



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

February 25, 1987

ALL ASSOCIATION MEMBERS

Circular Letter No. 87—1029

The purpose of this Circular Letter is to inform the members of Minnesota Workers' Compensation Insurers Association of changes which will be taking place in connection with the reporting of Minnesota Workers' Compensation coverage information with the Department of Labor and Industry (DLI). Current Minnesota Statutes require that insurers file notice of policy issuance (Form 100) and notice of cancellation or termination (Form 101) with the DLI on all policies providing Minnesota coverage. The DLI uses this information in their coverage verification and enforcement activities. Since early 1984 the Association and DLI have been involved in the development and implementation of an Insurance Coverage Verification (I.C.V.) System. This I.C.V. System is based upon the MWCIA computer capture of all policy information. This information will be available to the DLI on an on-line basis.

The permanent rules relating to Workers' Compensation insurance verification have been published in the State Register and will become effective March 1, 1987. The effect of these rules necessitates the timely filing of all policies, endorsements, cancellations, termination, and reinstatements with our office.

Please review the attached rules as published in the State Register making note of the filing requirements. Also, note the amount of information each document requires for filing with our office. Insurance companies will still need to file "Notice of Policy Issuance" (Form 100) and "Notice of Cancellation or Termination" (Form 101) with the Department of Labor and Industry. It is hoped that the success of the new procedure will be proved within the next few months and the card form-filing requirement will be eliminated.

We would like to underscore the importance of filing all policies, endorsements, cancellations, terminations, and reinstatements in a timely fashion with this office. The effectiveness of the I.C.V. System is dependent on this. If you should have any questions regarding the I.C.V. System and the changes associated with it, please contact our office.

Very truly yours,

J.P. Hildebrandt
President
LMH / S b803
Enc.

STATE OF MINNESOTA
DEPARTMENT OF LABOR AND INDUSTRY

In the Matter of the Proposed Adoption
by the Minnesota Department
of Labor and Industry, Workers' Compensation
Division, of Rules Governing Insurance Verification

FINDINGS OF FACT,
CONCLUSIONS, AND
ORDER ADOPTING
RULE WITHOUT
PUBLIC HEARING

Notice of the Commissioners intent to adopt the above—entitled rule was published in the State Register on October 27, 1986 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22 on October 27, 1986. The statement of need and reasonableness was prepared before the notice of intent to adopt a rule without a public hearing was mailed to all persons on the rulemaking mailing list and published in the State Register and was available to the public.

All persons were given the opportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. No requests for a public hearing on the rule were received by the agency.

During the 30-day comment period following publication of the proposed rules, comments were received from John P. Hildebrant, President of the Minnesota Workers' Compensation Insurer's Association, Inc. The association is in agreement with the modifications as set forth below. No requests for notice of submission to the attorney general were received by the agency.

Based on the comments and evidence in the record before the agency, I find the following:

- I) Minnesota Rules 5222.2001, Subp. 1. Electronic data transfer is fast becoming a mode of operation within the insurance industry. Information is generated more quickly, thereby improving the accuracy of insurance status checks- More efficient data collection and storage techniques may be utilized with this procedure.

This merely presents an alternative means of communicating the necessary coverage information, it in no way reduces or alters the insurer's responsibility to provide such information. The only effect of this modification is to allow insurers (the parties affected by these rules) an opportunity to utilize more efficient and effective communication techniques. This is consistent with the stated objective of these rules and does not present significant change.

- 2) Minnesota Rules 5222.2001, Subp. 2. Original language may have been somewhat unclear to persons not familiar with industry terminology. Clarifies to the layperson the documents referred to in Rule 5222.2001, Subpart 1. The rules contemplate notice of coverage within 20 days of issuance of a binder. A binder, satisfying the criteria of Minnesota Rules 5222.2001, Subpart 2, effectively communicates this information and eliminates the duplication of effort that would otherwise result from requiring an additional form. This permits more timely notice of insurance coverage thereby enhancing the quality of the database.

