

January 2019

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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.

4th Quarter 2018 Issue

President's Message



This being our last issue of the year, I typically look back on the year and highlight some of the things we have done to make a difference in the industry: We had a great turnout of 250 attendees for the Workers' Compensation Forum hosted in partnership with the WCRA and the Minnesota Departments of Labor and Industry, as well as Commerce. Great speakers and lots of interesting topics which offered continuing education

credits for those who needed it.

We also hosted our annual luncheon in October rather than April as in years past. With an audience of nearly 100, we had an excellent State of the Market presentation by Craig Anderson, our VP of Actuarial Services, and a well-received presentation by Jennifer Wolf-Horejsh from IAIABC on developing trends and issues in the industry.

While looking back, I also want to highlight how we are planning for the future, improving value and enhancing our efficiency for the industry. I will be focusing on these things over the next few columns.

Future: As we approach our 100th Anniversary in 2021, we have committed to extending our presence in our same locale, working to secure a lease out through 2029.

Value: Beginning the planning for the next Forum scheduled in 2020, and decreasing our expense load to the industry relating to our lease and other expenses.

Efficiency: Working with other DCOs, we are revisiting the purpose and scope and value of inter-organizational groups such as WCIO, ACCCT, CDX and Spectrum Partners to deliver more value at less cost to the industry.

Stay tuned as we delve deeper into these topics in upcoming newsletters.

[Circular Letter 18-1740](#)
Minnesota Experience Rating Eligibility and Split Point

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New WCUNDERWRITING Web Service Product

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NCCI Items R-1414 and R-1414-A – Amendment to Item R-1414 – Revisions to Retrospective Rating Plan Manual Appendix B and All Related Rules and Endorsements

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1-1-2019 Assigned Risk Rates

[Circular Letter 18-1736](#)
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[Circular Letter 18-1735](#)
2019 Minnesota Ratemaking Report

[Circular Letter 18-1734](#)
MWCARP Announcement – SFM Risk Solutions, Inc. dba "Superior Point"

[Circular Letter 18-1733](#)
Final Reminder on Revisions to the Minnesota Statistical Plan Manual – Unit Statistical Report Fining

[Circular Letter 18-1732](#)
NCCI Item B-1436—Revisions to Basic Manual Classifications and Appendix E—Classification by Hazard Group

[Circular Letter 18-1731](#)
Second Reminder on Revisions to the Minnesota Statistical Plan Manual – Unit Statistical Report Fining

[Circular Letter 18-1730](#)
2017 Annual Report

[Circular Letter 18-1729](#)
MWCARP – 4-1-2018 Assigned Risk Plan Rates and Miscellaneous Values Pages – REVISED

[Circular Letter 18-1728](#)
MWCARP – Transition Notice – To All Assigned Risk Plan Policyholders Serviced by RTW, INC

[Circular Letter 18-1727](#)
Reminder of Carriers' Obligation to Report Wage Continuation Payments

[Circular Letter 18-1726](#)
Reminder on Revisions to the Minnesota Statistical Plan Manual – Unit Statistical Report Fining

[Circular Letter 18-1725](#)
2017 Test Audit Summary Report

[Circular Letter 18-1724](#)
Revised Minnesota ERM-14 (Confidential Request for Ownership Information)

Important Dates & Deadlines:

- MN Contractors Premium Adjustment Program (MCPAP)
 - 2020 MCPAP Application is available on the MWCIA website.
 - Does not automatically renew! Applications received with a postmark after 4/1 will have a late penalty applied.
 - Average Hourly Wage: \$27.00

Job Opening - Director of Actuarial Services

MWCIA has a new position opening for a Director of Actuarial Services. This individual will initially work under the direction of our current Actuarial Services Vice President, with the goal to eventually transition to Vice President as part of the MWCIA management team within two years.

To view more about the position or to apply, please [click here](#) to be taken to our [Careers Page](#).

Data Reporting - The Good, The Bad, and the Avoidance of Re-Work Part III

"If you don't have time to do it right, when will you have time to do it over?" Albert Einstein

The Good:

For the protection of Minnesota employees; the state of Minnesota requires (with few exceptions) all employers who have employees and pay a wage to provide workers' compensation insurance and to participate in the Minnesota Unemployment Insurance Program. This program provides partial, temporary wage replacement to workers who have lost their jobs through no fault of their own. Employers fund these benefit payments by paying an Unemployment Insurance tax.

Effective June 28, 1993, MWCIA was required to start collecting the Minnesota Unemployment Insurance (UI) Number and Federal Employer Insurance Number (FEIN) for each Minnesota workers' compensation policy. Therefore carriers are required to report these numbers on every new and renewal policy.

The Bad:

A missing or invalid UI (Unemployment Insurance) Number is one of the top ten failing edit errors with policy reporting.

The Avoidance of Re-work:

UI Number is reported on the WCPOLS 02-Name Record. The "State Unemployment Number" field is alpha-numeric and has 15 bytes. Not all UI Numbers are 15 digits, so the general rule is to report the number as right-justified (preceded with spaces or zeroes). If the employer is exempt, then enter "EXEMPT" as left-justified followed by spaces.

Notes: Please see the "Rumor Has It" section for some helpful tips on UI numbers.

Rejected Unit Statistical Reports or USR's

The Minnesota Workers' Compensation Insurers Association Inc. (MWCIA) would like to remind member carriers about revised procedures which became effective July 1, 2018, for the handling of rejected Unit Statistical Reports (USR's).

