

*Featured Article—Third year of 3 year phase in-Experience Rating Plan Primary/Excess Split Point Value and Maximum Debit Modification Formula—values and algorithm.*

September 16, 2014



By Brandon Miller, President

## PRESIDENT'S CORNER

### ASSOCIATION BOARD LEADERSHIP AND DIRECTION

In the past few newsletters, I have focused on initiatives we are undertaking with staff and management from an internal perspective, working on mission, goals, and improved operating practices. We also have an active Board of Directors which is taking initiatives on governance and committee structure.

As a new President, I think it's vitally important to work with the Board of Directors and ensure that we are aligned with the direction in which the Association is moving. Our new legal counsel, Pete Thrane, has begun working with the board and our leadership team to review board practices, committee structure and roles and responsibilities. Pete led us through some governance training after the last board meeting in July and we are continuing those efforts as we speak. Times of change provide the opportunity to review and reaffirm how organizations are structured and operated. This is a great time for the board to work through this process.

Our Board of Directors is made up of twelve members, each serving two year terms. Ten directors represent our Association members and are elected by members to represent stock and non-stock insurance companies. The remaining two members represent the public and are appointed by the Commissioner of the Minnesota Department of Commerce. The board meets on a quarterly basis and also performs oversight and review through a committee structure.

We are revisiting the organization makeup and operation of the existing committees as well as discussing whether additional committees will further strengthen our organization. I believe this is a healthy process and an exciting time to work through this process.

### COMINGS AND GOINGS-BOARD MEMBERS

We have had a fairly stable board for a number of years. As with all organizations, change does occur. In our July board meeting, we learned that Peter Caminiti who has represented Liberty Mutual for years, took a new position. We will name a permanent replacement for Pete at our next board meeting. At the July meeting, we also welcomed Jessica Mayer from the Travelers. Jessica works in the Hartford, Connecticut headquarters and also serves on the Boards of some other Independent DCOs. Jessica replaces Mary Wachholz who retired in June from the Travelers here in St. Paul.

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### STAFF-DOING MORE WITH THE SAME RESOURCES

From time to time I need to acknowledge how well the MWCIA staff have adapted to change from a historically paper based system to working in a near fully automated system. As I mentioned before, the knowledge and experience of our staff leads to great stability at the MWCIA and allows us to provide top level service to our members, agents, and insureds. While the process has automated, staff has utilized those new tools to expand their capabilities and perform and create advice and services in a more timely manner. The MWCIA is performing more types and more expansive work for our customers, with fewer staff than 10 years ago.

At the same time, MWCIA staff has become experts in more areas individually. This struck me while I was in two meetings this week reviewing reports summarizing numbers of policies and endorsements processed, and also experience modification revisions. Where in times past these processes would be very manual and time consuming, the tools and systems we have now allow fewer staff to process more work in a much faster timeframe. I think it bodes well for our members and customers that we have been able to retain knowledgeable staff

to provide the depth of expertise you have come to expect from MWCIA.

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### MWCIA Mission Statement

The mission of the Minnesota Workers' Compensation Insurers Association is to collect, process, and analyze workers' compensation data so that we can provide high quality, consistent information to our insurer members and regulators. We will develop and deliver useful services and products to the workers' compensation community.



Brandon A. Miller, President, MWCIA

### Newsletter and Website Redesign

We are in the process of re-designing our newsletter and website. If you would like to be part of a user focus group to provide feedback and ideas, please send your contact information to: [info@mwcia.org](mailto:info@mwcia.org)

**FROM THE ACTUARIALCORNER**

**2015 MINNESOTA RATEMAKING REPORT**

The 2015 Minnesota Ratemaking Report was released via MWCIA’s website on August 6, 2014. The updated pure premiums, effective 1/1/15, reflect an overall **average decrease of 2.5%** over those effective during 2014.

This is the eleventh small, stable decrease in the last twelve years - - with an average annual change of -1.5% over the time period. The reduction in the average pure premium level was comprised of a 2.6% decrease due to experience indications, and a 0.1% increase due to the automatic adjustment in the minimum and maximum weekly benefit thresholds.

