

# MWCIA News



[www.mwcia.org](http://www.mwcia.org)

**1<sup>st</sup> Quarter 2011 issue** a publication of the Minnesota Workers' Compensation Insurers Association

**\*\*We've added a new Section: "Featured MWCIA Service of the Quarter" (page 4)\*\***

Wednesday, February 23, 2011



## PRESIDENT'S CORNER

By *Bruce A. Tollefson*

### "There's a new Sherriff in town!"

This memorable quote, for those of you who may not remember, is from an Eddie Murphy movie. And yes, this is the first time I have quoted Eddie Murphy in my newsletter.

The truth is, we don't have a new sheriff, but we do have new regulators. Minnesota has had its election and it has a new Governor – Mark Dayton, a Democrat. It has been many years since our last Democratic Governor.

A new Governor of whatever party means the appointment of new Commissioners to lead the state's regulatory agencies. For most Minnesotans this is a change which receives little or no attention. To us the appointment of new Commissioners is a big deal.

This Association works closely with not one but two regulatory agencies, and thus with two Commissioners. As such, having new Commissioners and new Deputy Commissioners with new approaches, priorities and styles is an adjustment and can be an opportunity.

Ken Peterson is the new Commissioner of Labor & Industry (DOLI). Commissioner Peterson is not new to public service or DOLI. He was DOLI Commissioner under Governor Rudy Perpich from 1988-1991. He has also been the executive director of the Minnesota Public Interest Research Group (MPIRG), Deputy Commissioner of the Minnesota Public Service Department and DOLL, Deputy Mayor and Mayor's Chief of Staff of the City of Saint Paul, Director of the St. Paul Department of Planning and

Economic Development, and Deputy Attorney General for Government Operations.

We work with DOLI in two important ways. DOLI is statutorily charged with collecting Proof of Coverage information from licensed insurance companies. MWCIA collects that information from carriers saving both DOLI and carriers unnecessary costs and enhancing the quality of this information.

DOLI is also the pivotal state agency coordinating the activities of the Workers Compensation Advisory Commission, a committee of labor, industry and other interested parties which advises the Legislature on workers' compensation law changes. MWCIA works with DOLI on researching the impact of such changes and other initiatives from DOLI's research department.

Mike Rothman is the new Commissioner of Commerce (Commerce). Commissioner Rothman was a lawyer at the Winthrop & Weinstine law firm where he co-chaired the Insurance & Financial Services practice group. The Commissioner is also knowledgeable with the workings of state government. He began his legal career as a law clerk for the Hon. Gary L. Crippen of the Minnesota Court of Appeals, and then was on the staff of the Minnesota State Senate.

Commerce is MWCIA's regulator and appoints two public members of our Board. Commerce also reviews and approves all of MWCIA's filings on behalf of our members, including changes to the Basic Manual, Experience Rating Plan Manual, Minnesota Forms Manual, Statistical Plan Manual, annual Ratemaking Report and other matters critical to our mission.

One of the Commissioner's first duties with respect to MWCIA will be to appoint a new public member replacing Brandon Miller,

who has been appointed US Department of Labor Branch Chief of Insurance and Financial Management. Brandon was a dedicated board member and will be tough to replace.

MWCIA also works closely with Commerce on a wide variety of issues impacting the industry. The excellent interchange of idea and concerns between Commerce and MWCIA has made working with this regulator a success for all.

We look forward to on-going discussions with Commerce and Labor & Industry to see what might be possible, what might be new, undiscovered improvements and enhancements to the MN work comp system.

### MWCIA

The preferred Data Service Organization (DSO) for quality workers' compensation data collection, analysis and products in Minnesota.

- Our products and knowledge provide for informed decisions for clients' products/pricing/rates and state policy.
- We are committed to proactive partnerships in developing state, regional and national standards, structures and systems.

*{For additional information on our products & services, please visit our website at [www.mwcia.org](http://www.mwcia.org)}*

## FROM THE ASSIGNED RISK CORNER

### IMPORTANT NOTICE INDEPENDENT CONTRACTOR EXEMPTION CERTIFICATE (ICEC)

The following is a link to the [FACT SHEET](#) produced by the Minnesota Department of Labor & Industry (DOLI) answering the question, “Who may work as an independent contractor in the construction industry?”

[http://www.dli.mn.gov/cclld/PDF/icec\\_factsheet.pdf](http://www.dli.mn.gov/cclld/PDF/icec_factsheet.pdf) It is very important that you carefully read the FACT Sheet and understand whether or not you need to seek an Independent Contractor Exemption Certificate (ICEC) from DOLI.

