



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

August 31, 1999

ALL ASSOCIATION MEMBERS

Circular Letter No. 99-1328

RE: NOTICE OF POLICY ISSUANCE, TERMINATION, CANCELLATION

The Department of Labor & Industry recently released the attached bulletin as a reminder to all carriers licensed to write workers' compensation insurance in the State of Minnesota of the proper method for filing notice of policy issuance and notice of cancellation or termination of coverage in the State of Minnesota. Minnesota Statute 176.185 dictates the steps necessary to properly issue, cancel, terminate, or expire an employer's workers' compensation coverage and Minnesota Rule 5222.2000 - 2006 details how notices required under MS 176.185 are to be filed.

MWCIA recently released Circular Letter No. 99-1315 announcing the implementation of a hard copy processing fee for all paper policies, endorsements, and cancellation related notices that continue to be filed on hard copy after 4-1-2000. In addition to the costs member carriers will save by not incurring paper processing fees, all MWCIA members electing to file electronically will have the added advantage of alleviating many of the timeliness problems carriers currently experience due to the various delivery problems commonly associated with hard copy submissions.

According to a recent study, several carriers are currently approaching the five percent limitation set forth under MR 5222.2003. To assist our membership in fulfilling their legal obligations under this statute, MWCIA is preparing a report that will be periodically distributed to each member carrier indicating the carrier's percentage of filing timeliness for their review.

In a related matter, it has recently come to the attention of the Minnesota Department of Labor & Industry and the Minnesota Department of Commerce that several member carriers are not currently using *Policy Termination/Cancellation/Reinstatement Notice* No. WC 89 06 09 (version B) which has been filed and approved for use in the State of Minnesota. Recently Uniform Printing, a vendor of insurance forms, mailed a notice advising their subscribers that Uniform Printing's Form No. GU 6907 is no longer acceptable and must be replaced with *Policy Termination/Cancellation/Reinstatement Notice* No. WC 89 06 09 when filing in Minnesota. To accommodate carriers who may have a supply of Uniform Printing's Form No. GU 6907 in stock, MWCIA will continue to accept Uniform Printing's Form No. GU 6907 until April 7, 2000. All Form No. GU 6907s received after April 7, 2000, however, will be returned as an unacceptable proof of a carrier's intent to cancel or terminate coverage.

A copy of *Policy Termination/Cancellation/Reinstatement Notice* No. WC 89 06 09 has been attached for your convenience. Please feel free to contact one of our underwriters at 612.897.1737 or email us at www.mwcia.org should you have any questions.

Very Truly Yours,

M. A. JOHNSON
Director of Und. Services

**MINNESOTA DEPARTMENT OF LABOR & INDUSTRY
WORKERS' COMPENSATION DIVISION**

For Your Information

The following is being provided as a service to all insurance companies who are licensed to write workers' compensation in the State of Minnesota. This information details insurance companies' legal obligations for filing Notices of Policy Issuance, Cancellation, or Termination under Minnesota law as well as Minnesota requirements for timely filing of proper notice in accordance with Minnesota Statute 176.185 and Minnesota Rule 5222:

MS 176.185 subd. 1. *Notice of coverage, termination, cancellation.* Requires the insurer to file a notice of coverage with the commissioner under rules and on the prescribed forms within **ten** days of policy issuance. Policy coverage cannot be cancelled "until a notice in writing is delivered or mailed to the insured and filed with the commissioner". MS 176.185.subd. 1 further states that "a cancellation or termination is not effective until 30 days after written notice has been filed with the commissioner...unless prior to the expiration of the 30-day period the employer obtains other insurance coverage or an order exempting the employer from carrying insurance as provided in section 176.181.". This requirement stands regardless of whether the request for cancellation is initiated by the insurance company or the insurer.

Additionally, Minnesota Rule 5222.2002 advises insurers that MWCIA is the official repository of **all notices** currently required under MS 176.185. Minnesota Rule 5222.2003 addresses the timeliness requirements under the law by advising "if an insurer fails to file timely notice, **other than a notice** of cancellation, termination, or expiration provided for in subpart 2, as required by parts 5222.2000 to 5222.2006 on five percent of all policies for which such notices are due in any calendar month...it shall be subject to the sanctions described under this chapter".

Failure by an insurance company to adhere to the timeliness requirements set forth under these statutes and rules may result in the following actions:

Minnesota Rule 5222.2003. subd. 4. When the commissioner determines an insurer has exceeded the five percent timeliness limit on more than one occasion in any 12-month period, the commissioner "shall issue a warning letter advising the insurer of its responsibilities under the law". If the commissioner determines an insurer has exceeded the timeliness limitation more than two times in any 12-month period, the commissioner "may require the insurer to provide ...a written description of the steps the insurer will take to implement changes in the insurer's notice filing procedures to prevent future untimely delays". In cases where the commissioner determines that an insurer has exceeded the five percent limitation on more than four occasions in any 12-month period, the commissioner may also "notify the Department of Commerce and request a review of the insurer's authority to write workers' compensation in Minnesota." Currently the Department is beginning to review the timeliness of each insurer's policy issuance, cancellation, termination, or expiration notices to determine if adherence to MS 176.185 and Minnesota Rule 5222.2003 are being met.

**MINNESOTA DEPARTMENT OF LABOR & INDUSTRY
WORKERS' COMPENSATION DIVISION**

Here is a recap of the basic filing procedures required under MS 176.185 and MR 5222:

- As the contract designee for the Department of Labor & Industry, MWCIA is the official repository for all notices required under MS 176.185
- Notice of policy issuance must be filed within ten days of the effective date of a policy or within 20 days of binding coverage, whichever is earlier
- Cancellation, termination, or expiration of coverage requires a written notice be delivered or mailed to the policyholder with a copy to MWCIA offices
- Coverage will remain in effect for 30 days after receipt of a proper cancellation notice by MWCIA unless the policyholder obtains other insurance coverage or permission to self-insure prior to the expiration of the 30-day waiting period
- The '30 day rule' applies whether cancellation is initiated by the carrier or by the policyholder
- Electronic filing of coverage, cancellation, termination, or expiration notices with MWCIA in the approved format fulfills the requirements under these statutes
- Policy Termination/Cancellation/Reinstatement Notice WC 89 06 09 B is the currently approved form for discontinuing or reinstating coverage in Minnesota
- Carriers who fail to file timely notice in accordance with these rules may be sanctioned by the Department of Labor & Industry as well as the Department of Commerce

Please direct questions you may have regarding timeliness issues and the proper filing of Policy Issuance or Cancellation/Termination/Reinstatement Notices in the State of Minnesota to the Minnesota Department of Labor & Industry at 651.297.3822; or to one of the underwriters of the Minnesota Workers' Compensation Insurers Association, Inc. at:

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