

# MWCIA News



4<sup>th</sup> Qtr 2009 issue

a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### At the End of the Day — It is People That Make it Work!

This is the last of a series of articles focused on the 'value' MWCIA seeks to deliver to our members and others. As I have emphasized throughout this series, looking at how MWCIA as an organization seeks to create and deliver this value when communicating this message to our members and others is an important exercise.

Our organization, like many companies today, continuously assesses whether it is, in fact, delivering true value to its customers. While the idea for these articles arose from the economic upheavals and uncertainties of the time, the underlying question is and should be asked frequently and independent of any particular economic event.

In my first article, I addressed the operating principals of productivity: teamwork and communications designed to make any organization more efficient. In my second article, I provided an historical perspective on the services MWCIA has and continues to offer in the compilation and analysis of data that is essential to the functioning of today's workers' compensation system.

Next, I addressed the value MWCIA brings to its members and customers through its various national collaborative efforts that are designed to enhance best practices, data standards, consistency, cost effectiveness, and other efforts.

Now I would like to address a key and essential element that allows MWCIA to meet its value-orientated goals: our employees — the people who make it all happen.

MWCIA takes great pride in our staff. We, like other highly successful organizations, have cultivated a very knowledgeable, experienced, cross-functioning, and highly effective team.

What we do in the collection and analysis of vast amounts of data, the publication of ratemaking reports, forms and other useful data and information, and in combination with our collaborative efforts throughout the country is a highly specialized series of activities. The skills and knowledge required to execute these multiple functions are possessed by a very few.

In order to expand and enhance a pool of employees who can meet these challenges, MWCIA has worked hard to develop our staff through education, cross-training, and experience. At the same time, in order to ensure that

we have the maximum number of people available to address questions and issues as quickly as possible, we have also worked hard to 'empower' our staff to exercise both responsibility and ownership over their specific areas and to work closely with staff of other related areas of our organization.

In management parlance, MWCIA has accomplished this by creating a 'flattened' organization and by adding cross-training, education, and other efforts that strengthen and enhance our organization's capabilities without adding more staff.

Collectively, all of these changes have transformed our employees into a very proactive, strong, knowledgeable and responsible staff.

As president of MWCIA, I am honored and proud to lead an organization with employees of this caliber and dedication to our collective success. In the end, management and staff both recognize that delivering value is not just the goal of our organization, but a goal that is only attainable through the hard work of a team of highly skilled, professional employees. Because of the hard work and dedication of MWCIA's talented team of employees, that goal will continue to be achieved. 

## ASSIGNED RISK PLAN NEWS

### Attention Agents:

Effective January 1, 2010 there will be a new policy charge on all Minnesota Assigned Risk Plan policies called the **WCRA Policyholder Deficiency Assessment**. The WCRA Assessment will be calculated by multiplying the standard premium by .006. [For more information on this new Assessment, refer to MWCIA Circular Letter No. 09-1563 available at [www.mwcia.org](http://www.mwcia.org).]

The following list of fees and factors currently affect all new and renewal ARP policies:

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

\* Percent of standard premium

\*\* Per \$100 of payroll

**Annual Payroll/Remuneration Limits applicable to Owners\*** who are either automatically covered or have elected coverage:

Effective 4-1-2009
\$88,400 Max.
\$19,760 Min.
* Sole Proprietors, Partners, Corporate Officers, Members/ Managers of LLCs.

**Annual Payroll/Remuneration Limits applicable to Family Members\*** who are either automatically covered or have elected coverage:

Effective 4-1-2009
\$13,260 Min.
There is no maximum limit on payroll/remuneration for *Parent, Spouse, or Children of owners.

[For a review of the rules regarding elections of coverage in Minnesota, please refer to the chart on the back page of this newsletter.]

A printer friendly version of the current 2009 Assigned Risk rate schedule and miscellaneous values is available on MWCIA's website [\[www.mwcia.org\]](http://www.mwcia.org) as well as on MWCARP's website [\[www.mwcarp.org\]](http://www.mwcarp.org).

**PLEASE NOTE:** For your convenience, the current Assigned Risk Plan rate schedule and other fee factors are automatically applied when submitting an application online using OAR — **Minnesota's** Online Assigned Risk Plan application system.



### MWCARP Announces New Carrier

The Administrator for the Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) has announced that SFM has been awarded a contract to begin servicing Assigned Risk Plan business in Minnesota effective January 1, 2010.

With the addition of a third Assigned Risk provider, each of the servicing carriers [BRAC, RTW, SFM] will now manage one-third of the total business of the Minnesota Assigned Risk Plan. MWCIA staff looks forward to working with SFM in their new role as an ARP servicing carrier.



