

# MWCIA News



**2nd Quarter 2006 issue** a publication of the Minnesota Workers' Compensation Insurers Association



## PRESIDENT'S CORNER

By Bruce A. Tollefson

### Productivity - How Can We Help?

I was listening to one of the cable financial networks as it analyzed the current state of the national economy and its potential for growth. One of the key points raised in these discussions was how America's high level of productivity helps fuel our economy.

Productivity is one of those words which can incorporate a wide variety of meanings. It is not, however, a word that I would automatically associate with the insurance business. Like most people who have been in this business for a number of years, I think of loss experience as the key driver of profits. While that is true, the insurance business still plays by the same rules as other businesses, which means productivity is also an important element of our industry's growth and profitability.

Computerization is one example of a tool that has revolutionized all businesses, including insurance, and has increased productivity. Employees can receive, process and react to far more information than they could in the days of paper processing.

Although MWCIA is in the data collection side of the workers' compensation business, we are also in the productivity business. That is, we are in the business of helping our members be more productive.

For example, MWCIA collects data on premiums and losses from our members so that we can prepare Minnesota's Annual Ratemaking

Report — a critical tool used by our members in pricing their products. However, we are also in the business of helping our members be more productive in the data filing process. MWCIA staff works collaboratively with the Workers' Compensation Insurance Organization (WCIO) to design and implement uniform nationwide data filing standards. As a result, our members can be more productive in the compilation and filing of their data.

MWCIA also works collaboratively with members of the American Cooperative Council On Compensation Technology (ACCCT) to design software tools for the collection and processing of policy and experience data. The result is another tool that our members can use to increase their productivity.

MWCIA helped form and is an active member of Compensation Data Exchange (CDX), a state of the art internet based data handling portal. Through CDX, members can more effectively communicate data through their own data processing system to increase their own productivity.

Internally, MWCIA has initiated and launched a number of data processing software programs such as ACCEDE™ (our web-based financial calls software), ARROW™ (an integrated system for providing summarized unit statistical data), and the Rate Filing Application (RFA) which significantly speeds up the rate filing review and approval process for many of our member's filings. Again, the result is greater productivity for our members in performing these critical functions.


The goal of helping our members be more productive is an ongoing effort at MWCIA. We are constantly improving our website (which contains

valuable resources such as the *Minnesota Basic Manual*, the *Minnesota Forms Manual*, Experience Rating Look-up, and other features) to make tools available on member's own computers for ease of access and greater productivity.

MWCIA is currently working with the Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) to design a web-based interactive Assigned Risk Application. Greater automatization of the Plan makes that system more efficient and less of a drain on resources and, ultimately, the productivity of MWCIA's staff.

MWCIA is working on Phase II of Manage USR. Phase I allows members to view their own unit statistical information online. With the roll out of Phase II, members will have the ability to not only view, but also handle the "error correction process" of their unit statistical reports online. Greater speed and real time corrections means less paperwork and greater productivity.

To paraphrase an old saying — productivity is a goal, not a destination — which is why MWCIA needs to continue to ask questions of and listen to our members and customers as we continue to make a positive difference in building productivity, internally and externally, for our member companies.

Whether we help facilitate the data collection process, increase quality, or develop products and services to enhance our members' business processes, productivity is always our goal. Meeting this goal is part of MWCIA's commitment to remain **your company's quality provider of Minnesota products and services.** 

## ASSIGNED RISK PLAN NEWS

### REMINDER TO AGENTS:

- Always use a new copy of ARP's application to assure you have the latest information
- ARP applications are available on MWCIA's website at [www.mwcia.org](http://www.mwcia.org) or MWCARP's website at [www.mwcarp.org](http://www.mwcarp.org)
- MWCIA's website also has individual class code rate search capabilities via two interactive programs: Assigned Risk Rate Search and Class Code Search
- A printable copy of ARP's current rate schedule is also available on MWCIA's website

Here is a list of ARP's current additional premium factors:

- **EXPENSE**  
CONSTANT.....\$165
- **FOREIGN**  
TERRORISM.....\$0.02  
per \$100 of total estimated  
remuneration
- **SPECIAL COMP**  
FUND.....3.6%  
of standard premium

One of the most common questions MWCIA staff receives is from agents who want to know how to calculate the minimum premium for clients applying for coverage in the Assigned Risk Plan when there is no payroll. Premium for policies issued without an estimated payroll (commonly referred to as 'If Any' policies) are calculated by increasing the minimum premium for the class code which describes the business entity by ARP's Special Comp Fund Surcharge (currently 3.6% of the total estimated premium or minimum premium - whichever is higher).

Here is an example of how to calculate the minimum deposit premium required to submit an application with zero payroll to the Minnesota Assigned Risk Plan:

Class Code 5645 - current rate is \$19.20 & minimum premium is \$630.

Code 5645 \$630 Min. Premium  
\$630 x .036 = \$ 23 SCF Surcharge  
\$653 Total Deposit

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

### MWCARP Annual Averages (June 2005 - May 2006)

**Total Employer Count:**  
38,327

**Total Premium Volume:**  
\$85,155,494

### ATTN: STATISTICAL REPORTING STAFF

The following item has been approved by Minnesota's Commerce Department for use in Minnesota since our last issue of MWCIA News. Please circulate information on this item to the appropriate staff in your office as the change in this filing could have a direct impact on how you write and/or report data on workers' compensation policies in Minnesota.

