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MWCIA News



www.mwcia.org

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PRESIDENT'S CORNER

By Bruce A. Tollefson

Making Regulation Work in Minnesota!

Regulation of the insurance industry is always an interesting topic. At its core, insurance regulation is designed to strike the proper balance between the rights of consumers and the valid business needs of the insurance industry. The regulator's role in this process is to assist in those decisions while not artificially impeding normal market forces.

Regulation has its benefits for both consumers and the industry. Consumers are protected against improper practices in the issuance of policies and the handling of claims. But this process also confers some benefits on the industry. Clear examples are the ability to jointly design uniform policy formats and exchange loss cost data, which is essential to reasonable underwriting. Those practices would not be possible in a non-regulated competitive environment.

Now we can all come up with those horror stories where the system worked poorly or unfairly. I am sure that if we sat in a room full of regulators, they would also have some stories to tell. But in the long run a state either has the ability to overcome temporary imbalances and offer a fair and balanced regulatory system or it does not. From that perspective, I think Minnesota is fortunate.

MWCIA has a unique perspective on our regulatory process. Since the formation of the original rating bureau in the 1920's, our organization has been at the center of workers' compensation regulation. In fact, some even referred to us as a "quasi-governmental" organization. Of course we are not part of the government, but we do have a unique relationship with regulators that has served our members, employers, injured workers and the regulator well over the years.

From this vantage point, MWCIA has been able to work with regulators to address issues and take advantage of opportunities. Some of these opportunities are driven by necessity, but many are what I see as an exercise in common sense.

Remember the old days when carriers sent written proof of coverage sheets to the Department of Labor and Industry (DLI). This system was slow, costly and not particularly effective. As MWCIA updated its computer systems to provide for electronic filing of policy data, we sat down with DLI to change this system. Now data flows to MWCIA and is electronically shared with DLI. Faster, cheaper, and more effective – an exercise in practicality.

MWCIA also gathers and compiles manuals, forms, data, and a variety of non-rating materials that are part of or support the insurance transaction. Working with the Commerce Department, we both decided there should be a way to eliminate unnecessary filings by carriers of non-

rating materials. The solution was a single piece of paper (our limited power of attorney form) that enhanced MWCIA's ability to file all manner of materials for instant use by our members.

We are now in the process of working with Commerce on tools that will allow our members to make rate filings and receive filing approvals quicker and easier. Again this initiative is made possible by enhanced technological capacity, but is an exercise in practical common sense thinking.

Commerce Commissioner Glenn Wilson and Deputy Commissioner Pat Nelson are facing the reality of shrinking state budgets and the need to do more with less. We are exploring tools with Commerce that will allow the regulatory rate filing system to perform its functions in a manner that eliminates unnecessary costs, delays, and hassle for both insurers and the regulator alike.

This electronic rate filing initiative is in the development phases and so I will give you more details as that process progresses, but I think you will like what you see.

Regulation is a reality that will not go away. One of our goals at MWCIA is to use our unique perspective and involvement in the regulatory process to make that process work better. We have been successful in the past and we will continue that effort in the future.

Practical, common sense and cost effective ways of doing business is the standard. If you have any ideas, we would be glad to hear from you.

ASSIGNED RISK PLAN NEWS

The creation of the Special Compensation Fund Assessment Surcharge and the Terrorism Risk Insurance Surcharge made it necessary for all carriers to change their methods used to calculate workers' compensation premiums in Minnesota for policies effective in 2003. The Assigned Risk Plan was also affected by these changes and the ARP application has been revised to illustrate how these new factors affect the calculation of Assigned Risk premiums.

To further assist agents who use the Assigned Risk Plan, MWCIA has installed an enhanced version of ARP's revised application on our website at www.mwcia.org. The web version can be printed and has the newest information needed to calculate Assigned Risk premiums already embedded into *Section IV – Premium Calculation*. In addition to the SCF and Terrorism Risk Surcharges, please note the following Assigned Risk premium changes:

- ARP rates — eff. 4-1-2003
- Expense Constant—\$145
- Owner inclusion max. — \$73,060
- Family member inclusion minimum — \$10,972

An updated version of MWCIA's "How to Complete the ARP Application" Brochure is also available on MWCIA's website at www.mwcia.org or by calling our office at 952.897.1737 (press 1). ☞

2003 Assigned Risk Plan 2nd Quarter Totals

**Total Employer Count:
38,192**

**Total Premium Volume:
\$76,212,418**



Experience Mod Calculator

**Now Available at
www.mwcia.org**

Have you ever wondered what your client's experience mod factor would have been without that one claim? Well now you can find out!