The [FACT SHEET](#) states that “The ICEC is only required for independent contractor sole proprietorships who subcontract.” If you are a general contractor that uses the subcontracted services of independent contractor sole proprietors that do not have the ICEC, your workers’ compensation insurance carrier will charge premium for those individuals at the time of the payroll audit. This could have a significant impact on the amount of premium you pay.

A valid Certificate of Insurance showing that the independent contractor sole proprietor had a workers’ compensation insurance policy is not considered to be acceptable documentation for premium audit purposes. You will need to secure a copy of the independent contractor sole proprietor’s ICEC, in addition to a valid Certificate of Insurance. However, as it is stated in the [FACT SHEET](#), “To operate as independent contractors, individuals must be able to meet the conditions set out in the law’s nine-factor test.” Failure to meet this test will result in premium charges leveled on the wages of these statutory employees. View the nine-factor test at <http://www.dli.mn.gov/cclld/icec.asp>

**PLEASE READ THE [FACT SHEET](#) VERY CAREFULLY!!**

### AR PREMIUM GUIDELINES

#### RECEIPT OF PREMIUM

The Servicing Carrier will not issue the renewal policy if the renewal premium down payment is not received by the effective date of the renewal policy. However, the Servicing Carrier will make an exception if the renewal premium down payment is postmarked on or

before the effective date of the renewal policy and is received within seven (7) days after the effective date.

If the renewal premium down payment is received more than seven (7) days after the effective date, but not more than twenty (20) days after the effective date; then the Servicing Carrier shall issue a new policy to the employer that will be effective the day after the payment is received. If payment is received more than twenty days after the renewal effective date the employer will need to reapply for coverage in the MWCARP by submitting a new application.

#### PAYMENT PLAN

Estimated Annual Premium (EAP)

- EAP less than \$2,000 → 100% down payment
- EAP \$2,000 to \$9,999 → 50% down payment with 3 equal quarterly installments
- EAP \$10,000 or more → 35% down payment with 8 equal monthly installments

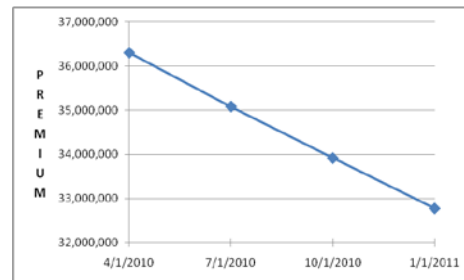
#### CANCELLATION PROCEDURES

- Non-payment of premium → **30-day notice required**
- Refusal to permit completion of the payroll audit → **60-day notice required**
- Other reasons approved by the Commissioner of the Minnesota Department of Commerce and/or the MWCARP Plan Administrator → **60-day notice required**
- Policyholder request for cancellation. The Servicing Carrier shall not honor requests to cancel policies before the date of request, **except in cases of where there is duplicate coverage.**

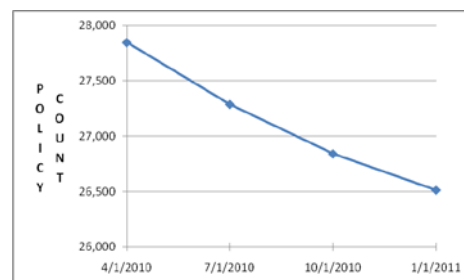
The Servicing Carrier will **reinstate** a policy without a lapse of coverage, if the basis for cancellation is removed **before** the cancellation is to take effect. If the basis for cancellation is removed **after** the cancellation has already taken effect, the employer will need to reapply for coverage in the MWCARP by submitting a new application.

## ASSIGNED RISK SUMMARY REPORT AS OF 01/01/2011 (ALL SERVICING CONTRACTORS)

### ASSIGNED RISK PREMIUM VOLUME EXHIBIT



### ASSIGNED RISK POLICY COUNT EXHIBIT



## FROM THE IT CORNER

### MWCIA WEBSITE – FUTURE ACCESS PLANS

The MWCIA website is accessed by four different groups of users, the general public, registered workers compensation insurance carriers, workers compensation insurance agents, and government officials. The website itself contains informational content and web based applications that are available to any or all of the above users depending on permissions that have been established by MWCIA.

The restricted portions of the website require user registration followed by MWCIA staff authorization prior to access. This process is completed for each of the MWCIA web based products not open to the general public. The current product level registration model has worked well in the past but, as we add more web based products, has become inefficient and potentially incapable of handling future needs.

