

# MWCIA News



4th Quarter 2006 issue

a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### Looking Forward With Optimism

As this year comes to a close it is normal to look back and reflect, as well as to look forward and predict. As we reflect on 2006, it is certainly possible to become overwhelmed by the negative events of the year. Events, such as our country's engagement in a foreign war, can raise concerns about prospects for the future.

In this column, I generally focus entirely on events and activities that impact workers' compensation insurance in Minnesota. As we all know, however, there are plenty of events beyond Minnesota and workers' compensation that impact us all. And what do these events show us? Well, let me say that there are plenty of terrifying things, crazy government leaders, personal tragedies, risks of horrible weapons, and just plain bad news that we hear every day. In the business world we are faced with examples of corporate greed, immoral and unethical behavior by people who know better, and a lack of trust in leaders and institutions. At times it makes you want to hide in a room and hope it all goes away.

We just finished state and federal elections. Much to the dismay of many of us, many political campaigns were highly negative. We are told that this emphasis on the negative is purposeful. The key to a successful campaign, the pundits say, is as much based on tearing down the opponent as conveying a plan for the future.

Recently I attended a graduate level commencement at a Twin Cities University where my son-in-law received his Doctorate degree. As I sat

and listened to these proceedings, I was very heartened to hear the sentiment being conveyed. The message from the speakers and the general attitude of the graduates was anything but negative. They were, and are, decidedly positive in both their attitude and view of where we are at and our future prospects. Experiences such as this provide an important perspective. Yes, there is plenty of bleak news out there, but there are also many people, young and old, who are dedicated to making their lives and the lives of others better. They are a positive force that we hope will overcome the negative.

Not to wax too philosophically, but it is a reality of life that bad news, bad people, and bad events will never go away. Whether they come to us through world events, events in our business and personal lives, or in our interactions with others, as they say, "bad things can happen to good people". The challenge is to keep bad events in balance by keeping in mind all the good things that also happen. Accepting this reality can provide some real balance and perspective against the negative, bleak news we can be "bombarded" with on a daily basis. Good things we do is really the best way to overcome the negative.

So what does this have to do with MWCIA's business - the business of collecting and disseminating workers' compensation data? Perhaps nothing directly, but in my looking back and reflecting on the future, I do see some parallels.

Every day MWCIA is bombarded with information regarding claims and policies. We receive and filter this information, test it against standards and data quality criteria, and generate a data product useful to our members. We are good at what we do because we use our skills and our experience to

avoid pitfalls and mistakes, and to filter correct data from this wave of information. Along the way, we also filter out problem data and errors.

Looking forward to 2007 and beyond, I see in friends, family and business associates a sample of the people who make up our country and our world - people with their own types of information filters. Whether it is education, experience, talent, morality, good parenting or mentoring, or just the lessons of life, these people have a perspective. That perspective serves as a powerful filter for the waves of bad news we hear on a daily basis. These filters help provide a balance. A balance between the acts of terrorists on the nightly news and the happy smiles of a grandchild. A balance between the story of a corrupt business leader and the reality of a room full of eager graduates who can supply us with leaders without these moral defects.

I guess that is why we don't hide in our rooms but go out each day. We each have our own data filters which help to give us the right kind of perspective. They give us the ability and the motivation to go about our daily lives. Not by ignoring bad news, but by placing it in its proper place.

So that makes me an optimist about where we are and where we are going. It makes me an optimist that good people, including business and political leaders, will in the end do the right thing because they know that it's the right thing to do.

My everyday world is still the MWCIA. What we do will not change the world. Few of us can. But we can operate as a company that emphasizes the optimistic in our lives and our work. MWCIA's motto is that we are the "Quality Provider of Information & Services". In our little corner of the world, we will continue to strive to do

the right thing for ourselves, our fellow workers, and our members.

As 2006 draws to a close we, at MWCIA, wish to use this opportunity to spread the optimistic light of these thoughts to our friends and members. On behalf of all of us at MWCIA, may you have a very merry and happy Holiday Season and New Year! ☞

## MCPAP Update

### 2008 MCPAP ENROLLMENT STARTING IN JANUARY

#### **Yes - It's Time To Apply Again!**

Time for all eligible contracting business employers to apply for their 2008 MCPAP credit factor! The 2008 Minnesota Contractors' Premium Adjustment Program (MCPAP) credit factor enrollment period starts the beginning of January and officially ends April 1, 2007.

To qualify for a 2008 MCPAP credit factor, employers in the contracting industry must:

- ☞ **Have at least one contracting class code on their policy with payroll**
- ☞ **Have paid a total annual hourly average wage of \$19.40 for all employees combined within a single contracting classification code according to the employer's 2006 calendar year payroll records**
- ☞ **Have excluded owners, family members, etc. who were not covered on their 2006 policy**
- ☞ **Have included all 2006 contracting & non-contracting employees (examples of non-contracting employees: clerical staff &/or job estimators)**

Employers who do not meet the average hourly wage requirements for calendar year 2006 will not be eligible for a 2008 MCPAP credit factor but may qualify in future years.

#### **It's easy to apply online!**

Applying for a MCPAP credit factor online has a number of advantages:

- ☞ **Online MCPAP applications use a step-by-step process**

Submitting online helps assure the employer that their MCPAP application is submitted correctly the first time

- ☞ **Online applications take the guess work out of determining if the employer meets this year's MCPAP qualifications**

Submitting MCPAP applications online provides an employer with immediate feedback of their program eligibility. Employers who believe they should qualify can double-check and resubmit their data while still online.

