

Highlights

- Assigned Risk (AR) Corner—2
- Actuarial Corner—2

- Underwriting Corner—2, 3
- Unit Stat & Policy Corner—3

- AR & Other Fact Sheets—3
- Calendar / Reminders—4

MWCIA News



www.mwcia.org

4th Quarter 2010 Issue a publication of the Minnesota Workers' Compensation Insurers Association

Thursday, November 18, 2010



PRESIDENT'S CORNER

By *Bruce A. Tollefson*

Our Mission!

Most organizations have a Mission Statement. Ours is put on the first page of our annual report. But few organizations have specific requirements and boundaries written into law. MWCIA also has those legal directives.

In past articles I discussed our Mission Statement, however, it is also important to remember that since the laws leading to what is today's Association were written in the 1920s, we have been directed by a series of laws, that have in many ways remained unchanged over the years.

Some of our activities are required and form the core of our data collection and the publishing of information used by carriers to establish premium rates for policies. Those required activities include the following:

- File Statistical Plans
- Establish Requirements for Data Reporting
- Prepare and Distribute a Ratemaking Report
- Collect, Compile & Summarize Data
- Prepare Merit Rating Plans

These directives describe the minimum job requirements of the Association. They underlie our Statistical Plan, our manuals and our annual Ratemaking Report.

In addition, the Association and member insurers can also cooperate in certain permitted activities including the following:

- Collect & analyze to determine causes or prevention of losses
- Make inspections for data quality

These permitted activities allow us to go beyond our minimum job requirements to enhance data quality and make the information supplied to our members of greater value.

I often need to remind myself of these limitations when we are asked or tempted to undertake tasks not related to these required and permitted activities. But we do not view these boundaries as limitations but as the opportunity to make the data and services we supply better through specialization.

Knowing what we must do and what we are permitted to do simply defines the tasks which the Association must and can undertake. The delivery of true value to our members goes beyond the delivery of those tasks and products. That value comes from enhancing our methods, processes, systems and staff to make our systems and products both user friendly and very usable by our members.

That is at the core of how we choose to address our Mission Statement. At the "front end" of our systems - the collection of data on policies, premiums and claims payments from our members - we have developed and/or have helped develop collaboratively such systems as:

- Compensation Data Exchange system with online BEEP & PEEP
- Spectrum – Our Data Based Processing System
- Web Based Services such as Manage Unit Stat Reporting, Manage Policy, ACCEDE (Financial Calls)

Also a number of years ago we automated the state mandated proof of coverage system which effectively eliminated the requirement that carriers file information with the Department of Labor and Industry.

At the "back end" of our systems – the delivery of information to our members - we have developed individually and collectively with others a number of value-added products and services via our web site such as:

- ARROW
- Ratemaking Report
- Circulars
- Manuals & Forms
- Experience Mods

At the end of the day this is where we bring together our legal mission and our Mission Statement for the benefit of this Association and its members and stakeholders.

FROM THE ASSIGNED RISK CORNER

AGENT CHECKS Payment submitted with an application should be made by the insured to the Assigned Risk Plan. If payment is made by an agent, **the agent** understands that it will be solely responsible for reimbursement from the insured, and **will have no right to cancel the policy for nonpayment by the insured**, unless cancellation is agreed to by the insured. **All premium refunds are issued to the insured.**

CERTIFICATES OF INSURANCE

Insurance agencies are not authorized to issue a Certificate of Insurance on behalf of the MWCARP in Minnesota. **This activity is not in compliance with the operation of the MWCARP.** On page 4 of the Application for Workers' Compensation Insurance, number 7, under Application Rules and Procedures states: **"Agents are not agents of the Assigned Risk Plan and cannot issue certificates of insurance or bind coverage."** Your agency should request any Certificate that is needed for policies written through the MWCARP from the servicing carrier to whom the coverage has been assigned. These Certificates must be issued by the servicing carrier.

WARNING NOTICE We've introduced a new policy stuffer (see below "WARNING NOTICE") to be included with all new and renewal Assigned Risk policies effective on or after August 1, 2010. The need for this notice evolved out of recent claims events involving "out of state" exposures.

WARNING NOTICE: REGARDING WORKERS' COMPENSATION BENEFITS PAYABLE OUTSIDE OF MINNESOTA

Workers' compensation insurance policies issued by the Minnesota Workers' Compensation Assigned Risk Plan **DO NOT** provide coverage for workers' compensation benefits to injured employees which you are obligated to provide under the workers' compensation laws of any other state.

This policy only covers lawful claims for workers' compensation benefits allowed under Minnesota law. This policy **DOES NOT** provide coverage for your workers' compensation liability to injured employees that work outside of Minnesota, and who are not entitled to receive benefits under Minnesota's workers' compensation law.

