

Highlights

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MWCIA News



www.mwcia.org

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PRESIDENT'S CORNER

By Bruce A. Tollefson

Opportunity Knocked and We Answered!

In my July article I pointed out that MWCIA continues to look for practical, common sense and cost effective ways to assist our members in providing workers' compensation coverage in Minnesota. That goal aids our members and helps the overall system work more efficiently for all involved.

One of the service tools I highlighted was a proposed electronic rate filing system. The envisioned system would be a collaborative effort between the Department of Commerce and MWCIA utilizing existing technology under SERFF (System for Electronic Rate & Form Filing) plus additional enhancements for Minnesota. As a result of these efforts Phase I of a new electronic filing system has been implemented in time for this year's rate filing season. Member companies can now access this system through MWCIA's website at www.mwcia.org or Commerce's website, which you can access directly from our website through the 'links' section.

Because of the limited time available to develop this new system, decisions had to be made on what functionality to include in Phase I. The Department of Commerce and MWCIA staff worked together to develop a viable electronic filing service. For member companies that do not deviate on individual classifications, this new service is as simple as entering their Loss Cost Multiplier data to determine their multiplier and applying that factor times the current MWCIA Pure Premium Base Rates to produce a complete set of rates for that member company.

The new electronic system has built in helps and edits to guide the user through this simplified process. The Commerce Department's actuary also provided MWCIA staff with a set of parameter levels under which a detailed actuarial review will not be deemed necessary to help make this a truly 'expedited filing process'. Any filing that is within these parameters will be part of an expedited 'speed to market' process.

As I have stated in prior articles, insurance regulation is designed to strike the proper balance between the rights of consumers and the valid business needs of the insurance industry. Speed and flexibility in the rate approval process is an aid, not a hindrance to that goal. As Minnesota's workers' compensation service provider, our goal is to assist our members in taking advantage of opportunities to use technology in a wide variety of ways including the regulatory process. Towards that end, MWCIA continuously works with Minnesota's regulators and routinely explores alternatives made available in today's world of instant communications and electronic processing.

In a letter addressed to MWCIA, Commerce Commissioner Glenn Wilson recently wrote: "The Rate Filing Application that your staff developed for e-mail filings and SERFF is an exciting new option for workers' compensation insurers . . . Once again, I would like to thank you for your efforts in establishing a cooperative relationship between the MWCIA and the department. It is my belief that joint efforts like these will benefit everyone involved. I look forward to further collaborations between the MWCIA and this Department."

While this move to electronic filing is in its very beginnings, it is an opportunity that has arrived. As Commerce and MWCIA further refine Minnesota's electronic rate filing process, what is new today will become a commonplace and efficient tool in the very near future. Any functional tools we can develop and place into operation that assists our members with this aspect of the regulatory process is an opportunity worth answering.

It is MWCIA's intention to continue working with the Commerce Department and member companies to determine additional features and functionalities to include in future phases to further enhance the efficiency and timeliness of the electronic rate filing and approval process. Changes that can make the system more functional for you is our goal so let us know what you think. For member companies who use the system, don't be surprised if you receive a call from us.

MWCIA wishes to thank the Commerce Department for their willingness to help find opportunities that will make a difference for our membership. MWCIA is always looking for these opportunities. By working with Commerce and our sister organizations in other states, we believe other good opportunities will be found. If these new ideas can be of assistance to our members as they bring product to the employers of Minnesota, we intend to fully explore their feasibility.

MWCIA encourages you to review this new system and to give us your feedback! Our members are a key part of this process. If you have any ideas/needs that you would like to discuss, please feel free to give me a call at 952.897.6405, or you can call our actuary, Craig Anderson, at 952.897.6431.

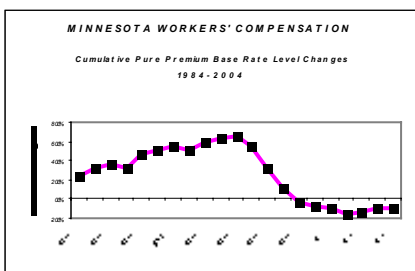
From the ACTUARY . . .

MWCIA Releases 2004 Ratemaking Report

The **2004 Ratemaking Report** was released to our membership via the MWCIA website on August 20th. This report outlines the components of the first decrease in the pure premium base rate level in three years and documents other trends in the Minnesota Workers' Compensation claim environment. The change, a 0.3% decrease, which is the combination of a 0.5% decrease due to experience indications and a 0.2% increase due to the increase in the minimum weekly permanent total benefit, adjusted the average pure premium level to a mark 8.8% below the level in existence prior to the inception of competitive rating in 1984.

The 2004 change is basically driven by continued stability in loss frequency, which has caused pure premium rates to stay fairly stationary over the past six years. The **2004 Ratemaking Report** does, however, note significant continued increases in late loss development, and medical trends — two cost drivers which cannot be directly included in the base rate level.

Access to MWCIA's **2004 Annual Ratemaking Report** is available to our membership on MWCIA's website under Member Services.



