

MWCIA News



www.mwcia.org

2nd Qtr 2008 issue

a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A.
Tollefson

What's Needed For Good Public Policy Discussions?

What makes government work? Now I am sure that for some this is a loaded question with answers ranging from “nothing” to a political science discussion worthy of a graduate school dissertation.

As one who works in a part of the world that is highly regulated by government and who works with government officials on a regular basis, my perspective is different from both of those approaches. We work with government on virtually every aspect of our business and are highly influenced by policy decisions made by government officials.

To me and to this organization, and indeed to virtually every insurer which must interact with its regulators, the need for ‘good and effective’ public policy decisions is not academic. It is necessary to our operations. The lack of good policy decisions costs each of us in time, resources and downright aggravation.

At the risk of stating the obvious, not every government decision, just like not every single decision by private industry, is always well thought out or correct. Mistakes, miscalculations and even hasty judgments happen both inside and outside of the public policy world.

Setting aside our mutual lack of perfection, at its core, good government policy decisions have something very much in common with what is touted as good private business decisions. In business, we describe this similarity as being a customer oriented organization. How will my decisions impact my customers, since without good products and good customer service any business can ultimately fail?

Government is designed to both fulfill the will of its citizens — to be “of, by and for

the people” in the words its empowering documents — and to protect their well being. These simple principals, when correctly applied, drive a fundamental component of public policy debates on any number of issues.

Indeed these principals also mean that when decisions are made, a central question that must be brought to the table is just how the decision will impact the government’s ‘customers’, whether they are individual citizens or business citizens. Without the essential customer service component of decision-making, good public policy results are achieved only by chance.

In the area of workers’ compensation, government is routinely called upon to make any number of public policy decisions. For example, whenever the Legislature passes and the Governor signs a law modifying benefits that is a critical public policy decision impacting a vast variety of ‘customers’.

Such changes impact employees who are injured and indirectly their families. The decision impacts the employer who must fund the payment of the benefits, the insurer who pays the claim, and MWCIA which measures the loss costs of those benefits. It may also impact self-insurers, the Minnesota Workers’ Compensation Assigned Risk Plan, and the Reinsurance Association. Since all costs are ultimately passed onto customers of the employers or their insurers, it has an impact on the economy as a whole. Finally, there are those who argue that benefit levels might also indirectly impact medical service providers and the services they provide, as well as the severity or longevity of a claim.

These actual or even potential impacts mean that to make good public policy in this area there is a critical need for solid and credible information and data on just how changes might impact the workers’ compensation system, as opposed to anecdotal stories, approximations, or just plain old wives tales.

As Minnesota’s sole data service organization, we are keenly aware of both the

need for and the importance of good and credible information in shaping these types of public policy debates and decisions. We collect vast quantities of information on the actual costs for medical and lost-time claims provided via workers’ compensation policies. We also work with the Minnesota Department of Labor & Industry, which tracks First Report of Injury data to monitor the fair and equitable treatment of injured workers.

Because we are the main storehouse of this data in Minnesota, MWCIA is routinely called upon to assist in public policy debates on changes to the workers’ compensation laws by providing as much data as we can to address the core question in those debates — how will any proposed change impact the government’s ‘customers’?

We are also aware that we cannot always answer all of the important questions in these debates because we do not have all of the necessary data. That is why MWCIA has decided to participate in a program developed by the *Workers’ Compensation Research Institute (WCRI)*. WCRI was formed in 1983 to collect and analyze workers’ compensation data using recognized scientific methods and to make that data available for use by public policy makers and organizations such as MWCIA.

The program, called **CompScope**, now collects data in 20 states. It produces periodic studies and reports that may encompass issues within a single state or across many states. We will now have the ability to use **CompScope** studies or to expand our own internal research to meet the goal of providing good and credible data for public policy debates.

We are excited by this addition to our services not just because it expands our capabilities but because, in the long run, it will make the decisions made in Minnesota even better. That is good for all customers of government. ☺



From the Actuary . . .

[MWCIA Releases 2009 MN Ratemaking Report](#)

The **2009 Minnesota Ratemaking Report** was released on August 12th. The new pure premiums, effective 1/1/09, reflect an overall average increase of 1.7% over 2008.

This change is based upon a review of the latest financial data experience for policy years 2006 and 2005 and accident years 2007 and 2006 which indicate a decrease of 0.4%. The effect of the change in minimum weekly benefits as of October 1, 2008 has been estimated to increase overall costs by 0.5%. The impact of Senate File 3218 effective October 1, 2008 has been estimated to increase overall costs by 1.6%. The experience change of -0.4% combined with benefit changes of +0.5% and +1.6% yields the overall indicated pure premium level change of +1.7%. This is the first increase in the pure premium level in six years.