- Online Training for MCPAP –
Found in Online Training under the “Underwriting” section
- Effective 1/1/2018 the Split Point is:
 - \$16,500
- Effective 1/1/2019 the Split Point is:
 - \$16,500
- Effective 1/1/2018 the State Per Claim Accident Limitation is:
 - \$221,500 Single
 - \$443,000 Multiple
- Effective 1/1/2019 the State Per Claim Accident Limitation is:
 - \$221,000 Single
 - \$442,000 Multiple
- Minimum & Maximum Payrolls

Effective Until 1/1/2019 – Assigned Risk & Standard Market

- Minimum: \$54,132
- Maximum: \$216,528
- Family: \$16,224

Effective 1/1/2019 – Assigned Risk & Standard Market

- Minimum: \$56,004
- Maximum: \$224,016
- Family: \$16,796

Gift Card Anyone:

Here's your chance to win a free \$10 from Amazon:

What year was MWCIA established?

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

Last Quarter's Answer:

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Last Quarter's Winner: Cindy Searls
CPCU, ARC, CCP
Great West Casualty Company – Old
Republic Insurance Group

In the past, USRs that rejected for failing to pass MWCIA edits were retained in our system indefinitely in a rejected status until the carrier corrected the error allowing the USR to pass edits. Effective July 1, 2018, any USRs which had been in a rejected status over 90 days were removed from our system. Also going forward, any USR with a rejected status of over 90 days will be removed from our system. Once removed, the USR is considered missing and subjects the carrier to USR fines. All USRs and related USR fines are the ultimate responsibility of the carrier, regardless of whether the carrier is using a third party administrator to report data to MWCIA.

For additional information regarding this change, please refer to [MWCIA Circular Letter No. 17-1715](#) dated September 20, 2017. Please direct any questions you may have concerning this item to our Data Quality Department staff at 952.897.1737 (Option 4) or via email at unitstat@mwcia.org.

Audit Non-Compliance and Returned Applications:

The Assigned Risk Plan would like to remind agents and carriers that the audit non-compliance charge of twice the policy premium can be applied to an insured's policy for non-compliance with an audit. The other risk of not complying with an audit is that you won't be able to get a policy put in force with the Assigned Risk Plan if there is an outstanding audit with your insured and the application will be rejected.

How do you know as an agent or insured which carrier is owed audit information? The letter that is sent back to you when you send in your application will state the name of the company, the policy number of the outstanding audit and the phone number for the carrier.

The carrier then has to release the information to MWCIA stating that the audit compliance has been met and that the audit has been complied with including payment of any monies owed. You are not able to apply for coverage until this has been completed.

ERM-6 - Why and How

While we have instructions for completing an ERM-6 attached to the form itself, there is quite a bit of confusion around the completion of the form. We will break down the “why” of the form so the “how” of the instructions will make a little more sense.

An ERM-6 form is a “Unit Statistical Report” (USR) that can be filled out manually by the insured or the agent. These are typically completed when moving an insured from a “self-insured group” to what we call the “standard market” which includes standard market voluntary policies as well as assigned risk policies. A USR is how the carriers in the standard market report to MWCIA their payroll and loss data on a particular policy. In the majority of cases we get these to calculate experience modifications, but, they also help us

Contact Us:

<https://www.mwcia.org>
underwriting@mwcia.org

952-897-1737

Opt 1 – Underwriting Department

Opt 2 – Assigned Risk Department

Opt 3 – Actuarial Department

Opt 4 – Unit Stat/Mod Department

Web Membership:

WebMembership@mwcia.org

President:

Brandon Miller –

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
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

with our actuarial services in such areas as ratemaking, and industry data information.

Just like a carrier sending a USR, if you, as an agent, or insured, send an ERM-6 form with an open claim, subsequent annual ERM-6's must be sent to MWCIA. This will have to be done until the policy period(s) with the open claims are no longer included in the experience rating period. (*The experience rating period is specific to the experience modification factor*). Experience modifications are based on the frequency and severity of claims. Open claims can have changing dollar amounts from medical payments to reserves, we need the subsequent reports to ensure we have accurate data to calculate the insured's experience modification factor.

Common Questions:

"We filled out our ERM-6 and sent it in but our mod still hasn't been calculated?" This can happen if the insured hasn't put a policy in force in the standard market. Since MWCIA doesn't calculate experience modifications for insureds who are in a self-insured retention group, unless they have a policy in the standard market, we don't have an insured to link to that ERM-6 and the subsequent experience mod.

Rumor Has It...

Welcome to the section of the newsletter that gives the different departments a spot to give a quick update about what is going on that may affect you or your insureds.

Underwriting:

MCPAP's can be sent in for 2020 in the beginning of January 2019. These can be completed online, which is the preferred method, or via hard copy which can be found on our website. As a friendly reminder, the .02 penalty does not apply until after April 1.

Where do I find the UI Number?

To get a UI number, or to find out what your UI number is, please visit the [Minnesota Department of Employment and Economic Development website](#) or give them a call at 651-296-6141.

The UI number can also be found on the employer's quarterly Unemployment Tax Report.

Policy Reporting:

We are frequently asked: the UI number is not 15 digits where do I put the extra zeroes?

The zeroes are added to the beginning of the UI number. Think of the UI Number like money – if you are receiving a check for \$10 but the data field is 5 bytes. Adding the zeroes in the front is still \$10 (00010) BUT adding the zeroes at the back, that check just became \$10,000 (10000)!