

MWCIA News



1st Quarter 2007 issue

a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

Avian Flu — Perceptions -vs.- Reality

Over the past number of years we have heard, seen, and/or read various stories and articles about how a potential pandemic caused by various forms of flu type viruses could impact society worldwide. At times these 'warnings' have risen to the level of a 'scare'. Could the latest outbreak turn into a real worldwide pandemic?

Situations such as a worldwide health threat are bound to grab the attention of the public with newspaper headlines and television/radio news broadcasts. When these episodes happen, people become alarmed, concerned, and sometimes panicky because of the threat of a potential 'doomsday' situation. One good outcome of such a media 'alarm' is that it causes an increased awareness by the public of the situation.

However, other 'worldwide' events seem to push aside these issues until the next serious 'scare' occurs bringing the issue back to the "top story" level once again.

Each time the above occurs, more and more people are energized to react and do more work on these issues from a societal impact standpoint. If an event of this nature does occur, each of us will be impacted on a number of levels:

- Worldwide
- Country
- Community
- Business
- Family
- Individual

Although not inclusive, I think this list provides a good picture of the width and depth of the potential impact. With our fast paced global economy, the results of a potential spread of any significant outbreak could be quick and powerful.

From MWCIA's standpoint, each staff member would be impacted in a number of different ways externally. MWCIA, therefore, needs to be prepared to continue the operations of a Data Service Organization.

Would your company be prepared? Do you know how to prepare? What are the issues?

What is being done and what we can do to help protect ourselves, our family, our business, our country, etc. is something we all need to know more about. While searching for information concerning these important issues I came across an excellent resource for information on the facts surrounding the potential of an outbreak and what is being done to prepare for it. I was comforted to learn that the Minnesota Department of Health is heavily involved in the preparedness process, as well as several other organizations. However, I believe many of us simply aren't aware of all that is being done for preparedness.

A key component of any preparedness effort is to provide the public with the facts. When we hear or read about these situations in the media it is human nature to 'lump' everything into a general category of 'influenza pandemic', 'bird/avian flu pandemic', or some other widespread disease or illness. I believe we would all benefit from a way to separate medical fact from media-hyped perceptions.

April 16th MWCIA's Board of Directors and staff are pleased to provide such an opportunity at MWCIA's Annual Luncheon at the

McNamara Center on the University of Minnesota's Minneapolis campus. This annual event provides a forum for key stakeholders within the Minnesota workers' compensation marketplace to meet and greet. MWCIA also uses this forum to provide timely and meaningful information impacting workers' compensation and Minnesota.

Although our speakers generally focus on the more technical issues specific to workers' compensation insurance and/or the business environment in Minnesota, this year we decided to have a program that focused on the issues of "flu pandemics". We are pleased to announce that our guest speaker this year is Amy Westbrook, MPH, and District Epidemiologist for the Minnesota Department of Health. Ms Westbrook will help us sift through 'the facts' surrounding this serious issue during her presentation entitled:

**"The H5N1 Avian Influenza Virus,
Preparing for an Influenza Pandemic"**

Ms. Westbrook will help us understand the scope of this issue by giving us a meaningful and insightful glimpse into the issues surrounding preparing for a potential wide scope health emergency such as an avian flu outbreak. Although it would be impossible for Amy to fully cover this topic in the time allowed, she will certainly increase our level of knowledge and understanding on this important topic.

I hope you'll take advantage of any opportunity that focuses on separating 'fact' from 'perception' on this important issue. If you haven't rsvp'd yet, please do so now as space is limited and registration ends April 6th!



Attention Agents:
MWCARP E-Applications
Now Available

Circular Letter No. 07-1507, released April 2nd, announces the roll-out of MWCARP's New Online Assigned Risk Application system (OAR). OAR is the result of a cooperative effort between the staff of the Minnesota Workers' Compensation Assigned Risk Plan and MWCIA and will be available on MWCARP's (www.mwcarp.org) and MWCIA's (www.mwcia.org) websites.

Implementation of this new automated system benefits the marketplace by enhancing the efficiency and accuracy of processing Workers' Compensation Assigned Risk Plan applications in Minnesota.

Some of OAR's features include:

- o Online payment by electronic check or credit card via a secure US Bank E-Payment system
- o Online application validation and premium calculation
- o Registration processing that provides pre-filled data wherever possible
- o E-mail confirmation at each stage of the application process
- o Electronic payment occurring only after exact premium deposit amount determined and coverage assigned*

* Coverage will **not** be bound in cases where the electronic payment cannot be processed.

An *OAR User Manual* is available online just below the registration area on the OAR registration page and is available to the public. Help text is provided throughout the application. To the extent possible, OAR's application looks like MWCARP's traditional hard copy application.

Please direct any questions you may have regarding OAR to oar@mwcia.org.



