

October 2020

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The mission of the Minnesota Workers' Compensation Insurers Association is to collect, process, and analyze workers' compensation data so that we can provide high quality, consistent information to our insurer members and regulators. We will develop and deliver useful services and products to the workers' compensation community.

3rd Quarter 2020 Issue

President's Message



I never thought it would actually happen. Craig Anderson, our VP of Actuarial Services is retiring at the end of the year after serving the Minnesota workers' compensation system for 44 years.

Craig joined the Workers' Compensation Insurers Rating Association of Minnesota (WCIRAM) back in 1977, while still finishing up his graduate degree at the University of Minnesota. Talk about trial by fire! Craig helped the

WCIRAM (re-named the MWCIA in 1983) through the turbulent late seventies when rate adequacy was severely undermined and rate increases of 60% were requested, but ultimately denied.

Craig has been instrumental in assessing law changes including the creation of the WCRA in 1979, the State Fund (later SFM) in 1983 and the significant law changes in 1992 and 1995 which have made the cost structure of the Minnesota workers' compensation system significantly more stable and predictable.

During the health crisis we are dealing with, we won't be able to publicly acknowledge his tenure and retirement with a party or event, but we do hope to recognize him at the annual State of the Market presentation on October 26th. When we are able to safely gather together again, we will have an in-person recognition event for him.

As we move to a more virtual, work from home environment, please remember to check out all the great training videos and tools we have on-line at our website. Check out the "Learning Center" area on our website for the latest tools and segments.

Have a wonderful fall as we glide toward the 4th quarter and end of the year.

Circular Letter 20-1764

NCCI Item B-1438 – Revisions to Basic Manual Classifications for Oil and Gas Field Operations

Circular Letter 20-1763

**Housekeeping Filing – Minnesota Statistical Plan
Manual – COVID-19 Update New Cause of Injury,
Nature of Injury and Catastrophe Codes Policy
Valuation Effective Date August 1, 2020**

Circular Letter 20-1762

Coronavirus Disease – 2019 (COVID-19) Claim Reporting Requirements

Circular Letter 20-1761

Group Dashboard

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Terrorism Risk Insurance Program Reauthorization Act of 2019

Circular Letter 20-1759

Online Assigned Risk Application (OAR) – System Upgrade

Circular Letter 20-1758

2019 Test Audit Summary Report

Important Dates & Deadlines:

- MN Contractors Premium Adjustment Program (MCPAP)
 - 2021 MCPAP Application is available on the MWCIA website.
 - Does not automatically renew! Applications received with a postmark after 4/1 will have a late penalty applied.
 - Average Hourly Wage: \$28.00
 - Online Training for MCPAP – Found in Online Training under the “Underwriting” section
 - Effective 1/1/2020 the Split Point is:
 - \$17,000
 - Effective 1/1/2020 the State Per Claim Accident Limitation is:
 - \$216,000 Single
 - \$432,000 Multiple
 - Minimum & Maximum Payrolls
Effective 1/1/2020 – Assigned Risk & Standard Market
 - Minimum: \$57,824
 - Maximum: \$231,296
 - Family: \$17,368

Electronic Reporting of ERM-14s:

The MWCIA has provided the means to electronically report ownership changes through our Manage Ownership web application located on our website.

The Manage Ownership web application provides an easy method for carriers, agents and employers to complete and submit ERM-14 changes electronically. Using Manage Ownership you can:

- Create and save an ERM-14 change of ownership form.
 - Submit a completed ERM-14 to MWCIA for online review and processing.
 - Check the status of your submitted ERM-14.
 - Revise and resubmit an ERM-14 that is returned for more information.

Access to Manage Ownership is available through MWCIA's Web Membership system. If you do not already have access to Web Membership, you may register for a Web Membership Manage Ownership account.

For information on how to register and use the Manage Ownership system, please visit the Online Training module located inside the “Online Training” section of our home page, or by clicking [this link](#).

2021 Minnesota Ratemaking Report:

The Minnesota Department of Commerce approved the 2021 Minnesota Ratemaking Report effective January 1, 2021. The overall average pure premium level change is -1.2%.

The 2021 experience rating eligibility threshold and primary actual split point values are posted in Volume 1, Section 1, Part 3, page 20, items (a) and (b) of the 2021 Minnesota Ratemaking Report. Please note the additional legislative change impact included in this report for HF 4537 in Volume 1, Section III, Appendix 6 on page 108.

The 2021 Report is now available on our website at www.mwcia.org. Member carriers with Web Membership accounts can download the Report by using their Web Membership login username and password. For all other subscribers, electronic or hard copy, the 2021 Report may be obtained by mailing [this form](#) with payment. See form for options.

Please direct any questions to our Actuarial Services Department at 952-897-1737, Option 3, or by emailing our office at ratemakingreport@mwcia.org

What else can the Ratemaking Report tell us?

This report provides information in summary and granular detail. For example, the reader can see the breakdown of the rate change

By component: By industry:

Experience -5.0% Manufacturing -0.3%

Weekly Benefit Change +0.3% Contracting +1.1%

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<https://www.mwcia.org>
underwriting@mwcia.org

952-897-1737

Opt 1 – Underwriting Department
Opt 2 – Assigned Risk Department
Opt 3 – Actuarial Department
Opt 4 – Unit Stat/Mod Department

Web Membership:

WebMembership@mwcia.org

President:

Brandon Miller –

Brandon.miller@mwcia.org

House File 4537 +3.74%

Office and Clerical

-3.6%

Goods and Services

-2.1%

Miscellaneous

-1.3%

Or, dig in further to see premium (volume 2) and loss experience (volume 3) for individual classifications!

Common Question: "Will my Workers' Compensation Premium decrease since a pure premium decrease is approved?"

Not necessarily, the average pure premium level decreased, but specific individual pure premiums may have increased or decreased. Also, the decrease doesn't contemplate additional cost factors such as: experience rating, loss development to ultimate, trend, other taxes and assessments, loss adjustment expenses, and insurer operating expenses. Section III contains details for many of these components on an advisory basis, should insurers choose to utilize or benchmark these additional factors. There are also company-specific pricing decisions that carriers may choose to incorporate: deviations, deductibles, dividend plans, schedule rating, retrospective rating, etc. Each insurance company determines their own rating and pricing needs, and ultimately files and requires approval from the Department of Commerce.

Mega Claims Analysis

MWCIA took part in a multi-bureau study of "mega claim" (claims with incurred losses at 2018 cost levels of at least \$3 million). The research assesses whether these claims have become more common over time and are being recognized as mega claims more quickly than in the past. The study also analyzes the characteristics of these claims in terms of size, claim type and industry segment and whether those characteristics have changed over time. [See the full paper here.](#)

Key Findings:

- The rate of reported mega claims dropped sharply during the Great Recession as construction employment plummeted in most of the country. Since 2013, the share of mega claims has increased steadily.
- Reported mega claims for accident years 2016 and 2017 were up significantly from prior years, although some of the increase may be attributable to insurers being able to identify such claims earlier.
- Claims often take some time to breach the \$3 million threshold. Less than one-half of mega claims reach the \$3 million threshold by 18 months from policy inception, and less than 90 percent reach that threshold by 126 months from policy inception. However, mega claims are generally reaching the \$3 million threshold more quickly than in the past.

Countrywide Mega Claims Research Webinar [WATCH NOW.](#)

Recorded Friday September 11, 2020, 12:00 – 1:00 PM CST

Presenters include representatives of the WCIRB California, NCCI, New Jersey Compensation Rating and Inspection Bureau and New York Compensation Insurance Rating Board.