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# MWCIA News



[www.mwcia.org](http://www.mwcia.org)

**October 2001 issue**

*a publication of the Minnesota Workers' Compensation Insurers Association*



## PRESIDENT'S CORNER

### It's People That Really Make It Happen!

You may remember my occasional references in this column to the Workers' Compensation Advisory Council. Established by the 1995 Minnesota Legislature, the Council has had a positive influence on our workers' compensation system. Since employers and labor are two key players in the workers' compensation system, the Council has been jointly chaired by Bernie Brommer, past President of Minnesota AFL/CIO, and David Olson, President of Minnesota Chamber of Commerce. Another key role has been played by past Minnesota Department of Labor & Industry, Commissioner Gretchen Maglich.

Working together, these individuals have been very effective in providing vision and leadership for the Minnesota workers' compensation marketplace through the work of the Council. Not only did they establish a means for thoughtful dialogue, but they did so in such a way that consensus building could occur and produce positive results for the system overall. Of course, this doesn't mean that every meeting, conversation and

decision were 100 percent harmonious, but they did find ways to take advantage of the opportunities for this discourse to occur and it has made a difference for all parties involved.

Recently, Mr. Brommer retired as President of AFL/CIO and Commissioner Maglich accepted a position in the private sector. We will feel the loss of their leadership, their insight, and their commitment.

Without them, and their colleague in this endeavor, David Olson, it is unclear if the Council would have been able to establish a meaningful presence, much less have become the functional, effective working body it is today.

Too often in our busy society, we do not properly pause to acknowledge the contributions that are made, often just by a handful of caring people. Bernie Brommer and Gretchen Maglich are two such people and we, the workers' compensation industry, owe them a great deal of gratitude and thanks!

I'm not suggesting by these accolades that the Council will not continue to perform as well in the future. On the contrary, the stage has been set for continued excellence precisely because of the work of all the Council members.

Indeed, the key to any organization's vitality is the people who are the parts that make up the whole and this is particularly true with the excellent people who have provided the leadership and vision for the Advisory Council. We will miss the presence and contribution of these people moving on, but we are likewise excited about the appointments of Ray Wadron, new President of AFL/CIO and Honorable Shirley Chase, new Commissioner of the Department of Labor & Industry.

All of us at the MWCIA are looking forward to seeing how the Workers' Compensation Advisory Council will grow and function in the future and how we, as an organization, can best serve that growth. In that regard, I want to once again reaffirm our commitment to providing the best quality information and services needed for the evaluation of proposed workers' compensation legislation and the fulfillment of any other information or service needs of the Council.

Thanks again, Bernie and Gretchen, for your leadership and for your friendship to the MWCIA. May the new paths you have chosen rise to your expectations and may you both continue to enrich the lives of those around you.

## FROM THE ACTUARY . . .

### MWCIA Releases 2002 RM Report

The MWCIA 2002 Ratemaking Report, released in August, outlines the components of the first increase in the pure premium base rate level in eight years and documents other trends in the Minnesota workers' compensation claim environment. The change, a 1.4% increase - - the combination of a 0.9% increase due to experience indications and a 0.5% increase due to the increase in the minimum weekly permanent total benefit - - adjusted the average pure premium level to a mark 13.6% below the level in existence prior to the inception of competitive rating in 1984.

The 2002 change was basically driven by steady increases in paid loss ratios. Most of these increases can reasonably be attributed to continued upward movement in both medical and indemnity claim severity.

#### **New SAWW Level Announced**

Based on a Cost of Living Factor of 5.92%, the new Statewide Weekly Wage effective October 1, 2001 is \$680.<sup>00</sup>. Minimum weekly benefits have been increased to \$442.<sup>00</sup> and the maximum remains at \$750.<sup>00</sup>.

#### **Attn: Filing Personnel**

MWCIA is pleased to announce the approval of a new **Minnesota Filing Procedures Manual**. This manual became effective January 1, 2002 and is an important tool in understanding rate filing procedures in Minnesota. The Minnesota Filing Procedures Manual is intended as a companion to Commerce's Filing Bulletin 2001-2. Copies are available on our website at [www.mnwcia.org](http://www.mnwcia.org) or by calling our office at 952.897.1737.

#### **A request from the DEPARTMENT OF COMMERCE**

#### **Please Don't Wait To File!**

It has come to Commerce's attention that there is a rumor circulating in our industry that advises carriers they can wait to

send in their workers' compensation filings because of the state strike. **This is not true!** Statutes that govern the timing of rate filing effective dates are in effect regardless of the status of a strike. Even though Commerce is operating with limited staff, they continue to process filings and carriers who desire January 2002 effective dates need to send in their filings as soon as possible to avoid possible effective date delays.