New Assigned Risk Rates
Effective 4-1-2007

Reminder — the Assigned Risk Plan has a new rate schedule effective April 1, 2007 as well as an increased expense constant (\$170) and a new Special Compensation Fund (SCF) Assessment factor (2.9%). 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 — \$1,565 per week/\$81,380 annually
- Minimum payroll for executive officers, managers/members of LLC's, partners, and sole proprietors — \$280 per week/\$14,560 annually
- Minimum payroll for parents, spouse, and children — \$235 per week/\$12,220 annually (There is no maximum payroll limit)

A new Minnesota ARP application reflecting the new expense constant and SCF Assessment factor is 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.

Questions regarding the Assigned Risk Plan application process should be directed to MWCIA's staff at info@mwcia.org, or by calling us at 952.897.1737 (Option 1).

MWCARP Annual Averages
(Feb. 2006 - Feb. 2007)

Total Employer Count:
35,696

Total Premium Volume:
\$67,805,172

Average Policy Premium:
\$1,900

2008 MCPAP ENROLLMENT
ENDS APRIL 1st

The official enrollment period to apply for 2008 MCPAP credit factors ended April 1st.

Every year MWCIA staff responds to calls from employers who weren't aware they missed applying for a MCPAP credit factor until their policy renewal date. Eligible contracting employers may continue to apply until 90 days past their 2008 experience modification effective date. All late applicants, however, will automatically have a .02 late penalty assessment factor applied to their MCPAP credit factor calculation. [Note: MCPAP is a credit only program and all MCPAP factors are limited to 1.00 regardless of the impact of a .02 late penalty assessment.]

The 2008 MCPAP online application will continue to be available on MWCIA's website at www.mwcia.org. Employers wishing to apply for the 2007 program, however, will need to apply by submitting a hardcopy version of the 2007 MCPAP application which is also available on MWCIA's website.

Employers not meeting the average hourly wage requirements for a particular calendar year will not be eligible for that year's MCPAP credit factor but may qualify in future years.

Here is a summary of 2007's MCPAP credit factors:

<u>Credit Factor</u>	<u>Employers</u>
.75 - .79	144
.80 - .89	968
.90 - .99	1,143
1.00	52
TOTAL	2,307

To date, we have received 2,388 MCPAP applications for the 2008 credit factors with over 60% submitted electronically! MWCIA staff anticipates Minnesota contracting employers will continue to apply for 2008 MCPAP credit factors even though the enrollment season closed on April 1st.

For more information on the Minnesota Contractor's Premium Adjustment Program — check out MWCIA's website at www.mwcia.org or call one of our staff at 952.897.1737, Option 1.

Circular Letter Overview

The following items were approved by Minnesota's Commerce Department for use in this State since our last issue of *MWCIA News*. Since the information in these documents could have a direct impact on how your company writes and/or reports data on workers' compensation policies in Minnesota, MWCIA staff recommends the information contained in these circulars be distributed to appropriate staff within your organization:

Attn: Rate Filing Staff

- **NCCI Item B-1403 – Revision to *Minnesota Basic Manual* & *Retrospective Rating Plan Manual*; 2006 Update to Hazard Group & Retrospective Rating Plan Parameters**
- **NCCI Item B-1403 – 2006 Update to Hazard Group & Retrospective Rating Plan Parameters**

The purpose of the above items are to announce the approval of a new 7 hazard group system and an alternate 4 hazard group system in Minnesota. The new hazard groups are approved for use effective July 1st, however, carriers must refile their rate schedules and any rating plans affected by the conversion to the either the new 7 hazard group system or revised 4 hazard group system prior to using the new hazard groups. Carriers who choose not to refile at this time must continue to use the **old** 4 hazard group system until they have a new rate filing approved by the Department of Commerce for use in Minnesota.

(Refer to **Circular Letter Nos. 07-1504 & 07-1506** for further details.)



Attn: Underwriters

- **Corrections to *Basic Manual* cross-references within the *Minnesota Forms Manual***

This is basically a housekeeping item for the purpose of converting all references to the 'Basic Manual' within the *Minnesota Forms Manual* to reflect the name of the new '*Minnesota Basic Manual*'.

(Refer to **Circular Letter No. 07-1501** for further details.)

▪ **Electronic & Manual Reporting of Employee Leasing Arrangements**

The purpose of this item is to provide additional information regarding Minnesota's new rules for issuing and reporting policy data in connection with the use of Employee Leasing Arrangements. Although Minnesota's rules mimic the Multiple Coordinated Policy approach to writing policies for Employee Leasing Arrangements, it is important to note any differences between Minnesota's rules and NCCI by referring to the *Minnesota Basic Manual* as well as the Minnesota Exception Pages of NCCI's *Experience Rating Plan Manual* for specific information on writing policies for Employee Leasing Arrangements in Minnesota.

