

# MWCIA News



3<sup>rd</sup> Qtr 2008 issue

a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### Evolution of the Data Submission/Transmission Process

In past articles, I have discussed many of the advancements made in how data is submitted and transmitted between member carriers and Data Collection Agencies (DCO) like MWCIA. These advancements mirror the evolution in technology and the capacity of these organizations and their members to take advantage of these advancements.

Not that long ago, the vehicle of choice for data submission was what techies now call "snail mail" — the U.S. Postal Service. Though reliable, this process had several drawbacks in terms of time and manpower requirements. Mail took time to deliver and the manual processing of data submissions consumed resources and required additional time to complete. Depending on the distance between a carrier and the DCO, it could take several weeks to complete the initial data submission, the manual verification by the DCO, and the identification and correction of any errors.

Eventually new technologies, primarily computerization, began to make in-roads into the data submission and verification process within both insurance companies and DCOs. Initially this computerization meant using main-frame computers within insurance companies to help process and store the hard-copy data. Carriers still mailed their data to the DCOs which then entered that data into their own main-frame computers for processing.

While these advances improved the handling and storage of significant amounts of data, they did not fundamentally improve the process of transmitting data and correcting data errors between insurance carriers and the DCOs.

But improved technology began to address these delays and inefficiencies. Insurance carriers started "loading" their data onto reels,

cartridges, discs and other forms of electronic media instead of using paper submissions. This allowed carriers to utilize the work they had already done to enter data into an electronic format for their own internal use. In turn, DCOs began to accept this electronic data which could be directly loaded into their own computer systems for processing. This eliminated the effort and time delay of manually loading this data, and allowed the data verification and correction process to begin far more quickly.

Building on this concept, the marketplace created two data transmission vehicles: the first was **IBBSNet**, a commercial data transmission service used by a number of DCOs to facilitate electronic data transmissions. As an alternative to this service, the American Cooperative Council on Compensation Technology (ACCCT) developed an electronic data transmission service that was eventually launched as Compensation Data Exchange or CDX.

Both services significantly improved the entire data submission and transmission process. They lowered submission time, facilitated the earlier processing of data entry errors, improved security and had other benefits.

These developments, while impressive, may be dwarfed by the evolution of the internet and its ability to support tools and products designed to further improve the data transmission and editing processes. MWCIA believes that to be the case and is working in that direction.

A number of months ago, MWCIA launched Phase I of **Manage USR**. This system allows member carriers to view submitted unit statistical data and any associated errors over the internet. Just recently, MWCIA also launched Phase I of **Policy View** which provides similar functionality for submitted policy data.

Shortly after the 2008 Holiday Season, MWCIA plans to launch Phase II of **Manage USR**. Phase II will facilitate the resubmission of corrected unit statistical data. On the horizon is the development of Phase II of **Policy View** which will provide similar resubmission

capabilities for corrected policy data.

To persons outside this industry, data compilation and error correction may seem like a pretty dull topic. But to insurance professionals, who know that data is an integral tool in making insurance work, good data is vital to the measurement and pricing of risk. To MWCIA, gathering and providing credible data is a large part of why we exist.

Moving from the gathering and dissemination of high quality data to the more efficient completion of this vital role is a goal that translates into real cost savings and greater efficiencies for both MWCIA and its members. What began as the simple process of moving from paper forms and mail submissions has become a larger goal of creating these efficiencies and cost savings whenever possible.

Tools like **Manage USR** and **Policy View** are part of a long term plan to develop new and/or improved products and services for MWCIA's member carriers which encompass:

- effective tools for use in the data collection process
- improved timeliness (speed up submission/transmission process; eliminate out-of-sequence issues)
- improved data quality by electronic correction of data errors
- reduced cost overhead
- effective tools for use in data management and data analysis
- assured quality data collection process
- provide secure access to submitted data for verification and/or correction
- aid in the decision making process by providing access to analytical information

Technological advancements create opportunities. We at MWCIA include in these opportunities a chance to provide our member carriers with the very best in data collection and data analysis capabilities.

Stay tuned . . . there's much more to come! ☺



## ASSIGNED RISK PLAN NEWS

### [New MWCARP Administrator Announced](#)

Effective September 15<sup>th</sup>, the *Minnesota Department of Commerce* has appointed Affinity Insurance Services, Inc. as the new Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) Administrator. This position was previously held by Park Glen of Twin City Group.

