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MWCIA News



2nd Qtr 2009 issue

a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

By Bruce A. Tollefson

Value Number 1!

In my last article I stated that I would be focusing my 2009 articles on what MWCIA believes are products and services that provide “real value” to our members and customers.

We believe this value is delivered in many ways. MWCIA, in its various forms, has been around since the inception of the workers' compensation system in Minnesota. As times, technology, and the marketplace have evolved, we believe MWCIA has responded; and in each of those responses, MWCIA has increased and reaffirmed its value to the workers' compensation system.

No discussion of MWCIA's “real value” would be complete, however, without starting at the beginning. MWCIA is unique in Minnesota as there is only one data collection organization to which all insurers must belong. A similar system now exists nationally. Whose idea was that and why has this concept been a part of the workers' compensation landscape since 1921?

To explain, let me take you back to the “Roaring 20's” and a meeting in St. Paul between a government official who was formerly known as the Minnesota Commissioner of Insurance and executives from several insurance companies.

In 1921 workers' compensation was still a relatively new form of insurance, having been conceived in Germany in 1884, transplanted to England in 1897, and first adopted in a form later declared unconstitutional in New York in 1910. It was called “workmen's compensation”; a term that survived until it was changed by the U.S. Department of Labor in 1974 to “workers' compensation”.

Those gentlemen went about a solemn task --- the formation of the Minnesota Compensation Rating Bureau.


Our name and even our legal structure has changed several times over the years, but the core rationale for why MWCIA exists today remains the same. The founders of MWCIA had sought its creation as part of Minnesota's workers' compensation system because a ‘Bureau’ was needed to provide a value to insurers that, in many ways, made the entire workers' compensation system function successfully. This value is as old as the business of insurance itself -- the measuring and pricing of risk.

We all know that the insurance business is about redistributing the risk of loss by collecting premium from many persons or entities facing a potential loss and paying benefits when one of the group is struck by a loss. Insurers (in the jargon of textbooks) are ‘financial intermediaries’ paid to redistribute this risk of loss.

But workers' compensation is unlike any other form of insurance. With its multiple job occupations and complex wage replacement, indemnity and medical benefits (that have only grown more complicated with time), how would it be possible to measure the risk of loss for one employer and then put a fair price on that risk?

The answer they formulated in 1921 is still true today. Measuring the risk of loss for an insured in any line of insurance has always been an exercise in mathematical probability. We now call it actuarial science but, at its core, it is a system for measuring when, where, and how severely job accidents will occur and predicting how much it will cost to pay claims when the accident happens to one of the many entities a company insures.

From the beginning it was clear that no single insurance company could gather the data necessary to accurately make this analysis in the case of workers' compensation claims nor could they afford to pay the cost of buying sufficient data, if it were available, to measure these risks for one employer.

The creation of the ‘Bureau’, (now MWCIA) solved that dilemma. The first “real value” we deliver is that without the data we gather and analyze, today's workers' compensation system could not exist. 

Attention Agents:

REMEMBER -- New MWCARP Rate Schedule Effective April 1, 2009!

A new rate schedule for Minnesota Workers' Compensation Assigned Risk Plan [MWCARP] new and renewal policies is now in effect.

In addition to new class code rates, the following fee schedule is also in effect:

- SCF Surcharge*.....3%
- Terrorism Insurance**.....\$0.02
- Expense Constant\$170

* Percent of premium
 ** Per \$100 of payroll

It is also important to note the following maximum and minimum payroll limits for owners and family members who elect coverage:

- Maximum Annual Individual[†] Remuneration.....\$88,400
- Minimum Annual Individual[†] Remuneration.....\$19,760
- Minimum Annual Individual[†] Family Remuneration \$13,260

[†] Executive Officers, Partners, Sole Proprietors, or Members/Owners of LLCs
[‡] Parent, Spouse &/or Child

The above factors have been updated to OAR — Minnesota's On-line Assigned Risk application system. A print friendly copy of the new 2009 Assigned Risk rate schedule including miscellaneous values info is also available on either MWCIA's website [www.mwcia.org] or MWCARP's website [www.mwcarp.org]. ☞

MWCARP Annual Averages
(April 2008 - April 2009)

Total Employer Count:
29,242

Premium Volume:
\$37,752,075

Average Policy Premium:
\$1,291



ASSIGNED RISK CONTACT INFO:

APPLICATION ASSISTANCE —

MWCIA

7701 France Ave South; Suite 450
 Minneapolis MN 55435
www.mwcia.org
 Tel: (952) 897.1737 (Option 2)
 Email: oar@mwcia.org

POLICY ASSISTANCE —

BERKLEY ADMINISTRATORS

PO Box 59143
 Minneapolis MN 55459-0143
 Email: brac_mwcarp_policies@berkleyrisk.com
 Tel: (612) 766.3000
 Fax: (612) 766.3099

RTW

PO Box 390901
 Minneapolis MN 55439-0901
 Email: arp@rtwi.com
 Tel: (952) 897.5566
 Tel: (888) 273.9709
 Fax: (952) 893.3707
 Fax: (888) 811.0379

**OTHER CONTACT INFO —
 PLAN ADMINISTRATOR**

8300 Norman Center Drive; 4th Floor
 Minneapolis MN 55437
 Tel: (800) 471-6767
www.mwcarp.org

MWCARP DEDUCTIBLE PLAN

Apply at www.mwcarp.org. ☞

New SAWW Announced

Effective 10-01-2008, the new Minnesota Statewide Average Weekly Wage is \$850 [\$44,200 Annually].