- **NCCI U-1396 — URE Workers Compensation Statistical Plan Update [effective 07/01/2006]**

The purpose of this filing is to revise the *Minnesota Statistical Plan Manual* to update the data reporting fields to correspond with changes made by the National Council on Compensation Insurance that are already approved by the WCIO Advisory Statistical Work Group (WCIO/ASWG).

A significant change within this filing is the elimination of the reporting of claimants' Social Security Numbers on unit statistical reports. Although this filing becomes effective July 1<sup>st</sup>, to provide member carriers adequate time to make the necessary programming changes, Minnesota's Department of Commerce has

approved a 6-month grace period for eliminating the Social Security Number field from unit reporting.

(Refer to **Circular Letter No. 06-1483** for further details.)



The next item announces enhancements to an existing program that is available on MWCIA's website to assist member carriers in preparing and submitting data to our office:

- **Update to Web-Based BEEP 1.0**

A circular was released in May announcing an update of the web-based version of BEEP 1.0 by ACCCT. This product is approved for use in Minnesota and is currently available on MWCIA's website. A copy of the user guide for this enhanced product is available on ACCCT's website at [www.accct.org](http://www.accct.org).

**Note:** This change does not impact users of Desktop BEEP 3.0.

(Refer to **Circular Letter No. 06-1484** for further details.)



This final item announces an upcoming enhancement regarding the type of transactions that are acceptable for electronic filing in Minnesota:

- **WCPOLS Transaction Codes 08, 10, and 14**

WCIO recently announced significant changes to the WCPOLS portion of the *Workers Compensation Data Specifications Manual* that affect the reporting instructions in connection with Transactions 8, 10, and 14 (full replacement policies).

**Please note:** Minnesota does not currently accept full replacement policies electronically but plans to begin testing member carriers for filing full replacement policies (Transactions 8, 10, & 14) starting November of 2006.

(Refer to **Circular Letter No. 06-1485** for further details.) ☎

### WCIO Updated Manual Released

WCIO recently announced the release of an updated version of the *Workers Compensation Data Specifications Manual* and *Data Reporting Handbook*.

The updated version of the above manual is available on WCIO's website at [www.wcio.org](http://www.wcio.org) or via a link on MWCIA's website.

### **MWCIA TO HOST 25<sup>TH</sup> GOLF OUTING**

On Thursday, July 20th, MWCIA's Board of Directors and staff will host MWCIA's 25th Annual Golf Outing & Social Event at Crystal Lake Golf Club in Lakeville, Minnesota.

This annual summer event is designed to provide member carriers and other guests an opportunity to meet and mingle with industry representatives as well as staff from the Minnesota Department of Commerce, the Minnesota Department of Labor & Industry, and MWCIA's Board of Directors and staff — all in an informal, small group setting.

A unique feature of MWCIA's **Annual Golf Outing & Social Event** is that member carriers are encouraged to invite their key clients and/or top staff to accompany them as their guest.

**MWCIA's Annual Golf Outing & Social Event** is more than a golf outing! By joining us at the end of the day, non-golfers are also provided an opportunity to network/mingle with other industry folk and state representatives as they join in the fun at our mock 'awards' ceremony. Once again Master of Ceremonies, President Bruce Tollefson, will present MWCIA's coveted powder pink 'master's' robe to one lucky golfer! Who will receive the 'honor' this year?!!

### **Free Workshops For Minnesota Employers**

The "Business & Employment Tax Workshop" is a *FREE* workshop designed to provide new or established business owners and employers with important information on what they need to know to do business in Minnesota. It includes information on state and federal withholding, UI taxes, Social Security taxes, new hire reporting, state and federal labor standards, and workers' compensation insurance requirements. The workshop also includes a good overall presentation on independent contractor vs. employee status.

The "Business & Employment Tax Workshop" is coordinated through Minnesota's Department of Employment & Economic Development (DEED) and includes representatives from state and federal offices as well as MWCIA.

For more information on Minnesota's "Business & Employment Tax Workshop," log onto DEED's website at [www.uimn.org/tax/irs.htm](http://www.uimn.org/tax/irs.htm); email the workshop's coordinator at [deed.tax@state.mn.us](mailto: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](http://www.mwcia.org).

To view copies of Minnesota's currently approved forms and endorsements, visit MWCIA's website at [www.mwcia.org](http://www.mwcia.org) and select "Minnesota Manuals" from the drop-down menu on the left-hand margin.

### 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. 06-1485**

06/15/06 — WCPOLS Transaction Codes 08, 10, and 14

#### **Circular Letter No. 06-1484**

06/06/06 — Update to Web-Based BEEP 1.0

#### **Circular Letter No. 06-1483**

05/31/06 — NCCI Item U-1396 - URE Workers Compensation Statistical Plan Update

#### **Circular Letter No. 06-1482**

04/20/06 — 2005 Annual Report

#### **Circular Letter No. 06-1481**

03/27/06 — PEEP (Policy Entry and Edit Package) Web Conference Training Session

#### **Circular Letter No. 06-1480**

03/08/06 — 2005 Test Audit Summary Report

#### **Circular Letter No. 06-1479**

03/08/06 — Updated WCIO Workers Compensation Data Specifications Manual

Please remember that MWCIA's circulars are available on-line at [www.mwcia.org](http://www.mwcia.org) as well as an archive index of prior circular letters. ☎

### 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 us by emailing our staff at [info@mwcia.org](mailto:info@mwcia.org).

### 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 member carriers have learned to depend on.

*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 (952.897.6410), fax (952.897.6495), or by sending her an email 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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