But that is his resume and as we know, special people like Gary are more than just their job or their professional accomplishments.

Gary had the ability to not only be responsive and knowledgeable in performing his job, but he did so with a personal touch. Whether the information he was giving was good news or not so good news, he made the extra effort to understand the problem he was trying to solve and help find a workable solution. That made a difference.

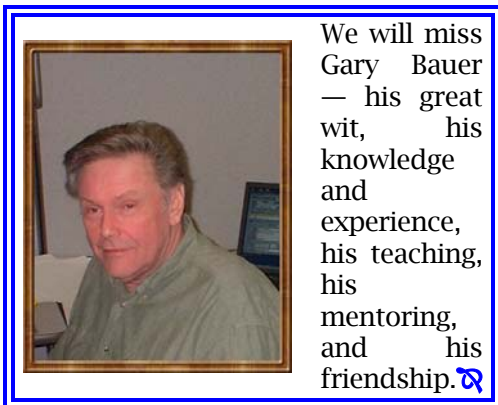
Knowing Gary from his many years of working with us and depending on him so much in our daily lives made his sudden passing in July all the more difficult. Naturally we were shocked and greatly saddened by Gary's death because it was a loss at many levels. We, of course, lost a very knowledgeable and professional member of our staff. But, we also lost a good and loyal friend and business associate.

These kind of unforeseen events cause us all to reflect on the person we have lost. We, at MWCIA, have had that opportunity. We have shared our remembrances of Gary as both a person and a valued professional member of our organization. I would like to share with you some of the comments I have received or overheard that tell volumes about Gary and what he meant to us and this organization.

- Gary remembered nearly everything, and when he didn't, he had the resources at his fingertips;
- Because of his background, Gary understood and could apply business knowledge outside of strict workers' compensation, underwriting and auditing issues in a fairly comprehensive way;
- Gary was a strong man of his word — if he promised you something, it was as good as done;
- To Gary, family was everything and it showed in how he lead his life;
- Gary was extremely well thought of and respected throughout the Minnesota workers' comp. underwriting and auditing communities;
- Christian faith brought Gary great peace and solace later in life;
- Gary had a wry, clever, often ironic sense of humor, and always had something humorous to share;
- Gary was quite a character and for 32 years I had the privilege of enjoying his friendship;
- Gary lived life sensibly and selflessly — never personally ostentatious in anything;
- Gary and I enjoyed being Monday morning quarterbacks and rehashing Viking games;

- I will remember and miss the many lunches we had together, especially our soup dates at Eddington's; and
- I'm sad that Gary won't get to enjoy his retirement; he planned on going camping and wondered how he would pay for the gas for his RV, but couldn't wait to take off for northern Minnesota or Wyoming.

Through these selected comments, I hope you get a better and fuller understanding of what Gary meant to his many friends inside and outside of MWCIA, and to the business community that Gary served through his efforts at MWCIA.



ASSIGNED RISK PLAN NEWS

Here is a list of ARP's current additional premium factors:

- **EXPENSE CONSTANT.....\$165**
- **FOREIGN TERRORISM.....\$0.02** per \$100 of total estimated remuneration
- **SPECIAL COMP FUND.....3.6%** of standard premium

For policies where there is no payroll, please remember to add the current SCF Surcharge to the minimum premium for the policy.

Questions regarding the Assigned Risk Plan application process should be directed to MWCIA's staff at info@mwcia.org or by calling us at 952.897.1737 (Option 1). ☺

[MWCARP Annual Averages \(Sept. 2005 - August 2006\)](#)

Total Employer Count:
27,620

Total Premium Volume:
\$58,083,030

MCPAP Update

[MCPAP 2007 FACTORS AVAILABLE](#)

Minnesota's 2007 Contractors' Premium Adjustment Program credit factors have been calculated and are now in the hands of all eligible contracting employers who applied for the program and their current carriers. In addition, experience modifications that were pending the release of the 2007 MCPAP results have also been calculated and released.