We are pleased to announce the implementation of an Experience Modification Calculator program on MWCIA's website at www.mwcia.org. The purpose of this new resource is to allow interested parties the ability to estimate a Minnesota intrastate experience modification based on the payroll and/or loss information they supply.

MWCIA's Experience Mod Calculator program is not intended to cover all the rules and exceptions found in the Experience Rating Plan Manual, and it cannot create a final experience modification worksheet. It does, however, calculate experience modifications based on the actual and expected loss information you provide. It allows for the calculation of "what if" scenarios by giving you the ability to adjust a client's loss information. ☞

Attention: MWCIA Members & Friends

If you haven't had a chance to see photos from this year's Annual Luncheon & Presentation, they are currently available for viewing on our website at www.mwcia.org. There's a photo of Minnesota's new Commerce Commissioner, Glenn Wilson, as well as some familiar faces from years past. Check it out! Our next big event is MWCIA's Annual Golf Outing & Social Event on July 24th at Crystal Lake Golf Club. Hope to see you there!

Attention All Web Users

For assistance with MWCIA's website or account system, please email your questions to our staff at info@mwcia.org or call us at 952.897.1737 (press 1).

From the Actuary . . .

MWCIA's Actuarial Subcommittee met Wednesday, July 9th, to discuss rate level change alternatives for recommendation to MWCIA's Board of Directors for the 2004 ratemaking year.

Pending Board approval, this information will be used to develop the 2004 edition of Minnesota's Ratemaking Report which is currently scheduled for release on MWCIA's website by August 20th.

Once released, member carriers with MWCIA web user accounts will be able to download the 2004 Ratemaking Report directly from MWCIA's website at www.mwcia.org by using their login username and password. Members without an MWCIA web account will need to register online to receive their copy of the 2004 Ratemaking Report via email. ☞

Attention: Rate Filing Staff

As carriers begin preparing for their 2004 rate filings, the staff of MWCIA would like to draw special attention to the following:

- To assist carriers in their filing process, Minnesota's Commerce Department will accept either the NAIC Uniform Property & Casualty Transmittal Document or the standard Minnesota Property – Casualty Transmittal Form.
- As of July 9th, Commerce's 2004 rate filing requirements had not been issued. Once its release is announced, a copy will be posted on Commerce's website. Filing personnel are cautioned not to use a prior year's bulletin when preparing for the next year's rate filings as it may contain information that is obsolete.

Please direct any questions you may have about the effectiveness of a particular bulletin or filing procedure to Tammy Lohmann, Chief Workers' Compensation Analyst, at 651.296.2327 or email her at tammy.lohmann@state.mn.us. ☞

DLI Highlights . . .



DOLI Commissioner Scott Brener

Governor Pawlenty recently announced the appointment of Scott Brener as the new Commissioner of Minnesota's Department of Labor and Industry.

Scott Brener has a long history of working within state government, as well as private-sector groups, to solve the issues DOLI deals with on a daily basis. Most recently, Commissioner Brener worked as a government and regulatory affairs' consultant. Previous to that, Brener served as an Assistant Commissioner for the Department of Trade and Economic Development; Deputy Direct of Cabinet Affairs for Governor Arne Carlson; Deputy Commissioner of the Office of Technology; and Assistant Commissioner and General Counsel for the Department of Labor and Industry. Scott Brener was also the Director of Public Policy for Qwest/US West Communications.

Additionally, Commissioner Brener has been a board member of the Citizens League, Jewish Vocational Services, Minnesota High Tech Association, Minnesota Telephone Association, and has served as a Georgetown U admissions representative as well as a United Way emerging leader representative.

Scott Brener is a graduate of Georgetown University and Emory University School of Law and lives in Edina with his wife and their son. ☞

MWCIA's Circular Letters are available online at www.mwcia.org.

IFM HELPLINE IS ALIVE & WELL

In an age where insurance issues dominate the news and tough questions about premium and policies keep popping up, wouldn't it be nice to have another resource for *free* information?

