

MWCIA News



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a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

Connecting the Dots ...

Collaboration — working with industry partners and other data collection organizations to provide real value and services to our members — has been a frequent theme in my articles. I doubt anyone disputes this is a good idea with the potential for many beneficial results. Sometimes discussing this topic gets confusing, however, because of the many parties involved and the abbreviations commonly used. Occasionally an explanation of our collaborations is necessary to help the reader appreciate how it works.

Let me try to “connect the dots” between the various collaborative efforts MWCIA is currently involved in and the real benefits these efforts provide to our members.

Here is a list of the many key players in these collaborations in Minnesota:

- Workers Compensation Insurance Organization (WCIO)
- American Cooperative Council on Compensation Technology (ACCCT)
- Compensation Data Exchange (CDX)
- Spectrum Partners
- MWCIA
- Department of Labor & Industry
- Department of Commerce
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Here's a brief explanation of how the “dots” on this list connect:

WCIO is a national association of Data Collection Organizations (DCOs). It develops common nationwide workers' compensation data reporting standards such as WCPOLS and WCSTAT. Common data reporting

standards save time and money by helping to eliminate costly state specific data filing standards.

ACCCT develops software tools to make these common standards more usable. Through ACCCT, independent DCOs have developed various tools such as BEEP and PEEP that give members a cost effective way to translate common standards into usable systems for reporting data that are more accurate and efficient.

CDX provides a secure Internet portal to carriers for exchanging data with independent DCOs using the common standards developed by WCIO and the tools developed by ACCCT. This Internet highway makes the transmitting and receiving of data a “one stop” exercise which is leagues ahead of old paper filing methods or the use of e-mail attachments.

Spectrum Partners provides an internal operating system for collecting, editing, analyzing, and summarizing data for five of the independent DCOs (Massachusetts, Minnesota, New York, North Carolina and Wisconsin). In addition to its other state-of-the-art features, the Spectrum system is designed to efficiently utilize the data reported by the carriers.

When the “dots” between these organizations are connected, they show a clear and beneficial goal — increased uniformity, consistency, and cost savings in the data collection process. We do this by providing carriers with clear standards, useful tools to implement these standards, a modern and efficient data transmittal highway, and DCO systems that enhance these efforts.

As Minnesota's DCO, MWCIA has two additional key roles in the collaborative process. Our first role is to help foster and strengthen the use and acceptance of these organizations

and tools. As a founding member, MWCIA is a strong supporter of WCIO, ACCCT, CDX, and Spectrum Partners. By encouraging participation in these collaborative efforts, MWCIA has been able to foster connecting these “dots”.

The second key role MWCIA has is to promote the benefits of these organizations and their tools within the Minnesota workers' compensation system. MWCIA's staff has developed a number of backend products and services to maximize the use of this quality data such as Manage USR, which provides our members secure access to their reported unit statistical data as part of the error correction process; and ARROW, which provides members secure access to their reported unit statistical data to build reports and queries that aid members in their decision-making processes.

MWCIA also extends this collaborative effort to Minnesota's key regulators by participating with the Minnesota Department of Commerce to develop the Rate Filing Application (RFA), a secure and efficient method for carriers to use to make annual rate filings; and Minnesota's Department of Labor & Industry in such initiatives as eliminating duplication in the Proof of Coverage system.

You may wonder why a blank line appears under the list of key players in this article. To complete our picture of “connecting the dots”, we need to include your company's name on the list of collaborative players as none of this would be possible without the support of our members. By providing ideas, technical assistance, financial support, and testing, our members help make connecting the “dots” and the benefits of that connection a reality. With your continued support, MWCIA's goal will be to continue to connect more dots to make an even better and more efficient system.

[Attention Agents:](#)
[New Assigned Risk Rates](#)
[Effective 4-1-2006](#)

Reminder — the Assigned Risk Plan has a new rate schedule effective April 1, 2006 as well as an increased expense constant (\$165) and a new Special Compensation Fund (SCF) Assessment factor (3.6%). The surcharge for Foreign Terrorism continues to be \$0.02 per \$100 of total payroll. In addition, the following maximum and minimum payroll limits for owners and family members who elect coverage will apply:

- Maximum payroll for executive officers, managers/members of LLC's, partners, and sole proprietors — \$1,550 per week/\$80,600 annually
- Minimum payroll for executive officers, managers/members of LLC's, partners, and sole proprietors — \$230 per week/\$11,960 annually
- Minimum payroll for parents, spouse, and children — \$232 per week/\$12,064 annually (There is no maximum payroll limit)

A new Minnesota ARP application reflecting the new expense constant and SCF Assessment factor will soon become available on MWCIA's website at www.mwcia.org and MWCARP's website at www.mwcarp.org.

