

# MWCIA News



2<sup>nd</sup> Quarter 2010 issue

a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### Leadership and Loss

I must begin this commentary on a sad note. Early on Easter morning Ralph Herrmann, President of the Wisconsin Compensation Rating Bureau (WCRB), passed away unexpectedly. We at MWCIA have had the privilege of working with Ralph and WCRB for a number of years and have seen his leadership, his vision, and his good humor up close. On both a personal and professional level Ralph will be sorely missed.

Those who knew and worked with Ralph experienced his love for his family, his passion for golf and his leadership on many of the important projects facing not just WCRB but other data collection organizations and the workers' compensation industry. The WCRB now faces the task of replacing Ralph, and his friends there and throughout the industry face the loss of his ideas and wise counsel.

The task of replacing leadership comes inevitably to all institutions although most institutions have time to plan and are not faced with the immediacy compounded by the trauma caused by Ralph's passing. MWCIA has been engaged in that long term planning process as our leadership, including myself, age and approach retirement age.

But the shock of this loss and the need for continuing leadership creates the opportunity for some

introspection. What makes an effective leader for an organization such as MWCIA? This question relates not just to the task of replacing leadership, but in measuring our ongoing success. Some tools for effective leadership are clear.

*Knowledge* is an obvious criterion. Many if not most of the leaders of our type of organizations have a background in the insurance industry and have worked for or with companies who are the members served by MWCIA and like organizations.

*Communications skills* are also essential. I would like to cite Ralph's easy ability to communicate his ideas, vision and enthusiasm to his members, the WCRB staff, and colleagues of other data collection organizations. Here, at MWCIA, we have long emphasized good internal and external communications and continuing those efforts should clearly be the goal of our future leadership.

The ability to bring people together to *collaborate* and solve our mutual problems is also a key function of successful leadership. In prior articles, I have discussed the collaborative efforts of the following organizations: Spectrum Partners, American Cooperative Council on Compensation Technology (ACCCT), Compensation Data Exchange (CDX), as well as the Workers Compensation Insurers Organization (WCIO). Each of those efforts has as their central goal cooperative problems solving

designed to create efficiencies and enhance efficiency. Ralph was a major participant in each of those organizations and was in a leadership role at both ACCCT and CDX at the time of his passing.

It seems to me somewhat ironic that on the point of cooperative leadership the key criticism of leadership at various levels of government is the inability of disparate interests to come together to find common ground. Perhaps looking at leaders like Ralph might be a good exercise for some in those leadership roles.

In the end, all of us in leadership must pass the mantle and each organization like MWCIA must look to a new generation of leaders. Unexpected tragedies such as the loss of our good friend Ralph is a reminder of that obligation. Leadership and success are linked in any organization. Each organization must look for qualities, like those mentioned above and others, to define what they want in their leaders.

In addition to the criteria, the job descriptions and the evaluations, however, it is always helpful to look at another important factor. Who have we known who has been a good and effective leader and what did he or she bring to that task that caused their success. I know when I ask myself that question, Ralph Herrmann will be among the men and women who come to mind. As a leader, a friend, and someone I/we at MWCIA will miss. ☺

Attention Agents:

The Minnesota Workers' Compensation Assigned Risk Plan's (MWCARP) new rate schedule went into effect on April 1<sup>st</sup>. In addition to the new rate schedule, the following list of fees and factors apply to all new and renewal ARP policies:

- SCF Surcharge\* .....3.2%
  - Terrorism\*\*.....\$0.02
  - WCRA Deficiency Assess.\*...0.6%
  - USL&HW Coverage\*.....48%
  - Expense Constant.....\$180
- \* Percent of Standard Premium  
 \*\*Per \$100 of Payroll  
 † Percent of Standard Premium  
 † New Effective 01/01/2010  
 † Multiplier for Non-F Codes

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

<b>Effective 4-1-2010</b>
\$91,260 Maximum
\$22,360 Minimum
* ..Sole Proprietors, Partners, Corporate Officers, Members/Managers of LLC's

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

<b>Effective 4-1-2010</b>
\$13,676 Minimum
There is no maximum limit on payroll/remuneration for *Parent, Spouse, or Children of owners.

**PLEASE NOTE:** When submitting an application online using OAR — Minnesota's Online Assigned Risk Plan application system — the appropriate Assigned Risk Plan rate schedule and other fee factors will automatically be applied based on the proposed policy effective date.

A printer friendly version of the 2010 Assigned Risk Plan rate schedule and miscellaneous values is also available on MWCIA's website [[www.mwcia.org](http://www.mwcia.org)] and on MWCARP's website [[www.mwcarp.org](http://www.mwcarp.org)].

