

1 Department of Commerce

2 Adopted Permanent Rules Relating to Data Service Organizations

3 2705.0200 DEFINITIONS.

4 [For text of subps 1 to 10, see M.R.]

5 Subp. 11. **Rating association.** "Rating association" means
6 the Minnesota Workers' Compensation Insurers Association, Inc.

7 [For text of subp 12, see M.R.]

8 2705.1000 APPLICATION INFORMATION.

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

13 [For text of item A, see M.R.]

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

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

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

23 [For text of subitems (3) to (10), see M.R.]

24 2705.1100 MANUALS.

25 A. The rating association or any other licensed data
26 service organization must file and maintain the following

1 manuals:

2 (1) a basic manual containing a uniform
3 classification system for risks and other general standards
4 related to the identification and underwriting of risks;

5 (2) a unit statistical plan manual;

6 (3) an experience rating manual; and

7 (4) a policy forms manual.

8 [For text of items B and C, see M.R.]

9 D. Every workers' compensation insurer shall report
10 its data in accordance with the uniform classification system,
11 the unit statistical plan manual, and the related rules in the
12 basic manual.

13 E. Insurers may use the premium factors, the
14 experience rating plan, the retrospective rating plans, and
15 other filed manual rules developed by the rating association.
16 They may also develop and use their own factors and plans.

17 2705.1150 AMENDMENTS TO APPLICATION.

18 [For text of subpart 1, see M.R.]

19 Subp. 2. Changes filed. A data service organization must
20 file with the commissioner every proposed change in the uniform
21 classification system, the uniform statistical plan, or
22 manuals. Any change must be approved by the commissioner who
23 shall also establish an effective date for the change. If a
24 change is ordered by the commissioner, it must be used by every
25 workers' compensation insurer in reporting data to the data
26 service organization of which it is a member.

1 2705.1600 DATA SERVICE ORGANIZATIONS RATEMAKING REPORTS.

2 Subpart 1. [See repealer]

3 Subp. 2. Outlines and draft. Licensed data service
4 organizations must submit an outline of their annual ratemaking
5 report to the commissioner for comment by July 1 of each year.
6 A draft of the report should be submitted to the commissioner
7 for comment by October 1. The final ratemaking report must be
8 submitted no later than January 1 of the succeeding year.
9 Interim reports on the effect of changes in the law on rates may
10 be submitted at any time during a year.

11 Subp. 3. Annual reports. Licensed data service
12 organizations shall make yearly ratemaking reports to the
13 commissioner. Insurers may not make reference to a report in
14 their filings until it has been filed with the commissioner.

15 2705.1700 CONTENTS OF RATEMAKING REPORT.

16 Subpart 1. Statutory and other data. A ratemaking report
17 shall meet all requirements of Minnesota Statutes, sections
18 79.55, subdivision 8, and 79.61, subdivision 1, clause (c) and,
19 in addition, may contain information useful to data service
20 organization members regarding factors pertinent to Minnesota
21 workers' compensation business such as legislative concerns,
22 Workers' Compensation Reinsurance Association operations, loss
23 control programs, and programs developed by insurers that may be
24 of interest and applicability to workers' compensation insurers.

25 [For text of subps 2 and 3, see M.R.]

26 2705.1800 USE OF RATEMAKING REPORT.

1 A. After the ratemaking report has been filed with
2 the commissioner, insurers may develop and use rates based upon
3 the pure premium base rates contained in the report. Insurers
4 may also develop and use rates based upon any reasonable factors
5 which are not inconsistent with Minnesota Statutes, sections
6 79.50 to 79.62.

7 [For text of item B, see M.R.]

8 C. Insurers may adjust premiums by application of
9 discount factors as defined in Minnesota Statutes, section
10 79.52, subdivision 8, and merit rating as defined in Minnesota
11 Statutes, section 79.52, subdivision 9. Insurers may use their
12 own filed and approved plans or plans developed by a data
13 service organization in which they maintain membership.

14 [For text of items D and E, see M.R.]

15 2705.1900 REVIEW BY COMMISSIONER.

16 Subpart 1. Nonconforming ratemaking report. If the
17 commissioner finds upon review that the ratemaking report is not
18 as prescribed, then the commissioner shall issue an order
19 specifying in which respects it fails to meet the requirements
20 of Minnesota Statutes, sections 79.55, subdivision 8, and 79.61
21 and parts 2705.1600 to 2705.1900, and stating a reasonable
22 period within which the defects shall be corrected.

23 [For text of subp 2, see M.R.]

24 2705.2200 INSURER VARIATIONS.

25 An insurer may develop variations of the uniform
26 classification system upon which a rate may be made. A

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1 variation must be filed with the commissioner 60 days prior to
2 its use. The commissioner shall disapprove variations if the
3 insurer fails to demonstrate that the data produced by the
4 variation can be reported consistent with the uniform
5 statistical plan and classification system.

6 2705.3000 SCHEDULE RATING PLANS.

7 The maximum debit which can be developed by schedule rating
8 shall be determined by the commissioner and shall be no more
9 than 25 percent of manual premium, after application of any
10 experience modification.

11 **REPEALER.** Minnesota Rules, parts 2705.1600, subpart 1;
12 2705.2300; 2705.2400; 2705.2700; and 2705.3100, are repealed.