A printable copy of the new Assigned Risk rate schedule is also available on MWCIA's website as well as individual class code rate search capabilities via two of MWCIA's interactive programs: Assigned Risk Rate Search and Class Code Search.

Should you have any questions regarding this item or need assistance using the above products, please contact one of MWCIA's staff at info@mwcia.org or by calling us at 952.897.1737 (Option 1).

**2006 MWCARP
Annual Averages**

**Total Employer Count:
39,543**

**Total Premium Volume:
\$91,711,971**

A Reminder Regarding Agency Checks

It has been the practice of MWCARP to accept agency checks as payment when submitting an application to the Assigned Risk Plan for many years.

This is a great service that helps agents assist their clients in obtaining timely coverage. It is important to keep in mind, however, that MWCARP and MWCIA cannot assist agents in obtaining uncollected monies as a result of forwarding Assigned Risk premium payments on their clients behalf. It is also important to remember that agents have no authority to cancel a client's policy with the Pool (even when an agency check was used to secure coverage for the client).

By providing this reminder, we hope to prevent agents from having unresolved collection issues with their clients concerning Assigned Risk coverage. We encourage agents who wish to forward premium payments to the Pool on their clients behalf to take the necessary steps to protect themselves against non-payment before submitting an application to the Pool using an agency check.

Please direct any questions you may have regarding the Assigned Risk Plan application process to MWCIA's staff at info@mwcia.org or by calling us at 952.897.1737 (Option 1). ☒

***~Attention Members~
Mark Your Calendars!***

On Monday, April 17th, MWCIA's Board members and staff will host **MWCIA's 2006 Annual Luncheon** at the McNamara Center on the University of Minnesota's Minneapolis Campus.

Each year MWCIA hosts this annual event to provide members and other guests with an opportunity to network with other industry folk and mingle with staff of the Commerce Department, the Department of Labor & Industry, and MWCIA.

Members should anticipate receiving their invitations in a few weeks. Please mark your calendars now and plan to join us on April 17th!

**TRIA EXTENSION ENDORSEMENT
APPROVED**

Effective January 1, 2006, the Terrorism Risk Insurance Extension Act Endorsement (WC 00 01 13) replaced the prior TRIA endorsement (WC 00 04 20) for new and renewal policies in Minnesota with updated information under the new Extension Act. The Terrorism Risk Insurance Extension Act Endt. (WC 00 01 13) includes information regarding Congress' new premium reimbursement schedule for terrorism.

WC 00 01 13 is intended to be applied in conjunction with the Foreign Terrorism Premium Endorsement (WC 00 04 22) which also became effective in Minnesota on January 1, 2006 for new and renewal policies (refer to MWCIA Circular Letter No. 05-1472 for more information). NAIC's Policyholder Disclosure Notice is also approved as an optional form to be used in conjunction with (but not in lieu of) WC 00 01 13 and WC 00 04 22 to fulfill the disclosure requirements of this Act.

Under both the 2002 and 2005 Acts, carriers must provide "clear and conspicuous" disclosure to the policyholder of premiums charged for insured losses covered under the Terrorism Insurance Program and the Federal share of compensation for insured losses under the Program.

The application of the Terrorism Risk Insurance Extension Act Endorsement (WC 00 01 13) will be non-mandatory (optional) for outstanding policies that are in force as of January 1, 2006. This optional status allows carriers to make their own determination as to whether the new Act and Treasury Department guidance requires that outstanding policies be endorsed. Based on current information, however, MWCIA staff believe all multi-year policies that extend past January 1, 2007 should be endorsed to include WC 00 01 13.

For a chart illustrating how to apply the endorsements in connection with Terrorism Insurance in Minnesota, please refer to MWCIA Circular Letter No. 06-1477.

**Important TRIA
Implementation Information:**

Payment from the Federal government under this Program is contingent upon a carrier's proper compliance with the policyholder disclosure requirements of the Act. Final determination of the adequacy of the policyholder disclosure notice is the responsibility of the U.S. Treasury Department at the time an insurer submits its claim for the Federal share under this Act. Given the importance of the policyholder disclosure, WC 00 01 13 and WC 00 04 20 both include a Policyholder Disclosure Notice within the body of the endorsement. The disclosure language on either of these endorsements and a copy of Item 4 on the policy Information Page illustrating the premium charged for terrorism or war losses, however, still may not be sufficient to satisfy TRIA's requirement of "clear and conspicuous disclosure to the policyholder". Minnesota has, therefore, also approved the *Policyholder Disclosure Notice* form recommended by NAIC.

