

# MWCIA News



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

August 2005 issue

a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### Quality Data:

#### How can we help?

In the last edition of our newsletter I focused on the topic "Quality Corporate Data". My article contained quotes from a couple of statements I found in the IDM Quarterly (a periodic newsletter published by Insurance Data Management Association's Education Committee) outlining their thoughts on this important subject. I also touched on a number of national organizations MWCIA is a member of that focus on the issue of data quality.

In past issues of *MWCIA News*, I have written about various 'tools and services' MWCIA provides our members to make the process of submitting data more effective and efficient. These tools have greatly improved the process of data submission for our member carriers and enhance the quality of the data we receive. Tools such as the Bureau Entry & Edit Program (BEEP) and the Policy Entry & Edit Program (PEEP) serve a dual function by allowing carriers to conduct preliminary editing of their data while providing them a highly secure and effective data transmission vehicle.

These and other computer programs and services have made a real difference and demonstrate the value of developing such industry wide tools. However, in one sense the tools and services

developed to date were fairly easy to identify, and constitute what I refer to as "low hanging fruit". That is why a major part of MWCIA's 2005 annual plan is to look beyond these more obvious solutions to other less obvious needs and services for our members. One way we intend to do this is by taking the time to discuss with many of our member carriers the most pressing or significant needs facing them today.

So far in 2005, MWCIA has made use of a number of different methods to start this process with our member carriers. We have made use of website surveys, teleconferences, and even on-site focus groups.

Our preliminary results have been very good. For example, through the use of a website survey we conducted and a follow-up teleconference focus group, MWCIA staff were able to obtain feedback on some very specific questions to help us better understand the 'key needs' of our member carriers regarding electronic rate filings. The use of these combined methods proved to be a very cost effective and timely way to gather and verify information regarding Minnesota's current rate filing system and became a valuable tool in helping MWCIA staff and the Minnesota Department of Commerce better understand the type of additional functionality that would make Minnesota's electronic Rate Filing Application (RFA) system a more

valuable tool to a wider audience of our membership.

The result is an enhanced tool that increases the quality of Minnesota rate filing submissions and decreases regulatory approval time for MWCIA members who use this system.

We have begun a similar process to expand our understanding of our member carrier needs as part of the enhancement of Actuarial Report Resource on the Web (ARROW). This web-based product, launched in December 2004, allows member carriers to perform queries against their own statistical plan data as well as comparative statewide data. We have already made use of a website survey and plan to follow up with focus group discussions in December 2005.

While these and other methods are useful in enhancing existing tools, they can also assist us in exploring new areas and products aimed at providing additional help throughout the data collection and reporting process. While we are attempting to reach a broad spectrum of our members through these efforts, if you have ideas or insights you think might be helpful, we invite you to call.

We, at MWCIA, understand the importance and value of quality data. It has been and will continue to be our goal to discover, develop, and implement tools and services that improve the data collection process and provide a valuable resource of quality data to our member carriers. ☺

To All Agents Who Use  
Minnesota's  
Assigned Risk Plan

Due to recent legislative changes in Minnesota regarding the timing of policy cancellations, the Minnesota Workers' Comp. Assigned Risk Plan must revise it's payment plan options effective October 1, 2005.

The new schedule is as follows:

MWCARP PAYMENT OPTIONS  
(Effective 10-01-2005)

Total Est. Annual Premium	Minimum Deposit Required	Payment Basis
Under \$2,000	100%	
\$2,000 - \$10,000	50%	3 quarterly
over \$10,000	35%	8 monthly

An updated MWCARP application with the new payment schedule will be available on MWCARP's website at [www.mwcarp.org](http://www.mwcarp.org) and MWCIA's website at [www.mwcia.org](http://www.mwcia.org) soon.

Please direct any questions you may have regarding these changes to the application process to MWCIA's staff at [info@mwcia.org](mailto:info@mwcia.org) or by dialing 952.897.1737, option 1. ☎



2005 MWCARP  
Annual Averages

Total Employer Count:  
41,363

Total Premium Volume:  
\$98,288,259

Are Your Rates Approved?

Carrier rates are **not** approved until formal approval is received from the Commerce Depart. *Copies of hardcopy rate filings should be sent to MWCIA's office for our records only after Commerce approval is received.*

ATTENTION RATE FILING STAFF

Several bills were passed by the Minnesota Legislature this session that will directly impact workers' compensation filings submitted to the department. These revisions were all effective July 1, 2005 with the exception of renewal with altered rates revision, which is effective August 1, 2005.

