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## President's Message



We are very excited to announce our first ever Work Comp Expo on September 30, 2015 at the Embassy Suites in Bloomington. Look for more details elsewhere in the newsletter.

MWCIA and the Minnesota Workers' Compensation Reinsurance Association are sponsoring the event to highlight the applications and web-based tools available from MWCIA, WCRA, the

Minnesota Assigned Risk Plan, the Minnesota Department of Commerce and the Minnesota Department of Labor and Industry.

Our goal is to educate and provide hands-on exposure to a wide ranging audience including insurance data reporters, underwriters, actuaries, agents, claims staff and others who may have an interest in our offerings. There are many tools which we hope we can show have application across the industry.

Our organizations have embraced technology as a way to make the Minnesota workers' compensation arena more efficient and accessible to a wider range of participants. Our organizations support more than 20 online services which will be on display.

This is yet another example of our initiative at MWCIA to provide timely and useful information and educational opportunities to the workers' compensation industry.

## Circulars/Announcements/Links

[Circular Letter 15-1673](#)

2016 Minnesota Ratemaking Report

[Circular Letter 15-1672](#)

NCCI Item B-1428 – Revisions to the Minnesota Basic Manual Classifications and Appendix E – Classifications by Hazard Group

[Circular Letter 15-1671](#)

Minnesota Experience Rating Split Point

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Analytic Report Resource on the Web (ARROW) Online Training

[Circular Letter 15-1669](#)

2014 Annual Report

[Circular Letter 15-1668](#)

2014 Test Audit Summary Report

[Circular Letter 15-1667](#)

NCCI Item P-1412- Terrorism Risk Insurance Program Reauthorization Act of 2015 Endorsements

[Circular Letter 15-1666](#)

MWCARP – Launches its “Agent Guide”, Completes its Servicing Carrier Bid Process and Enhances Payroll Audit Standards

[Circular Letter 15-1665](#)

Carrier Membership Contact Update Forms

## Important Dates & Deadlines:

- [Minnesota Work Comp Tech Expo](#)  
[Wednesday, Sept 30, 2015.](#)
- MN Contractors Premium Adjustment Program (MCPAP)
  - Does not automatically renew! Applications must be received with a post mark no later than 4/1/2015 in order to avoid a late penalty.
  - Average Hourly Wage: \$23.50
- Effective 1/1/2015 the Split Point is:
  - \$16,250.
- **Effective 1/1/2016** the Split Point is:
  - \$16,250.
- Effective 1/1/2015 the State Per Claim Accident Limitation is:
  - \$213,500 Single
  - \$427,000 Multiple
- **Effective 1/1/2016** the State Per Claim Accident Limitation is:
  - \$216,000 Single
  - \$432,000 Multiple

## MCPAP - *The Who, What, When, Why and How of the Minnesota Contractors Premium Adjustment Program*

The Underwriting Department has been receiving many calls lately regarding the MCPAP Program. Questions regarding when the credit will be applied and if contractors may still apply. Taking those calls into consideration, this is an excellent time to do a quick recap of the MCPAP credit program and get into the details of how it works and when it is applied.

So let's break this down:

**Who:** The MCPAP credit is an optional program and applies to contractors only. Here is a list of [class codes that qualify](#). Employers must have exposure in one or more of the contracting class codes in order to qualify. Please note that the Experience Rating Plan Rules of combinability also apply to the MCPAP credit factors. Therefore, the MCPAP credit applies to all entities included in the employer's experience rating calculation. Please make sure all payroll and hourly wage information for all entities listed on your Experience Modification Worksheet are provided on the MCPAP application even if the other entities do not include contracting class codes.

**What & Why:** The MCPAP credit was designed in 1992 to level the cost for contractors who pay their employees significantly higher or union wages vs. those contractors who do not. For example: Contractor A pays his employees \$50.00 per hour and Contractor B pays his employees \$25.00 per hour. Assume both contractors are in the same class code and have the same rating/underwriting factors applied to their policies. As premium for workers' compensation policies is derived using payroll, without the MCPAP factor Contractor A would be paying significantly more for their workers' compensation than Contractor B simply due to the fact that the wages are higher. The MCPAP factor tempers the difference in the premium of our above example.

