

MWCIA News



4th Qtr 2007 issue

a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

How Time Flies – Even a Decade!

“First of all, I want to thank the Board and Association members for the opportunity to lead this organization. This is a great opportunity for me, although I get my greatest source of excitement from the opportunities I see ahead for the MWCIA.”

These were the words of a person who was stepping into a new and unfamiliar role as the President of an organization with the opportunity to provide this organization with guidance, leadership and vision. Like most “first time” leaders, this person was probably a little naive as well as very excited, optimistic, and energized.

That new, first time President was me. It's been ten years since I became President of MWCIA!

In the days leading up to and following my anniversary this past November, I have been reflecting on all of the changes that have taken place within MWCIA during that time and how these changes have impacted the Minnesota marketplace. These past ten years have brought changes to just about everything we do — from expanded products and services to the many new tools we've created to communicate and distribute all of these improvements to our members and other parties who use our information.

In writing this article, I was tempted to include a list of all of our new and/or improved products and services, but then I would miss the opportunity to invite you to visit our main means of distribution and communications: MWCIA's website — www.mwcia.org — where information about our products and services is laid out in detail.

MWCIA's website does a great job of outlining and displaying all of our main products and services. In fact, it does a much more complete job of conveying this information than I could do in this column.

Instead, let me close by reiterating the thoughts I had when I first became President of MWCIA. I can honestly say that these thoughts are truer today than they were when I started ten years ago:

“I want to thank the Board and Association members for providing me with the opportunity to continue to lead this great organization. This has been and continues to be a great opportunity for me. And, as I stated before, I continue to get my greatest source of excitement and fulfillment from the realization of the vast opportunities that are still before the MWCIA.”

“THANK YOU!”

ASSIGNED RISK PLAN NEWS

Attention Agents:

New Assigned Risk Rate Schedule Effective April 1, 2008!

A new rate schedule for Assigned Risk business has been approved by the Commissioner of the Department of Commerce to become effective for new and renewal policies in the Plan as of 04/01/2008.

The Commissioner's Order approved a 1.8% overall decrease in Assigned Risk rates from the current rate schedule. Additionally, the Commissioner approved a SCF surcharge of 2.7% and a Terrorism Insurance rate of \$0.02 per \$100 of total payroll on the policy/audit.

A copy of MWCARP's complete 2008 rate schedule and other factors is available on either MWCIA's website at www.mwcia.org or MWCARP's website at www.mwcarp.org.



MWCARP's online application system is quite a success story. Currently almost 40% of all Assigned Risk applications are submitted on line. Some agents, however, are still hesitant to use this new On-line Assigned Risk application system.

Here are just a few of the reasons why using the OAR (On-line Assigned Risk) system to secure coverage for your clients who need coverage in the Assigned Risk Plan makes good sense:

- fewer advance premium quotes are requested due to increased use of our on-line Assigned Risk Calculator tool
- Instant validation of several key items during the on-line application process provides agents with the assurance that their client's application has been accepted by MWCARP for coverage pending proper payment

- fewer phone inquiries regarding processing status because OAR automatically sends status updates
- electronic handling of premium deposits eliminates delays in coverage because of unacceptable deposits (inadequate premium deposit &/or incorrect check formats, checks that are unsigned, wrong "pay to the order of", etc.)
- improved quality of application information requiring less follow-up with agents by MWCIA staff &/or Assigned Risk "carriers"

To further assist agents, an **OAR User Manual** is available online by clicking just below the registration area on the OAR registration page. Plus help text is provided throughout the application.

For more info regarding the Assigned Risk Plan's on-line application system, visit www.mwcarp.org, or refer to Circular Letter No. 07-1507 located on the right-hand side of MWCIA's website (www.mwcia.org) under 'More Circular Letters'.

