



Minnesota Workers' Compensation
Insurers Association, Inc.
7701 France Avenue South ▪ Suite 450
Minneapolis, MN 55435-3200

ATTENTION: FINANCIAL CALL PERSONNEL

June 24, 2004

To: ALL ASSOCIATION MEMBERS

Circular Letter No. 04-1422

RE: **Revised Financial Call Incentive Plan**

The above filing has been approved by the Department of Commerce for use in the state of Minnesota effective June 15, 2004.

The purpose of this item is to update Minnesota's Financial Call Incentive Plan (FCIP) that provides an incentive program to carriers who submit aggregate financial data in a timely and accurate manner. In February, MWCIA introduced ACCEDE™ Online as a new tool to help members submit Financial Call data. In connection with the roll out of this new web-based software, MWCIA has revised the current FCIP described in the *Minnesota Statistical Plan Manual* to better reflect the value to MWCIA of receiving accurate and timely data, (refer to Section Two, Part III).

The **Revised Financial Call Incentive Program (FCIP)** contains the following features:

- Hard copy charges for carriers not utilizing electronic data submission options
- Sliding scale per day assessment or credit for submitting financial call data on time (based on carrier market share)
- Later due date for reporting policy year data when submitting electronically
- Reduced basic and actuarial edit failure assessments
- Removal of simultaneous policy year and accident year reporting credits

The attached exhibit illustrates the revisions necessary to the *Minnesota Statistical Plan Manual* to affect these changes. **Remember – The Revised Financial Call Incentive Program (FCIP) is effective immediately.**

Should you have any questions regarding this item, please direct them to MWCIA's Actuarial Services Department at 952.897.1737 or by sending an email to info@mwcia.org.

A NOTICE TO MEMBERSHIP:

The Minnesota Department of Commerce requests that MWCIA remind its members that the above filing only applies automatically to insurance companies who have filed a Limited Power of Attorney agreement with our Commerce Department. A properly executed Limited Power of Attorney authorizes MWCIA to make filings on behalf of individual insurance companies. Any insurance company who has not filed a Limited Power of Attorney must independently submit the changes represented in each filing item to the Minnesota Department of Commerce for their approval.

EXHIBIT I

**MINNESOTA STATISTICAL PLAN MANUAL
SECTION TWO, PART III**

FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

<p>PART III -- FINANCIAL CALL INCENTIVE PROGRAM</p>	<p>Same</p>																																														
<p>The intent of the Financial Call Incentive Program (FCIP) is to provide an incentive for carriers to submit aggregate data in a timely and accurate manner. Additionally, the program reallocates the costs of late and/or inaccurate experience back to the carriers who are not reporting financial data in a timely and accurate manner.</p>	<p>The intent of the Financial Call Incentive Program (FCIP) is to provide an incentive for carriers to submit aggregate data in a timely and accurate manner <u>by offering credits for early reporting</u>. The program reallocates the costs of late and/or inaccurate experience back to the carriers who are not reporting financial data in a timely and accurate manner. <u>Assessments are also levied on carriers for errors detected on electronic and hard copy submissions of Financial Calls.</u></p>																																														
<p>1. Introduction Beginning with calls received in 1988, MWCIA implemented a Monetary and Financial Incentive Program. This program was revised in 1994 to the current Financial Call Incentive Program (FCIP). The credits offered in the new program better reflect the value to MWCIA of getting accurate and timely data. The assessments better recognize the importance of receiving quality financial data for ratemaking as well as a more exact allocation of cost to MWCIA for correcting inaccurate data.</p>	<p>1. Introduction Beginning with calls received in 1988, MWCIA implemented a Monetary and Financial Incentive Program. This program was revised in 1994 <u>and again in 2004</u> to the current Financial Call Incentive Program (FCIP). The credits offered in the new program better reflect the value to MWCIA of getting accurate and timely data. The assessments better recognize the importance of receiving quality financial data for ratemaking as well as a more exact allocation of cost to MWCIA for correcting inaccurate data.</p>																																														
<p>2. Application The FCIP administered will apply to the following four Financial Calls due throughout the year.</p> <table border="0" data-bbox="184 938 913 1076"> <tr> <td><u>Name of Call</u></td> <td><u>Due Date</u></td> </tr> <tr> <td>Policy Year Call</td> <td>March 15</td> </tr> <tr> <td>Policy Year Large Deductible Call</td> <td>March 15</td> </tr> <tr> <td>Calendar Accident Year Call</td> <td>April 1</td> </tr> <tr> <td>Calendar Accident Large Deductible Call</td> <td>April 1</td> </tr> </table>	<u>Name of Call</u>	<u>Due Date</u>	Policy Year Call	March 15	Policy Year Large Deductible Call	March 15	Calendar Accident Year Call	April 1	Calendar Accident Large Deductible Call	April 1	<p>2. Application The FCIP administered will apply to the following four Financial Calls due throughout the year.</p> <table border="0" data-bbox="1117 911 1986 1161"> <tr> <td></td> <td align="center"><u>Due Date</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td align="center"><u>When</u></td> <td align="center"><u>Due Date</u></td> <td></td> </tr> <tr> <td></td> <td align="center"><u>Submitted</u></td> <td align="center"><u>When</u></td> <td align="center"><u>Hard</u></td> </tr> <tr> <td></td> <td align="center"><u>Using</u></td> <td align="center"><u>Submitted</u></td> <td align="center"><u>Copy</u></td> </tr> <tr> <td><u>Financial Call</u></td> <td align="center"><u>ACCEDE@</u></td> <td align="center"><u>Hard Copy</u></td> <td align="center"><u>Charges*</u></td> </tr> <tr> <td>Policy Year Call</td> <td align="center">April 1</td> <td align="center">March 15</td> <td align="center">\$20</td> </tr> <tr> <td>Policy Year Large Deductible Call</td> <td align="center">April 1</td> <td align="center">March 15</td> <td align="center">\$20</td> </tr> <tr> <td>Calendar-Accident Year Call</td> <td align="center">April 1</td> <td align="center">April 1</td> <td align="center">\$20</td> </tr> <tr> <td>Calendar-Accident Large Deductible Year Call</td> <td align="center">April 1</td> <td align="center">April 1</td> <td align="center">\$20</td> </tr> </table> <p>* Hard copy charges will be applied beginning with Calls due in 2004.</p> <p><u>Calls should be mailed as follows:</u></p> <p align="center"> <u>Minnesota Workers' Compensation Insurers Association, Inc.</u> <u>7701 France Avenue South, Suite 450</u> <u>Minneapolis, Minnesota 55435-3200</u> </p> <p align="center"><u>Attention: Actuarial Services</u></p>		<u>Due Date</u>				<u>When</u>	<u>Due Date</u>			<u>Submitted</u>	<u>When</u>	<u>Hard</u>		<u>Using</u>	<u>Submitted</u>	<u>Copy</u>	<u>Financial Call</u>	<u>ACCEDE@</u>	<u>Hard Copy</u>	<u>Charges*</u>	Policy Year Call	April 1	March 15	\$20	Policy Year Large Deductible Call	April 1	March 15	\$20	Calendar-Accident Year Call	April 1	April 1	\$20	Calendar-Accident Large Deductible Year Call	April 1	April 1	\$20
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MINNESOTA STATISTICAL PLAN MANUAL
SECTION TWO, PART III

FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

<p>3. General Information Under the program, assessments will be levied on carriers for Financial Calls that are not received by MWCIA on or before the required date, except as noted in Section IV. Also, assessments will be levied on carriers for errors detected on submitted Financial Calls.</p> <p>Calls should be <u>mailed</u> as follows:</p> <p>Minnesota Workers' Compensation Insurers Association, Inc. 7760 France Avenue South, Suite 640 Minneapolis, Minnesota 55435 Attention: Actuarial Services</p>	<p>None</p>
<p>4. Procedures</p>	<p>3. Procedures</p>
<p>A. Timeliness</p>	<p>Same</p>
<p>1. General. Assessments for late submissions will be governed by the required due date for the particular Call. If the carrier's submission is not received at MWCIA prior to the close of business on the required due date, that particular submission will be considered late and assessments will accrue until the Call is received to a maximum number of days calculated through August 31 or, if the required due date falls on a Saturday, Sunday or national holiday, the next business day will be considered the due date for purposes of the FCIP.</p> <p>EXCEPTION: The date of receipt of the Calls governs when determining lateness except when the carrier has proof of first class mailing* (i.e., certified or registered mail receipt) one week prior to the due date or receipt of Express Mail or private courier (next day delivery service) pickup one business day prior to the due date. If the carrier has receipts that the Call was sent prior to the due date in accordance with this procedure, then the Call will be deemed on time regardless of when received by MWCIA.</p> <p>* It is the carrier's responsibility to retain all receipts for proof of mailing to support its case in the event of a carrier appeal.</p>	<p>1. <u>Overview.</u> The timely collection of accurate data is essential to MWCIA's operations. The data collected in the Calls for Experience is used for ratemaking purposes. Late reports can lead to delays in the preparation of the Minnesota Ratemaking Report. These delays could result in the postponement of a needed rate relief. Processing the enormous amount of data collected is very time-consuming. In order to produce the Ratemaking Report in a timely fashion, it is necessary to receive data on time or preferably prior to the due date, if possible.</p>

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MINNESOTA STATISTICAL PLAN MANUAL SECTION TWO, PART III

FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

2. ~~Assessments — Original Submissions.~~ Each individual Call will be considered a submission for purposes of levying assessments. ~~ASSESSMENTS FOR TIMELINESS WILL CONSIST OF TWO PARTS— A PER DAY AMOUNT PLUS AN AMOUNT BASED ON THE PARTICULAR CARRIER' MARKET SHARE.~~ The total assessment for late submissions will be calculated as follows:

$$A = (B \times \$100) + (C \times \$250) + ((S \times 100) \times \$250)^*$$

where:

A = Total Assessment

B = 1-10 Working Days Late (\$100 Per Day)

C = 11+ Working Days Late (\$250 Per Day)

S = Market Share

* If $S < .00001$, then assessment = 0

Example: If a carrier has 5% of the market in 1995 and was 15 days late with the Policy Year Call for 1996 Experience, the assessment would be:

$$A = (10 \times \$100) + (5 \times \$250) + ((.05 \times 100) \times \$250)$$

$$A = \$1,000 + \$1,250 + \$1,250 = \$3,500$$

2. **Assessments.** Assessments for late submissions will be governed by the required due date for the particular Call. **If the carrier's submission is not received at MWCIA prior to the close of business on the required due date**, that particular submission will be considered late and assessments will accrue until the Call is received to a maximum number of days calculated through August 31 or, if the required due date falls on a Saturday, Sunday or national holiday, the next business day will be considered the due date for purposes of the FCIP.

EXCEPTION: The date of receipt of the Calls governs when determining lateness except when the carrier has **proof of first class mailing* (i.e., certified or registered mail receipt) one week prior to the due date or receipt of Express Mail or private courier (next day delivery service) pickup one business day prior to the due date.** If the carrier has receipts that the Call was sent prior to the due date in accordance with this procedure, then the Call will be deemed on time regardless of when received by MWCIA.

* It is the carrier's responsibility to retain all receipts for proof of mailing to support its case in the event of a carrier appeal.

Each individual Call will be considered a submission for purposes of levying assessments. The assessment for late submissions will be calculated as follows:

<u>Market Share</u>	<u>Assessment (per calendar day, per call)</u>
< .05%	\$10
.05% to < 3.0%	\$25
3.0% to < 10.0%	\$50
10.0% to < 20.0%	\$100
20.0% and +	\$200

Example: If a carrier has 2% of the market in 2002 and was 15 days late with the Policy Year Call for 2002 Experience, the assessment would be:

$$15 \text{ days} \times \$25/\text{day} = \$375$$

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Current Phraseology:

Proposed Minnesota Phraseology:

<p>3. Assessments — Response Timeliness. Responses to MWCIA requests are due within 15 business days (3 weeks) from the date of the MWCIA notification letter to the carrier. A response is defined as a corrected report in all cases except with questions regarding actuarial edits. In this case a response is defined as a corrected report OR an explanation for why the data does not fall within the expected range. Failure to respond by this deadline will subject the carrier to lateness assessments calculated by using the following formula:</p> <p style="padding-left: 40px;">1-10 Working Days Late — \$100 per day 11+ Working Days Late — \$250 per day</p> <p>To facilitate the process of submitting corrections in a timely manner, MWCIA will accept corrected data via facsimile machine. MWCIA's fax numbers are (612) 897 6495 or (612) 896 6477.</p> <p>If an unresolved error condition exists after two carrier attempts at revising/explaining the discrepancy, an additional assessment of \$45 per hour of actuarial time plus any additional expenses incurred (subject to a maximum of \$25,000) per occurrence will be charged). A grace period of five business days will be given to correct the discrepancy before the assessment begins to accrue.</p>	<p>None</p>
<p>4. Assessments — Resubmissions. The voluntary resubmissions of a Call, without request by MWCIA, will be subject to a flat charge of \$100. Each resubmission sent will be subject to this charge. This assessment will not apply if the resubmission is received on or before the Call due date. No quality edit assessments will be applied to any data corrected by a voluntary resubmission if it is received before the carrier is advised of the edit failure by MWCIA, but the flat charge of \$100 will be applicable. The date of receipt of the resubmission will take precedence over the date of receipt of the original submission when determining the number of days early or late.</p>	<p>None</p>
<p>5. Assessments — Completeness. Calls that contain multiple page reports (e.g., Policy Year Call has a four page report) must be submitted as a complete report. The new Page 4 of the Policy and Accident Year Calls should be submitted where data is reported on Pages 1-3. If one or more pages are omitted from the submission, the date that the last of the page(s) is received will be considered the receipt date for the report for purposes of FCIP.</p>	<p>None</p>

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Current Phraseology:

~~6. Early Reporting. The timely collection of accurate data is essential to MWCIA's operations. The data collected in the Calls for Experience is used for ratemaking purposes. Late reports can lead to delays in the preparation of the Minnesota Ratemaking Report. These delays could result in the postponement of a needed rate relief. Processing the enormous amount of data collected is very time-consuming. In order to produce the Ratemaking Report in a timely fashion, it is necessary to receive data on time or preferably prior to the due date, if possible. As an incentive for carriers to report data as soon as possible, carriers will receive credits if the key ratemaking Calls are submitted in advance of the due date.~~

~~The financial credits will apply to the following Calls for Experience:~~

Name of Call _____	Due Date _____
Policy Year Call _____	March 15
Policy Year Large Deductible Call _____	March 15
Calendar Accident Year Call _____	April 1
Calendar Accident Large Deductible Call _____	April 1