Here is the breakdown of MCPAP factors for 2007 as of the end of September:

<u>Credit Factor</u>	<u>Number of Employers</u>
.75 - .79	138
.80 - .89	948
.90 - .99	1109
<u>1.00</u>	<u>51</u>
TOTAL	2246

By comparison, here is the breakdown of MCPAP factors for 2006 at the end of last September:

<u>Credit Factor</u>	<u>Number of Employers</u>
.75 - .79	185
.80 - .89	1152
.90 - .99	1293
<u>1.00</u>	<u>68</u>
TOTAL	2698

Here are some additional facts about the 2007 MCPAP enrollment season that you may find interesting:

- Although we received 239 more applications than last year, we only received 3 more electronic applications than last filing season
- 19 more contractors were subject this enrollment season to the .02 late processing fee for submitting their MCPAP application after the April 1st deadline than in 2006
- Submitting the MCPAP application online helps contracting employers assure that their application is completed correctly and received on time

It's not too late!

If a contracting employer believes they would have qualified for a 2007 MCPAP credit factor but missed the deadline, please encourage them to complete and submit the 2007 application on MWCIA's website ASAP! Eligible contracting employers can still apply for a MCPAP credit factor until 90 days after their renewal mod/policy date. All applications received after the April 1st enrollment cut-off date are, however, subject to a .02 late penalty surcharge. In addition to the late penalty, contracting employers who apply after their renewal modification has been released must agree to have this modification revised to include the impact of their new MCPAP credit factor.

For more information on 2007 MCPAPs, check out MWCIA's website at www.mwcia.org. ☺

From the Actuary . . .

[MWCIA Releases 2007 Ratemaking Report](#)

The **2007 Minnesota Ratemaking Report** was released via the website on August 11th. The new pure premiums, effective 1/1/07, reflect an overall average decrease of 3.6% over those effective during 2006. This is the fourth consecutive decrease in the pure premium level, and the eleventh in the last thirteen years. The reduction is comprised of a 3.7% decrease due to experience indications, and a 0.1% increase due to the 10/1/06 automatic change in the minimum PT benefit threshold.

Continued paid + case loss ratio improvement over the previous year - - in the range of 7-10% - - is the essential reason for the reduction. This finds its source in two variables: (1) case frequency continues to slide at a rate of 3-4% annually, and (2) indemnity case reserves were reduced dramatically during calendar year 2005. Although medical severities continue to grow at an annual rate of 12-13%, and medical

IBNR reserves were strengthened in 2005, these changes were not substantial enough to offset the significant reductions in frequency and case reserves.

However, these latter increases in medical costs do tend to be reflected in late loss development and trend factor indications. Combined, these two factors have increased 33% in the last six years. As required by statute, the report contains informational material on trend and late loss development movement, and carriers are encouraged to take these additional changes into consideration when preparing and filing individual 2007 rate filings.

To view copies of Minnesota's currently approved forms and endorsements, visit MWCIA's website at www.mwcia.org and select "Minnesota Manuals" from the drop-down menu on the left-hand margin.

Circular Letter Overview

The following items have been approved for use in Minnesota by Minnesota's Commerce Department since our last issue of *MWCIA News*. MWCIA staff recommends that this information be brought to the attention of the appropriate staff within your organization as the changes represented in these filings may have a direct impact on how your company writes and/or reports data on workers' compensation policies in Minnesota.

[Attn: Rate Filing Staff](#)

- **2007 Minnesota Ratemaking Report Released**

The purpose of the above item is to announce the release of Minnesota's Annual Ratemaking Report for 2007.

(Refer to **Circular Letter No. 06-1490** for further details.)

- **Minnesota Filing Procedure Changes & Clarifications – 2007**

The purpose of the above item is to announce the release of the Minnesota Department of Commerce

annual bulletin detailing all of the changes to Minnesota's rate filing procedures affecting carrier rate filings effective on or after 01/01/2007.

(Refer to **Circular Letter No. 06-1491** for further details.)

- **Revision to Miscellaneous Values & Loss Elimination Ratios in the Minnesota 2007 Ratemaking Report**

The purpose of the above item is to announce to membership that the Miscellaneous Values and Loss Elimination Ratios appearing in the newly released 2007 Minnesota Ratemaking Report needed to be revised. The revised numbers appear in the circular and also in the updated version of the **2007 MN Ratemaking Report** that is available online to our membership on our website [\[www.mwcia.org\]](http://www.mwcia.org) under **Member Services** in the left-hand margin.

(Refer to **Circular Letter No. 06-1492** for further details.)



In conjunction with Department of Commerce's Bulletin 2006-4, the above items should provide the rate filing staff for each of our member carriers with all of the tools necessary to prepare and successfully file rate filings for 2007. The full text for each circular letter (including attachments) as well as Commerce Department Bulletin 2006-4 are available on MWCIA's website at www.mwcia.org.