Please direct any questions you may have regarding OAR procedures by email to oar@mwcia.org. ☞

MWCARP Annual Averages (Feb. 2007 - Jan. 2008)

Total Employer Count:
32,153

Premium Volume:
\$49,681,937

Average Policy Premium:
\$1,545

MCPAP Update

MCPAP 2008 FACTORS AVAILABLE

Minnesota's 2008 Contractors' Premium Adjustment Program credit factors have been calculated and released to all eligible contracting employers who applied

for the program and their current carriers. In addition, experience modifications that were pending the release of the 2008 MCPAP results have also been calculated and released.

Here is the current breakdown of MCPAP factors for 2008:

<u>Credit Factors</u>	<u>Number of Employers</u>
.75 - .79	260
.80 - .89	1,037
.90 - .99	1,101
<u>1.00</u>	<u>39</u>
TOTAL	2,437

By comparison, here is a breakdown of the MCPAP factors for 2007:

<u>Credit Factor</u>	<u>Number of Employers</u>
.75 - .79	146
.80 - .89	975
.90 - .99	1,173
<u>1.00</u>	<u>53</u>
TOTAL	2,347

It's not too late!

Even though the 2009 enrollment season has begun, it's still not too late for your contracting clients to apply for a 2008 MCPAP credit factor. If your client believes they would have qualified for a 2008 credit but didn't apply, please encourage them to complete and submit their information using the 2008 online application on MWCIA's website **ASAP!** Eligible contracting employers can apply for a MCPAP credit factor until 90 days after their renewal mod/policy effective date. All applications received after the April 1st enrollment cut-off date, however, are subject to a .02 late penalty surcharge. In addition to the late penalty, contracting employers who apply after their renewal modification has been calculated must agree to have their modification revised to include the impact of their new MCPAP credit factor.

For more information on the Minnesota Contractors' Premium Adjustment Program, please check out MWCIA's website at www.mwcia.org. ☞

[MWCIA Releases
2008 Ratemaking Report](#)

The **2008 Minnesota Ratemaking Report** was released via MWCIA's website on August 14th. The new pure premiums, effective 1/1/08, reflect an overall average decrease of 2.6% over those effective during 2007. This is the fifth consecutive decrease in pure premium levels, and the twelfth in the last fourteen years. This reduction is comprised of a 2.8% decrease due to experience indications, and a 0.2% increase due to the 10/1/07 automatic change in the minimum Permanent Total benefit threshold.

Persisting loss ratio reductions continue to drive these decreases. Paid losses have stayed relatively stable over the past two years, and after heavy medical reserve strengthening in 2005, carriers made moderate reserve adjustments in 2006. Overall case frequency has been dropping at an annual rate of more than 5%, tending to overpower the effects of 10+% annual medical severity increases.

As required by Minnesota statute, the **2008 MN Ratemaking Report** contains informational material on trend and late loss development movement. Carriers are encouraged to take these additional changes into consideration when preparing and filing individual 2008 rate filings. ☞

Are Your Rates Approved?

Carrier rates are **not** approved until formal approval is received from the Minnesota Commerce Department. *Approved rate filings are automatically maintained by MWCIA as part of our records.*

**MINNESOTA EXPERIENCE
RATING PLAN MANUAL
RELEASED**

MWCIA staff proudly announced the release of the above on MWCIA's website last December with an effective date of January 1, 2008.

The release of a Minnesota specific **Experience Rating Plan Manual** represents the culmination of a multi-year project to replace all NCCI manuals in Minnesota with manuals written to replace national rules with Minnesota specific rules and statutes. The **Minnesota Experience Rating Plan Manual** now joins the **Minnesota Basic Manual**, the **Minnesota Forms Manual**, and the **Minnesota Statistical Plan Manual** as four Minnesota only publications written by the staff of MWCIA specifically for carriers who write workers' compensation insurance in Minnesota. The **Minnesota Experience Rating Plan Manual** contains Minnesota specific rules and state specific examples to assist carriers in understanding how the Experience Rating Plan affects policies written in Minnesota.