(Refer to **Circular Letter No. 07-1499** for further details.)

[Special Note: Carriers who submit policy data electronically will want to provide a copy of this information to their Policy Tape staff.]



Attn: Auditors

- **2006 Test Audit Summary Report and Correction to the 2006 Test Audit Report**

The purpose of these circular letters is to provide member carriers with the results of the 2006 Test Audit Program in Minnesota. This annual report is sorted by carrier number and includes information on Minnesota's Assigned Risk Plan.

(Refer to **Circular Letter Nos. 07-1502 & 07-1503** for further details.)

Are Your Rates Approved?

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

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

~Attention Members~ MWCIA Annual Luncheon To Be Held April 16th

On Monday, April 16th, MWCIA's Board of Directors and staff will host **MWCIA's 2007 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 guests with an opportunity to network with other industry folk and mingle with the staff of Minnesota's Department of Commerce and Department of Labor & Industry as well as MWCIA's Board of Directors and staff.

Member carriers who haven't RSVP'd to their invitations yet should do so immediately as the **registration deadline this year is April 6th.**

Free Workshops

For Minnesota Employers

Each month the State of Minnesota sponsors a workshop designed for new employers entitled "Business & Employment Tax Workshop".

The New Employer Workshop provides practical information for existing businesses as well as new businesses and individuals who are considering starting up their own businesses.

The "Business & Employment Tax Workshop" is designed to provide new and established business owners and/or employers with information they need to know to do business in Minnesota including purchasing workers' compensation insurance.

This day-long 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**. There is also a good overall presentation on **independent contractor vs. employee status** with practical examples.

The New Employer Workshops are coordinated by Gary Johnson of 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. Class locations rotate around the Twin Cities area which makes it convenient for all to attend. [An abbreviated version of the Workshop is also available in outstate Minnesota.] Recently a third metro location was added in West St. Paul to make attending this valuable class even more convenient. The best news about the "Business & Employment Tax Workshop" is that it is **FREE!!** And attendees can repeat the class as often as they'd like to get clarification on new rules or as a refresher.

Although the Workshop is designed for new and potential Minnesota employers and their HR/payroll staff, it is well suited as a refresher class for existing employers and anyone else interested in learning more about the requirements of being a business in Minnesota. The State of Minnesota and MWCIA, therefore, want to encourage all employers who do business in Minnesota as well as potential Minnesota business owners and others who work with employers to attend the "Business & Employment Tax 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.uimn.org/tax/irs.htm.

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

MISSING A CIRCULAR?

MWCIA's circular letters are available on-line 24 hours a day at www.mwcia.org. There is also an index of all archived circular letters dating back to 1996.

Have You Forgotten Something?

As a licensed workers' compensation carrier in Minnesota and member of MWCIA, it is your responsibility to keep the following organizations informed of any company address/contact information changes on a timely basis:

- MN Dept. of Commerce
- MWCIA

Many carriers believe they inform MWCIA of name/address/contact changes when they notify a state office such as the Commerce Department. MWCIA is a separate organization and members must send separate notification of all changes to our office.

Please remind your filing and licensing staff to send separate notification of any company name/address/contact changes to MWCIA on a timely basis. By keeping MWCIA informed of all changes, 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. 07-1507

04/02/07 — Online Assigned Risk Application (OAR)

Circular Letter No. 07-1506

03/26/07 — NCCI B-1403 - 2006 Update to Hazard Group & Retro Rating Plan Parameters

Circular Letter No. 07-1505

03/15/07 — Web Based Carrier Rate Summary Product

Circular Letter No. 07-1504

03/01/07 — NCCI Item B-1403 - Revision to *Minnesota Basic Manual & Retrospective Rating Plan Manual*; 2006 Update to Hazard Group & Retrospective Rating Plan Parameters

Circular Letter No. 07-1503

02/01/07 — Correction to the 2006 Test Audit Summary Report

Circular Letter No. 07-1502

01/24/07 — 2006 Test Audit Summary Report

Circular Letter No. 07-1501

01/24/07 — Corrections to *Basic Manual* cross-references within the *Minnesota Forms Manual*

Circular Letter No. 07-1500

01/17/07 — 4-1-2007 Assigned Risk Rates

Circular Letter No. 07-1499

01/17/07 — Electronic & Manual Reporting of Employee Leasing Arrangements

MWCIA's current circulars plus an archive index of prior circular letters are both available on-line at www.mwcia.org. ☞

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 email our staff at info@mwcia.org. ☞

MWCIA News is a periodic publication of MWCIA as a service to its members and the workers' compensation industry. Please direct any questions, comments or suggestions you may have to Marie Johnson, editor, by emailing marie.johnson@mwcia.org.