Annual medical severities continue to increase, but at a lower expected rate: 5.5%. Annual expected changes in case frequency continues to decline and that rate is slowing as well: 1.5%.

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 over the last fifteen years.

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**FROM THE IT CORNER**

**NEW VERSION OF CDX NOW IN PRODUCTION**

The new version of [CDX](#) (Compensation Data Exchange) for carriers, TPAs, and DCOs has been successfully implemented. Improvements throughout the site include a new look, top-down navigation, and better management features. The core functions of CDX such as file transmission, BEEP, PEEP, and EXR remain essentially the same.

CDX now includes a new grid pattern view to organize and manage user permissions, application access, and transfer permissions. This allows administrators to view and change settings more easily by showing user and permission groupings that allow for much more information on one screen. The grid view listings can be grouped in different ways for viewing and management, depending on your needs. Some column or row headings are clickable to change an entire column or row of values, allowing for multiple changes very quickly.

The process for signing up for CDX and for

updating contact information has been revised. The new UMG (User Management Group) containers for carriers and TPAs are groups of users managed by a Primary Admin (or user with management rights). Locations are the new way to manage send and receive settings for files. Search functionality has been improved in all areas. The ETR (Electronic Transmittal Record) Search and ETR Log have new status and response definitions. The new “breadcrumb” links make it easy to find your way back to prior screens when needed.

Feeling overwhelmed? There are good ways to learn more about the changes to CDX. The [CBT \(Computer Based Training\)](#) online training modules have been designed to guide admins and users through the new features in a logical order to maximize ease of learning. The revised [CDX User Guide](#) is a pdf document that you can access and save that provides a wealth of information about CDX, including many screen shots to show how to do what you need to do. An [FAQ](#) pdf document is also available that addresses many common topics related to CDX.

The new CDX has been designed for ease of use and practical functionality. Thanks for using CDX!

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**WEB MEMBERSHIP HIGHLIGHTS**

The MWCIA Web Membership system allows insurance carriers and agents to manage their user accounts for MWCIA web products. Web membership currently provides access to the following MWCIA products:

- ACCEDE: provides access to financial calls for carriers;
- ARROW: provides access to a customized actuarial reports interface. Statewide data is public. Insurer-specific data is for carriers only;
- Manage Policy System: provides access to policies for carriers;
- Manage USR: provides access to unit statistical reports for carriers;
- Experience Mod History: provides access to experience modification history and rate sheets for carriers and registered agents.

Web Membership requires each carrier or agency to have a Group Administrator/Primary Agency User to manage user accounts. If you are a carrier,

group administrator or primary agency user, we encourage you to review your user accounts periodically for accuracy. For example: Are all users listed still valid/active? Are their names and email addresses current? We appreciate your assistance in keeping Web Membership user account information as up-to-date as possible.

In addition, MWCIA is currently considering future enhancements to the Web Membership system and, as always, input and suggestions are welcome. Please contact us with any comments or suggestions at [WebMembership@mwcia.org](mailto:WebMembership@mwcia.org).

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**FROM THE UNDERWRITING CORNER**

**CIRCULARS & FILINGS**

Since our last issue of MWCIA News, the following circulars have been filed and approved for use in MN:

[Circular Letter 14-1654](#)  
[Item E-1402-Revisions to the Experience Rating Plan Primary/Excess Split Point Value and Maximum Debit Modification Formula - 2015 Frequently Asked Questions](#)

This circular announces approval of the next phase of NCCI’s Filing Item E-1402 and provides some **FAQs associated with the** upcoming change in split point value.

[Circular Letter 14-1655](#)  
[NCCI Item B-1426-Update Federal Mine Safety and Health Act References; Discontinue Per Passenger Seat Surcharge; Exclude Fraudulent and/or Non-compensable Losses from Incurred Losses](#)

This circular announces the approval of NCCI’s Filing Item B-1426-Update Federal Mine Safety and Health Act References; Discontinue Per Passenger Seat Surcharge; Exclude Fraudulent and/or Non compensable Losses from Incurred Losses.