The **2009 Minnesota Ratemaking Report** is now available at no charge to member carriers on our website under *Member Services* at www.mwcia.org. 

Minnesota Overview [Attn: Member Carriers:](#)

The following changes in Minnesota are either due to filing approvals by Minnesota's Commerce Department or changes in MWCIA's procedures since our last issue of **MWCIA News**.

MWCIA staff recommends that carriers bring these items to the attention of the appropriate staff within their company as these changes have a direct impact on how companies write and/or report data on workers' compensation policies in Minnesota.

[Attn: Underwriters](#)

- **NCCI Item P-1406 — Withdrawal of Endorsement WC 00 01 13 A and Revisions to Endorsements WC 00 04 21 B & WC 00 04 22**

The purpose of the above item is to announce the withdrawal of the

Terrorism Risk Insurance Program Reauthorization Act Endorsement [WC 00 01 13 A] in Minnesota effective September 1, 2008. At the same time, the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement [WC 00 04 22 A] will become effective.

(Refer to **Circular Letter No. 08-1532** for further details.)

- **Electronic Processing of WCPOLS Transaction Codes 08, 10, and 14**

The purpose of the above item is to announce to membership that MWCIA is now prepared to begin accepting additional carriers into the test phase for acceptance of electronic filing of full replacement policies [Transaction Codes 08, 10, and 14] in Minnesota.

(Refer to **Circular Letter No. 08-1531** for further details.)

[Attn: USR Reporting Personnel](#)

- **Unit Statistical Reports and Rejection Letters**

The purpose of the above item is to advise staff of member carriers that we will be switching to electronic notification of errors in reporting beginning January 1, 2009.

Comparable information to that contained in the rejection letters and error reports previously distributed in hard-copy format will now only be available via MWCIA's **Manage USR** online product.

Please note that invoices for Late Report Fines will continue to be distributed to carriers via the United States Postal Service.

(Refer to **Circular Letter No. 08-1533** for further details.) 

[Attn: Rate Filing Personnel](#)

- **2009 Minnesota Ratemaking Report Released**

The purpose of the above item is to announce the release of the **2009 Minnesota Ratemaking Report** which is now available on our website at www.mwcia.org.

(Refer to **Circular Letter No. 08-1534** for further details.) 

ASSIGNED RISK PLAN NEWS

ATTN: All Agents

[MWCARP'S ONLINE APPLICATION PROCESS \[OAR\] IS THE PREFERRED METHOD FOR SEEKING COVERAGE IN MINNESOTA'S ASSIGNED RISK PLAN](#)

Are you still submitting requests for Minnesota Assigned Risk coverage using hard-copy applications? This Spring, MWCARP's Online Assigned Risk (OAR) application program celebrated its first year in operation! As successful as MWCARP's **Online Assigned Risk (OAR)** application program has become, MWCIA's staff continue to receive hard-copy Assigned Risk applications on a daily basis.

Agents who use MWCARP's online OAR system to apply for Assigned Risk coverage in Minnesota have a definite advantage over agents who continue to submit requests for coverage using hard-copy applications. Not only are hard-copy applications a time consuming process for the agent; it is also a less efficient way for agents to provide good service to their clients.

Although MWCIA's staff pride themselves on the speed with which Assigned Risk submissions are processed [no matter what method an agent chooses to use], hard-copy applications require considerably more time to process. Not only does it take more time to process hard-copy applications, it takes longer for agents to receive notification that coverage was either bound or rejected because of the limitations of the United States Postal Service versus MWCARP's OAR online system.

For security purposes, each agent needs to go through a simple one time online process to register themselves and any additional staff (ie. assistants, etc.) they want authorized to use the same login/password information on OAR. Once the agent's login/password has

been established, they can submit Assigned Risk applications confidently knowing that their clients' Minnesota Assigned Risk application information is secure.

The chart provided on page 5 of this issue of *MWCIA News* lists some of the advantages agents enjoy when submitting Assigned Risk applications online:

After looking over this chart, we're sure you'll agree that using the Assigned Risk Plan's OAR system for submitting applications online makes the most sense.

Still shy about using Assigned Risk's online system? Just call our office at 952.897.1737 (Option 2) and one of our Assigned Risk staff will be happy to walk you through your initial submission. 



