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.

August 2015

**President’s Message - The Future**

"The future belongs to those who see possibilities before they become obvious."

- John Sculley (Former CEO of Apple)

In last year’s corners, I spent a lot of time conveying progress and past accomplishments of the MWCIA. This year, I am really focusing on the future – And how that future will impact not just MWCIA, but the entire workers’ compensation arena.

In the past couple months I have read and listened to a number of very smart people opine on the future of work, and what it means. The keynote speaker from our annual luncheon, Dr. Robert Hartwig, touched on a number of issues, as has Peter Rousmaniere who has written a number of articles on this topic for Work Comp Central. I also listened with great interest to NCCI President, Steve Klingel, and futurist Salim Ismail at the recent NCCI Issues conference. They spoke to some of the challenges we face as an industry which may witness sea-changes in the labor force. All provided a great array of issues which will likely impact the way we do business as workers’ compensation professionals and as the Minnesota Data Services Organization.

What will the workplace of the future look like? Will there be employee payroll to cover or will there be more and more freelancers who must purchase transitory and short-term coverage? Think about what the labor force will look like if we are all Uber Drivers or Task Rabbits in 10 years. There have been fantastic gains in algorithms and computer capabilities to perform smart tasks. What will happen if all our underwriting and ratemaking processes are automated with instant coverage provided?

I saw an example of a computer that can mimic a manufacturing expert’s moves in 4 hours, and can replicate those processes without having to program a computer extensively. The robotic arms on that computer are soon to drop under $40,000 apiece. Will we need workers to do manufacturing, delivery driving, healthcare?
Important Dates & Deadlines:

- MN Contractors Premium Adjustment Program (MCPAP)
  - Does not automatically renew! Applications received after 4/1/15 are subject to a .02 late penalty.
  - Avg Hr Wage: $23.50
  - MCPAPs can be removed by the employer only. They must send in a letter on their company stationary showing their name, title, the date and stating that they want the MCPAP credit to be removed. These letters can be emailed in via attachment (we must have the letter on the stationary).
- Effective 1/1/2015 the Split Point is:
  - $16,250.
- Effective 1/1/2015 the State Per Claim Accident Limitation is:
  - $213,500 Single
  - $427,000 Multiple
- Effective 1/1/2015 Min & Max Payrolls
  - Minimum: $49,972
  - Maximum: $199,888
  - Family: $14,976

The hot trend in education is Science Technology Engineering and Math (STEM) curricula. Employers are saying we need to have programming taught in the schools. What if in ten years, there is no such thing as “programming”? What if in ten years, computers can program themselves with logic learned from previous programs and a few tweaks entered by voice control? As we have more non-employees making up our workforce in the future, what will that do to loss ratios, losses in general, covered payroll, premium levels and loss control? These are all big and potentially scary ideas when we think about them from this point in time. While we prepare for these and other changes impacting us in this industry, it heartens me to remember two things:

1) Predictions based on past experience usually don’t come true. My 11th grade Jobs class teacher assured us back in 1978, that being a keypunch operator would give us a career for life. Good thing I didn’t listen to her because keypunch operators were pretty much extinct within 5 years.

2) The workplace will always need people in one capacity or another. Personal and professional knowledge and relationships are the oil that lubricate the machinery.

“There’s a great future in plastics. Think about it. Will you think about it?”

-Mr. McGuire (Walter Brooke to Dustin Hoffman in The Graduate)

MWCIA 2015 Annual Luncheon

The MWCIA Annual Luncheon was held on 4/27/15 at the McNamara Center on the University of MN Minneapolis campus. We had one of our largest turn-outs ever with over 100 in attendance. If you have never had the wonderful opportunity to visit with us during our annual luncheon I’ll give you a quick overview of what goes on and maybe even share a picture or two. (For those of you that did attend, I promise, there are no pictures of you eating!) Every year at our Annual Luncheon our very own Craig Anderson gives us a look at the Minnesota State of the Market.

For anyone who isn’t aware of what the State of the Market report is, the report gives an overview of premium and cost factors in the state as well as trends and changes from previous years. Here are some examples; if you are an agent, you would probably find the information cited about the marketplace claims information useful. For underwriters, you would probably be more interested in the aggregate case reserve information.

To view the report in its entirety please follow this link: [Minnesota Workers’ Compensation State of the Market](http://www.mwcia.org)

After Craig’s State of the Market report our guest speaker, Dr. Robert P. Hartwig, CPCU, presented [Workers Compensation and the New Economy: Trends, Challenges and Opportunities](http://www.mwcia.org). Dr. Hartwig’s presentation gave an overview of 2014 industry financials, and discussed what is possible for 2015. It also outlined the workers’
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Gift Card Anyone?:
Crypto-Quip Fun!
If E=E, S=U, and W=G solve the following:

YOB MJUUJYK VESPOUE GE SWYUE CY
PSSEFC JC, JU CY SYHHEC, FBYSEUU, PKX
PKPHIDE GYBNEBU’ SYMFEEKPCJJK XPCP UY
CWPC GE SPK FBYAJXE WJQW ROPHJCI
SYKUJUCEKC JKZYBMPCJJK CY YOB JUOBEB
MEMVEBU PKX BEQOH CYBU. GE GJHH
XEAEHYF PKX XEHJAEB OUEZOH UEBAJSEU
PKX FYXOSECU CY CWE GYBNEBU SYMFEEK
UPCJJK SYMMOKJCI. CWJU MEUUPQE GJHH
KYC UEHZ – XEUCBOSC.