**How:** The contractor must meet or exceed the qualifying average hourly wage in at least one contracting classification during the calendar year to be eligible. The qualifying average hourly wage is reviewed and established annually by MWCIA's Actuarial Department as part of the Ratemaking process. The online MCPAP application is the preferred method to [apply for your MCPAP factor](#). This can be done through the MWCIA website under the [MCPAP tab](#). Other items that can be

- Effective 1/1/2015 Min & Max Payrolls
  - Minimum: \$49,972
  - Maximum: \$199,888
  - Family: \$14,976
- **Effective 1/1/2016** Min & Max Payrolls
  - Minimum: \$51,428
  - Maximum: \$205,712
  - Family: \$15,444

## Certificates of Insurance

Insurance agents 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, #7, Application Rules and Procedures: "Agents are not agents of the Assigned Risk Plan and cannot issue Certificates of Insurance or bind coverage". **Your agency must request any Certificate that is needed for policies written through the MWCARP from the servicing carrier to whom the coverage has been assigned. Certificates must be issued by the servicing carrier.**

## Gift Card Anyone?

Solve the following and tell me what other time you might see these numbers equaling 2.

$$y - (t/x) = 2$$

Here's your hint: I am looking for a phrase, not the numbers. While the *positions* may not be in the traditional order, it's only a *short* hop and you'll be singing "Diamonds Are A Girls Best Friend"

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

Last Quarters Answer: Our mission because we chose to accept it, is to collect, process, and analyze workers' compensation data so that we can provide high quality consistent information to our insurer members and

found under the [MCPAP tab](#) are the hard copy applications for the current and previous year, including instructions, as well as a very informative [MCPAP Brochure](#) and the list of [MCPAP contracting class codes](#).

The employers average hourly wage is determined for each contracting classification by dividing the total payroll reported by the number of hours worked. If the resulting hourly wage meets or exceeds the qualifying hourly wage, in an eligible contracting code, a MCPAP credit factor may be issued. The amount of the credit depends on how the employer's average hourly wage compares to the qualifying hourly wage.

When: This is an optional program which the insured must apply for every year in order to receive the credit. Applications are mailed to employers in January of each year, however, not all employers receive their applications via mail. The current year's application will be uploaded to the MWCIA website at the same time that the applications are mailed out in January. The enrollment period deadline is April 1. Employers may still apply after April 1, but they will be subject to a .02 late processing penalty. Once the application is completed and submitted, (online is the preferred way to submit your MCPAP), MWCIA will calculate the MCPAP factor in the early fall, for the following rating year. The factor will be sent to the employer and it's carrier of record around October 15<sup>th</sup> of that year.

## 2016 Minnesota Ratemaking Report

The Minnesota Department of Commerce has approved the 2016 Minnesota Ratemaking Report effective January 1, 2016. The overall average pure premium level change is +2.0%.

This year, for the first time, losses have been developed beyond an 8th report to a 10th report level. Rationale for this change is described in Exhibit A. The 2016 Report is now available on our website. Member carriers with accounts on our website can download the Report directly using their login username and password. For all other subscribers, electronic or hard copy, the 2016 Report may be obtained by writing our office and accompanying your request with a check made payable to MWCIA in the appropriate amount:

- Volume 1 (pure premium base rates, alternate actuarial calculations, technical documentation and base rate CD)
  - \$175 Hard Copy
  - \$30 CD/Email

regulators. We will develop and deliver useful services and products to the workers' compensation community.  
This message will not self-destruct.