A link to the Department of Commerce website and their current filing instruction bulletin is available by logging onto our site at [www.mwcia.org](http://www.mwcia.org). A listing of all currently approved forms and endorsements is also available by logging onto MWCIA's website or by checking the Minnesota exception pages of NCCI's *Basic Manual*.

If you have questions concerning carrier filings in Minnesota, please contact Tammy Lohmann, Senior Commerce Analyst at 651.297.2327.

## UNDERWRITING NEWS

### **NEW ERP BROCHURE PUBLISHED**

MWCIA is pleased to announce the release of our new brochure entitled "*Understanding EXPERIENCE RATING*". This handy little brochure was created by our staff as a quick reference guide to help employers (and agents) understand the basic elements of Minnesota's experience rating plan formula in simple terms.

By creating a non-technical explanation of the experience rating formula, we hope to eliminate confusion employers may experience when they receive their experience rating worksheets from our office. With its single page format, colorful graphics, and bulleted items, MWCIA's new brochure also serves as a great tool for agents and company representatives.

MWCIA's brochure "*Understanding EXPERIENCE RATING*" is free! To obtain your copy, call our office at 952.897.1737 or logon to our website at [www.mwcia.org](http://www.mwcia.org).

**Need a speaker?** MWCIA staff is available to speak on a variety of topics. Interested? Call Tom McCarty at 952.897.6420 or email him at [tom.mccarty@mwcia.org](mailto:tom.mccarty@mwcia.org) for more info.

## MWCIA Website Update

MWCIA is pleased to announce the rollout of a new and improved website at [www.mwcia.org](http://www.mwcia.org)!

MWCIA's new website is designed to provide our members and subscriber agents with the best in quality information relating to workers' compensation insurance in Minnesota. Our site not only gives you broader data, but up-to-date stats and communication items unique to this industry.

In connection with MWCIA's new website, a new user account system with group registration capabilities will replace our current system effective January 1, 2002. Individual registrations will no longer be necessary. With our new account system, companies will be in a better position to manage their business relative to the information each entity receives. Another feature of our new account system is that member carriers with multiple locations will be able to register each location separately.

Regardless of your status, users must have a new application on file with our office prior to January 1<sup>st</sup> to continue to obtain secured information from our website. Copies of the new member or subscriber applications are available online at [www.mwcia.org](http://www.mwcia.org) or by calling our office.

If you have questions regarding MWCIA's new website or account system, please contact our Member & Customer Services staff at 952.897.1737 or email our staff at [info@mwcia.org](mailto:info@mwcia.org).

**Remember,** your current MWCIA Individual User Account will no longer be valid after December 31, 2001. Please register for your new member or subscriber account today!

#### **ATTENTION: MWCIA MEMBERS & SUBSCRIBERS**

Has your email address changed recently? Effective January 1, 2002, MWCIA will be distributing general mailings of our circular letters and newsletters via email. To assure uninterrupted service, please complete the form provided as part of Circular Letter No. 01-1370 and submit it to MWCIA as soon as possible.

DEPARTMENT OF LABOR &  
INDUSTRY HIGHLIGHTS

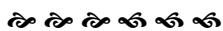
**The BLOB Factor**

No, this is not the beginning of a science fiction novel! In the world of imaging technology, a **blob** refers to the amount of space it takes to store an image. The average document uses about three blobs of space. Certain types of documents such as those printed on colored paper, carbon copies, computer screen snaps, and poor quality photocopies, however, use up to ten times that amount! These images cause two major problems for DLI: 1) they are very expensive to store, and 2) they are difficult to read.

While it may be impossible to eliminate all "large blob documents", DLI is asking carriers to:

- Stop using colored paper for workers' compensation forms or correspondence. White paper makes clearer images and takes up less magnetic storage space.
- If you need to submit a computer screen snap, please eliminate any shaded areas before you print it.
- Eliminate excess paper by referring to the appropriate Minnesota statute instead of sending a copy.
- Don't submit illegible documents. If you can't read them, DLI won't be able to either.

Following the above suggestions will help the Department of Labor and Industry provide a good quality product to you, as well as DLI and OAH staff. If you need further information, please contact Marlana Nierengarten, Supervisor of DLI's Image Processing Team at [Marlana.Nierengarten@state.mn.us](mailto:Marlana.Nierengarten@state.mn.us) or 651.284.5259; or Cindy Miner, DLI's Information Processing Center Director - [Cindy.miner@state.mn.us](mailto:Cindy.miner@state.mn.us) or 651.284.5467.



**Correction**

In our last issue of *MWCIA News*, we incorrectly listed the new phone number for the Insurance Verification office of DLI. Please note that the correct number is 651.284.5170. Staff apologizes for any inconvenience this may have caused.