MWCARP Annual Averages
(Aug 2007 - July 2008)

Total Employer Count:
30,782

Premium Volume:
\$42,724,135

Average Policy Premium:
\$1,388



**New Registration Required
for INDEPENDENT
CONTRACTORS**

Effective January 1, 2009, all individuals in the commercial and residential building trades who consider themselves to be an independent contractor in the State of Minnesota will be required to obtain an **Exemption Certificate** from the *Minnesota Department of Labor and Industry*. General contractors who hire 'independent contractors' without an active **Exemption Certificate** must treat them the same as all other employees for workers' compensation insurance purposes as well as FICA, unemployment

insurance, and federal and state withholding requirements so the ramifications of not complying with this new law can reach far outside the scope of workers' compensation insurance.

Because of the huge impact this new law carries for agents and other insurance representatives with clients in the construction industry, the **Insurance Professionals of Greater Minneapolis** has graciously arranged for a representative from *Minnesota's Department of Labor & Industry* to be the key speaker at an event being held on Tuesday, September 30th. The *Department of Labor & Industry* speaker will map out the logistics of this new program including how the Dept. is planning to implement the new registration requirements for both exempt and non-exempt individuals who apply.

This seminar is open to all interested parties who believe they could benefit from learning more about this new law including employers, their insurance agents, carrier representatives, attorneys, tax professionals and even property managers.

For your convenience, a copy of the registration materials has been attached to the end of this copy of *MWCIA News*. Space is limited so please register **now** to assure a seat.



FYI For Our Members

Just a little note to advise membership that MWCIA staff has begun a study regarding paper processing of cancellations and reinstatements to give consideration to the possibility of charging a paper processing fee for these submissions at some time in the future.

Please note that we will provide more information to our members about this study as it becomes available.

Our Apologies!

***MWCIA's 27TH
ANNUAL GOLF
EVENT cancelled***

There's always a first time! As far back as memory serves, **MWCIA's Annual Golf Outing & Social Event** has always taken place. Sometimes through threats of rain; sometimes with a late start due to morning showers; and a few times we scrambled to start our social hour early because of sudden rainshowers. This year, however, on-going storm threats simply made it impossible to predict the day and the 27th **Annual MWCIA Golf Outing & Social Event** had to be cancelled!

MWCIA's Board and staff apologize for any inconvenience this caused our guests — especially those who travelled a distance to join us. We know that golfers understand just how fickle weather can be when it comes to their favorite sport, however, and we appreciated everyone's understanding.

We look forward to better weather next year and hope to see everyone again at **MWCIA's 28th Annual Golf Outing & Social** next summer!

**REDESIGNED MWCIA WEBSITE
IS ON ITS WAY!**

MWCIA's staff is excited to announce we are in the final testing stages of a redesigned **MWCIA website** at www.mwcia.org. Here's a sneak peak at a couple of the new website's features:

CompAsk!

Instead of your typical website 'FAQ' section, **CompAsk** will answer the most popular questions recently received by MWCIA staff plus, perhaps, the most unusual. **CompAsk** will also be used as a proactive resource to provide answers to time sensitive questions

such as seasonal occupation class codes and issues such as MCPAP enrollment; the Annual Ratemaking Report; the new rate schedule for Assigned Risk, etc. Our staff's ability to anticipate and respond to time sensitive questions will make [CompAsk](#) the place to find what you want to know when you want to know it!

[Learning Center](#)

The [Learning Center](#) will be a repository for past [CompAsk](#) Q&A's as well as the various seasonal questions staff has added. Items will be sorted by topic and there will be a search function. Additionally, the [Learning Center](#) will allow MWCIA staff to provide more detail on particular topics than is generally available by phone or in our initial [CompAsk](#) entry. And, if you're unable to find an answer to your question in the [Learning Center](#) archives, you can click on [Ask a Question](#) to get a quick and accurate response from a member of our staff.

MWCIA anticipates that the new website will be available early this fall. A formal announcement including further details regarding all of the new website's enhancements will be issued once a release date is established.

Although the look and feel of our website will be changing, please note that MWCIA's website address will remain the same. [↗](#)

[A note re: MWCIA Publications](#)

MWCIA's [2007 Annual Report](#) is now available online. It can be accessed by using the drop-down menu for **PUBLICATIONS** on the left-hand margin of MWCIA's homepage. Additional online publications include past issues of *MWCIA News* and an archive of MWCIA Circular Letters, as well as brochures on several topics of interest to the workers' compensation industry.

