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MWCIA News



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a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

Minnesota Value From Beyond!

In my first newsletter article for 2009, I noted that all of my 2009 articles would be focused on the 'value' MWCIA seeks to deliver to our members and others, which is a key focus of this organization. Last quarter's newsletter provided an historical look at this organization and the value which our gathering and compiling of ratemaking data plays in making the workers' compensation system both viable and efficient.

This edition in the "value series" will focus on the reality that every state with a private workers' compensation market needs an organization like MWCIA for exactly the same reasons that we exist here - to collect and distribute essential ratemaking data and to do the other functions of a modern data collection organization within the workers' compensation system.

Workers' compensation insurance is in many ways a unique concept. It is, on one hand, a uniform nationwide policy contract between employers, injured workers, insurers and regulators to exchange the uncertainty of negligence claims arising from workplace injuries for a guaranty of benefits. On the other hand, it is a state specific system that establishes benefit levels and pricing under the system established in each state.

This dichotomy could and has at some time in the past created barriers and inefficiencies in the form of state specific rules and requirements. Some of the rules and/or filing requirements are unavoidable (such as benefits which vary by state), and can be costly.

MWCIA has for many years recognized that identifying and eliminating these state specific barriers and costs, and emphasizing the uniformities in this nationwide system has an immediate impact by delivering instant and tangible value to our members. Simply changing a process like sending in a report on a claim from a task that had eighteen or twenty variables to a task that is uniform throughout the country can immediately save member carriers' time and money in Minnesota as well as other states. Multiply that savings by the number of carriers and the number of claims filed yearly and it is easy to see how the value of this uniformity can become very, very large very quickly.

The above is just one example of how the underlying principal behind the many collaborative efforts that MWCIA has proposed, advocated and/or joined in over the years has delivered real savings to our industry. MWCIA's effort to continually develop new and/or improved ways to deliver value to its members is not a new topic for my articles. I have mentioned such efforts and have written about them in articles over the course of many years.

MWCIA is proud of its ability to recognize this potential value and to take tangible steps to turn that potential into reality has been a core focus of our efforts for a long time. The value of these efforts permeates our current business practices and systems. Here are some examples:

WCIO — Workers' Compensation Insurance Organization provides a forum for the exchange of information on how and why data is collected. It uses that information to develop more uniform formats and data filing standards that can be applied by carriers nationwide.

WCIO has developed the **Workers' Compensation Data Specifications Manual**, which sets forth uniform data and policy filing formats and protocols designed to make data and policy filings as uniform as possible for all carriers operating in all states.

ACCCT — American Cooperative Council on Compensation Technology was organized to jointly develop software and other tools for data collection organizations, carriers, and others to use in the collection, editing and filing of data. ACCCT was the incubator for such software tools as the Bureau Entry & Edit Program (BEEP) and the Policy Entry & Edit Program (PEEP) that now have industry wide acceptance.

CDX — A major Internet based secure and dependable data transmission system that services the vast majority of independent data collection organizations in the United States. CDX was developed by ACCCT but launched as a separate entity solely founded on data transmissions services.

Spectrum Partners — Spectrum Partners has developed a state-of-the-art software system to support the internal operations of data collection organizations and to foster uniformity in data filing and processing. The Spectrum system is currently used in Massachusetts, Minnesota, North Carolina, Wisconsin, and New York.

Cooperation to achieve uniformity throughout the workers' compensation system, whenever possible, lowers costs and is value. Delivering this value has and continues to be one of the major goals at MWCIA. ☺

Attention Agents:

The current rate schedule for the Minnesota Workers' Compensation Assigned Risk Plan [MWCARP] is effective April 1, 2009 and applies to new and renewal policies.

The following Assigned Risk fee schedule is in effect:


- SCF Surcharge*.....3%
- Terrorism Insurance**.....\$0.02
- Expense Constant\$170

* Percent of premium
 ** Per \$100 of payroll

It is also important to note the following maximum and minimum payroll limits for owners and family members who elect coverage:

- Maximum Annual Individual[†] Remuneration.....\$88,400
- Minimum Annual Individual[†] Remuneration.....\$19,760
- Minimum Annual Individual[†] Family Remuneration \$13,260

[†] Executive Officers, Partners, Sole Proprietors, or Members/Owners of LLCs
[†] Parent, Spouse &/or Child

A print friendly copy of the current 2009 Assigned Risk rate schedule including miscellaneous values is available on either MWCIA's website www.mwcia.org or MWCARP's website www.mwcarp.org for your convenience. Please note, however, that the current rate schedule and fee factors are also included on OAR — Minnesota's On-line Assigned Risk Plan application system. 