ASSIGNED RISK PLAN NEWS

**Habla Español?**

In an effort to assist Minnesota's growing population of Hispanic employers, ARP has created a bi-lingual version of the Independent Contractors Criteria List. The new two-sided document has one-side in English and one-side in Spanish. Agents interested in obtaining copies of the bi-lingual version should contact our office at 952.897.1737.

Here are new DLI numbers for some frequently contacted areas:

Compliance Services —	651.284.5030
Special Comp. Fund —	651.284.5045
Insurance Verification —	651.284.5170
Commissioner's Office —	651.284.5010
General Information —	651.284.5000
General DLI toll-free number —	1.800.DIALDLI (1.800.342.5354)

DANNY'S TRANNY UPDATE

On August 10, 2001 the District Court issued its decision on the cross motion for summary judgment filed by the parties and interveners in Danny's Tranny, Inc. vs. State of Minnesota.

The Court denied the Plaintiffs' and granted the Defendants motion on all of the Plaintiffs' claims except for its claim that the 2000 legislation unconstitutionally transferred the 1994 WCRA refund of 32 million dollars.

On that claim, the Court held that the July 13, 1993 Order of former Commerce Commissioner Bert McKasy directing the distribution of ARP's share of the 1992 and 1993 WCRA premium surplus to policyholders created a constitutionally protected property interest. The Court stated, "In summary, Plaintiffs have a protected property interest in the \$32,000,000.00 WCRA refund component of the ARP surplus. To the extent that amount was transferred pursuant to the 2000

Legislation, the legislation effected an unconstitutional taking of private property without just compensation. Such amounts must be returned to ARP for distribution to its policyholders in a manner deemed appropriate by the Commissioner of Commerce."

The Court declined to make any determination regarding the merits of the Plaintiffs' request for class certification. On August 31, 2001, the parties filed motions for reconsideration and/or clarification. On October 1, 2001, the Court issued its order denying the motions on all significant issues. The parties must now decide whether or not to appeal the District Court's decision to the Minnesota Court of Appeals.

MWCIA'S MEMBER &  
CUSTOMER SERVICES' STAFF  
'ON THE ROAD AGAIN'

If you're an independent agent, you may have already met one of MWCIA's Member & Customer Services' staff last summer at one of MIA's Membership Summit III meetings during May and June. On September 13<sup>th</sup>, Gary Bauer and Marie Johnson continued to show our support for the independent agent by hosting a booth at PIA's Education Day in Prior Lake, Minnesota. By participating, Gary and Marie had an opportunity to meet more agents and to familiarize them with MWCIA's website as well as some of our products and services that are of great value to the agent community.

MWCIA's staff always welcome opportunities to meet with representatives from the agent as well as the carrier communities and to demonstrate the advantages of using MWCIA's website!

NCCI PRESIDENT RESIGNS

In a press release dated October 5, 2001, NCCI Holdings, Inc. (National Council on Compensation Insurance) announced that NCCI President and CEO, Bill Schrempf, had resigned his position effective immediately. NCCI also announced it has started its search for a new CEO for their organization.

## NON-APPROVED NCCI ITEMS

The following is a partial list of NCCI Items that are **not** approved for use in Minnesota:

**E-1357** – Experience Rating for Self-Insureds  
– ERM 6 Forms

**B-1351** – Workers' Compensation Premium Algorithm

**U-1358** – WC Statistical Plan Claim Grouping Option

As the data service organization, MWCIA is the only company authorized to file manual rules standard forms & endorsements, and classification & statistical codes relating to workers' compensation insurance on behalf of member companies in the state of Minnesota.

Did you know?

Past issues of *MWCIA News* are available online at [www.mwcia.org](http://www.mwcia.org).

## RECENT CIRCULARS, ETC.

As a quick reference tool for our members and subscribers, the following list indicates all MWCIA Circulars published since the release of our last newsletter:

### **Circular Letter No. 01-1364**

08/23/01 – Minnesota Filing Procedure Changes & Clarifications

### **Circular Letter No. 01-1365**

08/23/01 – FEIN & Unemployment Account Numbers

### **Circular Letter No. 01-1366**

08/30/01 – Minnesota Ratemaking Report 2002 Availability

### **Circular Letter No. 01-1367**

10/02/01 – Minnesota's Filing Procedures Manual

### **Circular Letter No. 01-1368**

10/04/01 – Large Risk Alternative Rating Option

### **Circular Letter No. 01-1369**

10/09/01 – 2001 Update to Retrospective Rating Parameters Effective January 1, 2002

### **Circular Letter No. 01-1370**

10/08/01 – Electronic Notice for Circular Letters & Newsletters

MWCIA's Circular Letters are available online at [www.mwcia.org](http://www.mwcia.org).