The change to a new MWCARP Administrator will not affect any of the operational elements of MWCARP from either the agent or employer/employee's standpoint. MWCIA will continue to process MWCARP applications and Berkley and RTW will continue to be the servicing carriers for the policies.

Should you have any questions for the new MWCARP Administrator, please contact Kim Zersen by phone at 800.471.6767 or send an email to [kim\\_zersen@ars.aon.com](mailto:kim_zersen@ars.aon.com); or call Tom Redel at 816.391.1102 (email: [tom\\_redel@ars.aon.com](mailto:tom_redel@ars.aon.com)).

The following is current contact information for the Minnesota Assigned Risk Plan:

#### **APPLICATION ASSISTANCE — MWCIA**

7701 France Ave South; Suite 450  
Minneapolis MN 55435

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

Tel: (952) 897-1737 Option (2)

Email: [oar@mwcia.org](mailto:oar@mwcia.org)

#### **POLICY ASSISTANCE — BERKLEY ADMINISTRATORS**

PO Box 59143

Minneapolis MN 55459-0143

Email: [brac\\_mwcarp\\_policies@berkleyrisk.com](mailto:brac_mwcarp_policies@berkleyrisk.com)

Tel: (612) 766-3000

Fax: (612) 766-3099

#### **RTW**

PO Box 390901

Minneapolis MN 55439-0901

Email: [arp@rtwi.com](mailto:arp@rtwi.com)

Tel: (952) 897-5566

Tel: (888) 273-9709

Fax: (952) 893-3707

Fax: (888) 811-0379

#### **MWCARP Deductible Plan**

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

#### **OTHER CONTACT INFO**

##### **ASSIGNED RISK PLAN ADMINISTRATOR**

8300 Norman Center Drive; 4th Floor

Minneapolis MN 55437

Tel: (800) 471-6767

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

Refer to **Circular Letter No. 08-1538** for further details. 



##### [MWCARP Annual Averages \(Nov 2007 - Oct 2008\)](#)

**Total Employer Count:**  
30,177

**Premium Volume:**  
\$40,389,441

**Average Policy Premium:**  
\$1,338



#### 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](#)

##### ▪ **Eligibility Requirements for Experience Rating in Minnesota**

The purpose of the above item is to announce that the eligibility requirements for Experience Rating in Minnesota will remain unchanged for the 2009 mod year.

(Refer to **Circular Letter No. 08-1535** for further details.)

##### ▪ **Minnesota Assigned Risk Plan Administrator**

The purpose of the above item is to announce to membership that MWCARP has a new Plan Administrator effective September 15, 2008.

(Refer to **Circular Letter No. 08-1538** for further details.)

##### [Attn: Policy Reporting Personnel](#)

##### ▪ **New State Premium Record Instruction & Data Element**

WCIO has announced a change to the policy reporting standard WCPOLS. The State Premium Record has been updated to include a new field called the Experience Modification Effective Date. This field will replace the Anniversary Rating Date field effective October 1, 2009.

(Refer to **Circular Letter No. 08-1541** for further details.)

##### ▪ **New Policy View System for the MWCIA Website**

The purpose of the above item is to announce that MWCIA has released Phase I of a new on-line product called **Policy View** that allows member carriers to view their own policy data in a secure environment.

(Refer to **Circular Letter No. 08-1542** for further details.)

##### ▪ **Paper Submission of Cancellations & Reinstatements – Handling Charge**

The purpose of the above item is to announce that MWCIA will begin charging a \$12.00 handling fee for all hardcopy Cancellation and/or Reinstatement Notices received starting July 1, 2009.

(Refer to **Circular Letter No. 08-1543** for further details.)

##### [Attn: USR Reporting Personnel](#)

##### ▪ **Increase in Maximum Duration for Temporary Total Benefits**

The purpose of the above item is to advise staff of member carriers who report unit statistical data that Section One, Part V, Rule 7.F.2.a of

the *Minnesota Statistical Plan Manual* has been amended to reflect an increase of the above benefit to a maximum of 130 weeks by the *Minnesota Department of Commerce* effective October 1<sup>st</sup>.

(Refer to **Circular Letter No. 08-1540** for further details.)

