



Minnesota Workers' Compensation
Insurers Association, Inc.
7701 France Avenue South ▪ Suite 450
Minneapolis, MN 55435-3200

February 11, 2015

ALL ASSOCIATION MEMBERS

Circular Letter No. 15-1666

RE: MWCARP – Launches its “Agent Guide”, Completes its Servicing Carrier Bid Process and Enhances Payroll Audit Standards

Attached is a notice from the Minnesota Workers Compensation Assigned Risk Plan (MWCARP) regarding the launching of their new “Agents Guide”, the completion of their Servicing Carrier bid process and the enhancement of their payroll audit standards.

Please refer to the attached for information regarding this notice.



*Thomas G. Redel, CPCU, ARM, ARe, AIC
Senior Vice President*

February 11, 2015

The Minnesota Workers' Compensation Assigned Risk Plan (MWCARP)

Launches Its "Agent Guide", Completes Its Servicing Carrier Bid Process and Enhances Payroll Audit Standards

The Minnesota Workers' Compensation Assigned Risk Plan (MWCARP) has launched its Agent Guide in order to give employers and agents the relevant procedural information that they need regarding the MWCARP. The Agent Guide describes the manuals, payroll, policies, pay plan options, commissions, the underwriting process, endorsements, certificates of insurance, dispute resolution process, cancellations, reinstatements, audits, waiver of subrogation, loss control, claims administration, and rating information. It should be noted that the Agent Guide does not replace or supersede any state statutes or regulations. The Agent Guide may be found at the MWCARP website (www.mwcarp.com) under the Home Page under Forms and it can be found at the MWCIA website (www.mwcia.org) under the Assigned Risk tab on the Home Page.

As the Plan Administrator of the MWCARP, Affinity Insurance Services, Inc., has recently completed a Servicing Carrier Request For Proposals (RFP) process. In November 2014, the three prior Servicing Carriers were retained through the RFP process, with new contracts effective on January 1, 2015. The three Servicing Carriers are Berkley Assigned Risk Services; SFM Risk Solutions, Inc.; and RTW, Inc.

In conjunction with the Servicing Carrier RFP process and new contracts effective January 1, 2015, some important changes have been implemented regarding physical payroll audits. Servicing Carriers are now required to provide physical payroll audits to some of the MWCARP policyholders with estimated annual premium that is less than \$3,000. Prior to this change, policyholders with less than \$3,000 in estimated annual premium were only subject to a payroll audit conducted via mail. The standards regarding payroll audits are as follows (new standards are shown in ***bold/italics***):

On ***Non-Construction Policies*** the Servicing Carrier shall conduct physical audits; (1) annually on Policies producing an estimated annual net premium of more than \$10,000; (2) at least once every 3 years on

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Policies producing an estimated annual net premium of \$3,000 - \$10,000.

On **Construction Policies** the Servicing Carrier shall conduct physical audits annually on Policies producing an estimated annual net premium of more than \$3,000.

On All Policies less than \$3,000 (1) annually 20% of all policies producing an estimated annual net premium of less than \$3,000 must receive a physical audit, (a) half of the 20% must be Construction and (b) half of the 20% must be Non-Construction. Physical audits need not be performed on the other 80% of policies, producing an estimated annual net premium of less than \$3,000.

The new standards are applicable to all new and renewal policies effective January 1, 2015 and thereafter.

Please direct any questions you may have regarding this information to the following:

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