[Attn: Underwriters](#)

- **Minnesota's Experience Rating Plan to Increase it's Eligibility Requirements**

The eligibility requirements for experience rating in Minnesota have changed for all modifications effective on or after 01/01/2007.

(Refer to **Circular Letter No. 06-1493** for further details.)

- **NCCI Item B-1399-Revisions to Basic Manual Classifications for the Aviation Industry**

The purpose of this item is to reassign aerial applicators from Class Codes 7409 and 7423 to Class Code 7420 and 7403 and to reclassify all helicopter operations to Code 7425 in Minnesota. In addition, other changes were made to modernize and/or clarify the classifications in the aviation industry.

(Refer to **Circular Letter No. 06-1487** for further details.)

- **Revised Minnesota Cancellation and Nonrenewal Endorsement WC 22 06 01 C and Minnesota Basic Manual Rules**

The purpose of this item is to revise MN Endorsement No. WC 22 06 01 to comply with recent changes to the law regarding the number of days notice required for cancelling Workers Comp. policies in Minnesota for non-payment of premium.

(Refer to **Circular Letter No. 06-1486** for further details.)

[Attn: Unit Statistical Staff](#)

- **Updated WCIO Workers Compensation Data Specifications Manual**

The purpose of the above circular letter is to announce that the new **WCIO Workers Comp. Data Specs Manual** is now available on WCIO's website.

(Refer to **Circular Letter No. 06-1489** for further details.)

- **[Correction] NCCI Item U-1396-URE Workers Comp. Statistical Plan Update**

The above item is a housekeeping item intended to correct earlier exhibits distributed under Circular Letter No. 06-1483 by eliminating duplication in the earlier exhibits.

(Refer to **Circular Letter No. 06-1488** for further details.)



Are Your Rates Approved?

Carrier rates are **not** approved until formal approval is received from the Commerce Dept. *Copies of hardcopy rate filings should be sent to MWCIA's office for our records only after Commerce approval is received.*



MWCIA HOSTS 25TH GOLF OUTING

On Thursday, July 20th, MWCIA's Board of Directors and staff hosted its **25th Annual Golf Outing & Social Event** at Crystal Lake Golf Club in Lakeville, Minnesota.

The Golf Outing is an annual event designed to provide member carriers and their guests an opportunity to meet and mingle with MWCIA's Board of Directors and staff as well as representatives from the Minnesota Department of Commerce and the Minnesota Department of Labor & Industry, and other industry representatives — all in an informal, small group setting.

What a great day we had! Plenty of sun, a breeze to keep the bugs off! MWCIA's Annual Golf Outing & Social Event concluded with our traditional mock 'Awards' ceremony where MWCIA attorney, Tom Harms, acted as our Master of Ceremonies.

Everyone joined in the fun as MWCIA's coveted pink 'master's jacket' was awarded to Keith Krueger of the American Compensation Insurance Company who was a good sport and wore this 'honor' proudly.

Thanks to all who helped make this year's event a big success! ☺



A note re: MWCIA Mailings

By keeping MWCIA informed of all name, address, and contact changes on a timely basis, your company will never miss valuable notices and mailings from our office that our member carriers have learned to depend on.

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. 06-1493

09/07/06 — Reminder on Increased Eligibility Requirements for Experience Rating in Minnesota

Circular Letter No. 06-1492

09/07/06 — 2007 Minnesota Ratemaking Report - Revision to Miscellaneous Values and Loss Elimination Ratios

Circular Letter No. 06-1491

09/07/06 — Minnesota Filing Procedure Changes & Clarifications - 2007

Circular Letter No. 06-1490

08/11/06 — 2007 Ratemaking Report

Circular Letter No. 06-1489

07/25/06 — Updated WCIO Workers Compensation Data Specifications Manual

Circular Letter No. 06-1488

07/06/06 — [Correction] NCCI Item U-1396-URE Workers Comp Statistical Plan Update

Circular Letter No. 06-1487

07/06/06 — NCCI Item B-1399-Revisions to Basic Manual Classifications for the Aviation Industry

Circular Letter No. 06-1486

06/26/06 — Revised Minnesota Cancellation & Nonrenewal Endorsement WC 22 06 01 C & Minnesota Basic Manual Rules

MWCIA's current circulars plus an archive index of prior circular letters are both available on-line at www.mwcia.org. ☺

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 Endt. 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 us by emailing our staff 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*, 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 sending her an email 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.