MWCIA has begun work on a new access system with a different philosophy. The principal tenant of the new approach is that our primary secure users, the insurance carriers, should have available to them on the

MWCIA website the administrative tools necessary to manage their internal users' access to the products and content on the site. This requires that an administrator for each carrier or group of carriers be appointed with the responsibility of managing accounts on the MWCIA website. For complex organizations, the Group Administrator may elect to create sub-administrators called Product Administrators. (This new access system will provide significantly better security by assigning responsibility for user access to a defined person or role within the carrier organization. It will make it unnecessary to share user name/password information when there are multiple users. It will enable user activity reporting and accountability, and it will provide a better path for electronic communication from MWCIA systems back to the user community.)

MWCIA will also be addressing the TPA access issue with future versions of our access plan. The Group Administrator will require the ability to assign product access to a TPA working on behalf of a carrier or set of carriers. Control of the level of access and the communication requirements can be unique for these types of user accounts. Planning sessions to assist in the design of this portion of the system will be conducted with selected carriers and TPAs in 2011. The initial phase is scheduled for release in the second quarter of 2011. If you are interested in participating in the access system discussions, contact Chuck Eldridge, 952.897.6406.

## **FROM THE UNDERWRITING CORNER**

**CIRCULARS & FILINGS** Since our last issue of MWCIA News, the following changes have been filed and approved for use in MN.

### **Circular 11-1589**

MN Assigned Risk Plan Administrator Communication  
Circular contains a communication from the plan administrator regarding Certificates of Insurance and Agency checks.

### **Circular 11-1588**

2010 Test Audit Summary  
Circular contains the test audit summary for 2010.

### **Circular 11-1587**

Partners, Officers and Others Exclusion Endorsement (WC 00 03 08)  
Circular announces the approval for inclusion of the optional form, WC 00 03 08 in the *Minnesota Forms Manual*. This form is optional and it is up to each carrier to decide

whether or not they want to utilize this form when writing workers' compensation insurance in the state of Minnesota.

### **Circular 10-1586**

4/1/2011 Assigned Risk Rates

The intent of this circular is to highlight only the items in the Assigned Risk Rate Schedule and Miscellaneous Values Pages that will change due to the Commissioner's Order.

### **Circular 10-1585**

Updated *WCIO Workers Compensation Data Specifications Manual*

Circular announces revisions made to the *WCIO Workers Compensation Data Specifications Manual* and the *Data Reporting Handbook*.

### **Circular 10-1584**

Large Loss and Catastrophe Call

Circular announces revision to 2012 DSO Application to include the request of an additional data call from carriers.

Please refer to our website ([www.mwcia.org](http://www.mwcia.org)) for further details about each Circular and/or filing.

We recommend carriers bring these items to the attention of the appropriate staff within their organization as these changes have a direct impact on how companies write and/or report data on workers' compensation policies in Minnesota. **Reminder:** 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. Therefore, each Circular, continues to identify those NCCI changes that are not approved for use either in part or whole in MN.

**2012 MCPAP** applications have been sent out to those eligible policyholders. Remember, in order to avoid the two point (.02) penalty, the 2012 completed applications must be postmarked no later than April 1, 2011. The preferred method to apply continues to be applying online via our website ([www.mwcia.org](http://www.mwcia.org)). (Applications are available on our website.)

**ERM-14 FORMS** are required whenever there is an ownership change or other change as outlined on page AA1 of the form. As we continue to increase our efficiencies, we are updating our processing systems which will make it even more imperative that ERM-14 forms be complete, clear, and accurate. The most commonly overlooked areas are:

1) effective date of change (page AA1); 2) detail of ownership listing names and % of ownership by name (table page AA3); 3) Additional Information section (bottom page AA3--we recommend you use this section to clarify the change as needed); 4) signature of owner, partner, member, or executive officer and title. Please help us to help you by submitting complete and concise ERM-14 Forms.

## **STAFF NOTES**

We invite you to join with us as we welcome **Lesley Pyle** to MWCIA's Underwriting Department staff. Lesley brings to us a wealth of WC underwriting experience. We know Lesley's contribution will not only add value to MWCIA but also enhance MWCIA's service to you.

## **FROM THE POLICY CORNER**

Carriers who have been approved to report policy data using electronic transactions should cease submitting the paper version of the approved transaction codes. For example, if a carrier is approved to submit cancellation/reinstatement transactions, do not submit WC890609B hard copy forms. Faxes are not considered electronic reporting and are not recommended for paper reporting without prior approval due to the possibility of failed transmissions. MWCIA does not accept responsibility for failed fax transmissions.

Did you know that you can view your WC policy information on the MWCIA website? If your company does not yet have an account, fill out the registration request form located on the Policy View main page in the Carrier/Agents menu and return to us. Coming soon... Policy Error Reports.

