

Minnesota Workers' Compensation Assigned Risk Plan

4500 Park Glen Road • Suite 410 • Minneapolis, MN 55416 • (952) 924-6971 • www.mwcarp.org

DEDUCTIBLE PLAN GUIDELINES

1. AVAILABILITY

All deductible plan applicants must be submitting an application for coverage in the MWCARP or already be in the MWCARP to be eligible. Minimum premium policies are not eligible for the deductible program.

2. WHEN TO APPLY

New applicants to the MWCARP must apply for the deductible 30 days prior to submission of their application for coverage to the MWCARP. Current MWCARP policyholders must have their deductible application to the MWCARP 90 days prior to their renewal. The MWCARP will grant or deny a deductible request within 20 days after a complete application has been received. If granted, a deductible will be applied to a new or renewal policy at the effective or renewal date.

3. HOW TO APPLY

The application categories and required information are described in Paragraph 5 below.

4. SELECTION OF DEDUCTIBLE LIMITS

Each applicant must select a "per claim medical loss deductible." The per claim medical loss deductible applies separately to each accident or disease for each claimant. The amount a policyholder may be required to pay in a policy period is limited to the MWCARP's retention limit with the Workers' Compensation Reinsurance Association (WCRA). The minimum per claim medical loss deductible is \$250 and the maximum is \$10,000. Deductible credits applied to the estimated standard premium are as follows:

Deductible	Credit
\$ 250	1.2%
\$ 500	2.1%
\$ 1,000	3.6%
\$ 2,500	6.2%
\$ 5,000	9.0%
\$ 10,000	13.2%

5. APPLICATION REQUIREMENTS BY DEDUCTIBLE AMOUNT

Deductibles \$250, \$500 and \$1,000

1. Completed *Deductible Application* including the signed *Information Disclosure Form*.
2. If insured outside the MWCARP at any time in the past two years, hard copy loss runs from the previous carrier(s).
3. Financial statement for the last two years and/or tax returns for same period.
4. Additional financial information as requested.

Deductibles \$2,500, \$5,000 and \$10,000

1. Completed *Deductible Application* including the signed *Information Disclosure Form*.
2. If insured outside the MWCARP at any time in the past three years, hard copy loss runs from the previous carrier(s).
3. Financial statement, compiled, reviewed or audited by an Independent Certified Public Accountant for the last three years.
If the statement is more than six months old, an officer of the company must sign an affidavit under oath stating there has been no material change in the net worth of the company or any other adverse change in its financial condition since the end of the period.
4. Additional financial information as requested.

Underwriting Criteria

Each applicant must demonstrate adequate financial stability to be responsible for the payment of deductible amounts. In determining whether an applicant is financially stable, the MWCARP shall consider the applicant's credit history; its current ratio; its long-term and short-term debt to equity ratios; its net worth; financial characteristics of the particular industry in which the applicant is involved; any recent changes in the management and ownership; any other financial data submitted to the MWCARP by the applicant; and the applicant's workers' compensation experience for the last three years.

6. CANCELLATION

Claims that are subject to a policyholder's deductible shall be handled in the same manner as all other claims. The MWCARP will pay the claims that are subject to the deductible and, on a monthly basis, bill the policyholder for the deductible portion. The policyholder must reimburse the Plan within 60 days for these charges or the policy will be cancelled for nonpayment.

7. DUTY TO REPORT ALL CLAIMS

The existence of a deductible does not change the policyholder's obligation to report all claims to its servicing carrier. Claims that are subject to the deductible will be handled in the same manner as all other claims and must be reported in accordance with the regular terms of the policy.

8. EXPERIENCE MODIFICATION

The deductible has no beneficial impact on the experience modification calculation. Claims will not be reduced by the amount of the deductibles incurred.

9. WHERE TO MAIL THE COMPLETED APPLICATION

All deductible application information must be sent directly to the MWCARP Administrator's office (not to the servicing carrier) at the following address:

MWCARP — Attn: Deductible
4500 Park Glen Road, Suite 410
Minneapolis, MN 55416

If you have questions regarding the deductible program, please call (952) 924-6971, e-mail deductible@mwcarp.org, or direct correspondence to the above address.