▪ **Updated WCIO Workers' Comp. Data Specifications Manual**

The purpose of the above item is to announce to membership that WCIO has released an updated version dated May 19, 2008 of the above manual as well as their *Data Reporting Handbook*.

(Refer to **Circular Letter No. 08-1536** 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](http://www.mwcia.org). ☞

**MCPAP 2010 ENROLLMENT PERIOD TO BEGIN JANUARY 2009**

*It is almost time for Minnesota Contractors to apply again for a MCPAP Credit Factor. Enrollment begins in January and runs until April 1<sup>st</sup>. Details regarding the 2010 program will be mailed to employers who work in the building contractor industry in January.*

**New Registration Required for INDEPENDENT CONTRACTORS**

Effective January 1, 2009, all individuals in the commercial and residential building trades who consider themselves to be independent contractors in the State of Minnesota will be required to obtain an **Independent Contractor Exemption Certificate (ICEC)** from the *Minnesota Department of Labor & 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.

Minnesota Statute § 181.723 puts 'teeth' into the independent contractor status rules that determine whether an individual is regarded as an independent contractor or an employee of the general contractor. Currently, many individuals in the construction trade try to designate themselves as an independent contractor by purchasing workers' compensation insurance as a sole proprietor without employees for the purpose of obtaining *Certificates of Insurance* for the general contractors they work for. It then becomes the insurance company's responsibility at audit to determine if these individuals meet the nine point requirements to be classified as an independent contractor. Under the new law, the *Minnesota Department of Labor & Industry* will begin requiring that individuals who are in the construction/building trade and wish to classify themselves as 'independent contractors' must pre-register and provide documentation as proof that the nine point rule is being met.

Once DOLI determines an individual qualifies as an independent contractor under the law, they will issue the individual an **Independent Contractor Exemption Certificate** to provide their general contractors. Individuals who do not qualify for an **ICEC**, however, are not independent contractors and will be automatically considered employees of the general contractor they work for.

General contractors without a current workers' compensation policy who hire individuals without an **ICEC** must obtain a policy immediately.

Because of the huge impact this new law carries for clients in the

construction industry, it is important that agents and other insurance representatives understand how the new rule works. The *Minnesota Department of Labor & Industry's* website has a **Question & Answer** section to assist interested parties in learning more about this new requirement for individuals who wish to be deemed independent contractors plus the **Exemption Application** that 'individuals' in the building trade industry must now complete and submit to DOLI along with a required fee. A link to the DOLI website is available on MWCIA's website for your convenience. ☞

**MWCIA'S NEWLY ENHANCED WEBSITE IS HERE!**

In keeping with MWCIA's goal of using our website as the preferred method for providing members and other users with timely information on Workers' Compensation, MWCIA staff is excited to announce the release of a newly re-designed **MWCIA website**. We believe the new features outlined below and other enhancements to our new website greatly contribute to this goal.

Here are a couple of new features on MWCIA's website:

**[CompAsk!](#)**

Instead of your typical website 'FAQ' section, **CompAsk** is designed to address the most popular questions recently received by MWCIA's staff along with the answers. This section will also be a proactive resource to provide answers to time sensitive questions that staff anticipates receiving before the questions actually start coming in. These time sensitive, topical **Q&As** will include questions about class codes that we typically receive in late fall for winter [ie. snow-plowing] versus spring or early summer [ie. lawn mowing or dock installation, etc.]. Time sensitive questions will be blended in with other questions received by staff via the phone and emails. **CompAsk** will also be used as one more way to provide users with information on

such time sensitive issues as MCPAP enrollment, the Annual Ratemaking Report, the new rate schedule for Assigned Risk, etc. Our goal will be to respond to a fresh set of Q&As each month based on the various inquiries we received so that we will be responding to what you want to know, when you want to know it!

### [Learning Center](#)

This section is a repository for past **CompAsk** Q&A's and also serves as host to the various seasonal questions staff has added. The **Learning Center** is sorted by topic and includes a search function to help make it easier for users to access the information they are interested in learning more about. It also allows MWCIA staff the opportunity to provide brief training or educational sessions on some of the timely topics covered in **CompAsk** by creating an outlet for staff to provide more detail on particular topics than is generally available by phone or in our initial **CompAsk** entry.

If you are unable to find an answer to your question in the **Learning Center** archives, just use **Ask a Question** to get a quick and accurate response from a member of our staff.

