

MWCIA News



2nd Quarter 2011 issue

a publication of the Minnesota Workers' Compensation Insurers Association

Have an interest in any Workers' Compensation training or education? See ANNOUNCEMENTS page 4.

Tuesday, May 31, 2011



PRESIDENT'S CORNER

By **Bruce A. Tollefson**

INDUSTRY LEGENDS

Each of us has heard this or similar titles used in various ways to recognize people who have made "major contributions" to their chosen profession. We've heard it used in industry, professional, governmental, and leadership situations.

At times, in my view, it gets overused.

There are numerous examples of people in all arenas who have made significant contributions throughout their careers. Are we appreciative for their significant contributions? We certainly should be! Hopefully these people receive recognition and a good and positive sense of their accomplishments.

After making this strong of a statement, I do believe there are instances when it is right and appropriate to "single" out a person who has earned the "Industry Legend" moniker.

I want to share with you one such person whom I believe leaves behind the legacy of an "Industry Legend". I share it with you not because this person expects it but rather as an "example" of what it means to be a dedicated professional who has made significant contributions for the "greater good" and not personal gain or fame.

My example is Arthur R. Cadorine who retired on April 30, concluding a 47-year career in the insurance industry. Instead of me trying to "capture" Art's working history, I asked Carole Banfield of ISO if I could use her written outline of Art's career. Following are Carole's words:

"Art started his career in 1964 as an actuarial assistant at the National Bureau of Casualty Underwriters, a predecessor of ISO. During subsequent years, he worked at ISO in several different actuarial areas, where he gained knowledge about data management and ratemaking functions for various commercial lines of business.

In 1976, Art became Manager of ISO's Commercial Multi-Peril Actuarial Division and was instrumental in developing the Commercial Statistical Plan and the original pricing model for businessowners. He then advanced to Manager and Associate Actuary of the Homeowners Actuarial and Commercial Property Actuarial Divisions before becoming Assistant Vice President of various data management divisions.

Over the years, Art has had numerous responsibilities in data management, including the commercial lines database and data products development. He has also been responsible for the Workers' Compensation Information Services products.

In 2007, Art was promoted to Vice President of ISO's Information Acquisition, Development, and Service Department. In this role, he has overseen ISO's workers compensation information products, reinsurance services, contractual and license products and development, and the maintenance of all statistical plans.

Under Art's leadership, ISO became involved in providing workers' compensation information services to the industry and gained recognition as a credible, respected source for those services. In particular, through Art's influence, ISO gained the respect of the workers compensation independent bureaus. Under his tutelage, the Workers Compensation Transactional Reporting Plan (WCTRP) was developed for the collection of workers' compensation information on a transactional basis. This will enable analytics to be developed for compensation that was not previously available.

Professional honors

In 2004, the Casualty Actuarial Society (CAS) recognized Art's significant volunteer contributions to the actuarial profession with the Matthew Rodermund Service Award. Art has been a CAS member since 1969, and his contributions to CAS have included committee involvement, participation in CAS meetings and seminars, volunteer efforts for regional affiliates, and involvement with non-CAS professional organizations, such as the American Academy of Actuaries.

In 2007, Art received the Gary Knoble Service Award from the Insurance Data Management Association (IDMA) for his accomplishments in developing the data management profession. He is a past president of the organization and serves on its board of directors.

In 2008, Art received the Insurance Accounting and Systems Association (LASA) President's Award for his outstanding contributions to the growth of LASA, his significant volunteer services to the organization, and his numerous contributions to the financial services industry.

In 2009, the American Society of Workers Comp Professionals (AMCOMP) presented Art with its Legends Award to recognize his extensive service to the workers compensation insurance industry.

Art graduated from St. John's University with a bachelor of arts degree in mathematics.

Over the many years we've worked together, Art has been an invaluable colleague, and I will miss him both personally and professionally. Please join me in thanking Art for his many contributions to ISO's success and in wishing him and his wife, Linda, all the best in retirement."