MCPAP 2010

Attention Agents:

2010 MCPAP ENROLLMENT PERIOD ENDS

The **2010 Minnesota Contractors' Premium Adjustment Program** (MCPAP) enrollment season closed April 1st.

Can contracting clients still apply?

Yes. To be eligible for a 2010 MCPAP credit factor employers must:

- Have had **at least one contracting classification code with payroll in calendar year 2008**
- Paid a **total annual average hourly wage of \$22.10** for all employees combined within a single contracting class code according to the employer's **2008 calendar year payroll records**

Remember to:

- **Include** payroll for all **2008 employees regardless of their individual hourly average wage**
- **Exclude** owners, family members, etc. who were **not covered on their 2008 policy**
- **Include** all **2008 payroll of both contracting & non-contracting employees (examples of non-contracting employees are clerical staff and/or job estimators)**
- **Include** overtime payroll hours but **Exclude** the premium portion of overtime pay

Please note: Eligible employers who apply after April 1st are automatically subject to a .02 late penalty assessment factor. It is also important to note that, as a credit only program, applications subject to the .02 late penalty factor can never exceed a 1.00 factor. Employers who are not eligible for a MCPAP credit in 2010 can still be eligible to apply in future years if they meet the qualifying average hourly wage for that particular program year. Late applications will be accepted until 90 days from an employer's corresponding experience mod rating effective date.

Can Late Applications Still Be Filed Electronically?

Yes! Using MWCIA's online application system is still a great way to apply for a MCPAP credit factor after the April 1st deadline. Applying online is the quickest and easiest way to submit a MCPAP application -- it's free, it's easy, it's secure, and it's available 24/7 anywhere the Internet can be accessed! Plus, employers will still receive instant feedback to help ensure an accurate submission. Late applications will continue to be accepted until 90 days from an employer's corresponding experience mod effective date.

The 2010 MCPAP credit factors are scheduled for release in late summer/early fall 2009. Calculated credit worksheets will be mailed to the employer and their current insurance company well in advance of their 2010 renewal policy effective dates. ☞

2009 MN RATEMAKING REPORT ONLINE

As required by Minnesota statutes, the **2009 Minnesota Ratemaking Report** contains informational material on trend and late loss development movement. Carriers are encouraged to take these additional factors into consideration when preparing their individual 2009 rate filings.

2008 ANNUAL REPORT AVAILABLE ONLINE

To view a copy of MWCIA's newest Annual Report go to <http://www.mwcia.org/annualreports.aspx/>.

Annual Luncheon Photos

To view photos from MWCIA's 2009 Annual Luncheon — Go to the end of this edition of *MWCIA News*.

Minnesota Overview

Attn: Member Carriers

The following changes are either due to filing approvals by the Minnesota Commerce Department or changes in MWCIA's procedures since our last issue of *MWCIA News*.

MWCIA staff recommend that carriers bring these items to the attention of the appropriate staff within their company as these changes have a direct impact on how companies write and/or report data on workers' compensation policies in Minnesota.

Attn: Underwriters & Raters

▪ NCCI Item B-1406 - Revision to Basic Manual Classifications & Rules

The purpose of the above item is to announce the approval of changes to the manual for the purpose of clarifying and/or modernizing classifications and rules in the Minnesota Basic Manual to better reflect current business operations. The changes in this filing item become effective in Minnesota as of January 1, 2010 for new and renewal business.

(Refer to **Circular Letter No. 09-1552** for further details.)

▪ NCCI Item B-1408 - Revision to Basic Manual Classifications & Rules

The purpose of the above item is to announce the approval of changes to the manual for the purpose of clarifying and/or modernizing classifications and rules in the Minnesota Basic Manual to better reflect current business operations. The changes in this filing item become effective in Minnesota as of January 1, 2010 for new and renewal business.

(Refer to **Circular Letter No. 09-1553** for further details.)

Attn: Policy Reporting Personnel

▪ **Reminder – Handling Charge for Paper Submission of Cancellations & Reinstatements**

The purpose of the above item is to remind membership that MWCIA is implementing a \$12 paper handling fee starting July 1st for all cancellation/termination/non-renewal notices and reinstatement notices that are not submitted electronically.

Please note: For purposes of this item, faxes and emails do not constitute 'electronic' submissions and the \$12 fee will apply.

(Refer to **Circular Letter No. 09-1549** for further details.)

Policy Status by Issue Date

The purpose of the above item is to clarify for membership how 'Issue Date' affects the order in which policy data is displayed in MWCIA records.

'Issue Date' is the date listed on each policy document by the carrier as their issuance date. Whenever policy data is received out of sequence, MWCIA and the Minnesota Department of Labor & Industry staff will use the 'issue date' for the purpose of determining the status of mandatory coverage in this State.

