

MWCIA News



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a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

**Public Service –
A real life example!**

The United States has been blessed with many great leaders and public servants over the many years of our republic. Many of these individuals are nationally or even internationally known, but these prominent men and women are simply examples of a much larger number of persons who provide service in less prominent but still significant ways.

We, in Minnesota, have been blessed with many such individuals in both categories. Among the better known are names such as Hubert Humphrey, Walter Mondale, Eugene McCarthy, Paul Wellstone, and Elmer Anderson. No doubt many others come to your mind as you read this article and think of whom you would add to my small list.

I would like to add my own nomination to this list of lesser-known but no less dedicated public servants. Lesser known is, of course, a relative term since this person is well known to many Minnesotans. My nomination, however, is based upon achievement more than name recognition.

Let me start with a mild disclaimer. My nominee has a political past, but politics and political party affiliation did not enter into my selection process. Politics is the vehicle that allowed my nominee to do many good things, but it is those achievements and commitment to family and community, rather than a political label, that drew my attention.

My qualifications for this selection are both subjective and objective. They come from my belief that the best of our public servants have several characteristics, including longevity, a

history of accomplishments, the ability to lead, a belief in doing good, and the willingness to fight for what he or she sees as the public good, as well as an ability to balance between service to the public and dedication to family and community.

In looking at the qualifications of my nomination onto a list of distinguished public servants, I started with the personal, since who we are as persons is clearly the foundation for what any of us does in our public lives. My nominee is:

- A family man with three children
- A farmer, Sunday school teacher, football & basketball coach
- A graduate of St Olaf College with a degree in mathematics

My nominee was not only a politician, but a very successful one. He was elected to the Minnesota House of Representatives in 1979 and was recognized by his colleagues by serving three terms as House Minority Leader and four terms as Speaker of the House. He holds the distinction of being the longest serving Speaker of the House in modern history.

After such a distinguished career, my nominee did not stop. Instead, he moved to a different role when he was appointed to become the Commissioner of Minnesota's Department of Labor and Industry. Within that role, my nominee clearly has as his goal the achievement of several significant and beneficial changes. Key among these are changes impacting one of my favorite subjects — workers' compensation insurance.

His vision for the Department of Labor and Industry is to have its role in the Minnesota workers' compensation system become even more pivotal by:

- Working with all employee groups so that their interests are recognized

- Monitoring and managing workers' compensation costs to achieve system balance
- Ensuring stakeholders have access and input to agency services and to the policy-making process
- Creating an environment that supports employee morale and optimal productivity so all employees are afforded a positive work experience and contribute at the highest possible level to MN citizens and employers

But experience teaches every good leader that success means more than having a vision — it is being able to execute that vision. My nominee is doing just that. In his new role as Commissioner, he has already instituted the following working groups within the Department:

- Billing & Auditing Processes
- Industry Re-pricing
- Employer Choice Health Care Benefits
- Vocational Rehabilitation

My nominee brings a significant level of experience from a number of different perspectives to this arena to help him achieve these goals. His "broader view" is both beneficial and an important skill needed to lead this type of governmental body.

Finally there are the intangibles — those personal qualities needed to get things done. This list would include such qualities as:

- Capacity to create or catch vision
- Willingness to take responsibility
- Mental toughness
- Strong desire to solve problems
- Sense of humor
- Patience
- Creativity
- Common sense

I am sure you have already identified my nominee from the examples of a great public servant that I have given. The individual I'm referring to, of course, is Steve Sviggum, the current Commissioner of the Department of Labor and Industry in Minnesota. ☺



DOLI Commissioner Sviggum was guest speaker at MWCIA's Annual Luncheon which was held on April 21st at the U of MN McNamara Center. Go to page 6 to view photos from this year's luncheon.

ASSIGNED RISK PLAN NEWS

**Reminder to our MN Agents:
New Assigned Risk Rate Schedule
Effective April 1, 2008!**

This is a reminder to Minnesota agents that a new Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) Rate Schedule went into effect April 1st for all new and renewal Assigned Risk policies with effective dates of April 1, 2008 or later.