I know there are others that do rise to this level and deserve recognition. I felt it important to make my contribution and help provide an example of the types of things

that raise someone to the level of an "INDUSTRY LEGEND"

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}

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/cclid/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/cclid/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 04/01/2011 (ALL SERVICING CONTRACTORS)



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 tenet 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 TPA's 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 Letter 11-1590

Enhanced Policy View System for the MWCIA Website.

This circular announces recent enhancements to the Policy View System available on the MWCIA website. Refer to the "FEATURED

MWCIA SERVICE OF THE QUARTER" in this edition for a further discussion of Policy View.

Circular Letter 11-1591

NCCI Item B-1409- Revisions to Basic Manual Classifications and Rules

This circular announces the approval of filing item, B-1409, to modify certain classifications, classification phraseologies, cross-references, and/or classification rules in the Minnesota Basic Manual.

Circular Letter 11-1592

NCCI Item B-1410- Revisions to Basic Manual Classifications and Rules

This circular announces the approval of filing item, B-1410, to modify certain classifications, classification phraseologies, cross-references, and/or classification rules in the Minnesota Basic Manual.

Circular Letter 11-1593

NCCI Item B-1412- Revisions to basic Manual Classifications and Rules

This circular announces the approval of filing item, B-1412, to modify certain classifications, classification phraseologies, cross-references, and/or classification rules in the Minnesota Basic Manual.

Please refer to our website (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.

ERM-14 FORMS

New Enhancement: With the roll out of our first phase of automating the ERM-14 form process, ERM-14 forms are now available on our website in a pre fill *pdf* format. (Merely click on the "Experience History" or "Forms/Manuals/Publications" tab). At this time, you cannot save data typed into the ERM-14 form and you will need to continue submitting these forms to MWCIA via E-mail,

fax, or US mail. We are working to automate the entire process including submission of the form.

This first step in automating the ERM-14 form process is yet another example of our commitment to become a more user friendly and efficient resource to our members and customers. (On the "QT" we are also looking into going down the same path with ERM 6 submissions. We'll keep you posted as we navigate that route.)

We remind you that 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 system (including ruling letters) which makes 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.

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. See "FEATURED MWCIA SERVICE OR HIGHLIGHT OF THE QUARTER".

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

(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

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

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

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

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

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

**Assigned Risk Plan Fees /Values
Effective 04/01/2011**

Expense Constant \$180

Max wkly payroll (exec officers, etal)..\$1,736

Min wkly payroll (exec officers, etal)...\$434

Min wkly payroll (family members).....\$260

Terrorism payroll/\$100 x .02

SCF Assessment .034 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 OR HIGHLIGHT OF THE QUARTER

POLICY VIEW

What is it?

Policy View is a web based application which allows member carriers to view the electronic and hard copy policy data they reported to MWCIA. Error reports requesting additional information are also available.

Features:

- Coverage information is available for 33 months from the policy effective date;
- Electronic error reports requesting additional information are posted in 3 business days;
- Ability to view electronically reported policy transaction history;
- Ability to view rejected transactions and the reason for rejection;
- Search by carrier ID, policy number, primary name, issue date, received date.

Benefits:

- Assist member carriers review and resolve coverage / policy issues;
- Allow member carriers to verify data reported to MWCIA.

Special Note:

Electronic submissions may require up to 3 business days to complete processing and post.

Where is it going?

MANAGE POLICY—A web based application which will allow member carriers manage and report policy data electronically in *near real time*. This is huge!!!

Here's a preview of [Policy View forms and format](#).

ANNOUNCEMENTS

MWCIA offers Workers' Compensation education and training.

Interested in Workers' Compensation education or training for your staff? MWCIA offers a wide range of subjects. If interested, please contact Glenn Colby, CPCU, Sr./Communications/Underwriting, MWCIA, glenn.colby@mwcia.org, tel. 952 897-6411.

The MWCIA 2010 Annual Report is now available for viewing on the web (published May 10, 2011.)

Have an article of interest or an Announcement you'd like us to include in the next edition of MWCIA News?

Please submit any articles or announcements to glenn.colby@mwcia.org.

CALENDAR

July 21, 2011: MWCIA Summer Event-Golf Outing at Crystal Lake Golf Club, Lakeville MN

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 *MWCLA 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 e-mail 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