- ☞ **Online validation allows employers to make corrections to their data prior to submission of the application**

Validation checks throughout the online application process help employers identify errors on-the-spot. Application data can be easily corrected and resubmitted for re-validation.

- ☞ **Submitting applications online automatically provides the eligible employer with proof that their MCPAP application was received on time**

Once the online MCPAP application completes its validation process, the employer simply clicks 'okay' to submit their data. All online applications are automatically entered into our system — on time and secure! Application results will be held in our system until the 2008 MCPAP credit factors are ready to be calculated and released next fall — right on time for their 2008 renewal offers.

MCPAP's online application process not only assures MWCIA of receiving higher quality data, it also saves our staff a considerable amount of time and energy compared to processing hardcopy applications. Applying online is free, easy, secure, and available anywhere the Internet can be accessed!

Whether submitting online, via fax, or by mail, please remind contracting employers that all 2008 MCPAP applications must be received in MWCIA's office or postmarked no later than Sunday, April 1, 2007, to avoid the .02 late penalty assessment factor.

For more information on 2008 MCPAP — check out MWCIA's website at [www.mwcia.org](http://www.mwcia.org). ☞

## From the Actuary . . .

### Claim Count Continues To Drop

In the last thirteen years, the pure premium base rate level has decreased 47.5%.

Much of this decrease can certainly be attributable to the consequences of the 1992 & 1995 statutory amendments, which limited benefits demonstrably, and removed a significant level of lost-time claim volatility from the system. This was initially evident in the large rate level reductions of the late '90's.

But rate reductions have persisted in recent years as well. Even though medical severities are increasing at an annual rate of 13%, indemnity claim costs are still fairly predictable - - and indemnity claim frequency continues to slide.

The chart on Page 4 demonstrates this phenomenon by showing that relative indemnity claim frequency has dropped 55% from 1988 to 2003 - - representing an average annual reduction of 5.2%.

Pure premium level changes are influenced more heavily by frequency movement. So, even though the rate of frequency decline is slowing, pure premium levels should stay fairly stable as long as the rate of claim frequency continues to drop. ☞

### 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.*

## 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: Financial Call Staff

- **Reconciliation Report for Calendar Year Data Call #7 – MN Statistical Plan Manual Updated**

The purpose of the above item is to announce the approval of a new Financial Call Report in Minnesota. Please note that Call #7 becomes effective January 15, 2007 and should be included with the Annual Financial Call information that is due on or before April 1, 2007.

(Refer to **Circular Letter No. 06-1498** for further details.)



### Attn: Underwriters

- **NCCI Item B-1399A – Amendment to Class Filing B-1399 – Exposure Transition Program**

This item is an addendum to Item B-1399 which was approved for use in Minnesota effective January 1, 2007. The addendum adds a transitional program to the MN Pure Premium Base Rate development of Code 7425 and may affect the 2007 Minnesota rate filings of your company.

(Refer to **Circular Letter No. 06-1495 & 06-1487** 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 a revised **WCIO Workers Compensation Data Specs Manual** is now available on WCIO's website.

(Refer to **Circular Letter No. 06-1497** for further details.)

- **NCCI Item U-1396 – URE Workers Compensation Statistical Plan Update, "Social Security Number Reporting"**

The above item was issued as a reminder to our member carriers that the inclusion of Social Security Numbers as a reporting element on Unit Statistical Reports in Minnesota was discontinued effective July 1, 2006. Unit reports that continue to include Social Security Numbers after December 31, 2006 will be rejected in Minnesota.

(Refer to **Circular Letter No. 06-1496** for further details.)

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

## ASSIGNED RISK PLAN NEWS

### MWCARP Annual Averages (Nov. 2005 – Nov. 2006)

**Total Employer Count:**  
27,369

**Total Premium Volume:**  
\$53,993,902

**Average Policy Premium:**  
\$1,973

The Assigned Risk Depopulation Report is available free online by logging onto [www.mwcia.org](http://www.mwcia.org) and selecting either "Assigned Risk Depop Search" or "Assigned Risk Depop Download" under **Assigned Risk** in the left-hand column of our home page.

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

## *~Attention Members~ Mark Your Calendars!*

On Monday, April 16th, MWCIA's Board members and staff will host **MWCIA's 2007 Annual Luncheon** at the McNamara Center on the University of Minnesota's Minneapolis Campus.

Each year MWCIA hosts this annual event to provide members and guests with an opportunity to network with other industry folk and mingle with the staff of Minnesota's Department of Commerce and Department of Labor & Industry as well as MWCIA's Board of Directors and staff.

Members should anticipate receiving their invitations in the upcoming weeks. Please mark your calendars now and plan to join us on April 16<sup>th</sup> at the University of Minnesota's McNamara Center!

## 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](mailto:info@mwcia.org).

## 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. 06-1498

12/06/06 — Reconciliation Report for Calendar Year Data Call #7 - *MN Statistical Plan Manual* Updated

### Circular Letter No. 06-1497

11/21/06 — Updated WCIO Workers Compensation Data Specifications Manual

### Circular Letter No. 06-1496

11/21/06 — NCCI Item U-1396 - URE Workers Compensation Statistical Plan Update, "Social Security Number Reporting"

### Circular Letter No. 06-1495

10/11/06 — NCCI Item B-1399A - Amendment to Class Filing B-1399 - Exposure Transition Program

### Circular Letter No. 06-1494

10/05/06 — Changes to Minnesota Rules Chapter 2705

MWCIA's current circulars plus an archive index of prior circular letters are both available on-line at [www.mwcia.org](http://www.mwcia.org).

#### 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.

#### MWCIA'S 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.

*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](mailto:marie.johnson@mwcia.org).

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