MWCARP Annual Averages
(July 2008 - July 2009)

Total Employer Count:
 28,939

Premium Volume:
 \$37,434,381

Average Policy Premium:
 \$1,294



ASSIGNED RISK CONTACT INFO:

APPLICATION ASSISTANCE —

MWCIA

7701 France Ave South; Suite 450
 Minneapolis MN 55435
www.mwcia.org
 Tel: (952) 897.1737 (Option 2)
 Email: oar@mwcia.org

POLICY ASSISTANCE —

BERKLEY ADMINISTRATORS

PO Box 59143
 Minneapolis MN 55459-0143
 Email: 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
 Tel: (952) 897.5566
 Tel: (888) 273.9709
 Fax: (952) 893.3707
 Fax: (888) 811.0379

OTHER CONTACT INFO —

PLAN ADMINISTRATOR

8300 Norman Center Drive; Suite 1000
 Minneapolis MN 55437
 Tel: (800) 471-6767
www.mwcarp.org

MWCARP DEDUCTIBLE PLAN

Apply at www.mwcarp.org. 

DECREASE IN 2010 PPBR
APPROVED

MWCIA's **2010 Ratemaking Report** has been approved by the Minnesota Commerce Dept.

MWCIA's Actuarial Committee met in early July and recommended a 2.4% decrease in the 2010 Pure Premium Base Rates (PPBR). MWCIA's Board of Directors concurred. MWCIA staff is now in the final steps of preparing the **2010 RM Report** for release to membership.

Attn: Member Carriers

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

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

Attn: Underwriters & Raters

- **Elimination of Table of Classifications by Hazard Group – 4 Group Option**

The purpose of the above item is to announce the removal of the 4 Hazard Group Option from *Minnesota's Basic Manual* Appendix D. Effective January 1, 2010, only the 7 Hazard Group Option shown on Appendix D (see pages AD1 and AD2) of the *Minnesota Basic Manual* is approved for use in the State of Minnesota.

Please Note:

Carriers who have not already adopted the 7 Hazard Group Option must make a filing to adopt the 7 Hazard Group Option with the Minnesota Department of Commerce by November 1, 2009 in order to accommodate the already approved January 1, 2010 effective date in connection with this change.

(Refer to **Circular Letter No. 09-1558** for further details.)

- **Minnesota Alternate Employer Endt. (Excluding Employers Liability Coverage) WC 22 03 06**

Currently, Minnesota policies may include the Alternate Employer Endorsement WC 00 03 01 A which includes employers' liability coverage for the alternate employer listed on the endorsement.

Recently, MWCIA staff and the *Minnesota Forms Task Force* reviewed a request from a member carrier to create an endorsement for Minnesota that would allow a policyholder to exclude employers' liability coverage for alternate employers from their policy. Recognizing that negligence on the part of an alternate employer is outside the control of the policyholder, the *Minnesota Forms Task Force* as well as MWCIA's staff and Board of Directors agreed an endorsement that allows a policyholder to exclude extending employers' liability coverage to an alternate employer would be appropriate for use in this State. Minnesota Endorsement WC 22 03 06 was created as a result of this decision.

It is important to note that neither Endorsement WC 00 03 01 A nor Endorsement WC 22 03 06 are intended to eliminate the responsibility of an alternate employer to secure their own workers' compensation coverage under Minnesota Law.

Please note:

Minnesota Alternate Employer Endt. (Excluding Employers Liability Coverage) WC 22 03 06 is an optional endorsement which became available for carrier use in Minnesota on new and renewal policies as of August 1, 2009.

(Refer to **Circular Letter No. 09-1557** for further details.)

- **NCCI Item R-1399 — 2009 Edition — Retrospective Rating Plan Manual**

The purpose of the above item is to announce that the 2009 Edition of National Council on Compensation Insurance's *Retrospective Rating Plan Manual* has been approved for use in Minnesota effective January 1, 2010.

(Refer to **Circular Letter No. 09-1559** for further details.)

- **NCCI Item P-1407(A)—Revised Retrospective Rating Plan Endorsements Amended**

This item is basically a companion to NCCI Item R-1399 (see above item).

The purpose of Item P-1407(A) is to update Retrospective Rating Plan endorsements to comply with changes in the 2009 Edition of the *Retrospective Rating Plan Manual* that becomes effective in Minnesota on January 1, 2010. In addition to these updates, Item P-1407(A) also creates a new endorsement [WC 00 05 16 — Retrospective Rating Plan Premium Endorsement - Large Risk Alternative Rating Option (LRARO)] for use with LRAROs.

(Refer to **Circular Letter No. 09-1560** for further details.)