MWCARP Annual Averages  
(May 2009 – April 2010)

Total Employer Count:  
27,676  
 Premium Volume:  
\$35,951,671  
 Average Policy Premium:  
\$1,299

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

**SFM Risk Solutions**

PO Box 9403  
 Minneapolis MN 55440-9403  
 Email: [arp\\_phs@sfmic.com](mailto:arp_phs@sfmic.com)  
 Tel: (952) 838.4430  
 Tel: (877) 256.1411  
 Fax: (952) 838.2000  
 Fax: (800) 944.1169

**OTHER MWCARP 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).

**MISCELLANEOUS CONTACT INFO — FEIN INFO**

(800) 829.3676

**UI NUMBER INFO**

(651) 296.6141

**It's Not Too Late to Apply!**

Minnesota's MCPAP enrollment season for the 2011 credit factors ended April 1<sup>st</sup>. MWCIA distributed 8,400 notices with applications in January inviting eligible employers in the construction industry who had a current workers' compensation policy in Minnesota to apply. As of April 6<sup>th</sup>, we received 1,975 applications.

Although the enrollment periods for the 2011 and the 2010 MCPAP credit programs have ended, eligible Minnesota employers may still apply until 90 days after their annual renewal/mod effective date. Any application received after the enrollment cut-off date, however, will automatically have the .02 late filing surcharge added to the calculation subject to the program's maximum MCPAP factor of 1.00\*.

**\* Please note:**

The Minnesota Contractors' Premium Adjustment Program is a credit only program. Therefore, should the inclusion of the .02 late filing surcharge in the calculation of the MCPAP credit factor create an actual MCPAP of 1.01 or 1.02, it will be automatically capped at 1.00.

Eligibility to apply for a 2011 MCPAP credit factor, employers must:

- ✓ Have at least one contracting class code with payroll on their policy audit
- ✓ Have paid a total annual hourly average wage of **\$23.10** for all employees who were assigned to the same contracting class code [according to their premium audit records] based on 2009 calendar year payroll information [\$22.10 based on 2008 calendar year payrolls if applying for a 2010 MCPAP factor]

### Tips when applying:

- ✓ Include payroll & hours worked for all employees —contracting as well as non-contracting [i.e. clerical workers, estimators, etc.]
- ✓ Exclude payroll & hours for any owner, family member, subcontractor, etc. whose payroll was not included in their premium audit for that particular year [2008 for the 2010 MCPAP or 2009 for the 2011 MCPAP].

Since eligibility is established on a yearly basis, an employer may qualify one year and not the next, or vice versa. It is for this reason that MWCIA staff recommend agents check with their contracting clients each January to assist them in determining their eligibility for a MCPAP credit factor. Staff also requests that agents encourage their clients to submit their MCPAP applications using MWCIA's online application system.

**Remember:** Participation in the Minnesota Contractors' Premium Adjustment Program is voluntary, costs nothing to apply, and MWCIA's electronic filing process with its many useful help features makes applying easy.

For more info about the MCPAP program, please log onto MWCIA's website at [www.mwcia.org](http://www.mwcia.org) and click on 'MCPAP'. ☞



2010  
MINNESOTA CLAIM LIMITS

\$172,000  
PER CLAIM LIMIT

\$344,000  
MULTIPLE CLAIMS LIMIT



### New 2009/2010 SAWW

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

### ~Attention Members~ Annual Meeting Results

On Tuesday, April 20<sup>th</sup>, MWCIA held it's Annual Meeting in it's offices located at 7701 France Avenue South in Edina, Minnesota.

MWCIA's Board of Directors is comprised of 10 member carriers elected at the Annual Meeting and two public representatives [appointed by the MN Commerce Commissioner]. As a result of MWCIA's 2010 Annual Meeting, the following member carriers will serve on MWCIA's Board for the terms indicated:

<u>Member Carrier</u>	<u>Term</u>
American Comp.	2014
AIU Holdings	2012
Federated Insurance	2011
Liberty Mutual	2011
Lumbermen's Und.	2013
Owners Insurance	2012
SFM Mutual Insurance	2014
Travelers	2013
Western Natl. Mutual	2012
Zurich N.A.	2012

Please direct any questions you may have regarding the Annual Meeting to Kathleen Peterson, VP of Operations/Treasurer by calling her at 952.897.6420 or emailing [kathleen.peterson@mwcia.org](mailto:kathleen.peterson@mwcia.org).

### 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 products and/or 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 organization as these changes have a direct impact on how companies write and/or report data on workers' compensation policies in Minnesota.

### Attn: Underwriting, Auditors, & Data Reporting Personnel

#### ▪ **Service Writers**

The purpose of this item is to advise underwriters, auditors, and agents of language changes to **Minnesota's Basic Manual** in connection with Class Codes 8380 and 8393. The approved language change is intended to clarify that Service Writers in the auto industry are already included within the scope of these two classification codes. **Please note:** This is not a change in how Service Writers are currently classified but, rather, a clarification of how they are already intended to be classified in Minnesota.

(Refer to **Circular Letter No. 10-1575** for further details.)