- 3) Minnesota Rules 5222.2003, subpart 1. Issuance, as used in Minn. Stat. § 176.185, is commonly understood within the insurance industry to mean effective date. The standard usage is added here so as to inform all parties of the date upon which the time requirements of subpart I will commence and to maintain consistency with other sections of these rules that refer to effective date. Notices presently being filed by insurers reflect the effective date of coverage. Thus we are not asking for additional information or requiring a change in procedure.
- 4) Minnesota Rules 5222.2003. Experience has shown that chronic delinquents are more accurately measured by the percentage of delinquencies as opposed to a particular number. The threshold of five has been preserved, however, the standard has been reexpressed in percentage terms to more effectively monitor delinquent insurers. A referral to Commerce does not necessarily reestablish compliance with these rules. In order to more effectively and efficiently achieve compliance, an intermediary step has been allowed, whereby insurers may present a plan of remedial action. This in no way lessens the department's enforcement capabilities nor does it relieve insurers of their obligations under Minn. Stat. § 176.185. It simply provides a means of restoring compliance in a timely fashion. It imposes no greater sanction upon the insurers than originally proposed and does not alter in any respect the department's responsibility for compliance with this section. This is merely a reexpression of the standard against which compliance will be measured.

The above captioned rule is needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rules relating to workers' compensation; insurance verification, Minnesota Rule 5222.200-5222.2006 as modified are adopted this 23rd day of December, 1986, pursuant to authority vested in me by Minnesota Statutes § 176.185 and 176.183 (1) (1984).

#1

Ray Bohn, Commissioner
Department of Labor and Industry

1 Department of Labor and Industry

2

3 Adopted Permanent Rules Relating to Workers' Compensation;

4 Insurance Verification

5

6 Rules as Adopted

7 5222.2000 PURPOSE.

8 Parts 5222.2000 to 5222.2006 govern the filing by insurers

9 of insurance coverage notices under Minnesota Statutes, section

10 176.185. Those parts apply to endorsements; binders; notices of

11 new policy issuance, cancellation, expiration, termination,

12 intent to provide insurance, policy reinstatement, and

13 corrections; and similar documents relating to policy coverage.

14 5222.2001 CONTENTS OF NOTICE.

15 Subpart 1. Form. Notices relating to policy coverage

16 shall be filed on forms prescribed by the commissioner or as

17 provided in subpart 2. All document. notices submitted must be

18 typewritten or, machine printed on computer magnetic tape in an

19 approved format, or via telecommunications using an approved

20 format and protocol.

21 Subp. 2. use of declaration sheets. An insurer's policy

22 declaration sheet or insurance binder may be used in place of

23 forms prescribed by the commissioner if the declaration contains

24 at least the following information:

25 A. Type of action, such as new policy, correction,

26 binder, reinstatement, expiration, cancellation, termination, or

27 notice of intent to provide insurance.

28 B. Employer's legal name.

29 C. Every dba (doing business as) name used by the

30 employer.

31 D. Employer's legal form of ownership, such as

32 corporation, partnership, limited partnership, or government

33 entity. All owners or partners must be specifically named. In

34 limited partnerships, only the general partners must be

35 identified.

- 1 E. Employer's complete mailing address, including zip
- 2 code.
- 3 P. Nature of employer's business.
- 4 C. Policy number.
- 5 H. Effective and expiration dates of policy.
- 6 1. Name of carrier.
- 7 J. Carrier office issuing the policy.
- B K. Type of cancellation, if applicable.
- 9 U. Reason for cancellation, if applicable.
- 10 M. Effective date of cancellation, if applicable.
- 11 Subp. 3. Filing not accepted. Notices not in compliance

12 with this part will not be accepted for filing.

13 5222.2002 PLACE OF FILING.