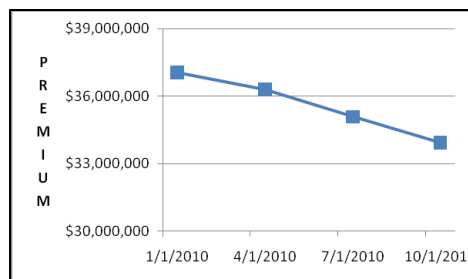
This policy also **DOES NOT** cover your workers' compensation liability under another state's workers' compensation law if your injured employee elects to receive benefits under that other state's workers' compensation law in lieu of receiving workers' compensation benefits payable under Minnesota law.

This policy **DOES** provide coverage under Minnesota's workers' compensation law for benefits to your injured employees who regularly perform their primary duties of employment within Minnesota but who are injured outside of this state, as required by Minn. Stat. §176.041, subd. 2-4 (2009).

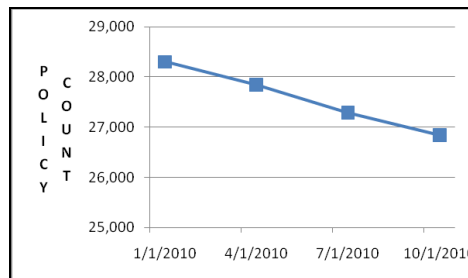
Coverage for out of state employees can be complicated. If you do business outside Minnesota, employ persons that perform work outside Minnesota or have any question regarding what benefits are provided to your employees by Minnesota's workers' compensation law, you should consult your insurance agent or other knowledgeable professionals regarding your obligations in this area.

ASSIGNED RISK SUMMARY REPORT AS OF 10/01/2010 (ALL SERVICING CONTRACTORS)

**Assigned Risk
Premium Volume Exhibit**



**Assigned Risk
Policy Count Exhibit**



FROM THE ACTUARIAL CORNER

The 2011 Minnesota Ratemaking Report was released via MWCIA's website the second week in August. The updated pure premiums, effective 01/01/2011, reflect an overall average decrease of 1.7% over those effective during 2010. This is the twelfth decrease in the last fifteen years. Pure premium levels have been very stable since 2000, with an average annual change of -0.8%.

The reduction in the average pure premium level was comprised of a 1.7% decrease due to experience indications, and no change due to the automatic adjustment in the minimum weekly permanent total benefit threshold from \$570.70 to \$564.20.

Annual medical severities continue to increase, but at a lower expected rate: 8.5-9.0%. Annual expected changes in case frequency continue to decline, and that rate is slowing as well: 3.5-4.0%. 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 MN during the last decade.

FROM THE UNDERWRITING CORNER

2012 MCPAP applications are scheduled to be sent out to those eligible policyholders on or around January 15, 2011. Remember, in order to avoid the two point (.02) penalty, the 2012 completed applications must be postmarked no later than April 1, 2011. The preferred method to apply continues to be applying online via our website (www.mwcia.org). (We expect the online applications to be available on our website at the time of mailings.)

ERM-14 FORMS are required whenever there is an ownership change or other change as outlined on page AA1 of the form. As we continue to increase our efficiencies, we are updating our processing systems which will make it even more imperative that ERM-14 forms be complete, clear, and accurate. The most commonly overlooked areas are: 1) effective date of change (page AA1); 2) detail of ownership listing names and % of ownership by name (table page AA3); 3) Additional Information section bottom (page AA3--we recommend you use this section to clarify the change as needed); 4) signature of owner, partner, member, or executive officer and title. Please help us to help you by

submitting complete and concise ERM-14 Forms.

CIRCULARS & FILINGS Since our last issue of MWCIA News, the following changes have been filed and approved for use in MN.

Circular 10-1581

Eligibility Requirements for Experience Rating in Minnesota

Circular 10-1582

NCCI Item P-1408- Revision to Minnesota Forms Manual.

The purpose of this item is to update and modify the rules and certain forms/endorsements in the Minnesota Forms Manual to keep this Manual as consistent as possible with NCCP's Forms Manual.

Circular 10-1583

NCCI Item B-1417- Revisions to Basic Manual Classification & Rules

The purpose of the above filing item is to modify certain classification phraseologies in the Minnesota Basic Manual.

(Please refer to our website (www.mwcia.org) for further details about each Circular and/or filing)

We recommend 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. **Reminder:** 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. Therefore, each Circular, continues to identify those NCCI changes that are not approved for use either in part or whole in MN.

STAFF NOTES Do you have a class code question or experience modification question or would you like to discuss general workers compensation questions/issues? Dial our general number and select option #1 (Underwriting) to reach our friendly and helpful staff. You'll find each member of the team ready and most eager to assist.