[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. 08-1534

08/12/08 — 2009 Minnesota Ratemaking Report

Circular Letter No. 08-1533

07/30/08 — Unit Statistical Reports and Rejection Letters

Circular Letter No. 08-1532

07/10/08 — NCCI Item P-1406 — Withdrawal of Endorsement WC 00 01 13 A and Revisions to Endorsements WC 00 04 21 B & WC 00 04 22

Circular Letter No. 08-1531

06/03/08 — Electronic Processing of WCPOLS Transaction Codes 08, 10, and 14

MWCIA's current circulars plus an archive index of prior circular letters are both available online 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 NCCI items that follow are **not** approved for use in Minnesota:

<u>B-1369</u>	2001 Basic Manual For Workers' Compensation & Employers' Liability Insurance
<u>U-1372</u>	Issuing Agency/Producer Office Address Endt. WC 89 06 25
<u>B-1373</u>	Basic Manual Rules & Enhancements
<u>E-1379</u>	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. [↗](#)

Are Your Rates Approved?

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

WANTED:

'ELECTRONIC' MAIL ADDRESSES!

One of MWCIA mission goals is to remain the number one resource for workers' compensation insurance information and data in Minnesota. As MWCIA continues its development of web-based products and services it becomes imperative that we have accurate email addresses for all of our member contacts. By keeping MWCIA informed of all name, address, and contact changes [**including email addresses**] on a timely basis, your company will never miss valuable information from our office that our member carriers have learned to depend on.

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 in the left-hand margin.

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 an email to marie.johnson@mwcia.org.

<u>ASSIGNED RISK APPLICATIONS</u> <u>'The Online Advantage'</u> <u>ONLINE</u> <u>HARD COPY</u>	
o Auto Assist is 24/7 with Class Code Search & ARP's Premium Calculator	o Assistance subject to normal business hours
o Immediate confirmation of application acceptance [plus correct & 'resubmit']	o Rejected application notification subject to USPS delivery schedule
o Immediate effective date confirmation [pending electronic fund transfer]	o Coverage bound after application processed. [notification subject to USPS limitations]
o Appl. can be submitted until 11:59pm to obtain next day coverage [pending confirmation of Assignment].	o Appl. must be mailed in time for 'today's' postmark to obtain next day coverage [pending confirmation of Assignment].
o 'E-signatures' allow agent's freedom to collect info from clients via phone, email, or fax	o Hard-copy appl. requires original signature of client
o Automatic updates keep agent 'in the loop' re: application processing status	o Agents need to spend time with email/phone inquiries to check status of pending ARP application
o <i>OAR User's Manual</i> plus online 'Help' improves data quality — better info translates into less needed in follow-up	o Instructions included on appl. plus 'Help' available by calling or emailing MWCIA during normal business hours

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.



www.mwcia.org



CONTRACTOR EXEMPTION CERTIFICATES

--The NEW Law--

Presented By:
Insurance Professionals of Greater Minneapolis
And
The MN Dept. of Labor & Industry

Effective January 1, 2009 all individuals in the commercial and residential building trades that consider themselves independent contractors, will be required to obtain an Exemption Certificate from the Minnesota Dept. of Labor and Industry. Independent contractors working without the Exemption Certificate will be considered employees of the general contractor. Because the law affects the employment status of independent contractors, the ramifications of not complying are far reaching. FICA, unemployment insurance, federal and state withholding requirements as well as workers' compensation coverage could be impacted.

A speaker from the Minnesota Dept. of Labor & Industry will map out the logistics of this new program. Learn who will be required to file for an Exemption Certificate, what information will be requested on the application, what provisions will create a rejection and ultimately who will be responsible for non-compliance. Exemption applications will be available. Please bring your questions and concerns! We hope to address both.



WHO: *Contractors, General Contractors, Insurance Underwriters, Agents, Auditors, Adjusters, Employment Attorneys, Tax Professionals, Property Managers*



WHEN: *Tuesday, September 30, 2008*



WHERE: *Holiday Inn
1201 W 94th Street – Bloomington, MN 55431
(Just West of 35W on 94th Street)*



TIME: *7:30 Registration & Breakfast
8:00 – 10:00 Seminar*



COST: \$20.00 (Incl. Breakfast)

HOLD THE DATE! --- REGISTRATION FORM ATTACHED

SEMINAR REGISTRATION

Tuesday, September 30, 2008



CONTRACTOR EXEMPTION CERTIFICATES The **NEW** Law

BUSINESS NAME: _____

INDIVIDUALS ATTENDING: _____

MAILING ADDRESS: _____

CITY: _____ **STATE:** _____ **ZIP:** _____

E-MAIL ADDRESS: _____

DAY PHONE: _____

Total Number Attending _____ X \$20.00 = \$ _____ Enclosed

Please Make Checks Payable To:

Insurance Professionals of Greater Minneapolis (IPGM)

MAIL TO: Kathryn Klucas
c/o Robert A. Schneider Agency
5620 Smetana Drive #225
Minnetonka, MN 55343

QUESTIONS: 952-893-9901 - Maureen

DEADLINE: 9-23-08