1. **Filing Fee Changes.** Minnesota Statute §60A.14, subd. 1 was revised to create a filing fee differential between filings submitted on paper and those submitted electronically. The filing fee for Large Risk Alternative Rating Option (LRARO) filings was also altered. The new filing fee schedule is as follows:

Rates (Paper)	\$90
Rules (Paper)	\$90
Forms (Paper)	\$90
Rates/Rules/Forms (Paper)	\$180
Rates (Electronic)	\$75
Rules (Electronic)	\$75
Forms (Electronic)	\$75
Rates/Rules/Forms (Electronic)	\$150

Large Risk Alternative Rating Option (LRARO)

(Paper) \$90(per employer)  
(Electronic) \$75(per employer)

2. **Large Risk Filings Threshold.** The threshold for all large risk filings, including LRARO, is now \$250,000 in countrywide premium.

3. **Large Risk Rating Filing Certification [DOC-WC-10].** This form has now been codified in Minn. Stat. §79.56, subd. 1(b) with the only revision being that it now reflects the uniform statutory threshold of \$250,000 in countrywide written workers' comp. premiums.

4. **Filing of Large Risk Rating Filing Certification.**

Minnesota Statute §79.56, subd. 1(b) was also clarified to state that the Large Risk Rating Filing certification must be re-filed upon each renewal of the employer's policy.

5. **Penalties.** Minnesota Statute §79.56, subd. 3(a) was revised to clarify that the penalties set out in this section also apply to failure to submit the large risk certification required by Minn. Stat. §79.56, subd. 1(b).

6. **Renewal of Insurance Policy With Altered Rates.** Minnesota Statute §60A.351 has been amended to exclude coverage under the Federal Terrorism Risk Insurance Act (TRIA) from the 60 day notice requirement for renewal of commercial insurance policies with altered rates.

Should you have any questions, please contact Tammy Lohmann, Chief Workers' Comp. Analyst for the Department of Commerce, by calling her at 651.296.2327 or sending her an email at [tammy.lohmann@state.mn.us](mailto:tammy.lohmann@state.mn.us). ☎

2006 rate filing instructions are now available on Commerce and MWCIA websites. For the latest filing instructions, please refer to Commerce Bulletin 2005-5. (Revisions to the MN Filing Procedures Manual are forthcoming.) For specific information on filing electronically using RFA or SERFF, please refer to MWCIA Circular Letter No. 05-1463. For easy access to the Minnesota Department of Commerce website, MWCIA provides a connection under "LINKS" on the left-hand margin of our homepage at [www.mwcia.org](http://www.mwcia.org).

## FILING Updates

### ATTENTION AGENTS & UNDERWRITERS

The following filing items were recently approved for use in Minnesota by our Commerce Department. These items could have a direct impact on the underwriting of your workers' compensation policies.

#### ▪ **Eligibility Requirements for Minnesota Experience Rating**

The experience rating eligibility levels to qualify for experience rating in Minnesota have increased from unmodified audit premium of \$3,000/\$6,000 to \$4,000/\$8,000 for employers with rating dates effective on or after January 1, 2006. Effective January 1, 2007, eligibility for experience rating will increase again to \$5,000/\$10,000. [FYI — Minnesota's eligibility levels have remained unchanged for almost 20 years.]

(Refer to **Circular Letter No. 05-1454** for further details.)

#### ▪ **Experience Mod. Factor Revisions for Certain Closed Claims**

This filing addresses the elimination of the Aggravated Inequity rules effective August 1, 2005 and simultaneously creates a new rule to handle claims that close between a policy's valuation date and the modification effective date. Under the parameters of this new rule, an experience mod is eligible for revision if a claim that meets these new reporting parameters impacts an employer's experience mod by five or more percentage points.

(Refer to **Circular Letter No. 05-1461** for further details.)

The following item also affects how policies are issued in Minnesota:

#### ▪ **Minnesota's Unemployment Insurance Number (UI) Characters Expanded**

The Department of Employment and Economic Development recently advised our office that the

Minnesota Unemployment Insurance Number (UI) has been expanded to 12 digits. Steps should be taken by carriers as soon as possible to provide for the proper reporting of 12 digit UI numbers in addition to the reporting of existing 10 digit UI numbers.

(Refer to **Circular Letter No. 05-1457** for further details. Please refer questions regarding requirements for UI numbers to DEED at 651.296.6141 or check their website at <http://www.deed.state.mn.us>.)

#### **Special Note to Carrier Unit Statistical Staff:**

Please review the above items to determine their impact on unit statistical data submissions and corrected reports by your company and make any necessary adjustments.

The **Workers Compensation Data Specifications Manual** has been updated to reflect the approval of WC 22 03 02 (see Circular Letter No. 04-1434) and RECORD TYPE HA.

(Refer to **Circular Letter No. 05-1456 & No. 05-1443** for further details.)

We will advise members as soon as other approved filing items affecting WCPOLS or WCSTAT have been updated in the **WC Data Specs Manual**. ☞

## From the Actuary . . .

### [MN'S 2006 RATEMAKING REPORT NOW ON MWCIA WEBSITE](#)

The 2006 edition of the **Minnesota Ratemaking Report** has been approved and is now available on our website. Member carriers with MWCIA web accounts can download the **2006 Minnesota Ratemaking Report** directly from our website at [www.mwcia.org](http://www.mwcia.org) by using their web account username and password. Members who still do not have not an MWCIA web account will need to register online to have a copy of the **2006 Minnesota Ratemaking Report**

sent to them via email.