~~Note: The credit will be based on the number of business days between the date of receipt and the due date. Note that February 15 will be the beginning date for receiving credits. Calls received earlier will not start to earn the credit until February 15.~~

~~The credits will be offset for any errors detected on submitted Calls by assessments under the FCIP.~~

~~Each data Call will be considered a submission for the purposes of calculating credits. Credits for Calls received prior to the due date will consist of two parts—a per day amount plus an amount based on the particular carrier's market share. The credit for early submissions will be calculated as follows:~~

$$A = B \times [\$50 + ((S \times 100) \times \$25)]^*$$

where:

A = Amount of Credit
B = Number of Working Days Early
S = Market Share

* If S < .00001, then credit = 0

Proposed Minnesota Phraseology:

3. Early Reporting Credit. As an incentive for carriers to report data as soon as possible, carriers will receive credits if the ratemaking Calls are submitted in advance of the due date. The credit will be based on the number of calendar days between the date of receipt and the due date. Note that March 1 will be the beginning date for receiving credits. Calls received earlier will not start to earn the credit until March 1.

Early reporting credits only apply to Calls that (1) are submitted prior to the Call due date AND (2) have passed all edits. If MWCIA has to generate a Notice of Edit Failure letter about an edit flag, early reporting credit is forfeited for every call questioned by MWCIA, regardless of whether the carrier responds by submitting a correction or a valid explanation.

If a correction or a valid explanation is received before or on the MWCIA Notice of Edit Failure letter's response due date, no response timeliness fines apply and no early reporting credit is given for the corrected/explained data even if it is received before the Call due date. Quality fines apply if a correction is required.

If a correction or valid explanation is received after the MWCIA Notice of Edit Failure letter's response due date, response timeliness fines apply accordingly and no early reporting credit is given for the corrected/explained data. Quality fines also apply if a correction is required.

The credits will be offset for any errors detected on submitted Calls by assessments under the FCIP.

Each data Call will be considered a submission for the purposes of calculating credits. Credits for Calls received prior to the due date will consist of a per day amount based on the particular carrier's market share. The credit for early submissions will be calculated as follows:

<u>Market Share</u>	<u>Credit (per calendar day, per call)</u>
<u>< .05%</u>	<u>\$5.00</u>
<u>.05% to < 3.0%</u>	<u>\$12.50</u>
<u>3.0% to < 10.0%</u>	<u>\$25.00</u>
<u>10.0% to < 20.0%</u>	<u>\$50.00</u>
<u>20.0% and +</u>	<u>\$100.00</u>

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Current Phraseology:

Proposed Minnesota Phraseology:

<p>Example: If a carrier has a 5% market share and was 15 days early with the Policy Year Call, the credit would be:</p> <p>$A = 15 \times [\\$50 + ((.05 \times 100) \times \\$25)]$ A = \$2,625</p> <p>If a carrier files a resubmission prior to the due date of the Call, the date of receipt of the resubmission will be used to calculate the credit.</p>	<p><u>Example: If a carrier has 2% of the market in 2002 and was 15 days early with the Policy Year Call for 2002 Experience, the credit for early reporting would be:</u></p> <p align="right"><u>15 days x \$12.50/day = \$187.50</u></p>
<p>B. Quality</p>	<p>B. Quality</p>
<p>1. General. Assessments for the quality of data submitted will be based on three levels of editing.</p> <p>a. General Edits: General Edits are criteria that apply to all Calls are a prerequisite to MWCIA's processing of a carrier's submission.</p> <p>b. Basic Edits: Basic Edits follow a structured format and are performed on data as it is processed through internal data processing programs at MWCIA.</p> <p>c. Actuarial Edits: Actuarial Edits are those checks performed on a carrier's data designed to verify the accuracy and reasonableness to the data submitted by the carrier.</p> <p>Carriers that have submissions failing Basic or Actuarial Edits will be contacted by MWCIA (by letter and/or by phone) and advised of the error condition. Corrections must be received within 15 business days (3 weeks) from the date of the letter notifying or confirming the error condition. In the case of an Actuarial Edit, no assessment will apply if the submission is correct and accurate, even if the data falls outside the performance standards for the Call, as long as a satisfactory explanation is received.</p>	<p><u>1. Overview. The timely collection of accurate data is essential to MWCIA's products and services. The data collected in the Calls for Experience is used for ratemaking purposes. Inaccurate reports can lead to delays in the production of the Ratemaking Report. To ensure accuracy, it is necessary to receive data on or before the due date.</u></p>

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MINNESOTA STATISTICAL PLAN MANUAL
SECTION TWO, PART III

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Current Phraseology:

Proposed Minnesota Phraseology:

<p>2. Assessments -- Original Submissions.</p>	<p>2. Assessments—Errors. Assessments for the quality of data submitted will be based on three levels of editing.</p> <p>a. <u>General Edits:</u> General Edits are criteria that apply to all Calls are a prerequisite to MWCIA’s processing of a carrier’s submission.</p> <p>b. <u>Basic Edits:</u> Basic Edits follow a structured format and are performed on data as it is processed through internal data processing programs at MWCIA.</p> <p>c. <u>Actuarial Edits:</u> Actuarial Edits are those checks performed on a carrier’s data designed to verify the accuracy and reasonableness to the data submitted by the carrier.</p> <p><u>If your submission fails basic of actuarial edits and you do not use the edit package from <i>Automated Carrier Call Entry & Data Edit (ACCEDE)</i>® software or you use the edit package but submit incomplete response to the edits, you will be contacted by MWCIA and advised of the error condition. Corrections must be received within 10 business days (2 weeks) from the date of the letter notifying or confirming the error condition. In the case of an Actuarial Edit, no assessment will apply if the submission is correct and accurate, even if the data falls outside the performance standards for the Call, as long as a satisfactory explanation is received.</u></p>
<p>a. General Edits. General Edits result from MWCIA’s inability to process the data and will result in a charge of \$100, per Financial Call (maximum of \$400 per Financial Call). In essence, General Edits encompass any condition causing the submission to be unacceptable for processing by MWCIA.</p> <p>Examples of General Edits:</p> <ul style="list-style-type: none"> • Transmittal missing, incorrect or incomplete • Carrier name and/or code incorrect or not present • Data not legible • Data not in MWCIA format (this includes data submitted on an incorrect carrier generated form) • Cents reported • Negative amounts not in parentheses 	<p>a. General Edits. General Edits result from MWCIA’s inability to process the data. <u>Calls will be rejected if any general edits fail. In such cases, timeliness assessments will apply if not resubmitted on or before the due date.</u></p> <p>Examples of General Edits:</p> <ul style="list-style-type: none"> • Missing or incorrect carrier name and/or code • illegible data • Data not reported in MWCIA format (this includes data submitted on an incorrect carrier generated form) • Data not reported in whole dollars • Negative amounts not reported in parentheses

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Current Phraseology:

Proposed Minnesota Phraseology:

<p>b. Basic Edits. Each submission that fails one or more Basic Edits will be subject to a flat assessment of \$250 per error occurrence, subject to the exception described in (d). Basic Edits are primarily validation checks that identify conditions that can only occur as the result of an error or omission and can be determined based on a comparison of data elements on one or more statistical calls. A major source of Basic Edit error is incorrect arithmetic or careless data entry.</p>	<p>b. Basic Edits. Each submission that fails one or more Basic Edits will be subject to a <u>flat assessment of \$100 per error occurrence.</u> Basic Edits are primarily validation checks that identify conditions that can only occur as the result of an error or omission. A major source of Basic Edit error is incorrect arithmetic or careless data entry.</p>
<p>c. Actuarial Edits: Each submission that fails one or more Actuarial Edits will be subject to a flat assessment of \$500 per error occurrence, subject to the exception described in (e).</p>	<p>c. Actuarial Edits. Each submission that fails one or more Actuarial Edits will be subject to a <u>flat assessment of \$100 per error occurrence.</u></p>
<p>d. Single Basic Error with Multiple Effects: A single Basic error in one Call which subsequently causes errors in other Calls will be subject to a flat assessment of \$1,000.</p>	<p>None</p>
<p>e. A single Actuarial error to one Call which subsequently causes errors in other Calls, will be subject to a flat assessment of \$2,000.</p>	<p>None</p>
<p>None</p>	<p>3. Assessments—Response Timeliness. When MWCIA receives data, if an explanation is not complete or it fails an MWCIA edit, MWCIA generates a notification letter requesting further explanation or a correction. If you use <i>Automated Carrier Call Entry & Data Edit (ACCEDE)</i>® software, you can edit your own data using the edit package that is included with the software. You are usually given up to 10 calendar days to respond from the date given in the MWCIA notification letter for quality related issues. If you do not respond adequately within the agreed upon time frame, an assessment of \$25 per calendar day per call is applied until you sufficiently respond.</p> <p>A response is defined as a corrected report in all cases, except for questions regarding actuarial edits. In this instance, a response is defined as a corrected report OR an explanation of why the data does not fall within the expected range.</p> <p>Edit responses not received within the time frame specified by MWCIA are subject to response timeliness assessments.</p>
<p>C. Additional FCIP Reporting Credits</p>	<p>None</p>

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MINNESOTA STATISTICAL PLAN MANUAL
SECTION TWO, PART III

FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

<p>1. Simultaneous Policy Year and Calendar-Accident Year Reporting. If a carrier submits the Policy Year and Calendar Accident Year Calls (1 and 2) and/or the Policy Year Large Deductible and Calendar Accident Year Large Deductible Calls (4 and 5) at the same time on or before March 15, a credit will be given. This credit does NOT apply to Calls subject to General Edits or voluntary resubmissions. Calls that are subject only to Basic and Actuarial Edits will not be disqualified from this credit. Both Policy Year and Calendar Accident Year Calls must be received the same day to qualify for the credit.</p> $C = ((S \times 100) \times \$300) + \$150$ <p>where:</p> <p>C = Credit S = Market Share</p>	<p>None</p>
<p>2. Development Credits. In some cases, a carrier may trigger an Actuarial Edit due to an unusually large change in losses for a given year, and this is caused by incorrect data submitted in previous years or in a change in reserve methodology. In these cases, MWCIA may request the carrier to revise the two previous reports. A credit of \$100 will be given for each of the two previous reports that MWCIA requests to be revised.</p> <p>In addition, if a development edit occurs that is determined to be correct as reported by the carrier, a \$100 credit per edit will be given for providing MWCIA with the following information:</p> <p>Less-Development</p> <ul style="list-style-type: none"> • Claim Number • Date of the Injury • Age of Claimant • Amount of Increase/Decrease • Reason for the Increase/Decrease • Brief Description of the Injury <p>If the same development edit occurs on both the Policy Year and Calendar Accident Year Reports, the development credit applies only once. Also, these credits do not apply to data submitted after the notification deadline.</p>	<p>None</p>

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Current Phraseology:

Proposed Minnesota Phraseology:

<p>D. Maximum Assessment Or Credit The maximum assessment or credit for any carrier or group will be limited to 0.1% (.001) of the individual carrier/group's prior calendar year net earned workers compensation premiums. However, if the market share for a company is less than .001% then no assessments or credits will apply.</p>	<p>C. Maximum Assessment and Credit The maximum assessment for any carrier or group will be limited to <u>0.5% (.005)</u> of the individual carrier/group's prior calendar year net earned workers compensation premium, <u>or \$500, whichever is greater.</u> <u>The maximum credit for any carrier or group will be limited to 0.25% (.0025) of the individual carrier/group's prior calendar year net earned workers compensation premium, or \$250, whichever is greater.</u></p>
<p>E. Final Credit Reapportionment The capped credit is then reapportioned to ensure that MWCIA shows no net balance due to the operation of FCIP. This is done using the following formula: $A = C \times (T_1 / T_2)$ where: A = Final Credit Amount C = Capped Credit T₁ = Total Assessments Against All Carriers T₂ = Total Capped Credits For All Carriers Example: If the total of the assessments against all carriers for the 1996 Calls for experience was \$50,000 and the total of the capped credits for the year was \$100,000, the final credit for a carrier receiving a credit of \$2,750 would be: $A = \\$2,750 \times (\\$50,000 / \\$100,000)$ $A = \\$2,750 \times 0.5 = \\$1,375$</p>	<p>D. Final Credit Reapportionment The capped credit is then reapportioned to ensure that MWCIA shows no net balance due to the operation of FCIP. This is done using the following formula: $A = C \times (T_1 / T_2)$ where: A = Final Credit Amount C = Capped Credit T₁ = Total Capped Assessments Against All Carriers T₂ = Total Capped Credits For All Carriers Example: If the total of the assessments against all carriers for the <u>2002</u> Calls for experience was \$50,000 and the total of the capped credits for the year was \$100,000, the final credit for a carrier receiving a credit of \$2,750 would be: $A = \\$2,750 \times (\\$50,000 / \\$100,000)$ $A = \\$2,750 \times 0.5 = \\$1,375$</p>
<p>5. Release Of Carrier FCIP Performance Reports MWCIA will release the FCIP Performance Reports for the previous year's Calls by December 15 of each year.</p>	<p>4. Release Of Carrier FCIP Performance Reports MWCIA will release the FCIP Performance Reports for the previous year's Calls by December 15 of each year.</p>
<p>6. Disbursement/Collection Of Funds Any moneys due a carrier/group or the MWCIA as a result of FCIP will be disbursed/collected at the time of the reapportionment of Association expenses for the reporting year.</p>	<p>5. Disbursement/Collection Of Funds Any moneys due a carrier/group or the MWCIA as a result of FCIP will be disbursed/collected at the time of the reapportionment of Association expenses for the reporting year.</p>