### Attn: Data Reporting Personnel

#### ▪ **New Manage USR Release**

The purpose of this item is to advise users of the anticipated release of an enhanced version of Minnesota's **Manage USR**.

(Refer to **Circular Letter No. 10-1573** for further details.) ☞

### 2009 ANNUAL REPORT AVAILABLE ONLINE

A copy of MWCIA's **2009 Annual Report** is available at <http://www.mwcia.org/annual-reports.aspx/>.

### 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. 10-1573**  
04/08/10—New Manage USR Release

**Circular Letter No. 10-1574**  
04/27/10—2009 Annual Report

**Circular Letter No. 10-1575**  
05/13/10—Service Writers

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

**2010 MN RATEMAKING REPORT**  
**AVAILABLE 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.

**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 following NCCI items are **not** approved for use in Minnesota:

- |               |   |
|---------------|---|
| <b>B-1369</b> | <b>2001 Basic Manual For Workers' Compensation &amp; Employers' Liability Insurance</b> |
| <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> | <b>2003 New Experience Rating Plan Manual</b>   |

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

**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.

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" in the drop-down menu at the top of the screen.

**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).

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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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# *MWCIA Educational Series:* Experience Rating 101

*MWCIA's Educational Series* provides 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. This quarter's topic is **Experience Rating**. The following provides a brief explanation of experience rating along with a quick description of some of the common terms used:

**'Experience Rating'** is a calculation that creates either a credit or debit factor known as an experience **'mod'** for an employer or group of commonly held businesses based on whether or not the business' combined loss totals are above or below average for their industry type and size. Currently, eligibility for a mod requires that the employer or combinable employers have an average of \$5,000/year in unmodified audited premium in Minnesota during the 3-year rating period OR \$10,000 total unmodified audited premium in Minnesota in the last year or last two years of a rating period. The **'rating period'** is the period of time that establishes the range of policies to be included in a particular Experience Modification Calculation. This policy range normally includes three complete years of policy data ending one year prior to the effective date of the Experience Modification. Exceptions may occur when an employer(s) policy dates are different than their current policy effective date [**'rating date'**]. The date the value of each claim is established for reporting purposes to our office is called the **'valuation date'** and it is always 18 months after the effective date of a policy regardless of its expiration date or whether or not a claim is closed or open. With few exceptions, updates to any open claims [including claim closings] are reported to our office annually according to a policy's established valuation date. Policy data used in the calculation of an experience mod includes Claim Information [with reserves and/or deductible payments] plus audit information. In addition, various tabular factors are used in the formula. These tables are also updated annually.

For a complete explanation of Experience Rating, please refer to the *Minnesota Experience Rating Plan Manual*. MWCIA has also created a brochure on this topic. Both items are available online at [www.mwcia.org](http://www.mwcia.org) under the *Forms/Manuals/Publications* tab. 



# MWCIA ANNUAL LUNCHEON



Dr. Lawrence Jacobs—Humphrey Institute

MWCIA's Annual Luncheon was held this year on the nineteenth of April at the McNamara Center on the University of Minnesota's Minneapolis campus. This exclusive event is hosted each year by MWCIA staff and its Board of Directors to provide our members and their guests with an opportunity to meet with other industry folk, as well as key staff of Minnesota's Commerce Department and Department of Labor & Industry. As part of this year's function, attendees were treated to an outstanding presentation by our keynote speaker — Dr. Lawrence Jacobs\* from the University of Minnesota's Humphrey Institute.

Drawing on his many years of experience in political analysis and public policy, Dr. Jacobs reviewed a number of turning points in our congressional history, emphasizing trends in the polarization of our political parties, strategies that have proven successful over the past 100 years, and ideas from many sources on how our elected officials might again operate as a body that truly represents its constituents.

At first blush, Dr. Jacobs may seem like an unlikely choice as keynote speaker of an event that's hosted by an organization dedicated to the field of Workers' Compensation Insurance. MWCIA staff asked Dr. Jacobs to be this year's speaker, despite his lacking a background in workers' compensation, because of his impressive understanding of our congressional and legislative bodies. Given the current political and social climate, we felt confident that Dr. Jacobs would provide this year's attendees with an important, informative and entertaining presentation, especially with our relationship to the Legislature and the regulative bodies that govern us.

Judging from the extended question and answer period and the prolonged applause that followed Dr. Jacobs presentation, not to mention the many positive comments we received from attendees after the luncheon, we know we were successful in reaching one of MWCIA's ongoing goals — Providing our members and their guests an enjoyable event full of quality information that is both timely and useful.

If you are an MWCIA member who was unable to attend this year, please consider doing so next April. MWCIA's Annual Luncheon is a great way to connect and re-connect with others in the insurance industry while enjoying an excellent lunch and listening to the observations of experts on a variety of issues that affect all of us.

\* A copy of Dr. Jacobs many credentials & career accomplishments are available on-line at:

<http://www.hhh.umn.edu/people/ljacobs>