*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 you may have concerning this publication to Marie Johnson, editor of *MWCIA News*, % MWCIA: 7701 France Avenue South, Suite 450; Minneapolis, MN 55435. You may also contact her by phone (952.897.6410), fax (952.897.6495), or by emailing her at [marie.johnson@mwcia.org](mailto:marie.johnson@mwcia.org).

## MWCIA PURPOSE

**As the preferred provider of quality Minnesota Workers' Compensation information, we are committed to developing products, services and markets that meet our customers' evolving needs, and to providing a work environment rich in opportunities for personal and professional growth.**



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Minneapolis, MN 55435 - 3200

ADDRESS CORRECTION REQUESTED

a fond farewell to . . .

## GRETCHEN MAGLICH!



The many faces of Gretchen Maglich: (clockwise from top rt.) Socializing with guests at MWCLIA's Annual Luncheon 2000; sparring with other guest panelists Dave Olson, MN Chamber (left) and Bob Johnson, Insurance Federation (right) at MWCLIA's Annual Luncheon 2000; modeling the coveted pink 'master's jacket' at MWCLIA's 2000 Golf Outing; with MWCLIA's President Bruce Tollefson, presenting MWCLIA's pink 'master's jacket' to Larry Koll, Self Insured Representative.

Many attendees of MWCLIA's Golf Outing 2001 were surprised to learn of Gretchen Maglich's decision to leave the Department of Labor & Industry. Gretchen Maglich served as Minnesota's Asst. Commissioner of DLI's Workers' Comp Division from 1995 until she was appointed to serve as Commissioner of the Department of Labor & Industry in November of 1997. In August, Gretchen resigned to return to the private sector where she now works as the Regional Operations Director for URS, an engineer consulting firm in Minneapolis.

Commissioner Maglich came to DLI right after the Workers' Comp Reform Act of 1995. This was a difficult time for labor/industry relations. Gretchen's understanding of the importance of building sound working relationships between labor, government, and business, however, helped her to cultivate several relationships that have opened the door for additional cooperative projects between DLI staff and MWCLIA with measurable results. Through her leadership as Commissioner of DLI and as a member of the Workers' Comp Advisory Council, Gretchen successfully implemented several important initiatives between labor and our industry. A recent project between labor and our industry that she is especially proud of resulted in the transfer of ARP's excess trust fund monies to the Special Compensation Fund.

Thanks again, Gretchen, for your leadership and your friendship to MWCLIA. May you continue to enrich the lives of those around you.

[Gretchen's successor is Shirley Chase. To learn more about Minnesota's new Commissioner of Labor & Industry and her new deputy commissioner, see page 2 of this insert.]

## **GOVERNOR APPOINTS NEW DEPARTMENT OF LABOR & INDUSTRY COMMISSIONER & DEPUTY COMMISSIONER**

### [Governor names Chase as new DLI commissioner](#)

Governor Ventura has named Shirley Chase as the new commissioner of the Department of Labor and Industry. Chase replaces Gretchen Maglich, who resigned in August.

Chase, 45, lives in Little Canada and is an attorney with Chase and Associates, a private sector law firm that provides third party consulting and legal services.

Previously Chase worked at Eduserv Technologies, Inc. for eight years, beginning as general counsel. She then rose to senior vice president and from 1996 to 1998 was president. Chase also practiced law for ITT Commercial Finance and Crawford & Anderson. Governor Ventura appointed her in 1999 to the Campaign Finance and Public Disclosure Board, which she resigned shortly before beginning her new role as Commissioner Chase on September 6th.

“When you see how successful Shirley has been in the private sector, you can understand why I would want her to head DLI.” Ventura said. “As commissioner she brings an extensive management background, legal know-how and excellent motivational skills.”

Chase received her law degree from the William Mitchell College of Law, cum laude, and received her B.A. from the University of Minnesota.

### [Milun named new Labor & Industry deputy commissioner](#)

At the same time, Patricia Milun has been named the new deputy commissioner for the Minnesota Department of Labor and Industry (DLI).

“Patricia brings to us a wealth of knowledge, an excellent practical background and extensive experience with workers’ compensation,” said Shirley Chase, DLI commissioner. “Her skills will help us further our vision to be the leader in promoting workplace solutions.”

Milun served as a workers’ compensation judge since 1993, and the chief settlement judge in 1994. She was a trial attorney with the firm of Larsen, Heck, Klimek & Powell from 1987 to 1992, and with the Nicklaus Law Firm from 1985 to 1986.

Milun received her law degree from William Mitchell in 1985, and her B.A. from the College of St. Benedict’s in 1981.