[Circular Letter 14-1656](#)  
[NCCI Item U-1399-Revisions to Statistical Plan for Workers’ Compensation and Employers Liability Insurance](#)

This circular announces the approval of NCCI’s Filing Item U-1399-Revisions to Statistical Plan for Workers’ Compensation and Employers Liability Insurance.

[Circular Letter 14-1657](#)  
[2015 Minnesota Ratemaking Report](#)

This circular announces the release of the 2015 Minnesota Ratemaking Report.

[Circular Letter 14-1658](#)  
[NCCI Item P-1411-Revisions to the Minnesota Forms Manual of Workers' Compensation and Employers Liability Insurance](#)

This circular announces the approval of NCCI's Filing Item P-1411-Revisions to the Forms Manual of Workers' Compensation and Employers Liability Insurance.

[Circular Letter 14-1659](#)  
[Eligibility Requirements for Experience Rating in Minnesota](#)

This circular announces that there will be no adjustments to the experience rating eligibility thresholds in 2015.

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**2015 MCPAP RESULTS AVAILABLE**

The 2015 Minnesota Contractors Premium Adjustment Program (MCPAP) enrollment season came to a close on April 1, 2014. The 2015 MCPAP eligibility is based upon an employer currently having contracting operations and one eligible contracting code for which they paid \$23.50 in average hourly wages for the 12-month period beginning January 1, 2013 and ending December 31, 2013.

The 2015 MCPAP credit factor worksheets have been prepared and mailed to all eligible contracting employers who applied for the program. A copy of those worksheets has also been sent to their insurance company.

Employers who believe they qualify may still apply for their 2015 MCPAP credit factor up to 90 days from the effective date of their 2015 experience modification or 90 days from the effective date of their Workers' Compensation insurance policy. Since their 2015 MCPAP application would be received after the cutoff date of April 1, 2014, the calculation will automatically include a two-point (.02) late penalty adjustment in their 2015 MCPAP credit. An example of the penalty is, if an employer earns a credit factor of 10% based upon wages paid, only 8% will be allowed (10% - 2% = 8%)

The following summary provides a breakdown of Minnesota's 2015 MCPAP credit factors:

<u>Factor Breakdown</u>	<u>Applications</u>
.75 to .79	134
.80 to .89	642
.90 to .99	842
1.00	45

For questions or additional information regarding 2015 MCPAP or the program in general, please visit our website [www.mwcia.org](http://www.mwcia.org) or call one of our very friendly and helpful staff at 952.897.1737, option 1.

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**THIRD YEAR OF 3 YEAR PHASE IN- EXPERIENCE RATING PLAN PRIMARY/EXCESS SPLIT POINT VALUE AND MAXIMUM DEBIT MODIFICATION FORMULA—VALUES AND ALGORITHM**

In June, 2014, MWCIA released Circular Letter 14-1654 which articulated frequently asked questions regarding year 2015, as the third of a three year phase-in of the changes to the Experience Rating Plan split point. As stated in that circular:

*Effective January 1, 2015, the split point will increase from \$13,500 to \$16,250. This completes the three year phase-in in which the approved threshold increased to \$10,000 in 2013, \$13,500 in 2014, and \$15,000 to be adjusted for inflation – in 2015. The \$16,250 is based on the inflation adjustment to \$15,000.*

*In determining the inflation adjustment, the Actuarial staff of MWCIA reviewed countrywide severity changes, as well as various regression fits against Minnesota's total average cost per case, and found annual trends ranging from 4% to 5%. Staff selected an annual adjustment of slightly more than 4%, or approximately 8.3% over the two-year trend period. Applying this to the \$15,000 base resulted in the chosen \$16,250."*

*MWCIA will review this comparison and make annual recommendations for changes in future values.*

For further discussion or if you have any questions concerning this subject, we invite you to contact MWCIA's Actuarial Department at (952) 897-1737, option 3, or email at [actuarial@mwcia.org](mailto:actuarial@mwcia.org).

