

CHAPTER 2781
DEPARTMENT OF COMMERCE
WORKERS' COMPENSATION ASSIGNED RISK PLAN

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2781.0100 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of this chapter, the terms defined in this part have the meanings given them unless the context clearly indicates a different meaning.

Subp. 2. **Assigned risk plan.** "Assigned risk plan" means:

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

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

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subp. 4. **Employer.** "Employer" means the same as defined in Minnesota Statutes, section 176.011, subdivision 10.

Subp. 5. **Merit rating.** "Merit rating" means the same as defined in Minnesota Statutes, section 79.52, subdivision 9.

Subp. 6. **Discount factor.** "Discount factor" means the same as defined in Minnesota Statutes, section 79.52, subdivision 8.

Subp. 7. **Rates.** "Rates" means the same as defined in Minnesota Statutes, section 79.52, subdivision 5.

Subp. 8. **Rating plan.** "Rating plan" means the same as defined in Minnesota Statutes, section 79.52, subdivision 15.

Statutory Authority: *MS s 79.251 subd 3; 79.252 subd 5*

History: *9 SR 765*

2781.0200 PURPOSE AND SCOPE.

This chapter governs administration of the workers' compensation assigned risk plan.

Statutory Authority: *MS s 79.251 subd 3; 79.252 subd 5*

History: *9 SR 765*

2781.0300 AUTHORITY.

This chapter is promulgated under the authority of Minnesota Statutes, sections 79.251, subdivision 3 and 79.252, subdivision 5.

Statutory Authority: *MS s 79.251 subd 3; 79.252 subd 5*

History: *9 SR 765*

2781.0400 ASSIGNED RISK COVERAGE.

Subpart 1. **Generally.** Eligibility for assigned risk coverage is subject to the terms and conditions of subparts 2 to 4.

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

Subp. 3. **Disqualifying factors.** An employer may be denied or terminated from coverage through the assigned risk plan if the employer:

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

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

C. persistently refuses to permit completion of an adequate payroll audit;

D. repeatedly submits misleading or erroneous payroll information; or

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

Subp. 4. **Occupational disease exposure.** An employer having a significant occupational disease exposure, as determined by the commissioner, to be entitled to coverage shall have physical examinations made:

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

B. of new employees before hiring; and

C. of terminated employees. Upon request, the findings and reports of doctors making examinations, together with x-rays and other original exhibits, must be furnished to the assigned risk plan or the Department of Labor and Industry.

Statutory Authority: *MS s 79.251 subd 3; 79.252 subd 5*

History: *9 SR 765*

2781.0500 ASSIGNED RISK RATING PLAN.

Subpart 1. **Generally.** Employers insured through the assigned risk plan are subject to subparts 2 to 4.

Subp. 2. **Classifications.** Classifications shall be assigned according to the Basic Manual, Workers' Compensation and Employers' Liability Insurance, 1980 Edition, National Council on Compensation Insurance, with exceptions approved for Minnesota.

Subp. 3. **Experience modification.** Rates shall be modified according to the experience rating plan contained in the Experience Rating Plan Manual for Workers' Compensation and Employers' Liability Insurance, 1980 Edition, National Council on Compensation Insurance, with exceptions approved for Minnesota. Minnesota exceptions approved for section III, rule 1, Eligibility Requirements, are revoked.

Subp. 4. **Small risk merit rating plan.** Employers which do not qualify for the experience rating plan are subject to the small risk merit rating plan. The rules and procedures governing the small risk merit rating plan shall be the same as for the assigned risk experience rating plan, except as regards the premium modification factor. The premium modification factor for the small risk merit rating plan shall be based on the number of claims attributable to an experience period of three years commencing four years prior and ending one year prior to the date for which the rating is promulgated, excluding claims for which medical losses only are expected. The merit rating premium modification factor is as follows: zero claims, credit modification factor; one claim, zero or debit modification factor; two or more claims, a greater debit modification factor. The amount of the modification factors shall be fixed by the commissioner simultaneously with the schedule of rates pursuant to Minnesota Statutes, section 79.251, subdivision 3.

Subp. 5. **Premium discount.** Rates shall be modified according to a premium discount factor whereby standard premium is reduced 0.0 percent for the first \$1,000 of premium, and progressively greater percentages for the next \$4,000, for the next \$95,000, and for all premiums over \$100,000. The amount of the percentage reductions

shall be fixed by the commissioner simultaneously with the schedule of rates, pursuant to Minnesota Statutes, section 79.251, subdivision 3.

Statutory Authority: *MS s 79.251 subd 3; 79.252 subd 5*

History: *9 SR 765*

2781.0600 RESERVES.

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

Statutory Authority: *MS s 79.251 subd 3; 79.252 subd 5*

History: *9 SR 765*