Please note: An enlarged version of the above chart is available on page 4 of this newsletter. ☞

To view photos of this year's MWCIA Annual Golf Outing held at beautiful Crystal Lake Golf Club, please visit our website at www.mwcia.org.

A message from the DEPARTMENT OF COMMERCE

IMPORTANT ANNOUNCEMENT TO MWCIA MEMBERS

Through the collaborative efforts of the Minnesota Department of Commerce and MWCIA, we are pleased to announce the release of a new system that will allow the submission of certain rate filings electronically.

Realizing that NAIC's SERFF (System for Electronic Rate & Form Filing) product can be a major undertaking for some carriers, the staff of the Commerce Department and MWCIA worked together to develop an alternative method for making electronic filings that would work for all carriers in Minnesota. As a result of these efforts, we are pleased to announce the implementation of our new Rate Filing Application for email filings as an exciting new option for filing certain categories of rate filings electronically in Minnesota.

Commerce Department and MWCIA staff will continue to work collaboratively to expand the electronic filing options of carriers in Minnesota into the future.

WComp. email filing instructions are available on Commerce's website at www.commerce.state.mn.us or via a link on MWCIA's website at www.mwcia.org. Should you have any questions or need assistance getting started with email filings, please contact Tammy Lohmann, Chief WComp Analyst, at 651.296.2327 or by emailing her at tammy.lohmann@state.mn.us. ☞



Attention Underwriting Staff:

Remember to use the *Minnesota Forms Manual* on MWCIA's website to verify the proper version and effective date of any standard form or endorsement you wish to use in Minnesota.



Attention: Rate Filing Staff

In connection with the release of the Minnesota Department of Commerce's Bulletin 2003-3 regarding this year's rate filing rules, MWCIA is pleased to announce the release of the 2004 edition of the *Minnesota Filing Procedures Manual*. This manual is an important tool in understanding current rate filing procedures in Minnesota and is intended for use as a companion document to Commerce's Filing Bulletin 2003-3. As carriers begin preparing their 2004 rate filings, the staff of MWCIA would like to draw special attention to the following:

- Minnesota's Department of Commerce now accepts NAIC's Uniform Property & Casualty Transmittal Document.
- The *Minnesota Filing Procedures Manual* and Commerce's annual rate filing bulletins are year specific. Be sure to only use the 2004 information when preparing for the upcoming year's rate filing.
- Submit unrelated filing items separately. If a problem exists concerning any part of a filing package, it can delay approval of the entire filing.
- Remember that your new rates are not available for use until you receive stamped approval from the Minnesota Commerce Department.
- Refer to Commerce's news article on this page for information concerning electronic filing of rate filing data in Minnesota.

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

Copies of the Minnesota Filing Procedures Manual – 2004 edition is available on MWCIA's website at www.mwcia.org or by calling our office at 952.897.1737. ☞

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

DLI Highlights

ISU's "Fraud Reporter"

Have you read the *Minnesota Workers' Compensation Fraud Reporter* lately? The "Fraud Reporter" is published by the Investigative Services Unit (ISU) of the Minnesota Department of Labor & Industry.

ISU is the arm of the Department of Labor & Industry responsible for investigating workers' compensation fraud in Minnesota. In addition to investigating fraudulent claims by employees, ISU also investigates claims of fraud by employers, agents, claim adjusters, and anyone else who may have perpetrated a fraudulent act involving the workers' compensation system. Curious about what types of fraud the ISU team uncovers? Each issue of the *Fraud Reporter* includes information on several fraud case investigations that have resulted in criminal charges. In addition to this publication, ISU publicizes these claims through various media channels. By publicizing these cases, ISU hopes to deter anyone who is contemplating fraud or is currently involved in fraudulent activities.

You can report a fraud situation you may be aware of via ISU's Fraud Tip Line at 1.888.FRAUD MN (888.372.8366).

Please note: ISU's main phone number has been changed to 651.284.5066. Their new fax number is 651.284.5747.

ISU's *Fraud Reporter*, is published semi-annually. To see a copy of their latest issue, visit ISU's website at www.doli.state.mn.us/isu.html.

ARP News

To further assist agents who use the Assigned Risk Plan in Minnesota, MWCIA has installed an enhanced version of the Assigned Risk Plan's current application on our website at www.mwcia.org. Obtaining blank copies of ARP's application from MWCIA's website has two advantages: 1) it's always accessible (24 hours/day); and 2) the newest information needed to calculate Assigned Risk premiums is embedded

into *Section IV – Premium Calculation* of the application. When completing an ARP application, please note the following list of current Assigned Risk premium charges:

- ARP rates — eff. 4-1-2003
- Expense Constant—\$145
- Owner inclusion maximum — \$73,060
- Family member inclusion minimum — \$10,972
- SCF Surcharge — 5.8%
- Terrorism Act Surcharge - .02/\$100 payroll

MWCIA's brochure "How to Complete the ARP Application" has been updated to include this revised information and is available on MWCIA's website at www.mwcia.org or by calling our office at 952.897.1737.