A winner of a $10 gift card will be drawn from the first ten correct responses that are emailed to: newsletter@mwcia.org.

Last Quarters Answer: 3.14.15 - Pi Day
Last Quarters Winner: Patricia Rauth of United Heartland

compensation operating environment, pricing trends in commercial lines and how economic factors will influence property and casualty growth opportunities. As always when you get a bunch of insurance professionals together in a room, the networking was fabulous. Add to that our fabulous presentations and amazing food and it was a lunch to remember. We’d like to thank all of you that came out to visit with us and meet us and we hope you had a phenomenal time.
Editor:
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 for articles you may have concerning this publication to:

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Educational Outreach

MWCIA is committed to providing educational outreach on varying workers’ compensation topics. Classes are FREE, tailored to the needs of your group, and are suitable for agents, carriers, brokers, trade associations, as well as employer groups. A sample of topics reviewed in the last few months include:

- Policy application of automatically excluded employments (MN Statute §176.041);
- How to classify a risk: Overview of risk classification;
- Fundamentals of experience rating;
- Challenges of auditing contracting risks.

MWCIA also continues to have the privilege of participating with the Minnesota Department of Employment and Economic Development (DEED) for their free employer seminar entitled, “Employment Taxes and Employer Responsibilities”. MWCIA has been a participant in this highly recommended employer seminar for many years. Please contact Jen Wolf at MWCIA by calling her at 952.897.6454 or emailing her at mailto:Jen.Wolf@mwcia.org?subject=Educational Classes to schedule a presentation.
Aggravated Inequity: How and When

First and foremost, every situation is different. Please do not hesitate to contact our underwriting department if you have questions about Aggravated Inequity. There are many factors that must apply before the claim can qualify as Aggravated Inequity.


h. As specified in Minnesota Statute 79.211, subd.4, “an insurer or an employer insured under a workers’ compensation policy subject to the Experience Rating Plan may request in writing of MWCIA that the most recent factor be revised if each of the following criteria is met:

(1) A workers’ compensation claim under that policy is closed between the normal valuation date for that claim and the next time that valuation is used in computing the experience rating modification factor on the policy;

(2) MWCIA receives a revised unit statistical report containing data on the closed claim in a form consistent with its filed unit statistical plan; and

(3) Inclusion of the closed claim in the experience rating modification factor calculation would impact that factor by five percentage points or more.”

So what does this mean? If your claim doesn’t meet all of the three items above, you DO NOT have an Aggravated Inequity situation.

So now what is the process? Well, there are other things from the company/carrier perspective that may apply. Reference the MN Experience Rating Plan Manual, Rule 4-B-2-a.-i. for information regarding when correction units are required. MWCIA is unable to know the claim details and we are unable to suggest how the claim should be reported. That being said, there are times that you may, as a carrier, be able to simply submit the change as a regular correction. MWCIA only accepts claims data received from insurance carriers when properly reported on their unit stat reports. Reference the MN Statistical Plan Manual, Part V for information on how to submit corrected units. Insurance agents should work with the carrier to identify and resolve any claim discrepancies.

Minnesota Work Comp Tech Expo

MWCIA and the WCRA (Workers’ Compensation Reinsurance Association) are co-sponsoring the first Minnesota Work Comp Tech Expo at the Embassy Suites airport location on Wednesday, September 30, 2015. The event is free and will run from 8 a.m. to 1 p.m. Representatives from the Minnesota Department of Labor and Industry, Minnesota Department of Commerce, and Minnesota Assigned Risk Plan will also have exhibits at the Expo. The Expo is intended to educate and provide outreach to interested parties in the workers’ compensation community.
by demonstrating software products, website services, and information that the various entities have to offer. We expect a wide range of attendees, including insurance company underwriters, claims adjusters, and individuals responsible for reporting data, along with staff from insurance agencies, third-party administrators, and lawyers handling workers’ compensation insurance matters in Minnesota.

Registration will be available soon on MWCIA’s website. For more information, please contact Jen Wolf at 952-897-6454 or mailto:jen.wolf@mwcia.org?subject=Minnesota Work Comp Tech Expo

MWCIA.ORG Tips and Tricks

Welcome to the third installment of Tips and Tricks. This quarter we are going to offer our carriers a friendly reminder about our Manage USR System and how to look up fines. The Manage USR System is a tool for carrier members to use to review, submit and make corrections to unit reports and review fines.

**Step 1:** Log in – Hover your mouse over the “Carriers/Agents” tab, then choose Manage USR System. Enter your Username and Password, then click Sign In.

**Step 2:** Click on the “Reports” Tab in the blue tab bar.

**User Guide for the Manage USR System**
Step 2

Step 3: Click on the PDF link found directly under the “Carrier Fines Unpaid – Notice of Fines Invoice” area.

Step 3:

You will only be able to view information specific to your company.
**Step 4:** Illustrates how the PDF will appear once it’s opened. Carrier specific information has been hidden on this example for security purposes, but these fields will be visible on your specific PDF.

**Reminder** - Payment of fines does not negate a carrier’s obligation to submit the missing USR data, nor does submitting the missing USR data negate the carrier’s obligation to pay outstanding fines.