To view copies of all currently approved Minnesota manuals, go to MWCIA's website at www.mwcia.org and view the drop-down list under "Minnesota Manuals" on the left-hand margin. ☞

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

MWCIA's Annual Meeting will be held at 1:30p.m. on **Tuesday, April 22nd**, at our offices in Edina, Minnesota.

Official notification of the Annual Meeting will be sent to each member group approximately 30 days in advance. MWCIA's By-Laws require a 25% quorum to conduct business on the day of our Annual Meeting. MWCIA staff wish to encourage member carriers who will not be attending the Annual Meeting to return their proxy notices promptly.

By returning proxies on a timely basis, members help MWCIA avoid the additional time and expense of developing a quorum by phone.

When submitting your company's proxy to our office, please note that membership groups are entitled to submit only one proxy for all member carriers within their group.

TERRORISM ACT EXTENDED

On December 26, 2007 President Bush signed the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) to extend the federal backstop for terrorism exposure until December 31, 2014. In addition, this bill broadens the definition of "terrorism" to include domestic terrorism acts and better defines the insurer's deductible provisions including a requirement to disclose the current government cap of \$100 billion on aggregate losses covered under the Act. In the event of an attack that meets the new definition of terrorism under the expanded bill, carriers will pay 20% of their previous year's premiums plus co-pays of 15% of claims until the government's share reaches \$100 billion. Carriers are required to repay the government for their share of losses through surcharges on future premiums.

Under TRIPRA, insurance companies are now required to clearly show the portion of policy premium that is attributable to TERRORISM (both foreign and domestic) on the Information Page of each of their workers' compensation policies. If carriers make this determination based on their currently approved rate filing with the Minnesota Department of Commerce, no additional filings will be required. Carriers who wish to change what they are currently charging for TERRORISM exposure, however, must make a new filing and cannot use the new fees until they receive approval by Minnesota's Commerce Department. Please note that newly approved filing fees can only apply to policies issued on or after the approved effective date of a new filing. ☞

Circular Letter Overview

The following items announce filings that have been approved for use in Minnesota by the Commerce Department since our last issue of **MWCIA News** was released. MWCIA staff recommend that each member carrier bring this information to the attention of the appropriate staff

within your organization as the changes represented in these filings have a direct impact on how your company writes and/or reports data on workers' compensation policies in Minnesota.

[Attn: Underwriters](#)

▪ **Amended MN Statute 60A.351**

The purpose of the above item is to advise membership of changes to the Minnesota law effective 08-01-2007 which pertain to the number of days notice required when renewing workers' compensation policies at less favorable rates.

(Refer to **Circular Letter No. 07-1521** for further details.)

▪ **NCCI Item B-1397 – Revision to Basic Manual Classifications & Rules**

The purpose of the above item is to advise membership of several changes to the classification system in Minnesota effective 01-01-2008.

(Refer to **Circular Letter No. 07-1516** for further details.)

▪ **New Minnesota Experience Rating Plan Manual**

The purpose of the above item is to announce the release of a newly created Minnesota specific **Experience Rating Plan Manual**.

(Refer to **Circular Letter No. 07-1525** for further details.)

▪ **Eligibility Requirements for Experience Rating in MN**

The purpose of the above item is to announce to membership that there will be no adjustments to the eligibility requirements for experience rating in Minnesota for modifications effective in 2008.

(Refer to **Circular Letter No. 07-1518** for further details.)

[Attn: Rate Filing Staff](#)

The following items, when used in conjunction with Department of Commerce's Bulletin 2007-7, should provide the rate filing departments

of our member carriers with all of the tools necessary to successfully prepare and file workers' compensation rate filings for 2008:

▪ **2008 Minnesota Ratemaking Report**

The purpose of the above item is to announce the release of Minnesota's Annual Ratemaking Report for 2008.

(Refer to **Circular Letter No. 07-1517** for further details.)