Here's a chart of additional premium factor changes agents using the Assigned Risk Plan should be aware of:

MISC. MWCARP PREMIUM FEES EFFECTIVE 4-01-2008		
PREMIUM ELEMENT	MINI. PREMI. FEE	ADDL. INFO.
Expense Constant	\$170	Included in min. prem.
Terrorism Surcharge	\$0.02/\$100 of annual payroll	Included in per capita & min. prem. policies
MN Special Comp. Fund Assessment*	2.7% of annual premium	[See asterisked note below]
Sole Proprietors, Partners, Corporate Officers	Min. Payroll = \$17,160/year (\$330/week)	Max. Payroll = \$83,980/annual (\$1615 weekly)
Family Members**	Min. Payroll = \$12,584/year (\$242/week)	No Maximum Payroll Cap
* Note: When calculating premium for policies subject to a minimum premium, add the MN SCF Assessment amount to the final annual premium estimate.		
** Family Members = parents, spouse, children (regardless of age) of owner.		

MWCARP's on-line Assigned Risk Premium Calculator and On-line Assigned Risk application system (OAR) have been up and running for a year with positive feedback from agents who submit applications to the Pool. Accessing these easy-to-use tools is available by logging onto www.mwcarp.org or www.mwcia.org.

Both the Assigned Risk Premium Calculator and the OAR application contain links to class code lookup (with current MWCARP rates) and mod lookup with MCPAP factors (if applicable). Current Assigned Risk premium factors are also part of the on-line system to further assist agents in the proper calculation of an employer's Assigned Risk estimated annual premium making it easier than ever to determine the correct deposit premium for any employer needing Assigned Risk coverage in Minnesota.

Need help with a specific Minnesota Assigned Risk Plan application? Call MWCIA's staff at 952.897.1737 and dial option 2 for Assigned Risk Application Processing help; dial option 1 for Classification help; or email us at assignedrisk@mwcia.org. ☺



MWCARP Annual Averages
(May 2007 - April 2008)

Total Employer Count:
31,447

Premium Volume:
\$45,821,108

Average Policy Premium:
\$1,457

From the Actuary . . .

Frequency and Severity:
Claim Trends Continue

Claim frequency reductions continue to provide a foundation for base rate stability for Workers' Compensation Insurance in Minnesota. [Refer to **Lost Time Frequency CHART A on page 5**] This chart, illustrates how indemnity claim frequency has declined almost 25% between the policy years of 2001-2005. Even though this decline

slowed somewhat in 2005, an average annual reduction of 6.5% during this five-year time period can certainly be regarded as significant!

Meanwhile, **CHART B** illustrates that the average cost of lost time medical claims continues to rise, but at a somewhat slower rate. [Refer to **Lost Time Severity CHART B on page 5.**]

The average annual increase between the policy years of 1998-2003 was over 12%. The average change from 2000-2005, however, has been running closer to 8.5% per year.

Although average carrier loss cost multipliers have increased moderately in recent years, price levels actually declined slightly in 2006. In general, costs continue to be reasonably predictable overall, and competition remains healthy. ☺

Are Your Rates Approved?

Carrier rates are **not** approved until formal approval is received from the Minnesota Department of Commerce. *Approved rate filings are automatically maintained by MWCIA as part of our records.*

MCPAP Update

The 2008 MCPAP credit factors have been calculated and released to all qualified contracting employers. Copies of the 2008 MCPAP credits were also sent to the current carrier of record for these employers. In addition, pending experience modifications have been calculated and released.

It's not too late!

If you have a client who believes they qualify for a 2008 MCPAP credit it's not too late to apply! Eligible contracting employers can still apply for a MCPAP credit factor until 90 days after their renewal mod/policy effective date. All applications received after April 1st, however, are subject to a .02 late penalty surcharge. As a 'credit only' program, it is important to note that MCPAP factors will never

exceed 1.00 — even when subject to a .02 late penalty. It is also important to note that employers submitting applications after their experience modifications have been calculated will receive revised mod factors to incorporate the impact of their MCPAP credit factors in that modification year.