The Insurance Federation of Minnesota (IFM) says "Look No Further! The IFM Helpline is available to help you." The Insurance Federation of Minnesota is a state trade association whose members primarily exist of Minnesota based insurance companies. The IFM Helpline is 'staffed' with volunteers who collectively have decades of insurance experience and are ready to answer a variety of Minnesota insurance questions from property and casualty to life and health. These volunteer 'staffers' consist of retired CEO's, agents, brokers, and others who have spent their careers dealing with your same concerns.

You've come to rely on the staff at MWCIA when you have questions regarding workers' compensation insurance but don't forget that IFM's Helpline is a great resource when you need help with other insurance related questions. Their volunteers might not have immediate answers, but finding them is something they are committed to doing.

At IFM's Helpline, questions are taken 24 hours a day! Call 651.222.3800 in the Twin Cities metro area or 1.800.642.6121 in Greater Minnesota. ☞

MWCIA Installs Automated Attendant System

If you've called MWCIA lately you may have noticed something new. In an effort to better serve our public, MWCIA now has an automated phone answering system.

MWCIA's website is quickly becoming many carrier and agent's first choice when seeking information from our office. People who are already

familiar with MWCIA's website (www.mwcia.org) know it's a quick and easy way to obtain Assigned Risk rates and applications, class code help, experience modification histories and ratesheets, and MCPAP applications. In addition, marketing tools are also available such as Assigned Risk's Depop Report and the Carrier Rate Search program. MWCIA's website even includes an experience modification calculator, a host of publications on key topics of interest, a *Frequently Asked Questions* section, links to other valuable websites, and much, much more. Authorized member carriers can even download annual ratemaking and other actuarial information.

With so much information available at your fingertips 24 hours a day and more web enhancements on their way, our next logical step was to create an efficient way to connect individual callers who still need help with the appropriate department or staff member.

Automated phone answering systems are widely used in today's business world. MWCIA hopes you will find the system we chose to be both easy to use and convenient. ☞

NEW MINNESOTA FORMS MANUAL APPROVED

The new *Minnesota Forms Manual* is approved by our Commerce Department for use effective November 1, 2003. As of that date, the forms contained in the *Minnesota Forms Manual* are the exclusive coverage forms available for use in this state. The new *Minnesota Forms Manual* is available on MWCIA's website at www.mwcia.org.

For more information about the new *Minnesota Forms Manual* and the use of its forms, please refer to Circular Letter No. 03-1403 — also available on MWCIA's website. ☞

RECENT CIRCULARS, ETC.

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

Circular Letter No. 03-1403

07/17/03 — New Minnesota Forms Manual

Note: An index of MWCIA's Circular Letters is available on our website at www.mwcia.org.

A note re: MWCIA Mailings

Have you been missing some of MWCIA's circular mailings lately? If you have, it could be because we do not have your current email address. To assure your organization receives uninterrupted service it is important to submit all email changes to our office promptly.

If you do not have web access and wish to continue receiving our publications in hardcopy, please send a written request to the address listed at the end of our newsletter.

NON-APPROVED NCCI ITEMS

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

Members — Please note the following NCCI items are not approved for use in the State of Minnesota:

B-1369 - 2001 Basic Manual For Workers' Compensation & Employers' Liability Insurance

U-1372 - Issuing Agency/Producer Office Address Endorsement WC 89 06 25

B-1373 - Basic Manual Rules & Enhancements

R-1378 - 2002 Update to Retrospective Rating Plan Parameters

If you have any questions regarding these items, please contact our staff by emailing us at info@mwcia.org.

FILING REFRESHER: Cancellations/Non-Renewals

Minnesota's Cancellation and Non-Renewal Form WC 89 06 09 B must be filed in cases of cancellation, termination, or expiration:

- 30 days prior notice to MWCIA using WC 89 06 09 B is required before any cancellation or termination is effective
- 60 days prior notice to MWCIA on behalf of the Department of Labor & Industry and the insured using WC 89 06 09 B is required before any non-renewals are effective

Remember, this requirement applies whether a carrier files electronically or on hard copy.

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*, c/o MWCIA: 7701 France Avenue South, Suite 450; Minneapolis, MN 55435. You may also contact her by phone at 952.897.6410; fax at 952.897.6495; or by emailing her at marie.johnson@mwcia.org.

MWCIA's 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.