14 All notices required by Minnesota Statutes, section 176.185
 15 shall be filed with the commissioner's contract designee for
 16 this purpose, the Minnesota Workers' Compensation Insurers
 17 Association, Inc. (MNCIA). This part applies to all insurers
 18 licensed to write workers' compensation insurance in Minnesota.
 19 including insurers who are not members of the MWCIA. MWCIA
 20 shall function only as a repository for data collection and
 21 processing~ any issues regarding the adequacy, timeliness, or
 22 other aspects of the filing are to be addressed to the
 23 commissioner.

24 5222.2003 TIME FOR FILING NOTICE.

25 subpart 1. Policy issuance. Notice of coverage must be
 26 filed by the insurer within ten days of issuance (effective
 27 date) of a policy or 20 days of issuance (effective date) of a
 28 binder or acceptance of an employer's application for insurance,
 29 whichever is earlier.

30 Subp. 2. CancellatiOn. Notice of cancellation,
 31 termination, or expiration must be filed by the insurer at the
 32 same time that notice is given to the Insured, or, If
 33 cancellation is initiated by the insured, upon receipt of notice
 34 from the insured. The policy shall remain•in effect for 30 days
 35 after the insurer s filing of notice, or, if sooner, until

1 another policy or binder is issued by the same carrier or a
2 different carrier.

3 Subp. 3. Receipt of notice. Filing is effective upon
4 receipt by the Minnesota Workers' Compensation Insurers
5 Association, Inc. (MWCIA) of a notice that complies with part
6 5222.2001. Notices received by the commissioner will be
7 forwarded to the MWCIA and will not become effective until
8 received by that organization.

9 Subp. 4. Failure to timely file. Where if an insurer
10 fails to file a timely notice as—~~required by this party in five~~
11 ~~or more instances the commissioner shall issue a warning letter~~
12 ~~advising it of its responsibilities under the law, and the~~
13 ~~effect of future noncompliance. If during the 30 days from the~~
14 ~~date of the warning letter any filing is not timely, the~~
15 ~~commissioner will~~, other than a notice of cancellation,
16 termination, or expiration provided for in subpart 2, as
17 required by parts 5222.2000 to 5222.2006 on five percent of all
18 policies for which such notices are due in any calendar month,
19 if greater than five notices, it shall be subject to the
20 sanctions described below. If the commissioner determines that
21 an insurer has exceeded this percentage on more than one
22 occasion in any 12—month period, the commissioner shall issue a
23 warning letter advising the insurer of its responsibilities
24 under the law, and the effect of future noncompliance.
25 If the commissioner determines that an insurer has exceeded
26 this percentage on more than two occasions in any 12—month
27 period, the commissioner may require the insurer to provide to
28 the commissioner a written description of the steps the insurer
29 will take to implement changes in the insurer's notice filing
30 procedures to prevent future untimely delays and periodic
31 written reports as to the progress and success of the
32 implementation of such procedures.
33 If the commissioner determines that an insurer has exceeded
34 this percentage on more than four occasions in any 12—month
35 period, the commissioner may in addition to the other actions
36 identified in this subpart notify the Department of commerce and

12/22/86

I. request a review of the insurer's authority to write workers' compensation insurance in Minnesota. This provision subpart does not affect the insurer's continued liability on the policy, as determined by law, for failure to timely file.

5 5222.2004 EFFECT OF FILING.

6 Filing with the Minnesota Workers' Compensation Insurers Association, Inc. under parts 5220.2000 to 5220.2006 is deemed a filing with the commissioner for purposes of Minnesota Statutes, section 176.185, subdivision 1. Filing under this part is not notice to the employer under Minnesota Statutes, sections 176.181 and 176.185.

12 5222.2005 CANCELLATION OF SUBSIDIARY COVERAGE.

13 If a single policy covers a parent corporation and its subsidiaries, a cancellation or endorsement must be filed even if the policy for the parent is to continue. The notice must specify that the subsidiary is canceled and the parent remains covered. If a new subsidiary is added to the policy, an endorsement to the declaration sheet must be filed.

19 5222.2006 COVERAGE.

20 Parts 5222.2000 to 5222.2006 shall apply to all filings required by Minnesota Statutes, section 176.185 on or after March 1, 1981.