Last Quarter's Winner: Sheila Barclift  
Sompo Japan Nipponkoa America

## Contact Us:

<http://www.mwcia.org>

[underwriting@mwcia.org](mailto:underwriting@mwcia.org)

[952-897-1737](tel:952-897-1737)

Opt 1 – Underwriting Department

Opt 2 – Assigned Risk Department

Opt 3 – Actuarial Department

Opt 4 – Unit Stat/MOD Department

Web Membership:

Debbie Peterson -

[debbie.peterson@mwcia.org](mailto:debbie.peterson@mwcia.org)

President:

Brandon Miller – [Brandon.miller@mwcia.org](mailto:Brandon.miller@mwcia.org)

## 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:**

*Dani Main – CISR, DAE, CIIP,  
editor of MWCIA News,  
c/o MWCIA*

*7701 France Avenue South, Suite 450;  
Minneapolis, MN 55435.*

You may also contact Dani via

*Phone: (952)897-6410,*

*fax: (952)897-6495,*

*e-mail: [newsletter@mwcia.org](mailto:newsletter@mwcia.org)*

- II. Volume 2 and 3 (combined)  
(unmodified class data, pure premium exhibits)  
\$175 Hard Copy  
\$30 CD/Email
- III. Pure Premium Base Rates (separately) \$25 Hard Copy  
(Microsoft Excel spreadsheet of 1-1-2016 pure premium base rates and rating values by class code)  
\$25 Hard Copy  
\$10 CD/Email
- IV. Complete Report  
(Volumes 1, 2 and 3 and CD)  
\$300 Hard Copy  
\$50 CD/Email

Please direct any questions to our Actuarial Services Department at 952-897-1737, Option 3, or by emailing our office at [ratemakingreport@mwcia.org](mailto:ratemakingreport@mwcia.org).

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## Accessing Electronic Experience Modification Information

There are multiple ways to access electronic experience modification rating information through the MWCIA. These ways vary depending on whether you are an agent or a carrier representative.

### **MWCIA Web Membership – Agents & Carriers**

Carriers and agents can view experience modification ratings and download that information in multiple file formats via the MWCIA Experience Mod History product. Using this product, carriers and agents can search, view, and download experience modification information in PDF format. Carriers have the ability to download mod information in WCRATING and XML file formats and as well as being able to download multiple rate sheets at once.

Access to Experience Mod History for insurance carriers and agents is provided through MWCIA's Web Membership system. To learn more about Web Membership or the Experience Mod History product, please see the User Guides, which are available on our website and listed in the Important Links Section on Page 1 of this newsletter.

### **Compensation Data Exchange (CDX) – Carriers Only**

The MWCIA can send electronic WCRATING files to carriers via CDX. To receive electronic WCRATING files via CDX, the carrier is required to have a CDX account. The MWCIA sends a WCRATING file via CDX for all released experience modifications including revised,

contingent, and withdrawn ratings, as well as employers who do not qualify or have no current coverage.

To register for a CDX account, or to access the CDX User Guide, or CDX training and support, please visit [www.accct.org](http://www.accct.org) (also linked on page 1 of this newsletter). Once you are set up to receive electronic files via CDX, you can choose to discontinue receiving hard copy rating notifications from MWCIA. For more information regarding this please contact Ora Lowery at [ora.lowery@mwcia.org](mailto:ora.lowery@mwcia.org).

### **Compensation Data Exchange (CDX) – Experience Rating Worksheet Lookup (EXR) – Carriers Only**

CDX also offers a product which provides access to rating worksheets – Experience Rating Worksheet Lookup (EXR). Using EXR, carriers have the ability to search for, view, and print their own worksheets. The carrier can also export their entire search results (which displays basic rating information) to a CSV file. For additional information, please see the CDX User Guide, available at [www.accct.org](http://www.accct.org). (Also linked on page 1 of this newsletter).

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## MWCIA.ORG Tips and Tricks

### Tip & Trick #4: Classification Search Feature

The Underwriting Department’s primary function and source of calls is help with classifying a business. As Minnesota is an Independent Bureau State, we have our own catalog of Manuals approved by the Minnesota Department of Commerce for use in our state.

MWCIA has also developed a class code search feature on our website which includes all approved classification codes. NCCI’s Scopes® Manual is NOT approved for use in the state of Minnesota.

