

MWCIA QUARTERLY

The Official Quarterly Newsletter of
The Minnesota Workers' Compensation Insurers Association.

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 via e-mail: newsletter@mwcia.org



PRESIDENT'S MESSAGE

Jennifer Wolf - President MWCIA

I recently gave a presentation to students about workers' compensation in the United States. We discussed workers' compensation as the first, but often forgotten, social insurance program. Workers' compensation primarily exists in the background, and as a result, it is often unknown to an employee until a work injury or illness occurs. After an injury or illness, an employee is provided wage replacement and medical care, with the goal of restoring health and return to work.

In Minnesota, there is a strong regulatory framework to ensure these benefits are fully funded. MWCIA plays an important role in this system. Each year, our actuarial department analyzes injury and cost data to produce the Ratemaking Report. The report includes pure premium base rates which are used by insurance carriers in their determination of employer premiums. These rates promote adequacy and equity across Minnesota policyholders.

As a result, Minnesotans can be confident the workers' compensation system has the resources to care and support employers and employees following an injury or illness.

WHAT'S IN OUR LATEST ISSUE:

**PG 2 - Changes to MN
Ratemaking Report -
First in 40 years**

**PG 3 - Minors in the
Workforce**

**PG 3 - Instructions for
Agents Renewing Web
Memberships**

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Risk Applications -
Better than Mail**



CHANGES TO THE MINNESOTA RATEMAKING REPORT - FIRST IN 40 YEARS

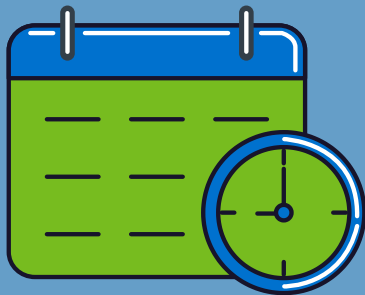
Andrea Everling - VP of Actuarial Services

What is going on?

Long story short, regulation regarding workers' compensation ratemaking has changed. MWCIA is now able to reflect trend, tail, and loss adjustment expenses in the pure premium base rates that we provide to the industry.

Trend

Previously, MWCIA provided guidance that insurance carriers could use in determining their trend provision. Now, MWCIA is able to explicitly reflect trend in the pure premium base rates. Trend is necessary because ratemaking uses past data, called the experience period, to project future workers' compensation costs. Trend accounts for the difference in cost between the experience period used and the future period in which the pure premium base rates will be in effect.



Tail, which means development to ultimate, reflects the long-tailed nature of workers' compensation claims. Some claims may take years to emerge and/or many years to treat. In the 2022 Ratemaking Report, MWCIA reflected costs up to a 27th report in the pure premium base rates. That report provided guidance on the amount of development anticipated beyond the 27th report. In the 2023 Report, the MWCIA will be accounting for the total developed to ultimate cost of claims arising from the experience period.

Tail

Loss Adjustment Expenses (LAE)

Expenses associated with the recording, adjustment, and settlement of claims are considered LAE. There are two types of loss adjustment expenses: Defense and Cost Containment Expenses (also referred to as ALAE) and Adjusting and Other Expenses (also referred to as ULAE).

DCCE/ALAE are tied to a specific claim. Some examples are:

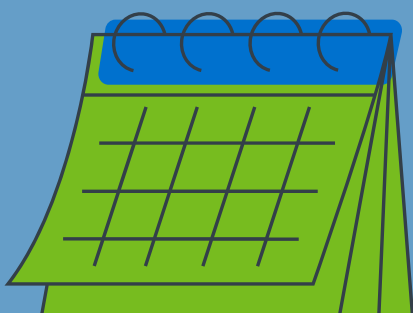
- o Attorney fees
- o Court expenses
- o Medical cost containment

AOE/ULAE are expenses not attributed to a specific claim. Examples are:

- o Claim adjuster salaries
- o Office maintenance costs
- o Supplies and postage



The Ratemaking Report and these changes are subject to review by MWCIA Board of Directors and approval by the Minnesota Department of Commerce.



- July 1, 2022
 - o Unit statistical reporting requires the inclusion of ALAE for policies effective 1/1/2021 and subsequent (Circular 22-1802)
- August, 2022
 - o 2023 Ratemaking Report available
- November 1, 2022
 - o Deadline for carriers submitting rate filings with the Department of Commerce requesting 1/1/2023 effective dates

What's Ahead

MINORS IN THE WORKFORCE

Underwriting Department

MWCIA's Underwriting Team has been fielding an increase in calls surrounding minors in the workforce and what is allowed and what is not allowed.

MWCIA is not the regulatory authority over Statutes and Rules. But, we have some great friends over at the [MN Department of Labor and Industry](#) who is the regulatory authority, and they shared the excellent info sheet on the right with us.

If you have any questions surrounding coverage of a minor on your workers' compensation policy, please reach out to your insurance carrier.

A guide to Minnesota's Child Labor Standards Act

MINORS UNDER 16 MAY NOT WORK FEDERAL LAW (employers with annual sales or revenue of \$500,000 or more)

- During the school year:
 - later than 7 p.m.;
 - more than three hours a day; or
 - more than 18 hours a week.