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**NOTABLES & REMINDERS**

**2014 MWCIA GOLF OUTING**

This year we had a beautiful day on the Crystal Lakes Golf Course. It was not as warm as last year, we experienced some nice breezes, and the bugs weren't too bad. Thanks to all who participated in the golf or social hour afterwards at the 32nd annual MWCIA golf outing on July 17<sup>th</sup>.

We were joined by 85 people either golfing or joining us for dinner. What a great turnout at an event that allows us to meet and spend time with our members, industry experts, and their guests. Delicious food and great company capped off the day.

We had our second annual "skill" contests with longest putt, most putts and closest to the pin. Winners this year were Jen Chapman, Karen Collins, Kim Berg, Greg Bangs, Dave Dolsky and Elliot Herland, each of whom won a gift card to the Pro-shop.

Watch your e-mails for invitations to our next event, the 2015 annual luncheon scheduled for Monday, April 27th.

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**ASSIGNED RISK PLAN VOLUME**

(As of July, 2014)

<u>Policy Count</u>	28,000	0.50%
<u>Premium</u>	\$ 60,587,425	0.20%
<u>Policy Average</u>	\$ 2,164	

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**ASSIGNED RISK NOTES**

**Certificate of Insurance**

Need a Certificate of Insurance for any assigned risk policyholder? If you do, please send all requests to your servicing carrier as MWCIA does not provide this service.

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**Assigned Risk Contact Information**

**Application Assistance**

- **MWCIA**  
 7701 France Ave South, Suite 450  
 Minneapolis, MN 55435  
[www.mwcia.org](http://www.mwcia.org)  
 Tel: (952) 897.1737 (Option2)  
 Email: [oar@mwcia.org](mailto:oar@mwcia.org)

**Policy Service Assistance—Servicing Carriers:**

- **Berkley Risk Administrators**  
 PO Box 59143  
 Minneapolis MN 55459-0143  
 Email: [policyservices@berkleyrisk.com](mailto:policyservices@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)

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**MWCIA NEWS –A NEW LOOK**

MWCIA News is under consideration for a potential *face lift* in the near future. We're looking at everything from the ground up (name, format, content, frequency of publication, etc.) to assure we continue to bring you, our readers, the very best possible communicate we can. Our goal continues to be to effectively educate, update, and remain transparent, through our newsletter. We are very excited about this new look and know you will be also!

These past four years as your editor of MWCIA News, have been most gratifying and rewarding for me. As we make this transition, I find this the opportune time to recognize a number of people who have made MWCIA News the quality newsletter it has become.

I wish to extend my heartfelt thanks to my former colleagues for their invaluable contributions, without which MWCIA News would not have come to be the premier newsletter it has become. The names are many so I shall not list them here but I am confident they know who they are and their contributions will continue in the years to come.

I next thank you our readers for your support and dedication over these past four years. Your feedback and "subscription" to MWCIA News has been most gratifying.

Of course, I have saved the best for last. Bruce Tollefson, our former President. Through his vision and leadership, he nurtured the idea of a quarterly newsletter and I am honored to have been part of that effort.

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**2015 MN EXPERIENCE RATINGS RELEASED**

We have begun to release the 2015, MN experience ratings. The first of the 2015, MN experience ratings were released the week of September 1, 2014.

**EDUCATION & TRAINING**

MWCIA continues to offer agents, brokers, employers, trade associations, and insurance carriers customized cost free workers'

compensation educational presentations. Topics include:

- Experience Rating
- Ownership
- Excluded Employments
- Independent Contractors
- How to Classify a Risk
- Classification Changes
- WC 101 for New Agents
- Essentials of Workers' Compensation
- MWCIA Website Tools

MWCIA also continues to have the privilege of participating in Minnesota's Department of Employment and Economic Development (DEED) employer's cost free seminar titled "Employment Taxes and Employer Responsibilities".

Please contact Jen Glywasky at MWCIA by calling her at 952.897.6454 or emailing her at [Jen.Glywasky@mwcia.org](mailto:Jen.Glywasky@mwcia.org) to schedule a presentation.

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***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, CPCU, editor of MWCIA News, e-mail [gcolby@gmail.com](mailto:gcolby@gmail.com).*

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