EXHIBIT I

MINNESOTA STATISTICAL PLAN MANUAL
SECTION TWO, PART III

FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

7. Appeal Procedures	6. Appeal Procedures
<p>A. Appeal. Carriers will have 30 days after the release of Performance Evaluation Reports to appeal the propriety of any assessments.</p> <p>Appeals of lateness charge should be supported by a copy of the MWCIA "Receipt of Call Notification" or other documentation showing the date received at MWCIA as evidence of timely submission of the Call, or fewer days late than assessed, or receipts that the data was sent in accordance with the provisions of Section 4.A.1.</p> <p>Appeals of quality edit charges should be supported by an explanation of why the submission was correct. Please note that the nature of Actuarial Edits is verification of the reasonableness of data. It is not intended that assessment be levied while dialogue is taking place between MWCIA and the carrier to determine if the data is accurate.</p> <p>Assessments will be considered valid if the submission fails the standards outlined in Part IV or any list of specific Basic and Actuarial standards provided carriers. Other quality edit assessments may apply when the failure serves to impact MWCIA operations negatively.</p>	<p>A. Appeal. Carriers will have 30 days after the release of Performance Evaluation Reports to appeal the propriety of any assessments.</p> <p>Appeals of lateness charge should be supported by a copy of the MWCIA "Receipt of Call Notification" or other documentation showing the date received at MWCIA as evidence of timely submission of the Call, or fewer days late than assessed, or receipts that the data was sent in accordance with the provisions of Section 3.A.2.</p> <p>Appeals of quality edit charges should be supported by an explanation of why the submission was correct. Please note that the nature of Actuarial Edits is verification of the reasonableness of data. It is not intended that assessment be levied while dialogue is taking place between MWCIA and the carrier to determine if the data is accurate.</p> <p>Assessments will be considered valid if the submission fails the standards outlined above or any list of specific Basic and Actuarial edits provided to carriers. Other quality edit assessments may apply when the failure serves to impact MWCIA operations negatively.</p>
<p>B. Acknowledgment. MWCIA will acknowledge the appeal of an assessment within ten (10) working days of receipt. All appeals of assessments should be in writing and sent to:</p> <p style="padding-left: 40px;">Actuarial Services Department Minnesota Workers' Compensation Insurers Association, Inc. 7760 France Avenue South, Suite 640 Minneapolis, Minnesota 55435</p>	<p>B. Acknowledgment. MWCIA will acknowledge the appeal of an assessment within ten (10) working days of receipt. All appeals of assessments should be in writing and sent to:</p> <p style="padding-left: 40px;">Actuarial Services Department Minnesota Workers' Compensation Insurers Association, Inc. 7701 France Avenue South, Suite 450 Minneapolis, Minnesota 55435-3200</p>
<p>C. Response. Within thirty (30) working days of acknowledgment, MWCIA will either provide additional information supporting the assessment charged or accept the carrier's explanation and withdraw the assessment. If an assessment is subject to further view, then the due date will be extended until the matter is resolved.</p>	<p>Same</p>

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FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

<p>8. Edit Descriptions The following are Basic and Actuarial Edit descriptions for general reference. These lists are provided to assist the carriers in identifying common types of edit failures. It should be noted that Actuarial Edit standards are not rigid criteria, but rather identify situations requiring an explanation of further investigation to verify accuracy. Edit failures will not result in an assessment if the data is correct, but an explanation of why the data falls outside the norms will greatly assist us in accepting the submission without necessary delay. Also, the edit descriptions are not all-inclusive; there may be other types of data problems which could result in the carrier filing an Actuarial Edit and incurring assessments.</p>	<p>Same</p>
<p>STATISTICAL CALL EDIT CRITERIA</p>	<p>Same</p>
<p>OVERVIEW The following are edit standards for the Policy Year and Calendar-Accident Year Calls which are subject to MWCIA's Aggregate Financial Call Incentive Program. The edit criteria are divided into three groups: General, Basic, and Actuarial.</p> <p>General Edits are applicable to all statistical Calls. These edits are a prerequisite to our processing of a carrier's submission.</p> <p>Basic Edits are designed to identify conditions that can only occur as the result of an error or omission and can be determined based upon a comparison of data elements on one or more statistical Calls.</p> <p>Actuarial Edits fall into two categories. First are the subjective edits involving unusual loss ratios, DSR to standard ratios, etc. Values outside the expected parameters for these edits do not necessarily indicate that the data is incorrect, and upon investigation an adequate explanation may be provided within 15 business days of an MWCIA request for further information.</p> <p>The second category of Actuarial Edits are those identifying conditions that can only represent improperly reported data. These edits are different from Basic Edits in that the procedures used to identify errors are more complex, and higher level personnel are needed to conduct investigations</p>	<p>Same</p>

EXHIBIT I

**MINNESOTA STATISTICAL PLAN MANUAL
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Current Phraseology:

Proposed Minnesota Phraseology:

GENERAL EDITS	Same
1. A Transmittal Letter must accompany each submission.	None
2. The Transmittal Letter must be complete. All required information must be provided.	None
3. Individual carrier name or names, or group name must appear in the space provided on each reporting form.	1. Individual carrier name or names, or group name must appear in the space provided on each reporting form.
4. A single five digit NCCI carrier code number corresponding to the carrier or group of carriers must appear in the space provided on each reporting form.	2. A single five digit NCCI carrier code number corresponding to the carrier or group of carriers must appear in the space provided on each reporting form.
5. The reported data must be legible.	3. The reported data must be legible.
6. Amounts must be reported in whole dollars only (no cents).	4. Amounts must be reported in whole dollars only (no cents).
7. Negative amounts must be enclosed with parentheses.	5. Negative amounts must be enclosed with parentheses.
8. The MWCIA form or a comparable carrier designed form in the MWCIA format must be used. Acceptability of carrier designed forms will be determined based on the MWCIA's ability to keypunch data in the reported format.	6. The MWCIA form or a comparable carrier designed form in the MWCIA format must be used. Acceptability of carrier designed forms will be determined based on the MWCIA's ability to keypunch data in the reported format.
BASIC EDITS	Same
<i>Policy Year (Traditional & Large Deductible) Call</i>	Same
1. For columns (1) through (48), the sum of lines (A) through (F) must equal line (X)	1. For columns (1) through (22), the sum of lines (A) through (V) must equal line (X)
2. The sum of columns (4) through (6) must equal column (7) for all lines	Same
3. The sum of columns (9) through (10) must equal column (4)	Same
4. The sum of columns (11) through (12) must equal column (5)	Same
5. The sum of columns (13) through (14) must equal column (6)	Same
6. If the response to NOTE A on page 3 is "No" then: a. The sum of columns (15) through (16) must equal column (11), and b. The sum of columns (17) through (18) must equal column (12)	Same
7. The sum of columns (19) and (20) must equal Column (8) (mandatory reporting for Policy Years 1993 and subsequent	Same
8. For columns (1) through (48), line (Y) from the current Call must equal line (X) from the preceding Policy Year Call	8. For columns (1) through (22), line (Y) from the current Call must equal line (X) from the preceding Policy Year Call
9. For all columns, line (Z) must equal line (X) minus line (Y)	Same

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Current Phraseology:

Proposed Minnesota Phraseology:

10. For columns (1) through (48), lines (A) through (F), all data items must be non-negative	10. For columns (1) through (<u>22</u>), lines (A) through (<u>V</u>), all data items must be non-negative
11. For any policy year, [lines (A) through (F)], where incurred losses are reported in column (7), there must be corresponding net earned premium reported in column (3)	11. For any policy year, [lines (A) through (<u>V</u>)], where incurred losses are reported in column (7), there must be corresponding net earned premium reported in column (3)
12. For policy years in which the reporting of the incurred indemnity claim count is mandatory, (1981 and subsequent), the amount reported in column (8) must be greater than zero, if indemnity losses are reported in either columns (9) or (11)	Same
13. If there are no indemnity losses reported in columns (9) or (11), then the incurred indemnity claim count [column (8)] should be zero	Same
14. For policy years where the reporting of open and closed incurred indemnity claims counts is mandatory, the following conditions must hold: a. If the amount reported in column (19) is greater than zero, then column (9) must be greater than zero. (If there are closed claims, there should be associated paid indemnity amounts.) b. If column (9) equals zero, then column (19) must equal zero. (If there is no paid indemnity, there should be no closed claims.) c. If column (20) is greater than zero, then columns (11) and (12) should be greater than zero. (If there are open claims, there must be case reserves.) d. If column (20) is equal to zero, then column (11) should equal zero unless only bulk reserves are being reported. (If there are no open claims, then there should be no indemnity case reserves.) e. Columns (19) and (20) must each be greater than or equal to zero	Same
15. The questionnaire must be completed	Same
16. The response to Note A on page 3 must be checked either "Yes" or "No"	Same
Calendar-Accident Year (Traditional & Large Deductible) Calls	Same
1. For columns (4) through (48), the sum of lines (A) through (S) must equal line (X)	1. For columns (4) through (<u>22</u>), the sum of lines (A) through (<u>U</u>) must equal line (X)
2. The sum of columns (4) through (6) must equal column (7) for all lines	Same
3. The sum of columns (9) through (10) must equal column (4)	Same
4. The sum of columns (11) through (12) must equal column (5)	Same
5. The sum of columns (13) through (14) must equal column (6).	Same

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FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

<p>6. If the response to NOTE A on page 3 is "No" then: a. The sum of columns (15) through (16) must equal column (11) and b. The sum of columns (17) through (18) must equal column (12)</p>	<p>Same</p>
<p>7. The sum of columns (19) and (20) must equal column (8) (mandatory reporting for Policy Year 1993 and subsequent)</p>	<p>Same</p>
<p>8. For columns (4) through (48), line (Y) from current Call must equal line (X) from the preceding Calendar-Accident Year Call</p>	<p>8. For columns (4) through (22), line (Y) from current Call must equal line (X) from the preceding Calendar-Accident Year Call.</p>
<p>9. For columns (4) through (48), line (Z) must equal line (X) minus line (Y)</p>	<p>9. For columns (4) through (22), line (Z) must equal line (X) minus line (Y)</p>
<p>10. For each calendar-accident year in lines (Θ) through (S), the premium reported in columns (1) through (3) must equal the corresponding premium from last year's Call for the same calendar-accident year.</p>	<p>10. For each calendar-accident year in lines (Q) through (I), the premium reported in columns (1) through (3) must equal the corresponding premium from last year's Call for the same calendar-accident year.</p>
<p>11. For columns (4) through (48) on lines (A) through (S), all data items must be non-negative</p>	<p>11. For columns (4) through (22) on lines (A) through (U), all data items must be non-negative</p>
<p>12. For any calendar-accident year, [lines (Θ) through (S), where incurred losses are reported in column (7), there must be corresponding net earned premium reported in column (3)</p>	<p>12. For any calendar-accident year, [lines (Q) through (I), where incurred losses are reported in column (7), there must be corresponding net earned premium reported in column (3)</p>
<p>13. For calendar-accident years in which the reporting of the incurred indemnity claim count is mandatory, (1980 and subsequent), the amount reported in column (8) must be greater than zero, if indemnity losses are reported in either columns (9) or (11)</p>	<p>Same</p>
<p>14. If there are no indemnity losses reported in columns (9) or (11), then the incurred indemnity claim count [column (8)] should be zero</p>	<p>Same</p>
<p>15. For accident years where the reporting of open and closed incurred indemnity claims counts is mandatory, the following conditions must hold: a. If the amount reported in column (19) is greater than zero, then column (9) must be greater than zero. (If there are closed claims, there should be associated paid indemnity amounts.) b. If column (9) equals zero, then column (19) must equal zero. (If there is no paid indemnity, there should be no closed claims.) c. If column (20) is greater than zero, then columns (11) and (12) should be greater than zero. (If there are open claims, there must be case reserves.) d. If column (20) is equal to zero, then column (11) should equal zero unless only bulk reserves are being reported. (If there are no open claims, then there should be no indemnity case reserves.) e. Columns (19) and (20) must each be greater than or equal to zero</p>	<p>Same</p>
<p>16. The questionnaire must be completed</p>	<p>Same</p>

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FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

17. The response to Note A on page 3 must be checked either “Yes” or “No”	Same
ACTUARIAL EDITS	Same
<i>Policy Year (Traditional & Large Deductible) Calls</i>	Same
1. For columns (1) and (3), the ratio of the premium on the current Call for a specific policy year to the premium on the preceding Policy Year Call for the same policy year, should fall within the listed ranges when the difference in the premiums being compared is more than \$200,000.	Same
a. Lines (B) though (Θ) on the current Call compared to lines (B) though (Θ) on the preceding Policy Year Call	a. Lines (B) though (Q) on the current Call compared to lines (C) though (R) on the preceding Policy Year Call
b. Lines (P) and (Q) on the current Call compared to lines (P) and (Q) on the preceding Policy Year Call	b. Lines (R) and (S) on the current Call compared to lines (S) and (I) on the preceding Policy Year Call
c. Line (R) on the current Call compared to line (R) on the preceding Policy Year Call	c. Line (I) on the current Call compared to line (U) on the preceding Policy Year Call
d. Line (S) on the current Call compared to line (S) on the preceding Policy Year Call	d. Line (U) on the current Call compared to line (V) on the preceding Policy Year Call
2. For columns (4) + (5) (total ex-IBNR losses), columns (9) + (11) (the sum of indemnity ex-IBNR losses), and columns (10) + (12) (the sum of medical ex-IBNR losses), the ratio of losses on the current Call for a specific policy year to the losses on the preceding Policy Year Call for the same policy year should fall within the listed ranges when the derived difference is more than \$2,000,000 indemnity and \$1,000,000 medical. The derived difference is the difference between the current valuation and the product of the previous valuation and the expected development factor. For example, Line (S) derived difference = current Line (S) – [preceding line (S) x 2.300], where 2.300 represents the expected ex-IBNR loss development factor from a half to first report.	2. For columns (4) + (5) (total ex-IBNR losses), columns (9) + (11) (the sum of indemnity ex-IBNR losses), and columns (10) + (12) (the sum of medical ex-IBNR losses), the ratio of losses on the current Call for a specific policy year to the losses on the preceding Policy Year Call for the same policy year should fall within the listed ranges when the difference is more than \$200,000 indemnity and \$100,000 medical.
a. Lines (A) though (N) on the current Call compared to lines (A) though (N) on the preceding Policy Year Call	a. Lines (A) though (P) on the current Call compared to lines (A) though (Q) on the preceding Policy Year Call
b. Lines (Θ) through (Q) on the current Call compared to lines (Θ) through (Q) on the preceding Policy Year Call	b. Lines (Q) through (S) on the current Call compared to lines (R) through (I) on the preceding Policy Year Call
c. Line (R) on the current Call compared to line (R) on the preceding Policy Year Call	c. Line (I) on the current Call compared to line (U) on the preceding Policy Year Call
d. Line (S) on the current Call compared to line (S) on the preceding Policy Year Call	d. Line (U) on the current Call compared to line (V) on the preceding Policy Year Call

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FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