Please encourage clients who still wish to participate to complete and submit a **2008 MCPAP Application** as soon as possible using the hardcopy application available on MWCIA's website. Clients who still wish to apply for a **2009 MCPAP credit** should use the **On-line Application** instead of a hardcopy application. The on-line application, is still available on MWCIA's website under 'MCPAP'. By using the on-line application, your clients will be able to get immediate feedback on the acceptability of the data they are submitting as well as confirmation of their eligibility. Whether applying on hardcopy or on-line, however, please remind your client that they will still be subject to a .02 late penalty.

Credit Factor Breakdown

Ever wonder how your clients stack up against the rest of the contracting employers in Minnesota who participate in this program? Here is a 9 year breakdown of Minnesota's MCPAP credit factors:

CREDIT FACTORS		.75 to .79	.80 to .89	.90 to .99	1.00*
NO. OF EMPLOYERS	2000	159	1,122	1,189	36
	2001	131	962	890	28
	2002	137	1,124	1,253	37
	2003	207	1,209	1,370	48
	2004	184	1,090	1,172	34
	2005	193	1,161	1,301	51
	2006	186	1,155	1,298	68
	2007	146	976	1,175	53
	2008	262	1,046	1,108	40

* MCPAP is a credit factor only program. Employers subject to the .02 late filing surcharge will automatically have their factors capped at 1.00 whenever the inclusion of the late penalty calculates a MCPAP factor that is over 1.00.

For more information on the Minnesota Contractors' Premium Adjustment Program, please check out MWCIA's website at www.mwcia.org.

Annual Meeting Held ~April 22, 2008~

MWCIA's Annual Meeting was held on Tuesday, April 22nd, at our offices in Edina, Minnesota.

The following members were elected to serve on MWCIA's Board of Directors:

- American Compensation Ins. Co.
- American International Grp. (AIG)
- Federated Insurance Companies
- Liberty Mutual Insurance Co.
- Lumbermen's Und. Alliance
- Owners Insurance Company
- SFM Mutual Insurance Company
- Travelers
- Western National Mutual Ins. Co.
- Zurich N.A. Insurance Company

In addition, the Minnesota Commerce Department appoints two public representatives to serve on MWCIA's Board.

An FYI For Our Members

Just a little note to advise membership that MWCIA staff has begun a study regarding paper processing of cancellations and reinstatements to give consideration to the possibility of charging a paper processing fee for these submissions at some time in the future.

Please note that we will provide more information to our members about this study as it becomes available.

Free Workshops For Minnesota Employers

The "Business & Employment Tax" Workshop sponsored by the State of Minnesota 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 information on State and Federal withholding, UI taxes, Social Security taxes, new hire reporting, state and federal labor standards, **workers' compensation insurance requirements**, and much more including an overall presentation on the new rules on **independent contractors**.

These 'New Employer' Workshops are coordinated by Gary Johnson of the Minnesota Department of Employment and Economic Development and include presenters 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 class is offered once a month and locations rotate around the Twin Cities area making it convenient for all to attend. [An abbreviated version of the Workshop is also available in outstate Minnesota.] And the best news — it's **FREE!!** Plus, attendees can repeat the class as often as they like to get clarification on new rules or just as a refresher.

Although this Workshop is designed for new and potential Minnesota employers and their HR/payroll staff, it is well suited as a class for anyone else interested in learning more about the requirements of operating a business in Minnesota. The Minnesota Department of Employment and Economic Development and MWCIA would like to encourage all employers doing business in Minnesota as well as potential Minnesota business owners and others who work with employers to attend a "Business & Employment Tax" Workshop.

Please help spread the word on this important opportunity by telling your clients about the Minnesota "Business & Employment Tax" Workshop. The 2008 class schedule and on-line registration is available at 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.

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.

RECENT CIRCULARS, ETC.