We are excited about MWCIA's new website and look forward to your feedback!

**Please Note:** Although MWCIA's website has a new look and feel, our address is still [www.mwcia.org](http://www.mwcia.org). ☞

### Free Workshops

#### For Minnesota Employers

The "Business & Employment Tax" Workshop sponsored by the State of Minnesota is designed to provide new and established business owners and/or employers with information they need to know to do business in Minnesota including purchasing Workers' Compensation insurance. This day-long class is packed with examples and resource information regarding State and Federal withholding, UI taxes, Social Security taxes, new hire reporting, State and Federal labor standards, **workers'**

**compensation requirements,** and **insurance** including an overall presentation on rules concerning **independent contractors.**

These 'New Employer' Workshops/Seminars are coordinated by Gary Johnson of the *Minnesota Department of Employment & Economic Development* and include presenters from various State and Federal offices as well as MWCIA. This popular class is the only 'one stop' resource of its kind in Minnesota. The class is offered once a month at locations that rotate around the Twin Cities area making it convenient for anyone in the greater metropolitan area and beyond to attend. [An abbreviated version of the Workshop is also available in outstate Minnesota.] The 'New Employer' Workshop/Seminar is **FREE!! Plus,** attendees can repeat the workshop as often as they like to get clarification on new rules or just as a refresher.

Although this Workshop/Seminar is designed for potential and/or new Minnesota employers and their HR/payroll staff, it is well suited as a class for anyone else interested in learning more about the requirements of operating a business in Minnesota. The *Minnesota Department of Employment & Economic Development* and MWCIA would like to encourage all employers doing business in Minnesota as well as potential Minnesota business owners and others who work with employers to attend a "Business & Employment Tax" Workshop.

Please help spread the word on this important opportunity by telling your clients about the Minnesota "Business & Employment Tax" Workshop. The 2009 class schedule isn't available yet but anyone interested in the December class can register online at [www.uimn.org/tax/irs.htm](http://www.uimn.org/tax/irs.htm).

For more information about Minnesota's "Business & Employment Tax" Workshop, please email Gary Johnson, the workshop's coordinator, at [deed.tax@state.mn.us](mailto:deed.tax@state.mn.us) or give him a call at 651.297.2744. ☞

### [A note re: MWCIA Publications](#)

Online publications including 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 are available *free of charge* on MWCIA's website.

### 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. 08-1535**

08/19/08 — Eligibility Requirements for Experience Rating in Minnesota

#### **Circular Letter No. 08-1536**

08/19/08 — Updated *WCIO Workers Compensation Data Specifications Manual*

#### **Circular Letter No. 08-1537**

08/19/08 — *Minnesota Experience Rating Plan Manual*

#### **Circular Letter No. 08-1538**

09/09/08 — Minnesota Assigned Risk Plan Administrator

#### **Circular Letter No. 08-1539**

09/16/08 — New MWCIA Website

#### **Circular Letter No. 08-1540**

09/30/08 — Increase in Maximum Duration for Temporary Total Benefits to 130 Weeks

#### **Circular Letter No. 08-1541**

10/28/08 — New State Premium Record Instruction and Data Element

#### **Circular Letter No. 08-1542**

10/28/08 — New Policy View System for the MWCIA Website

#### **Circular Letter No. 08-1543**

11/19/08 — Paper Submission of Cancellations and Reinstatements - Handling Charge

MWCIA's current circulars plus an archive index of prior circular letters are both available online at [www.mwcia.org](http://www.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 an email to [marie.johnson@mwcia.org](mailto:marie.johnson@mwcia.org)

When preparing policies for Minnesota, please keep in mind that the NCCI items that follow are **not** approved for use in Minnesota:

<b>B-1369</b>	<i>2001 Basic Manual For Workers' Compensation &amp; Employers' Liability Insurance</i>
<b>U-1372</b>	Issuing Agency/Producer Office Address Endt. WC 89 06 25
<b>B-1373</b>	Basic Manual Rules & Enhancements
<b>E-1379</b>	<i>2003 New Experience Rating Plan Manual</i>

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

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 from the list under "Forms/Manuals/Publications" on the drop-down menu at the top of the screen.

## **WANTED:** **EMAIL 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.

### 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.

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### 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.

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**Quality Provider of Information & Services**

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