<u>EXPECTED RANGES</u>					<u>EXPECTED RANGES</u>				
Ranges of expected values for edits (1) and (2) are provided in the following table.					Ranges of expected values for edits (1) and (2) are provided in the following table.				
	<u>Edit 1A</u>	<u>Edit 1B</u>	<u>Edit 1C</u>	<u>Edit 1D</u>		<u>Edit 1A</u>	<u>Edit 1B</u>	<u>Edit 1C</u>	<u>Edit 1D</u>
Tolerance	.93 to 1.07	.80 to 1.25	.75 to 1.33	1.00 to 4.00	Tolerance	.93 to 1.07	.80 to 1.25	.75 to 1.33	1.00 to 4.00
	<u>Edit 2A</u>	<u>Edit 2B</u>	<u>Edit 2C</u>	<u>Edit 2D</u>		<u>Edit 2A</u>	<u>Edit 2B</u>	<u>Edit 2C</u>	<u>Edit 2D</u>
Tolerance	.80 to 1.25	.80 to 1.40	.75 to 1.70	1.00 to 5.00	Tolerance	.80 to 1.25	.80 to 1.40	.75 to 1.70	1.00 to 5.00
Expected Development Factor	1.000	1.050	1.125	2.300					
3. For column (9) (paid indemnity losses), and column (10) (paid medical losses), lines (A) through (S) will be checked when the losses on the current Call for a specific policy year are less than the losses on the preceding Policy Year Call for the same policy year.					3. For column (9) (paid indemnity losses), and column (10) (paid medical losses), lines (A) through (U) will be checked when the losses on the current Call for a specific policy year are less than the losses on the preceding Policy Year Call for the same policy year.				
4. The relationship between Standard Earned Premium at MWCIA DSR Level and Standard Earned Premium at Company Level should be consistent with each carrier's filed deviations and/or individual carrier filings.					Same				
5. For columns (4) through (22), the sum of lines (A) through (T) should equal the sum of lines (A) through (S) on the Calendar-Accident Year Call for the corresponding column. [Line (X) on the Policy Year Call should equal lines (X) on the Calendar-Accident Year Call.]					5. For columns (4) through (22), the sum of lines (A) through (V) should equal the sum of lines (A) through (U) on the Calendar-Accident Year Call for the corresponding column. [Line (X) on the Policy Year Call should equal lines (X) on the Calendar-Accident Year Call.]				

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Current Phraseology:

Proposed Minnesota Phraseology:

<i>Calendar-Accident Year (Traditional & Large Deductible) Calls</i>	Same																									
<p>1. For columns (4) + (5) (total ex-IBNR losses), columns (9) + (11) (the sum of indemnity ex-IBNR losses), and columns (10) + (12) (the sum of medical ex-IBNR losses), the ratio of losses on the current Call for a specific calendar-accident year to the losses on the preceding Calendar-Accident Year Call for the same calendar-accident year should fall within the listed ranges when the derived difference is more than \$2,000,000 indemnity and \$1,000,000 medical. The derived difference is the difference between the current valuation and the product of the previous valuation and the expected development factor.</p> <p>For example, Line (R) derived difference = current Line (R) - [preceding line (R) x 1.30], where 1.30 represents the expected ex-IBNR loss development factor from a first to second report.</p>	<p>1. For columns (4) + (5) (total ex-IBNR losses), columns (9) + (11) (the sum of indemnity ex-IBNR losses), and columns (10) + (12) (the sum of medical ex-IBNR losses), the ratio of losses on the current Call for a specific calendar-accident year to the losses on the preceding Calendar-Accident Year Call for the same calendar-accident year should fall within the listed ranges when the difference is more than <u>\$200,000</u> indemnity and <u>\$100,000</u> medical.</p>																									
a. Lines (A) though (N) on the current Call compared to lines (A) though (N) on the preceding Calendar-Accident Year Call	a. Lines (A) though (<u>P</u>) on the current Call compared to lines (A) though (<u>P</u>) on the preceding Calendar-Accident Year Call																									
b. Lines (Q) and (R) on the current Call compared to lines (Q) and (R) on the preceding Calendar-Accident Year Call	b. Lines (<u>P</u>) and (<u>R</u>) on the current Call compared to lines (<u>R</u>) and (<u>S</u>) on the preceding Calendar-Accident Year Call																									
c. Line (Q) on the current Call compared to line (Q) on the preceding Calendar-Accident Year Call	c. Line (<u>S</u>) on the current Call compared to line (<u>I</u>) on the preceding Calendar-Accident Year Call																									
d. Line (R) on the current Call compared to line (R) on the preceding Calendar-Accident Year Call	d. Line (<u>I</u>) on the current Call compared to line (<u>U</u>) on the preceding Calendar-Accident Year Call																									
<u>EXPECTED RANGES</u>	<u>EXPECTED RANGES</u>																									
Ranges of expected values for edit (1) are provided in the following table.	Ranges of expected values for edit (1) are provided in the following table.																									
<table border="0"> <thead> <tr> <th></th> <th><u>Edit 1A</u></th> <th><u>Edit 1B</u></th> <th><u>Edit 1C</u></th> <th><u>Edit 1D</u></th> </tr> </thead> <tbody> <tr> <td>Tolerance</td> <td>.75 to 1.33</td> <td>.75 to 1.40</td> <td>.80 to 1.50</td> <td>.90 to 2.30</td> </tr> <tr> <td>Expected Development Factor</td> <td>1.00</td> <td>1.05</td> <td>1.10</td> <td>1.30</td> </tr> </tbody> </table>		<u>Edit 1A</u>	<u>Edit 1B</u>	<u>Edit 1C</u>	<u>Edit 1D</u>	Tolerance	.75 to 1.33	.75 to 1.40	.80 to 1.50	.90 to 2.30	Expected Development Factor	1.00	1.05	1.10	1.30	<table border="0"> <thead> <tr> <th></th> <th><u>Edit 1A</u></th> <th><u>Edit 1B</u></th> <th><u>Edit 1C</u></th> <th><u>Edit 1D</u></th> </tr> </thead> <tbody> <tr> <td>Tolerance</td> <td>.75 to 1.33</td> <td>.75 to 1.40</td> <td>.80 to 1.50</td> <td>.90 to 2.30</td> </tr> </tbody> </table>		<u>Edit 1A</u>	<u>Edit 1B</u>	<u>Edit 1C</u>	<u>Edit 1D</u>	Tolerance	.75 to 1.33	.75 to 1.40	.80 to 1.50	.90 to 2.30
	<u>Edit 1A</u>	<u>Edit 1B</u>	<u>Edit 1C</u>	<u>Edit 1D</u>																						
Tolerance	.75 to 1.33	.75 to 1.40	.80 to 1.50	.90 to 2.30																						
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Tolerance	.75 to 1.33	.75 to 1.40	.80 to 1.50	.90 to 2.30																						
2. For column (9) (paid indemnity losses), and column (10) (paid medical losses), lines (A) though (R) will be checked when the losses on the current Call for a specific accident year are less than the losses on the preceding Policy Year Call for the same accident year.	2. For column (9) (paid indemnity losses), and column (10) (paid medical losses), lines (A) though (<u>U</u>) will be checked when the losses on the current Call for a specific accident year are less than the losses on the preceding Policy Year Call for the same accident year.																									

EXHIBIT I

**MINNESOTA STATISTICAL PLAN MANUAL
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Current Phraseology:

Proposed Minnesota Phraseology:

3. The relationship between Standard Earned Premium at MWCIA DSR Level and Standard Earned Premium at Company Level should be consistent with each carrier's filed deviations and/or individual carrier filings.	Same
4. For columns (4) through (22), the sum of lines (A) through (S) should equal the sum of lines (A) through (T) on the Policy Year Call for the corresponding column. [Line (X) on the Calendar-Accident Year Call should equal lines (X) on the Policy Year Call.]	4. For columns (4) through (22), the sum of lines (A) through (U) should equal the sum of lines (A) through (V) on the Policy Year Call for the corresponding column. [Line (X) on the Calendar-Accident Year Call should equal lines (X) on the Policy Year Call.]