As a quick reference tool, the following list indicates all MWCIA Circulars published in 2008:

Circular Letter No. 08-1530
04/30/08 — 2007 Annual Report

Circular Letter No. 08-1529
02/01/08 — Item P-1405— Terrorism Risk Insurance Program Reauthorization Act of 2007 Endorsements and Item B-1405 — Terrorism Risk Insurance Program Reauthorization Act of 2007

Circular Letter No. 08-1528
01/31/08 — *Minnesota Basic Manual*

Circular Letter No. 08-1527
01/31/08 — 2007 Test Audit Summary Report

Circular Letter No. 08-1526
01/02/08 — 4-1-2008 Assigned Risk Rates

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

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.

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 NCCI items that follow 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.

A note re: MWCIA Publications

MWCIA's *2007 Annual Report* is now available on-line. It can be accessed by using the drop-down menu for PUBLICATIONS on the left-hand margin of MWCIA's homepage. Additional on-line publications include past issues of *MWCIA News* and an archive of MWCIA Circular Letters, as well as brochures on several topics of interest to the workers' compensation industry.

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.

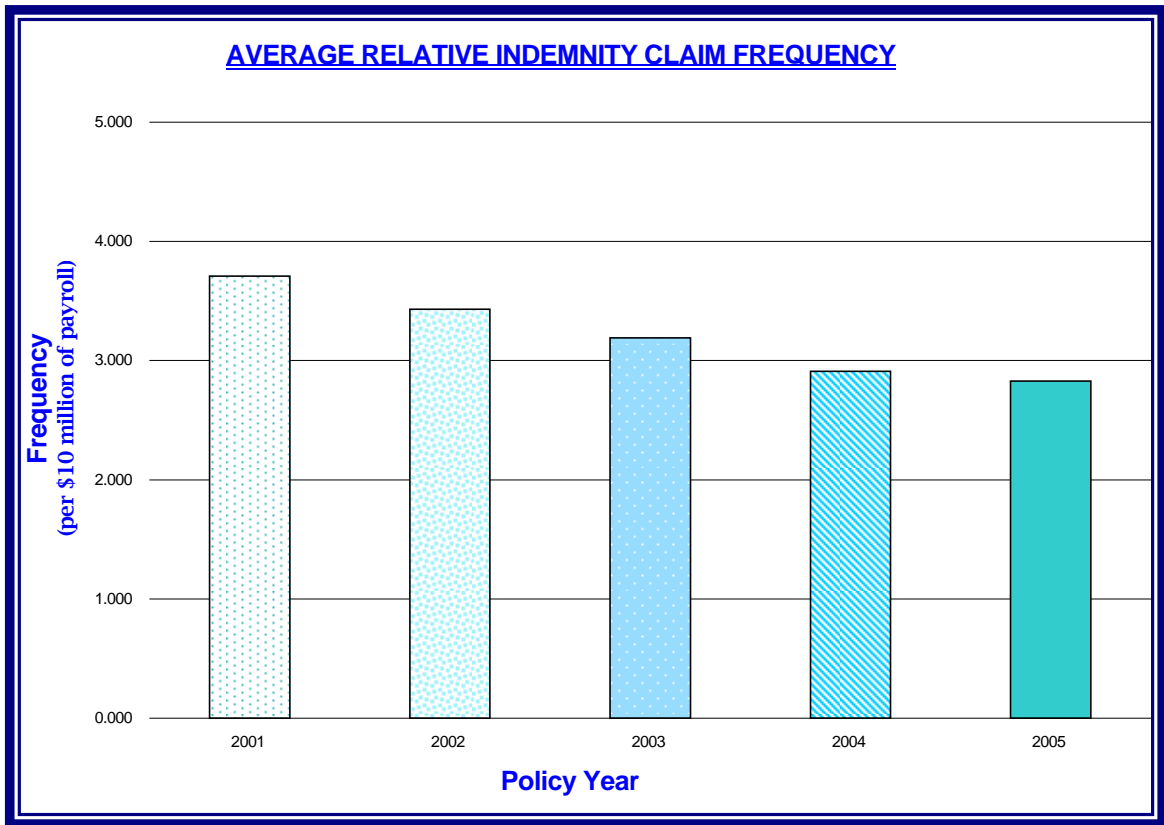
MWCIA PURPOSE

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.