STATE LAW (all employers)

- Before 7 a.m. or after 9 p.m., with the exception of a newspaper carrier
- For more than 40 hours a week or more than eight hours per 24-hour period, except in agricultural operations
- During school hours on school days without an employment certificate issued by the appropriate school officials

16- AND 17-YEAR-OLDS MAY NOT WORK

STATE LAW (all employers)

- Later than 11 p.m. on evenings before school days or before 5 a.m. on school days. With written permission from a parent or guardian, these hours may be expanded to 11:30 p.m. and 4:30 a.m.

Note: If employers are covered by state and federal requirements, both laws must be followed.

MINIMUM AGE

A minor younger than 14 years of age may not be employed, except:

- as a newspaper carrier, if at least 11 years of age;
- in agriculture, if at least 12 years of age and with parent or guardian consent;
- as an actor or model; or
- as a youth athletic program referee, if at least 11 years of age and with parent or guardian consent.

PROOF OF AGE

A minor's proof of age must be maintained as part of the payroll records. Acceptable proof is one of the following: a copy of a birth certificate; a copy of a driver's license or permit; an age certificate issued by the school; or an I-9.

PROHIBITED OCCUPATIONS FOR MINORS

Minors cannot work in the following capacities:

- serving liquor;
- working with hazardous materials such as explosives;
- operating or assisting in the operation of power-driven machinery, such as forklifts, meat saws and grinders, milling machines, punch presses, press brakes and shears, and woodworking machinery; and
- on or about construction sites.

A detailed list of prohibited work for minors can be found in Minnesota Rules 5200.0910 and 5200.0920.

PENALTIES FOR VIOLATION OF CHILD LABOR STANDARDS ACT

An employer that fails to comply with provisions of the Minnesota Child Labor Standards Act will be subject to penalties under Minnesota Statutes §181A.12. Penalties range in amount from \$250 to \$5,000 for each violation.

INSTRUCTIONS FOR AGENTS RENEWING WEB MEMBERSHIPS FOR EXPERIENCE MODIFICATION SHEETS

IT Department

Agents have the ability to download experience modification worksheets through our web membership portal. These memberships need to be renewed through the online portal with a hard copy check mailed in with the invoice.

If your membership has expired, you will get a warning notice that will appear as a red banner when you log in. This warning notice will have a link in blue that says "click here to renew/purchase more rate sheets."

If your account hasn't expired, you can renew through the Account Management tab and the Purchase or Renew option depending on your account level.

To renew your Silver Membership:

- Click the link to renew or use the purchase option under the Account Management tab
- Input the information requested in the text fields
- Click Submit
- Once you have clicked submit, you will receive an email with the invoice that you need to submit with your hard copy payment attached to MWCIA

To renew your Platinum Membership:

- Click the link to renew or use the purchase option under the Account Management tab
- Input the information requested in the text fields
- Click Submit

Once you have clicked submit, you will receive an email with the invoice that you need to submit with your hard copy payment attached to MWCIA.

The screenshot shows the MWCIA web portal interface. At the top, there are navigation tabs: CARRIERS, AGENTS, TOOLS, and LEARN. Below these is a blue navigation bar with tabs for Account Management, Reports, FAQ, and User Manual. A red arrow points to the Account Management tab. Under Account Management, there are buttons for Renew Account and Transaction His. A red warning banner is displayed, stating: "Web Account has been expired. To access Web Exp Mod Ratesheets please renew your account. Click here to download Invoice". Below the banner, there are input fields for Combo ID, Zip, and a date field (MM/DD/YYYY). A text box on the right says: "The complete experience m... You may view and download ratesheets/MCPAP worksheet".

ONLINE ASSIGNED RISK APPLICATIONS - BETTER THAN MAIL

Time is Passing!



Assigned Risk Department

If you have not signed up and started using our online assigned risk application, we strongly encourage you to do so. There are many benefits to processing your assigned risk application online, and here are just a few:

- Turnaround time is faster than mail-in applications, and the response back from MWCIA will likely be the same day.
- Servicing Carrier gets the application and the payment on the next business day after completing payment online.
- Faster issuance of policies.
- Faster issuance of certificates of insurance.
- Less commission hassle because your agency information will be saved on the application from registration.

Here are the disadvantages to still using the mail-in option for assigned risk applications:

- Mailing time: if you mail it to us, the only way we can respond to you is via regular mail. 2 to 4 days each way will delay your application processing. If there is an issue and we need to contact you, add another 2 to 4 days or longer for the back and forth correspondence.
 - 2 days to get the application and process it,
 - Then another 2 days to reply to you via mail that it's bindable and you can submit payment,
 - Then another 2 to 4 days for you to mail payment and the servicing carrier to process it; your insured is looking at up to 8 additional days spent without coverage.
- Delayed binding and issuance of policies and certificates of insurance.

Important Information
you **Need To Know** links:

[Circulars: Changes to MN Workers Compensation](#)

[Helpful Industry Links:](#)

[MN DLI, MN Dept of Commerce, MN Dept of Employment & Economic Development](#)

[Yearly Changes:](#)

[Split Point,](#)

[Per Claim Accident Limitations,](#)

[Min/Max Payrolls](#)

[Online Training:](#)

[Experience Mods,](#)

[ERM-14,](#)

[& More](#)

CONTACT US

Phone: 952-897-1737

Underwriting: Option 1

Assigned Risk: Option 2

Actuarial: Option 3

Unit Statistical Reporting: Option 4

Policy Reporting: Option 5

Assistance/General: Option 0

www.mwcia.org

Now with a live chat feature!