For all other subscribers, the **2006 Minnesota Ratemaking Report** may be obtained in hard copy or in an electronic version by sending a request to our office in writing along with the appropriate fees shown in MWCIA's Circular Letter No. 05-1458.

Please direct any questions you may have regarding this Report to our Actuarial Services staff by calling them at 952.897.1737, Option 3, or by sending an email to [ratemakingreport@mwcia.org](mailto:ratemakingreport@mwcia.org). ☞

### FILING REFRESHER: PROOF OF COVERAGE

MN Rule 5222 requires all policy information to be filed on a timely basis with MWCIA as the official repository of Minnesota's Proof of Coverage. All Proof of Coverage notifications must be filed in the approved format:

- Within 10 days of the policy effective date, or
- Within 20 days of binding coverage

**Remember**, this rule applies whether Proof of Coverage data is filed electronically or on hard copy.

## DLI Highlights

### ATTENTION: UNDERWRITERS & AGENTS

Minnesota's Legislature recently passed changes to parts of Minnesota Statute §§176.185, subdivision 1 and 1a which govern the notice and timing of the notice carriers are required to give policyholders and our Department of Labor & Industry whenever workers' comp. policies are cancelled, terminated, expire, or are non-renewed. Specific details regarding the new law and a review of other statutes and rules impacting Minnesota's current cancellation procedures are contained in MWCIA Circular Letter No. 05-1453 and No. 05-1455 which

are available on MWCIA's website at [www.mwcia.org](http://www.mwcia.org). The new law changes became effective August 1, 2005.

Each insurance carrier should take whatever steps are necessary to immediately bring itself into compliance with the new statutory requirements for canceling, expiring, terminating, or non-renewing their workers' compensation coverage in Minnesota.

### WHAT HAS NOT CHANGED

Circular Letter No. 05-1453 also contains a synopsis of §60A.351; §60A.37; and Minnesota Rule 5222.2002 and their impact on the cancellation, termination, expiration, and nonrenewal process. The referenced statutes and regulations have not changed and must continue to be followed by all carriers:

Please direct questions regarding changes to Minnesota's cancellation, termination, expiration, and nonrenewal procedures to Jim Feckey of the Minnesota Department of Labor & Industry by calling 651.284.5455 or by sending an email to [Jim.Feckey@state.mn.us](mailto:Jim.Feckey@state.mn.us). ☞

**Remember:** By keeping MWCIA informed of all name, address, and contact changes on a timely basis, your company will never miss valuable notices and mailings from our office that our members have learned to depend on.

### 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. 05-1447**

05/03/05 — NCCI Item B-1387 - Revision of Basic Manual Classifications

#### **Circular Letter No. 05-1448**

05/03/05 — NCCI Item B-1391 - Revision of Basic Manual Classifications

#### **Circular Letter No. 05-1449**

05/03/05 — New MN Endorsement - Third Degree of Kindred Exclusion (WC 22 03 03)

#### **Circular Letter No. 05-1450**

05/05/05 — NCCI Item B-1393 - Data Reporting Instructions - DTEC - Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents

#### **Circular Letter No. 05-1451**

06/14/05 — Assigned Risk Plan Deductible Credits

#### **Circular Letter No. 05-1452**

07/01/05 — MN Department of Commerce Bulletin 2005-3

#### **Circular Letter No. 05-1453**

07/01/05 — MN Law Change — Notice of Cancellation/Termination/Nonrenewal

#### **Circular Letter No. 05-1454**

07/18/05 — Increased Eligibility Requirements for Experience Rating in Minnesota

#### **Circular Letter No. 05-1455**

07/26/05 — Correction to Circular Letter No. 05-1453 — MN Law Change — Notice of Cancellation/Termination/Nonrenewal

#### **Circular Letter No. 05-1456**

07/28/05 — Updated WCIO *Workers Compensation Data Specifications Manual*

#### **Circular Letter No. 05-1457**

07/28/05 — MN Unemployment Insurance Account Number (UI) Characters Expansion Format

#### **Circular Letter No. 05-1458**

08/11/05 — 2006 Ratemaking Report

#### **Circular Letter No. 05-1459**

08/17/05 — Large Risk Alternative Rating Option (LRARO)

#### **Circular Letter No. 05-1460**

08/17/05 — 2005 Update to Retrospective Rating Parameters

#### **Circular Letter No. 05-1461**

08/17/05 — Experience Modification Factor Revision Certain Closed Claims

### NON-APPROVED NCCI ITEMS

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

When preparing policies for Minnesota, please keep in mind that the following NCCI Items are not approved for use in 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

**E-1379** 2003 *New Experience Rating Plan Manual*

If you have any questions regarding these items, please contact our staff by emailing us at [info@mwcia.org](mailto:info@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).

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## 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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