Should you have any questions concerning NCCI Item P-1404 or the application of the Terrorism Risk Insurance Extension Act of 2005 in Minnesota, please contact one of our Member & Customer Service's staff by calling 952.897.1737 (Option 1) or by emailing info@mwcia.org.

To view copies of all currently approved forms and endorsements for Minnesota, please visit MWCIA's website at www.mwcia.org and select the drop-down menu for "Minnesota Manuals" on the left-hand margin of our homepage.

Attention: MWCIA Members

MWCIA's Annual Meeting will be held at 1:30p.m. on Tuesday, April 18th, at our offices in Edina, Minnesota.

Official notification of the Annual Meeting will be sent to each member group approximately 30 days in advance of our meeting date. MWCIA's By-Laws require a 25% quorum of our membership to conduct Association business on the day of our Annual Meeting.

Due to the large number of out-of-state members, the use of proxy statements has been an invaluable tool in helping us fulfill MWCIA's quorum requirement. Members who are unable to attend MWCIA's Annual Meeting on April 18, 2006 are urged to return their proxy notices promptly. By returning your proxy on a timely basis you'll help MWCIA staff avoid the additional time and expense of developing a quorum by phone.

When submitting your company's proxy to our office, please note that carriers who are part of a membership group are entitled to submit only one proxy for all member carriers within their group.

Please direct any questions you may have regarding MWCIA's Annual Meeting and/or proxy system to our staff by emailing info@mwcia.org.

New SAWW Announced

Effective October 1, 2005, Minnesota's new Statewide Average Weekly Wage is \$774.

FILING Updates

ATTENTION MEMBER CARRIERS

The following items were approved by Minnesota's Commerce Department since the last issue of MWCIA News. Please circulate information on these items to your appropriate staff as they have a direct impact on your workers' compensation policies in Minnesota.

▪ **NCCI Item P-1401 — Revision of the Rural Electrification Administration Endorsement**

This filing revises the name of the above endorsement.
(Refer to **Circular Letter No. 06-1478** for further details.)

▪ **NCCI P-1404 — Terrorism Risk Insurance Extension Act of 2005**

This item created a new endorsement that replaced the old Terrorism Risk Insurance Act of 2002 Endorsement. In addition to the creation of WC 00 01 13 and the withdrawal of WC 00 04 20, Minnesota also approved NAIC's *Policyholder Disclosure Notice* as an optional form to be used in conjunction with WC 00 01 13 and WC 00 04 22.

(Refer to the Terrorism Risk Insurance article on **Page 3** and **Circular Letter No. 06-1477** for further details.)

A Special Note Regarding TRIA:

In preparation of TRIA's pending expiration, MWCIA released various circulars aimed at helping members. The Federal government extended TRIA, however, and new endorsements and procedures are now approved for use in Minnesota effective January 1st to replace the old TRIA endorsements.

Please refer to the Terrorism Risk Insurance article on **Page 3** of this newsletter and **Circular Letter No. 06-1477** for the latest information regarding the handling of foreign terrorism insurance in Minnesota.

WCIO Update

WCIO has recently approved new WCPOLS specifications for the following Minnesota endorsements:

- **Minnesota Independent Contractors Coverage Endorsement (WC 22 03 02)**
Record Type — *Code HA*
- **Minnesota Third Degree of Kindred Family Member Exclusion Endt. (WC 22 03 03)**
Record Type — *Codes*
- **Minnesota Employee Leasing Endorsement (WC 22 03 04)**
Record Type — *Codes*

WCPOLS specifications for these endorsements will be published in WCIO's **Workers Compensation Data Specifications Manual** and are available on WCIO's website at www.wcio.org.

MCPAP 2007 ENROLLMENT

MCPAP Enrollment Season Ends April 1st

MWCIA's 2007 Minnesota Contractors Premium Adjustment Program (MCPAP) enrollment season will close on April 1st. Whether submitting online, via fax, or by mail, all 2007 MCPAP applications must either be received in MWCIA's office or postmarked no later than Saturday, April 1, 2006, to avoid a two-point (.02) late penalty adjustment factor.