- **Revised Minnesota ERM-6 Form**

The purpose of the above item is to announce the approval of a newly revised ERM-6 Form for use in Minnesota. This form is available on MWCIA's website in the **Minnesota Experience Rating Plan Manual** and under "Forms/Manuals/Publications".

The ERM-6 Form is used by agents and carriers to help employers who were formerly participating in self-insured programs to provide their self-insured data to MWCIA for use in developing a current experience modification factor for the employer.

It is important to note that former self-insured employers must qualify for experience rating without benefit of their self-insured data. Once eligibility is established, however, all pertinent self-insured data which has been properly submitted using Minnesota's current ERM-6 Form will be incorporated into the calculation of the employers' experience rating.

(Refer to **Circular Letter No. 09-1561** for further details.)

Attn: Medical Reporting Personnel

- **MN Workers' Compensation Medical Data Call**

The purpose of this item is to announce that Minnesota has been authorized to participate in the above nationwide medical collection program being conducted by National Council. Data obtained from MWCIA members will be used for legislative analysis and internal research. Initial reporting is on medical transactions occurring during the 3rd quarter of 2010 and

are due at NCCI by the end of the 4th quarter.

(Refer to **Circular Letter No. 09-1556** for further details.)

Attn: Data Reporting Personnel

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

The purpose of this item is to advise users that the above Manual has been revised. The affected pages for this Manual may be obtained along with a Summary of Changes document on WCIO's website.

(Refer to **Circular Letter No. 09-1562** for further details.)

New 2009/2010 SAWW

Effective 10-01-2009, the new Minnesota Statewide Average Weekly Wage will be \$878 [or \$45,656 Annually].

2009 MN RATEMAKING REPORT STILL AVAILABLE ONLINE

As required by Minnesota statutes, the **2009 Minnesota Ratemaking Report** contains informational material on trend and late loss development movement. Carriers are encouraged to take these additional factors into consideration when preparing individual 2009 rate filings.

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. 09-1556
06/24/09 — Minnesota Workers' Compensation Medical Data Call

Circular Letter No. 09-1557
07/14/09 — Minnesota Alternate Employer Endorsement (Excluding Employers Liability Coverage) WC 22 03 06

Circular Letter No. 09-1558

07/21/09 — Elimination of the Table of Classifications by Hazard Group - 4 Group Option for the *Minnesota Basic Manual*

Circular Letter No. 09-1559

07/28/09 — NCCI Item R-1399-2009 Edition - *Retrospective Rating Plan Manual for Workers' Compensation & Employers Liability Insurance*

Circular Letter No. 09-1560

07/28/09— NCCI Item P-1407(A) - Revised Retrospective Rating Plan Ends Amended

Circular Letter No. 09-1561

08/05/09 — Revised Minnesota ERM-6 Form

Circular Letter No. 09-1562

08/05/09 - Updated *WCIO Workers' Compensation Data Specifications Manual*

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

**2008 ANNUAL REPORT
AVAILABLE ONLINE**

A copy of MWCIA's 2008 Annual Report is available at <http://www.mwcia.org/annual-reports.aspx/>.

To view copies of Minnesota's currently approved forms and endorsements, visit MWCIA's website at www.mwcia.org and select from the list under "Forms/Manuals/Publication" on the drop-down menu at the top of the screen.

**Complete Your CE Credits
Early & Have Fun!**

On September 17th the *Insurance Professionals of Greater Minneapolis* will sponsor two seminars with a **DYNAMIC** speaker who will provide everyone with an opportunity to earn **up to 8 Hours of CE Credits while having fun!**

Chris Amrhein has a reputation for communicating valuable insurance information in a fun and humorous way. Chris is a member of the Independent Insurance Agents and Broker's Virtual University and also a member of the CPCU Oversight Committee. His courses: "**Street Level Ethics**" and "**How To Be The Agent Advocate At The Time of Claim**" will give you insight on the day-to-day ethics insurance agents face as well as the need for agents to be an advocate at the time of a claim. Chris' outstanding reputation as a quality educator and the upcoming deadline for CE credits means our September 17th Seminar Day will fill up fast!

Seating is limited so why not register today?!

For more information, visit IPGM.org and click on '**Current Events**'.

**WANTED:
EMAIL ADDRESSES!**

One of MWCIA's mission goals is to remain the number one resource for workers' compensation info and data in Minnesota. As MWCIA continues its development of web-based products and services, it becomes imperative that we have accurate email contact info for all of our member carriers.

Keeping MWCIA informed of all name, address, and contact changes [**including email**] on a timely basis assures that 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 and endorsements, and classification and 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:

- 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 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*, 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.

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