(Refer to **Circular Letter No. 09-1550** for further details.)

Attn: USR Reporting Personnel

▪ **Removal of Section Two, "Reporting of Aggregate Financial Call Data" from Minnesota Statistical Plan Manual**

The purpose of this item is to advise member carriers that Financial Call information for Minnesota is now located in the instruction section of the ACCEDE™ program on MWCIA's website.

(Refer to **Circular Letter No. 09-1551** for further details.) ☞

MWCIA Hosts Another Successful Event!

MWCIA's Annual Luncheon has been regarded as a success by participants year after year due to the high caliber of speakers it has been able to provide attendees of this annual event, and this year was no exception!

Each year MWCIA staff, along with our Board of Directors, hosts MWCIA's Annual Luncheon to provide members and their guests with an opportunity to network and mingle with other industry folk as well as the staff of Minnesota's Department of Commerce and Department of Labor & Industry.

MWCIA staff had the privilege this year of presenting Commissioner Dan McElroy of Minnesota's Department of Employment & Economic Development [DEED] as our luncheon keynote speaker.

Commissioner McElroy spoke on the timely topic - The Projected Impact of the Economy on Minnesota Jobs and Wages from a Workers' Compensation Perspective. By using an easy going presentation style, Commissioner McElroy was able to share a large amount of statistical information with our guests that linked the impact of the United States and Minnesota's joblessness rates. Commissioner McElroy ended by responding to questions regarding the Stimulus Package as well as questions on how the State plans to keep economic expansion blossoming in Minnesota once the economy begins to thrive again.

If you missed this year's luncheon, we hope you will be able to take advantage of this unique member benefit next year. We'll look forward to seeing you there!

MWCIA GOLF 2009 CANCELLED

MWCIA's Board recently made the difficult decision to cancel our annual golf outing this year due to the current economic climate. We look forward to sponsoring this event again next year!

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. 09-1549

02/26/09 — Reminder - Handling Charge for Paper Submission of Cancellations and Reinstatements

Circular Letter No. 09-1550

02/26/09 — Policy Status by Issue Date

Circular Letter No. 09-1551

03/12/09 — Removal of Section Two, "Reporting of Aggregate Financial Call Data" from the *Minnesota Statistical Plan Manual*

Circular Letter No. 09-1552

04/09/09 — NCCI Item B-1406 - Revision to Basic Manual Classifications & Rules

Circular Letter No. 09-1553

04/09/09—NCCI Item B-1408 - Revision to Basic Manual Classifications & Rules

Circular Letter No. 09-1554

04/17/09—CDX Announces PEEP Training Session

Circular Letter No. 09-1555

04/30/09—2008 Annual Report

MWCIA's current circulars plus an archive index of prior circular letters are both available online 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 and endorsements, and classification and 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 info@mwcia.org

~Attention Members~ MWCIA's Annual Meeting Held April 21, 2009

MWCIA held it's Annual Meeting on Tuesday, April 21st, in it's offices located in Edina, Minnesota.

As a result of the meeting, the following companies were elected to serve as members of MWCIA's Board of Directors:

- ◆ American Compensation Ins. Co.
- ◆ AIU Holdings, Inc.
- ◆ Federated Insurance Companies
- ◆ Liberty Mutual Insurance Co.
- ◆ Lumbermen's Underwriting Alliance
- ◆ Owners Insurance Company
- ◆ SFM Mutual Insurance Company
- ◆ Travelers
- ◆ Western National Mutual Ins. Co.
- ◆ Zurich N.A. Insurance Company

As a DSO acting in accordance with Minnesota statutes and MWCIA By-Laws, MWCIA's Board of Directors consists of 10 member carrier representatives and 2 public members. MWCIA membership elects ten carrier members each year as part of the business of the Annual Meeting. The Department of Commerce, however, appoints MWCIA's public Board members. Ingenix and Minnesota Mechanical Contractors Association are currently the two public representatives who serve on the Board of MWCIA, Inc.

To view copies of Minnesota's currently approved forms and endorsements, visit MWCIA's website at www.mwcia.org and select from the list under "Forms/Manuals/Publications" on the drop-down menu at the top of the screen.

WANTED:

EMAIL ADDRESSES!

One of MWCIA's mission goals is to remain the number one resource for workers' compensation info and data in Minnesota. As MWCIA continues its development of web-based products and services, it becomes imperative that we have accurate email contact info for all of our member carriers.

Keeping MWCIA informed of all name, address, and contact changes [**including email**] on a timely basis assures that your company will never miss valuable information from our office that our member carriers have learned to depend on.

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.

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 an email to marie.johnson@mwcia.org



www.mwcia.org

The many faces of MWCIA's Annual Luncheon 2009 . . .



MWCIA PRESIDENT BRUCE TOLLEFSON
INTRODUCES THIS YEAR'S KEYNOTE SPEAKER :
COMMISSIONER DAN MCELROY — MN DEPT.
OF EMPLOYMENT & ECONOMIC
DEVELOPMENT [DEED]



More faces . . .