Eligible contracting employers may continue to apply for a MCPAP credit factor (subject to the .02 late penalty) until 90 days after the effective date of their 2007 experience modification factor. An employer's MCPAP factor will never exceed 1.00, however, even when the late penalty factor is applied.

Data from all eligible applicants for the 2007 MCPAP season will be stored and used in the development of the 2007 pure premium base rates. This information will also be used to calculate the new MCPAP formula tables for the 2007 MCPAP credit factors.

The 2007 factors are scheduled to be released late summer/early fall of 2006 in time for the January 2007 policy renewals. Copies of the MCPAP credit worksheets will be mailed to each eligible employer and their current carrier of record once the 2007 credit factors have been calculated. The MCPAP credit factor will also appear on our website next to their mod on the employer's experience modification history.

Applying online is free, easy, and available anywhere the Internet can be accessed! Instructions for completing this year's MCPAP application online or on hardcopy are available on MWCIA's website at www.mwcia.org and in the MCPAP brochure also available on our website. Employers who wish to apply for a 2006 MCPAP credit can also obtain applications and instructions from MWCIA's website at www.mwcia.org. If you have additional questions about the MCPAP enrollment process, please email our staff at info@mwcia.org, or call 952.897.1737 (Option 1).



Remember, when applying for a 2007 MCPAP credit factor employers must:

- ✎ have **at least** one contracting class code with payroll on their 2005 policy
- ✎ have paid a **total annual average hourly wage** (total payroll ÷ total hours) of \$20.10 based on all employees assigned to the same contracting class code in 2005
- ✎ **exclude** exempt employees (ie. owners & family members who were not covered on their 2005 policy)
- ✎ **include** all 2005 calendar year employees (contracting & **non**-contracting such as clerical staff & estimators, for example)



To date, 2,626 MCPAP credit factors have been calculated for the 2006 policy year. Here is a summary:

Credit Factor	Employers
.75 - .79	183
.80 - .89	1,121
.90 - .99	1,258
1.00	64
TOTAL	2,626

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.

Free Workshops For Minnesota Employers

After a temporary hiatus, the State of Minnesota's "Business & Employment Tax Workshop" is back on schedule!

The "Business & Employment Tax Workshop" is designed to provide new and established business owners and/or employers with information on what they need to know to do business in Minnesota.

Each class is packed with examples and resource info on State and Federal withholding, UI taxes, Social Security taxes, new hire reporting, state and federal labor standards, workers' compensation insurance requirements, and a good overall presentation by the state on independent contractor vs. employee status.

The class is coordinated through the Minnesota Department of Employment & Economic Development and includes representatives from various state and federal offices as well as MWCIA. This popular class is the only 'one stop' resource of its kind in Minnesota. The best news is that the "Business & Employment Tax Workshop" is FREE!! Class locations rotate around the twin cities area which makes it convenient for all to attend and attendees may repeat the class as often as they like as a refresher or to get clarification on new rules.

The State of Minnesota and MWCIA want to encourage all employers who do business in Minnesota to attend the "Business & Employment Tax Workshop". We would also like to encourage any business owner who is considering the hiring of employees to take this free workshop.

Please help spread the word on this important opportunity by telling your clients about the Minnesota "Business & Employment Tax Workshop". Online registration and a copy of the current schedule is available by logging onto www.uimm.org/tax/irs.htm.

For more information about Minnesota's "Business & Employment Tax Workshop", please email the workshop's coordinator at deed.tax@state.mn.us or give him a call at 651.297.2744. ☎

Are Your Rates Approved?

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



For Minnesota's latest filing instructions, please refer to Commerce Bulletin 2005-5 and the 2006 edition of the **Minnesota Filing Procedures Manual** available on MWCIA's website at www.mwcia.org.

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. 06-1474
01/12/06 — 4-1-2006 Assigned Risk Rates

Circular Letter No. 06-1475
01/25/06 — Status of Terrorism Risk Insurance Extension Act of 2005

Circular Letter No. 06-1476
02/07/06 — CORRECTION: 4-1-2006 Assigned Risk Rates

Circular Letter No. 06-1477
02/15/06 — NCCI P-1404 — Terrorism Risk Insurance Extension Act of 2005

Circular Letter No. 06-1478
02/15/06 — NCCI Item P-1401 — Revision of the Rural Electrification Administration Endt.

Please remember that MWCIA's circulars are available on-line at www.mwcia.org as well as an archive index of prior circular letters. ☞

A note re: MWCIA Mailings

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.

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 Endt. 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. ☞

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.

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.