## **ASSIGNED RISK QUICK REFERENCE FACT SHEET**

### **CONTACTS**

#### **(Application assistance):**

MWCIA

7701 France Ave South

Suite 450

Minneapolis, MN 55435

Tel: (952) 897-1737 (Option 2)

Email: [oar@mwcia.org](mailto:oar@mwcia.org)

#### **(Servicing carrier assistance):**

Berkley Risk Administrators Co LLC

PO Box 59143

Minneapolis MN 55459-0143

Tel: (612) 766-3000

E-mail:

[brac\\_mwcarp\\_policies@berkleyrisk.com](mailto:brac_mwcarp_policies@berkleyrisk.com)

RTW, Inc  
 P O Box 390901  
 Minneapolis, MN 55439-0901  
 Tel: (952) 897-5566  
 (888) 273.9709  
 E-mail: [arp@rtwi.com](mailto:arp@rtwi.com)

SFM Risk Solutions  
 P O Box 9403  
 Minneapolis, MN 55440-9403  
 Tel: (952) 838-4430  
 (877) 256-1411

**Assigned Risk Plan Oversight:**

Assigned Risk Plan Administrator  
 8300 Norman Center Drive  
 Suite 1000  
 Minneapolis MN 55437  
 Tel: (800) 471-6767  
 E-mail: [www.mwcarp.org](http://www.mwcarp.org)

**FEIN Number**.....(800) 829-3676

**UEIN Number / Info**.....(651) 296-6141

**Assigned Risk Plan Fees /Values  
 Effective 04/01/2010**

Expense Constant	\$180
Terrorism	payroll/\$100 x .02
SCF Assessment	.032 x Std.Premium
WCRA Deficiency	.006 x Std. Premium

**MISC QUICK REFERENCE FACT SHEET**

State Average Weekly Wage (Effective 10/01/2010)	\$ 868
State Per Claim Accident Limitation (Effective 01/01/2011)	\$179,000
State Multiple Claim Accident Limitation (Effective 01/01/2011)	\$358,000

**\*\*FEATURED MWCIA SERVICE OF THE QUARTER\*\***

**How does MWCIA provide experience ratings to its members?**

Among the list of key services MWCIA provides as a result of the collection of policy and stat data, is the calculation and distribution of experience modifications to its members. To obtain those ratings, members can select from the following options:

• **Hardcopy**

As experience ratings are calculated and produced, MWCIA mails a copy of those ratings (worksheets) to its members. (Note, at the same time, a copy of those ratings are also mailed directly to the insured.)

• **On Demand** ([www.mwcia.org](http://www.mwcia.org))

Using their Member Web Account, a carrier may obtain each of their ratings individually by inputting either the insured's name or file number.

• **CDX Website** ([www.acct.org](http://www.acct.org))

A carrier may obtain their ratings collectively or individually in PDF or Excel format by using various search criteria (eg coverage ID, name, rating effective date, etc.)

• **Electronic Rating Files in WCRATING Format**

This electronic file contains the experience rating data of each experience modification calculation and is sent via the CDX website directly to the carrier. The carrier can choose to receive the file by FTP, E-mail, or web download. The data is formatted which allows the carrier's system to retrieve and store the data easily and according to the carriers' specific needs. (If interested in pursuing this option, contact us at [info@mwcia.org](mailto:info@mwcia.org)).

• **Looking Ahead**

MWCIA will be re-designing the "On Demand" website component discussed above. In addition to individual ratings, member carriers will be able to download multiple rate sheets in PDF format, eliminating the need for hardcopy mailings.

**REMINDERS**

**CURRENT CARRIER DATA QUALITY REPORTS**

During the first quarter of 2011, we will be distributing carrier data quality reports for data received or due in 2010. The objective continues to be to provide carriers with useful feedback regarding the quality and timeliness of the data they submitted to MWCIA during 2010. This marks the third year MWCIA has produced carrier data quality reports. While we have based the content and grading criteria on prevailing industry standards, we eventually plan to tailor the reports so that they more closely adhere to Minnesota standards.

**As a reminder, the benchmark for timely receipt of policy data due in 2011, will be changed from 60 days to 30 days.**

**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 Glenn Colby, editor of *MWCIA News*, c/o MWCIA: 7701 France Avenue South, Suite 450; Minneapolis, MN 55435. You may also contact Glenn by phone (952.897.6411), fax (952.897.6495), or by sending an email to [glenn.colby@mwcia.org](mailto:glenn.colby@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.*



[www.mwcia.org](http://www.mwcia.org)