### ASSIGNED RISK CONTACT INFO:

#### **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

**NOTE:** Contact information regarding SFM will be added once they start accepting policies.

#### **OTHER CONTACT INFO — PLAN ADMINISTRATOR**

8300 Norman Center Drive; Suite 1000  
Minneapolis MN 55437

Tel: (800) 471-6767

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

#### **MWCARP DEDUCTIBLE PLAN**

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



#### MWCARP Annual Averages (Oct 2008 – Oct 2009)

**Total Employer Count:**  
28,556

**Premium Volume:**  
\$37,251,254

**Average Policy Premium:**  
\$1,305

### From the Actuary . . .

The 2010 Minnesota Ratemaking Report was released via MWCIA's website on August 13, 2009. The updated Pure Premium Base Rates (PPBR), effective January 1<sup>st</sup>, 2010, reflect an overall average decrease of 2.4% over those effective during 2009. This is the twelfth decrease in the last fifteen years --- a period which has seen average pure premium levels drop over 45%. Pure premium levels have enjoyed a relatively stable ride since the year 2000, with an average annual change of -0.7%.

The reduction in pure premium levels is comprised of a 2.7% decrease due to experience indications, and a 0.3% increase due to the automatic change in the minimum weekly permanent total benefit threshold to \$570.70.

Even with rising medical severities, (9-10% per year), average pure premium levels will tend to stay fairly constant as long as there are no major benefit changes, and case frequency is predictable. This

has been the case in Minnesota during the last decade. Indemnity case counts continue to decrease at an expected rate of about 4.5-5% annually, and there hasn't been a significant benefit amendment since October 2000. [↗](#)

#### 2010 MN PER CLAIM LIMIT

\$172,000

#### 2010 MN MULTIPLE CLAIM LIMIT

\$344,000

#### 2010 MCPAP Factors Released

Minnesota's 2010 Contractors' Premium Adjustment Program credit factors have been calculated and released to eligible contracting employers who applied for the program. A copy has also been made available to each employer's current carrier of record. In addition, experience modification worksheets impacted by MCPAP will show the employer's MCPAP credit factor in their formula.

2,276 Minnesota employers applied for a MCPAP credit factor for 2010. Approximately 65% of all MCPAP applications are now submitted using MWCIA's easy-to-use online application system.

Here is a breakdown of the MCPAP factors for 2010 (as of November 9, 2009):

Factor Breakdown	Number of Employers
.75 - .79	147
.80 - .89	843
.90 - .99	1,005
1.00	53
TOTAL	2,048*

\*206 employers were ineligible & 22 employers had no record of current coverage in Minnesota.

\*140 employers received .02 late penalty assessments for applying after the April 1<sup>st</sup> cut-off.

#### Time to Apply Again!

Time sure flies! In January, the MCPAP enrollment period for the 2011 program year will begin. MWCIA staff would like to request that all agents assist us by encouraging their contracting clients to submit their MCPAP applications online. The online process is quick and easy and provides each client with the peace of mind that their application was completed correctly and received on time. [↗](#)

#### 2010 PAYROLL LIMITATIONS ANNOUNCED

PAYROLL/REMUNERATION LIMITS  
[APPLICABLE TO OWNERS\* WHO ARE PROVIDED COVERAGE ON POLICIES THAT BECOME EFFECTIVE IN 2010]:

**MIN: \$430/WK. [\$22,360/YR.]**  
**MAX: \$1,755/WK. [\$91,260/YR.]**

\* Sole Proprietors, Partners,  
Corporate Officers, Members/  
Managers of LLCs.

PAYROLL/REMUNERATION LIMITS  
[APPLICABLE TO FAMILY MEMBERS\*\* WHO ARE PROVIDED COVERAGE ON POLICIES THAT BECOME EFFECTIVE IN 2010]:

**MIN: \$263/WK. [\$13,676/YR.]**

**note:** There is no maximum limit on payroll/remuneration for \*\*Parent, Spouse, and Children of owners.

[For a review of the rules regarding elections of coverage in Minnesota, please refer to the chart on the back page of this newsletter.]

#### Minnesota Overview

##### 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

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

The purpose of the above item is to announce to carriers and agents that the eligibility requirements for experience rating will remain unchanged for the rating year 2010/2011 in Minnesota. Eligibility currently requires that all employers who are combinable for experience rating purposes have a total unmodified average audit premium of \$5,000 for the three years in the rating period or \$10,000 total for the last two or last year in the rating period.

(Refer to **Circular Letter No. 09-1565** for further details.)

#### ▪ **NCCI Item B-1418 – Revisions to the Basic Manual Classifications for Air Traffic Controllers Under Contract with the FAA Retrospective Rating Plan Ends Amended**

The purpose of the above filing item is to create a new national classification treatment for air traffic controllers under contract with the Federal Aviation Administration (FAA) in National Council states and to reclassify them under Code 8810 in Minnesota.

(Refer to **Circular Letter No. 09-1567** for further details.)