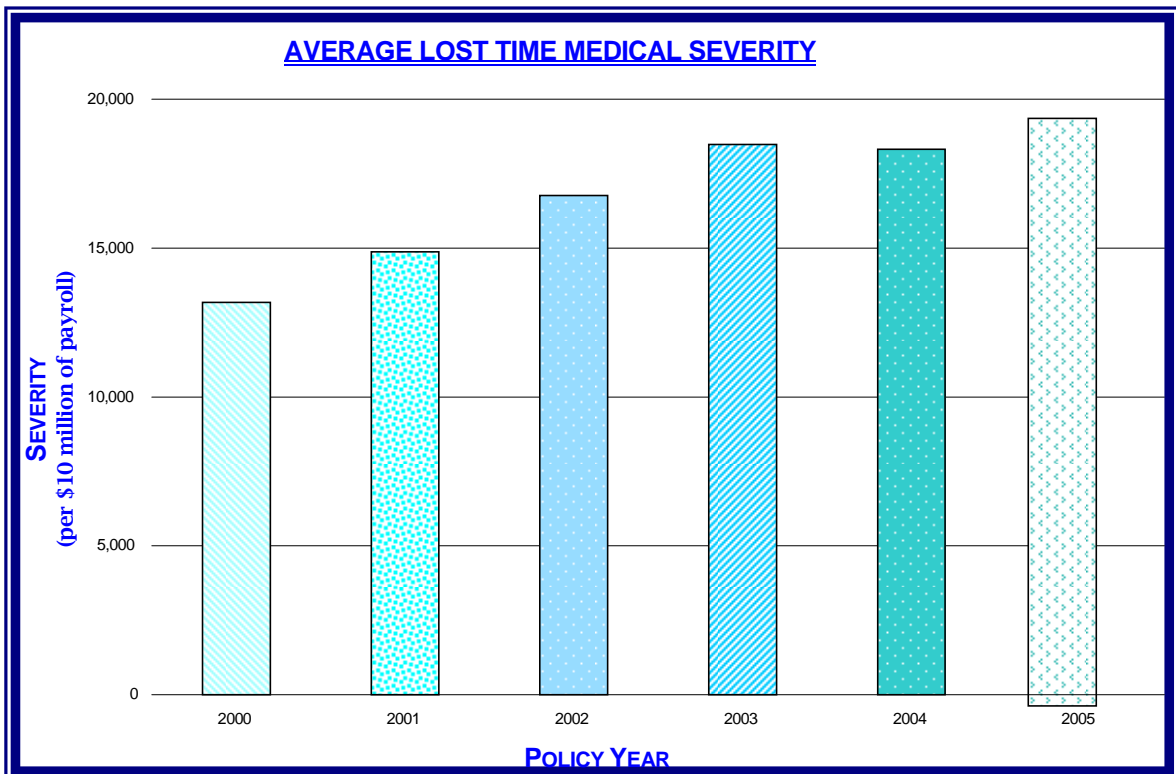
~ CHART A ~

LOSS TIME (INDEMNITY) & MEDICAL FREQUENCIES



~ CHART B ~

LOST TIME (INDEMNITY) SEVERITY CHART



MWCIA'S
2008
ANNUAL LUNCHEON

PRESIDENT OF MWCIA, BRUCE TOLLEFSON, WELCOMES ATTENDEES TO THIS YEAR'S ANNUAL LUNCHEON AND INTRODUCES GUEST SPEAKER ~ DEPARTMENT OF LABOR & INDUSTRY COMMISSIONER, STEVE SVIGGUM.



THE MANY FACES OF DOLI COMMISSIONER STEVE SVIGGUM.



AS WELL AS SOME OF THE FACES OF OUR GUESTS . . .