EXHIBIT I

MINNESOTA STATISTICAL PLAN MANUAL SECTION TWO, PART IV

FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

Proposed Minnesota Phraseology:

PART IV -- FINANCIAL CALL REPORTING BY DISKETTE	PART IV—AUTOMATED CARRIER CALL ENTRY AND DATA EDIT (ACCEDE[®])														
<p>With the release of the 1990 Monetary Incentive Program and the 1990 Financial Incentive Program, MWCIA announced a new program available to members for reporting financial data on PC diskettes: Financial Call Reporting by Diskette (FCRD).</p> <p>Continuing with the 1996 Calls submitted in 1997, carriers may report the Calls via PC Diskette. Carriers that opt for this medium will have several tools available to them that will make this a very attractive alternative to the hard copy reporting done today. Possibly the most attractive feature of this program is the edit package which will ensure that data will pass all MWCIA General and Basic edits currently performed on the MIP Calls.</p> <p>The following Calls may be submitted on PC diskette:</p> <table style="margin-left: 40px; border: none;"> <tr> <td style="padding-right: 20px;">Policy Year Call _____</td> <td>Due March 15</td> </tr> <tr> <td>Calendar Accident Year Call _____</td> <td>Due April 1</td> </tr> </table> <p>Carriers reporting under the FCRD program are asked to use the Financial Call on Diskette (FCOD) package produced by the National Council on Compensation Insurance. This package is comprised of the following components:</p> <ol style="list-style-type: none"> 1. PC Diskette Specifications (record layout). 2. An edit program which will pre process the data through NCCI/MWCIA General and Basic edits prior to submission. 3. A print Package which will print forms in the required NCCI/MWCIA format. 4. Supporting documentation detailing the use of this software <p>Carriers that have already requested and received the FCOD package for the purpose of reporting to NCCI may use the same package to report to MWCIA. Carriers that intend to report by diskette and have not received the FCOD package may obtain one by contacting NCCI's Order Processing Department at 800 622-4123.</p>	Policy Year Call _____	Due March 15	Calendar Accident Year Call _____	Due April 1	<p><u>With the release of the 1999 carrier call package was a copy of Automated Carrier Call Entry & Data Edit (ACCEDE[®]), the latest software development of the MWCIA staff. ACCEDE[®] enables carriers to submit financial data electronically for the five required financial calls, either individually, or on a group basis. ACCEDE[®] also includes a powerful application for data edit prior to submission, increasing statistical integrity.</u></p> <p><u>Starting with the 2003 Calls submitted in 2004, carriers may now report the Calls electronically via ACCEDE[®] On-Line. Carriers that opt for this medium will have several tools available to them that will make this a very attractive alternative to the hard copy reporting. Possibly the most attractive feature of this program is the edit package which will ensure that data will pass all MWCIA General and Basic edits currently performed on the Calls.</u></p> <p><u>All five of the Calls required by Minnesota may be submitted through ACCEDE[®] On-Line. They include:</u></p> <table style="margin-left: 40px; border: none;"> <tr> <td style="padding-right: 20px;"><u>Policy Year Call _____</u></td> <td><u>Due March 15*</u></td> </tr> <tr> <td><u>Calendar-Accident Year Call _____</u></td> <td><u>Due April 1</u></td> </tr> <tr> <td><u>Large Deductible Policy Year Call _____</u></td> <td><u>Due March 15*</u></td> </tr> <tr> <td><u>Large Deductible Calendar-Accident Year Call _____</u></td> <td><u>Due April 1</u></td> </tr> <tr> <td><u>Supplemental Call for Schedule Rating Adjustments Call _____</u></td> <td><u>Due April 15</u></td> </tr> </table> <p><u>* Due March 15 if submitted on hard copy, April 1 if submitted electronically using ACCEDE[®] software.</u></p> <p><u>ACCEDE[®] On-Line is available from our website at www.mwcia.org/accede.</u></p> <p><u>At no time will MWCIA be liable for any damages arising out of the use or inability to use the material recommended or presented in programs or in documentation. MWCIA is not responsible for any costs including, but not limited to, those incurred as a result of lost profits or revenue, or loss of use of computer software or hardware. Furthermore, MWCIA cannot assume liability for submissions of financial data that are late because of hardware or software failure associated with running ACCEDE[®]. Use of ACCEDE[®] is also subject to all terms and conditions contained</u></p>	<u>Policy Year Call _____</u>	<u>Due March 15*</u>	<u>Calendar-Accident Year Call _____</u>	<u>Due April 1</u>	<u>Large Deductible Policy Year Call _____</u>	<u>Due March 15*</u>	<u>Large Deductible Calendar-Accident Year Call _____</u>	<u>Due April 1</u>	<u>Supplemental Call for Schedule Rating Adjustments Call _____</u>	<u>Due April 15</u>
Policy Year Call _____	Due March 15														
Calendar Accident Year Call _____	Due April 1														
<u>Policy Year Call _____</u>	<u>Due March 15*</u>														
<u>Calendar-Accident Year Call _____</u>	<u>Due April 1</u>														
<u>Large Deductible Policy Year Call _____</u>	<u>Due March 15*</u>														
<u>Large Deductible Calendar-Accident Year Call _____</u>	<u>Due April 1</u>														
<u>Supplemental Call for Schedule Rating Adjustments Call _____</u>	<u>Due April 15</u>														

EXHIBIT I

MINNESOTA STATISTICAL PLAN MANUAL SECTION TWO, PART III

FINANCIAL CALL INCENTIVE PROGRAM

Current Phraseology:

~~When reporting Minnesota data under FCRD, please be sure to:~~

- ~~1. Report only Minnesota data on the diskette(s).~~
- ~~2. Report the data under state code "99" (All Other).~~
- ~~3. Send the diskette(s) to:~~

~~Minnesota Workers' Compensation Insurers Association, Inc.
7760 France Avenue South, Suite 640
Minneapolis, Minnesota 55435~~

~~Attention: Actuarial Services Department~~

~~Use of PC diskettes will, at this time, be for original submissions only. We cannot accept correction submissions by diskette.~~

~~Also, we ask that carriers include a copy of the printed forms in addition to the data diskettes. This is in case of damage to the diskettes in the mailing process or any other problems that might arise. The forms created from the print program will be acceptable.~~

~~All diskettes received will become the property of MWCIA, Inc. At no time will MWCIA be liable for any damages arising out of the use or inability to use the material recommended or presented in programs or in documentation. MWCIA is not responsible for any costs including, but not limited to, those incurred as a result of lost profits or revenue, or loss of use of computer software or hardware. Furthermore, MWCIA cannot assume liability for submissions of financial data that are late because of hardware or software failure associated with running NCCI-supplied programs.~~

~~If you have any questions regarding FCRD, please contact our Actuarial Services Department at (612) 897-6430.~~

Proposed Minnesota Phraseology:

in the user agreement incorporated in that software product.

If you have any questions regarding ACCEDE_®, please contact our Actuarial Services Department at (952) 897-1737.