2003 Assigned Risk Plan 3rd Quarter Totals

**Total Employer Count:
41,541**

**Total Premium Volume:
\$90,623,416**

MCPAP UPDATE

The 2004 MCPAP credit factors have been calculated and are in the mail to eligible employers and their carrier of record. The results represent about a 7.5% increase in the number of eligible applicants including those who received late filing penalties.

Here is a summary of Minnesota's 2004 MCPAP credit factors:

Credit Factor	Number of Employers
.75 - .79	208
.80 - .89	1,209
.90 - .99	1,376
<u>1.00</u>	<u>48</u>
TOTAL	2,841

Don't Forget!! MCPAP's 2005 enrollment period will start the beginning of January and run until April 1, 2004.

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. 03-1404

08/27/03 — Minnesota Filing Procedure Changes and Clarifications — 2004

Circular Letter No. 03-1405

08/27/03 — 2004 Ratemaking Report Release

Circular Letter No. 03-1406

09/26/03 — NCCI Item R-1385 – 2003 Update to Retrospective Rating Parameters Effective December 1, 2003

Circular Letter No. 03-1407

10/09/03 — NCCI Item R-1385 – 2003 Update to Retrospective Rating Parameters

Circular Letter No. 03-1408

10/15/03 — Minnesota Filing Procedures Manual – 2004 Edition

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-1351 — Workers' Compensation Premium Algorithm

U-1358 — WC Statistical Plan Claim Grouping Option

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

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

A note re: MWCIA Mailings

To assure your organization uninterrupted service, it is important to submit all email changes to our office promptly. Please remember MWCIA's circulars are also available on-line at www.mwcia.org as well as an archive index listing prior circulars.

**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:

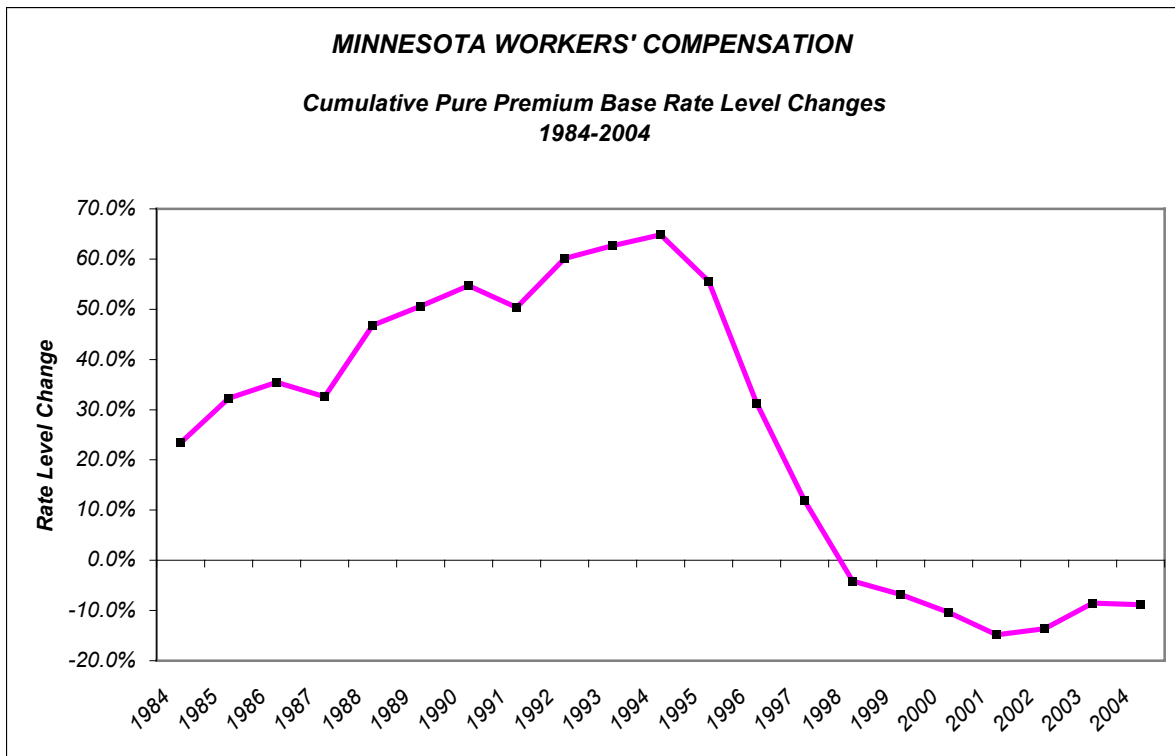
- 30 days prior notice to MWCIA using WC 89 06 09 B is required before any cancellation or termination is effective
- 60 days prior notice to MWCIA on behalf of the Department of Labor & Industry and the insured using WC 89 06 09 B is required before any non-renewals are effective

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*, % 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.



(See article on Page 2)

