

2705.1000 APPLICATION INFORMATION.

A data service organization shall apply to the commissioner for a license. An application to be a data service organization shall include all information required by Minnesota Statutes, section 79.62. In addition, the application shall include:

A. the organization's plan of operation including:

(1) a description of the applicant's operating premises and computer capabilities;

(2) a description of the management and operation of the organization, including a description of major staff positions and necessary qualifications for the positions;

(3) a list of members and their responsibilities; and

(4) a procedure by which insureds and any other interested party may challenge the action of the data service organization; and

B. a plan for data collection and analysis, and other activities of the data service organization, including:

(1) a statistical plan for the collection and reporting of exposure base and loss data of individual insureds from each member;

(2) a system for the classification of risks to be used for reporting by member insurers, and for calculating pure premium relativities, and all other rate or rating plan related or data analytic activities it proposes to undertake;

(3) manual rules reasonably related to the recording and reporting of data pursuant to the statistical plan and the classification system;

(4) data reporting requirements for members and monitoring procedures. A data service organization may not collect or report expense or profit data from its members but may collect loss adjustment costs. Premium data may be reported to the extent needed to monitor the quality and integrity of the databases. Following the approval of a pure premium base rate schedule, the data service organization may require premium data to be reported at that level, provided that reporting need not be required of companies writing a small volume of Minnesota workers' compensation premiums. The criteria for being excused from reporting will be determined by the data service organization;

(5) a plan for the collection of any other data not prohibited in subitem (4) and a description of these data;

(6) a plan for and description of the ratemaking report required by Minnesota Statutes, section 79.61;

(7) plans for disseminating information to members of the organization and to the commissioner;

(8) plans for audit procedures to ensure that data reporting requirements are met by organization members;

(9) a plan for compiling expense data reported to the commissioner for development of advisory rates, rating plan values, and discount factors; and

(10) a description of any changes from the uniform statistical plan, classification system, and related rules which are in effect at the time the application is made.

Statutory Authority: *MS s 45.023; 79.51; 79.55 to 79.61*

History: *8 SR 2273; 31 SR 323*

Published Electronically: *September 14, 2007*