Below you will find an overview of how to use this classification guide.

Step 1: Click on Classification Search in the blue tab bar.

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Quality Provider of Information & Services

Carriers/ Agents | Carrier Electronic Reporting Requirements | Assigned Risk | **Classification Search** | Experience Rating | MCPAP | Forms/Manuals Publications | Learning Center

Search:  Circular

State of the Market Charts [Click here](#)

- Important Links
- About MWCIA
- Contact Us

Step 2: **Generic Search** - Leave the first box for a general search at "Contains". This will give you every classification code that contains the search word you type in. Type a keyword for the classification you are looking for, please try searching multiple words if you don't see what you are looking for right away. For example: an armored car service, you could try armor, car, or service.

Please look at the next page and notice the following:

- I. Search function is set to the most generic search feature.
- II. Search term.
- III. Total number of search items returned.
- IV. Navigation buttons to move through all search terms returned.
- V. Your targeted search for "Armored Car Service" is shown by the star.

Classification Search

MCT Download

Search for Class Code Descriptions within the Minnesota Classification Index.

Job Class Description:   Class Code:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

15 records found

Class Code Group Description:
ADVERTISING
AIR
AIR FILTER
AMMUNITION
ANIMATED CARTOONS-ART WORK & PHOTOGRAPHY
★ ARMORED CAR SERVICE CONTRACTOR
ASSISTED LIVING FOR SENIORS
ATHLETIC
AUTOMOBILE
BABY
BALL
BAR
BEVERAGE MFG. - ALL OPERATIONS, ROUTE SUPERVISORS & DRIVERS
BINDINGS
BOOTH

First Previous Returning rows 1 through 15 of 150 total rows Next Last

I - Generic Search

II - Search Term

III - Total # of search returns

IV - Navigation Buttons to see all search returns

Step 3: "Starts With" - **Specific Search** – use this function if you know the exact name of what class code you are searching. For example: Armored Car Service would now be searched by "Armored".

- I. Change the drop down box to "starts with".
- II. Type in the FIRST WORD of the classification – "Armored".

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**Classification Search** Search:  Circular

**Classification Search**

MCI Download

Search for Class Code Descriptions within the Minnesota Classification Index.

Job Class Description:  Starts With  Armored Class Code:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

**Search results found 2 records**

**Class Code Group Description:**

ARMORED CABLE OR FLEXIBLE HOSE
ARMORED CAR SERVICE CONTRACTOR

Returning rows 1 through 2 of 2 total rows

Notice that you now only have 2 search results vs. 150 search results from the generic search.

- III. Now let's try the same search using the word "car" as we did in our generic search only still using our "starts with" specific search.

Job Class Description:  Starts With  car Class Code:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

**Search results found 29 records**

Class Code Group Description:
CAR - SEE AUTOMOBILE
CAR LOADING & UNLOADING
CAR RENTALS
CAR WASH
CARBIDE
CARBOLIC ACID
CARBON
CARBON DIOXIDE-DEALER
CARBONATORS
CARBONIC GAS
CARBORUNDUM
CARBURETOR-AUTOMOBILE
CARD TABLES
CARDBOARD
CARDS

Returning rows 1 through 15 of 29 total rows

Notice that none of your results is the one you are looking for – armored car service. The reason for this is that the search function you are using right now only grabs the first word of the classifications to find what you are looking for. It is a SPECIFIC search by the first word of the classification.

Step 4: Viewing the classifications that correspond with your searched term.

- I. Click on the Classification you want to see.
- II. The description of the classification will open under that line.

**Class Code Group Description:**

ARMORED CABLE OR FLEXIBLE HOSE

**ARMORED CAR SERVICE CONTRACTOR**

Description	Manufacture/ Processing	Dealer/ Wholesale	Dealer/ Retail	Repair/ Shop	Repair/ Outside	Installation Of	Other
ARMORED CAR SERVICE CONTRACTOR	-	-	-	-	-	-	7720

First

Previous

Returning rows 1 through 2 of 2 total rows

Next

Last

- III. Please note that there may be more than one description listed in this section. Use the description that best fits the business of the employer. See the image below:



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Carriers/ Agents

Carrier Electronic Reporting Requirements

Assigned Risk

Classification Search

Experience Rating

MCPAP

Forms/Manuals Publications

Learning Center

**Classification Search**

Search:

Circular

Classification Search

MCI Download

Search for Class Code Descriptions within the Minnesota Classification Index.

