

68-21-b

1 Department of Commerce

2

3 Adopted Rules Relating to the Workers' Compensation Assigned
4 Risk Plan

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6 Rules as Adopted

7 4 MCAR S 1.9500 Purpose and scope.

8 4 MCAR SS 1.9500-1.9505 govern administration of the
9 workers' compensation assigned risk plan.

10 4 MCAR S 1.9501 Authority.

11 Rules 4 MCAR SS 1.9500-1.9505 are promulgated under the
12 authority of Minnesota Statutes, sections 79.251, subdivision 3
13 and 79.252, subdivision 5.

14 4 MCAR S 1.9502 Definitions.

15 Applicability.

16 A. Generally. For the purposes of 4 MCAR SS 1.9500-1.9505,
17 the terms defined in this rule have the meanings given them
18 unless the context clearly indicates a different meaning.

19 B. Assigned risk plan. "Assigned risk plan" means:

20 1. the method to provide workers' compensation coverage
21 to employers unable to obtain coverage through licensed workers'
22 compensation insurance companies, established pursuant to
23 Minnesota Statutes, sections 79.251 and 79.252; and

24 2. the procedures established by the commissioner to
25 implement that method of providing coverage including
26 administration of all assigned risk losses and reserves.

27 C. Commissioner. "Commissioner" means the commissioner of
28 commerce.

29 D. Employer. "Employer" means the same as defined in
30 Minnesota Statutes, section 176.011, subdivision 10.

31 E. Merit rating. "Merit rating" means the same as defined
32 in Minnesota Statutes, section 79.52, subdivision 9.

33 F. Discount factor. "Discount factor" means the same as
34 defined in Minnesota Statutes, section 79.52, subdivision 8.

35 G. Rates. "Rates" means the same as defined in Minnesota

1 Statutes, section 79.52, subdivision 5.

2 H. Rating plan. "Rating plan" means the same as defined in
3 Minnesota Statutes, section 79.52, subdivision 15.

4 4 MCAR S 1.9503 Assigned risk coverage.

5 A. Generally. Eligibility for assigned risk coverage is
6 subject to the terms and conditions of B.-D.

7 B. Minimum qualifications. Any employer that (1) is
8 required to carry workers' compensation insurance pursuant to
9 Minnesota Statutes, chapter 176, and (2) has a current written
10 notice of refusal to insure pursuant to Minnesota Statutes,
11 section 79.252, subdivision 2, is entitled to coverage upon
12 making written application to the assigned risk plan, and paying
13 the applicable premium.

14 C. Disqualifying factors. An employer may be denied or
15 terminated from coverage through the assigned risk plan if the
16 employer:

17 1. applies for coverage for only a portion of the
18 employer's statutory liability under Minnesota Statutes, chapter
19 176, excluding wrap-up policies;

20 2. has an outstanding debt due and owing to the assigned
21 risk plan at the time of renewal arising from a prior policy;

22 3. persistently refuses to permit completion of an
23 adequate payroll audit;

24 4. repeatedly submits misleading or erroneous payroll
25 information; or

26 5. flagrantly disregards safety or loss control
27 recommendations. Cancellation for nonpayment of premium may be
28 initiated by the service contractor upon 30 days' written notice
29 to the employer pursuant to Minnesota Statutes, section 176.185,
30 subdivision 1.

31 D. Occupational disease exposure. An employer having a
32 significant occupational disease exposure, as determined by the
33 commissioner, to be entitled to coverage shall have physical
34 examinations made:

35 1. of employees who have not been examined within one
36 year of the date of application for assignment;

1 2. of new employees before hiring; and
2 3. of terminated employees. Upon request, the findings
3 and reports of doctors making examinations, together with x-rays
4 and other original exhibits, must be furnished to the assigned
5 risk plan or the Department of Labor and Industry.

6 4 MCAR S 1.9504 Assigned risk rating plan.

7 A. Generally. Employers insured through the assigned risk
8 plan are subject to B.-E.

9 B. Classifications. Classifications shall be assigned
10 according to the Basic Manual, Workers' Compensation and
11 Employers' Liability Insurance, 1980 Edition, National Council
12 on Compensation Insurance, with exceptions approved for
13 Minnesota.

14 C. Experience modification. Rates shall be modified
15 according to the experience rating plan contained in the
16 Experience Rating Plan Manual for Workers' Compensation and
17 Employers' Liability Insurance, 1980 Edition, National Council
18 on Compensation Insurance, with exceptions approved for
19 Minnesota. Minnesota exceptions approved for section III, rule
20 1, Eligibility Requirements, are revoked.

21 D. Small risk merit rating plan. Employers which do not
22 qualify for the experience rating plan are subject to the small
23 risk merit rating plan. The rules and procedures governing the
24 small risk merit rating plan shall be the same as for the
25 assigned risk experience rating plan, except as regards the
26 premium modification factor. The premium modification factor
27 for the small risk merit rating plan shall be based on the
28 number of claims attributable to an experience period of three
29 years commencing four years prior and ending one year prior to
30 the date for which the rating is promulgated, excluding claims
31 for which medical losses only are expected. The merit rating
32 premium modification factor is as follows: zero claims, credit
33 modification factor; one claim, zero or debit modification
34 factor; two or more claims, a greater debit modification
35 factor. The amount of the modification factors shall be fixed
36 by the commissioner simultaneously with the schedule of rates

1 pursuant to Minnesota Statutes, section 79.251, subdivision 3.

2 E. Premium discount. Rates shall be modified according to a
3 premium discount factor whereby standard premium is reduced 0.0
4 percent for the first \$1,000 of premium, and progressively
5 greater percentages for the next \$4,000, for the next \$95,000,
6 and for all premiums over \$100,000. The amount of the
7 percentage reductions shall be fixed by the commissioner
8 simultaneously with the schedule of rates, pursuant to Minnesota
9 Statutes, section 79.251, subdivision 3.

10 4 MCAR S 1.9505 Reserves.

11 The commissioner and the assigned risk plan review board
12 shall monitor and have jurisdiction over all reserves maintained
13 for assigned risk plan losses.