CLASSIFICATION SURVEYS Need or want a classification survey performed by

MWCIA? They're free and available upon request. To streamline the process, we've introduced a request form--**Classification Survey Request**. You may find this form on our web site under the Carriers/Agents tab. The form is complete with instructions on submitting to MWCIA.

FROM THE UNIT STAT CORNER

NEW MANAGE USR RELEASE Back in May, 2010, we introduced an enhancement to Manage USR. The enhanced Manage USR release is a robust, web-based application enabling our registered data providers to manage submissions and to facilitate full online management of their USR data. The data provider has the ability to create new USRs as well as do replacements, corrections, subsequent reports, and revisions to unsubmitted data.

FROM THE POLICY CORNER

Carriers who have been approved to report policy data using electronic transactions should cease submitting the paper version of the approved transaction codes. For example, if a carrier is approved to submit cancellation/reinstatement transactions, do not submit WC890609B hard copy forms. Faxes are not considered electronic reporting and are not recommended for paper reporting without prior approval due to the possibility of failed transmissions. MWCIA does not accept responsibility for failed fax transmissions.

Did you know that you can view your WC policy information on the MWCIA website? If your company does not yet have an account, fill out the registration request form located on the Policy View main page in the Carrier/Agents menu and return to us. Coming soon... Policy Error Reports!

ASSIGNED RISK QUICK REFERENCE FACT SHEET

CONTACTS

(Application assistance):

MWCIA
7701 France Ave South
Suite 450
Minneapolis, MN 55435
Tel: (952) 897-1737 (Option 2)
Email: oar@mwcia.org

(Servicing carrier assistance):

Berkley Risk Administrators Co LLC
PO Box 59143
Minneapolis MN 55459-0143
Tel: (612) 766-3000
E-mail:
brac_mwcarp_policies@berkleyrisk.com

RTW, Inc
P O Box 390901
Minneapolis, MN 55439-0901
Tel: (952) 897-5566
(888) 273.9709
E-mail: arp@rtwi.com

SFM Risk Solutions
P O Box 9403
Minneapolis, MN 55440-9403
Tel: (952) 838-4430
(877) 256-1411

Assigned Risk Plan oversight:

Assigned Risk Plan Administrator
8300 Norman Center Drive
Suite 1000
Minneapolis MN 55437
Tel: (800) 471-6767
E-mail: www.mwcarp.org

FEIN Number.....(800) 829-3676

UEIN Number / Info.....(651) 296-6141

Assigned Risk Plan Fees /Values Effective 04/01/2010

Expense Constant	\$180
Terrorism	payroll/\$100 x .02
SCF Assessment	.032 x Std.Premium
WCRA Deficiency	.006 x Std. Premium

MISC QUICK REFERENCE FACT SHEET

State Average Weekly Wage
(Effective 10/01/2010) \$ 868

State Per Claim Accident Limitation
(Effective 01/01/2011) \$179,000

State Multiple Claim Accident Limitation
(Effective 01/01/2011) \$358,000

6 MONTH MWCIA CALENDAR OF EVENTS

January, 2011

2012 MCPAP applications mailed to eligible policyholders

April 1, 2011

Completed 2012 MCPAP applications due back to MWCIA

April 18, 2011

MWCIA Annual Meeting and luncheon @ the McNamara Center, U of M

April, 2011

2010 MWCIA Annual Report

REMINDERS

CARRIER DATA QUALITY REPORTS

In March of 2010, the MWCIA distributed carrier data quality reports for data received or due in 2009. The objective was to provide carriers with useful feedback regarding the quality and timeliness of the data they submitted to our organization during 2009. This is the second year the MWCIA has produced carrier data quality reports. While we have based the content and grading criteria on prevailing industry standards, we eventually plan to tailor the reports so that they more closely adhere to Minnesota standards.

Starting with data received or due in 2011, we intend to shift the grading criteria for policy timeliness from 60 days to 30 days.

OAD

Avail yourself of the online benefits (quick and easy) of submitting Assigned Risk Applications via our website. It's easy to sign up and the time savings are huge. Go to OAR under the Assigned Risk tab, A/R Applications. Questions, contact the Assigned Risk Dept. @ 952 897-1737, option #2.

COMP/ASK

Looking for an answer to a WC question? It may have been asked by another caller. Click on **CompAsk** on our webpage (www.mwcia.org) and you may find your answer. For any other questions about navigating our website and the extremely valuable information it houses, contact the U/W Dept. @ 952 897-1737, option # 1.

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 Glenn Colby, editor of *MWCIA News*, c/o MWCIA: 7701 France Avenue South, Suite 450; Minneapolis, MN 55435. You may also contact Glenn by phone (952.897.6411), fax (952.897.6495), or by sending an email to glenn.colby@mwcia.org

The entire staff of MWCIA extends best wishes for a very safe, happy, and joyful holiday season.



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