##### Attn: Medical Data 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 data 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 3<sup>rd</sup> quarter of 2010 and are due at NCCI by the end of the 4<sup>th</sup> quarter.

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

#### Attn: Data Reporting Personnel

- **Stat. Code 0988 for the Workers' Compensation Reinsurance Association Assessment**

The purpose of this item is to advise users of the creation of a **'for internal use only'** statistical code that has been created to assist carriers in tracking their WCRA Assessments.

(Refer to **Circular Letter No. 09-1563** for further details.) ☞

#### New 2009/2010 SAWW

The Minnesota Statewide Average Weekly Wage is \$878 [effective 10-1-2009].

#### 2010 MN RATEMAKING REPORT IS NOW ONLINE

As required by Minnesota statutes, the **2010 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 2010 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. 09-1563**

08/13/09—Statistical Code 0988 for Workers' Compensation Reinsurance Association Assessment

#### **Circular Letter No. 09-1564**

08/13/09—2010 Minnesota Ratemaking Report

#### **Circular Letter No. 09-1565**

08/20/09—Eligibility Requirements for Experience Rating in Minnesota

#### **Circular Letter No. 09-1566**

09/30/09—Minnesota Medical Data Call Reporting Manual

#### **Circular Letter No. 09-1567**

10/29/09—NCCI Item B-1418—Revisions to the Basic Manual Classifications for Air Traffic Controllers Under Contract with the FAA Retrospective Rating Plan Endts Amended

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

#### 2008 ANNUAL REPORT AVAILABLE ONLINE

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

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/Publication" on the drop-down menu at the top of the screen.

#### **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.

**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](mailto: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.

## MWCIA Educational Series: Election of Coverage Review

Introducing a new Educational Series intended to provide MWCIA staff an opportunity to clarify and/or review common topics involving Workers' Compensation policy writing. These articles are intended to provide agents and carriers with quick guide references rather than an in-depth discussion of a topic's nuances. In response to requests for a quick guide for determining elections of coverage, our first topic provides the following assistance in how to determine Elections of Coverage in Minnesota:

Minnesota Statute §176.141 provides a list of individuals automatically excluded from the Workers' Compensation Law in Minnesota. Conversely, individuals who are not automatically excluded must be covered for workers' compensation under Minnesota Law.

The following chart is a synopsis of the above statute to be used only as a quick reference guide. Specific questions regarding election of coverage of an employee/owner/family member should be directed to the Minnesota Department of Labor & Industry.

<b><u>ELECTIONS OF COVERAGE</u></b>				
<b>COVERAGE FOR OWNERS &amp; FAMILY MEMBERS*</b>				
<b><u>EMPLOYEE STATUS</u></b>	<b><u>AUTOMATICALLY EXCLUDED FROM COVERAGE</u></b>		<b><u>AUTOMATICALLY INCLUDED FOR COVERAGE</u></b>	
	<b>OWNER</b>	<b>FAMILY MEMBERS</b>	<b>OWNER</b>	<b>FAMILY MEMBERS</b>
<b>Sole Proprietor</b>	<b>Yes</b>	<b>Yes</b>	<b>No [election required]</b>	<b>No [election required]</b>
<b>Partner</b>	<b>Yes</b>	<b>Yes</b>	<b>No [election required]</b>	<b>No [election required]</b>
<b>Officer of Closely-Held Corp's</b>	<b>≥ 25% ownership &lt;22,880 Payroll Hours for Corp.**</b>	<b>Yes [if related to owner who is automatically excluded]</b>	<b>&lt; 25% ownership <u>OR</u> &gt;22,880 Payroll Hours**</b>	<b>Yes [if related to owner who is automatically covered]</b>
<b>Member/Manager of LLC's</b>	<b>≥ 25% ownership &lt;22,880 Payroll Hours for LLC**</b>	<b>Yes [if related to owner who is automatically excluded]</b>	<b>&lt; 25% ownership <u>OR</u> &gt;22,880 Payroll Hours**</b>	<b>Yes [if related to owner who is automatically covered]</b>

\* Family Members = Parent, Spouse, Children [regardless of age] of owner/s

\*\* Includes hours of owners & family members who worked at Corporation/LLC in last calendar year

**PLEASE NOTE:** Owners and family members who are automatically excluded by law can always elect coverage. If coverage is mandatory, however, they cannot waive their rights and must be covered. The decision to cover automatically excluded family members is the responsibility of the related owner. Such decisions can be made independent of the owner's decision regarding their own coverage. An owner who is automatically excluded has the authority to elect coverage for each eligible family member independently [ie. they can elect coverage for themselves, all eligible family members, only certain eligible family members, none of the eligible family members who work for the company **or** any combination of the above].

Certain corporations with multiple owners and LLC's with owners and/or family members who are automatically excluded may also have owners and/or family members who must be automatically included depending on each officer/member's amount of ownership.