Job Class Description:  Starts With

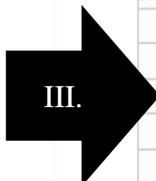
Class Code:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Search results found 1 records

**Class Code Group Description:**

**MONEY**



III.

Description	Manufacture/ Processing	Dealer/ Wholesale	Dealer/ Retail	Repair/ Shop	Repair/ Outside	Installation Of	Other
MONEY	-	-	-	-	-	-	-
CHANGING DEVICES-MACHINE	3574	8018	-	-	5191	5191	-
EXCHANGES-FOREIGN & DOMESTIC	-	-	-	-	-	-	8810
TRANSPORTATION-WITH ARMORED CARS BY ARMORED CAR SERVICE COMPANY	-	-	-	-	-	-	7720
BY BANK USING OWN EMPLOYEES	-	-	-	-	-	-	8855

First

Previous

Returning rows 1 through 1 of 1 total rows

Next

Last

Step 5: Viewing the Classification Rate.

- I. Click on the blue hyperlink for the code number that best fits your insured. For our example of an Armored Car Service that code is 7720.

Description	Man Proce	Wholesale	Dealer/ Retail	Repair/ Shop	Repair/ Outside	Installation Of	Other
MONEY		-	-	-	-	-	-
CHANGING DEVICES-MACHINE	35	8018	-	-	5191	5191	-
EXCHANGES-FOREIGN & DOMESTIC		-	-	-	-	-	8810
TRANSPORTATION-WITH ARMORED CARS BY ARMORED CAR SERVICE COMPANY							7720
BY BANK USING OWN EMPLOYEES							8855

- II. A new pop up box will appear. If it does not please check with your internal IT staff to make sure you allow pop ups from the MWCIA website. This pop up box will show the class code number that you clicked on (7720), the description that pertains to that class in the Basic Manual Classification Guide, and rates.
- III. Please note that one class code can be used for multiple different industries. If you have questions about the class codes please call our underwriting department.

MWCIA - Quality Provider of Information & Services - Internet Explorer

http://www.mwcia.org/OnlineServices/ARRates.aspx?classcode=7720&calledBy=MCI

### Assigned Risk Rates

Searching Assigned Risk Rates for:

Assigned Risk Rates for Class Code 7720 (Police Officers Or Detective Agency & D)			
Class Code	7720		
Description	Police Officers Or Detective Agency & D		
Status	Valid		
Hazard Code	E	Industry Group	05
Assigned Risk Rates			
From	To	Rate	Min Premium
04-01-2015	04-01-2016	3.93	288
04-01-2014	04-01-2015	4.13	293
04-01-2013	04-01-2014	4.35	299
04-01-2012	04-01-2013	4.21	285
04-01-2011	04-01-2012	4.35	289

[Close Window](#)



*View the latest tools to help boost your reporting and analytic capabilities*

**Wednesday, Sept. 30, 2015 • 8 a.m. to 1 p.m.**

**Embassy Suites, 7901 34th Ave. S., Bloomington, Minnesota**

This event will showcase various applications and resources available to the workers' compensation community. It is sponsored by the Minnesota Workers' Compensation Insurers Association and the Workers' Compensation Reinsurance Association. Additional participants include the Minnesota Workers' Compensation Assigned Risk Plan, the Minnesota Department of Commerce and the Minnesota Department of Labor and Industry.

The event is free, but **registration is recommended** – [www.mwcia.org/WCTechExpo](http://www.mwcia.org/WCTechExpo).

● **Attendees can enter to win a 32GB Apple iPad Mini 2 with Wi-Fi!** ●



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