▪ **Filing Information Notice**

The purpose of the above item is to announce the relocation of two important ratemaking tools in Minnesota for 2008: the Expected Loss Ranges Table and the Minnesota State Special Codes Table.

(Refer to **Circular Letter No. 07-1520** for further details.)

▪ **Terrorism Risk Insurance Program Reauthorization Act of 2007**

The purpose of the above item is to provide membership with information regarding changes to the federal Foreign Terrorism Act and how these changes impact policy writing and rate filings in Minnesota starting in 2008.

(See separate article on Page 3. Also, refer to **Circular Letters No. 07-1529 and No. 07-1519** for further details.)



The full text for each circular letter (including attachments) as well as Commerce Department Bulletin 2007-7 are available on MWCIA's website at www.mwcia.org.

[Policy Issuance Staff](#)

▪ **CDX EXR Enhancement**

The purpose of the above item is to announce to membership that enhancements have been made to the CDX EXR product for looking up Experience Rating Worksheets effective 08/06/2007.

(Refer to **Circular Letter No. 07-1515** for further details.)

▪ **PEEP Updates & Enhancements**

The purpose of the above item is to announce to membership several enhancements that have been made to PEEP effective 08/06/2007.

(Refer to **Circular Letter No. 07-1514** for further details.)

[Attn: Unit Statistical Staff](#)

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

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

(Refer to **Circular Letter Nos. 07-1513 & 07-1522** for further details.)

▪ **Reporting Enhancements to Manage USR**

The purpose of the above item is to announce that Manage USR has been enhanced to include several additional reports.

(Refer to **Circular Letter No. 07-1512** for further details.)

▪ **MWCIA Financial Call Expansion**

The purpose of the above item is to announce the expansion of Minnesota's Financial Call starting with the 2008 reporting season.

(Refer to **Circular Letter No. 07-1511** for further details.)

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.

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. 07-1529

02/01/08 — Item P-1405— Terrorism Risk Insurance Program Reauthorization Act of 2007 Endorsements and Item B-1405 — Terrorism Risk Insurance Program Reauthorization Act of 2007

Circular Letter No. 07-1528

01/31/08 — *Minnesota Basic Manual*

Circular Letter No. 07-1527

01/31/08 — 2007 Test Audit Summary Report

Circular Letter No. 07-1526

01/02/08 — 4-1-2008 Assigned Risk Rates

Circular Letter No. 07-1525

12/19/07 — New *Minnesota Experience Rating Plan Manual*

Circular Letter No. 07-1524

12/12/07 — Update on Foreign Terrorism Surcharge

Circular Letter No. 07-1523

11/29/07 — Member Carrier Web Accounts

Circular Letter No. 07-1522

11/29/07 — Updated WCIO *Workers Compensation Data Specifications Manual*

Circular Letter No. 07-1521

10/16/07 — Amended Minnesota Statute 60A.351

Circular Letter No. 07-1520

10/10/07 — Filing Information Notice

Circular Letter No. 07-1519

10/08/07 — Direction on Foreign Terrorism Surcharge

Circular Letter No. 07-1518

08/16/07 — Eligibility Requirements for Experience Rating in Minnesota

Circular Letter No. 07-1517

08/14/07 — 2008 Ratemaking Report

Circular Letter No. 07-1516

08/08/07 — NCCI Item B-1397 - Revision to Basic Manual Classifications & Rules

Circular Letter No. 07-1515

08/06/07 — CDX EXR Enhancement

Circular Letter No. 07-1514

08/06/07 — PEEP Updates and Enhancements

Circular Letter No. 07-1513

08/01/07 — Updated WCIO Workers Compensation Data Specifications Manual

Circular Letter No. 07-1512

08/01/07 — Reporting Enhancements to Manage USR

Circular Letter No. 07-1511

07/26/07 — MWCIA Financial Call Expansion

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

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.

