

Plan of Operation Amendment Summary

A number of technical edits have been made to the Plan of Operation. The following are the most significant changes.

Article III.A.1.: Members are required to pay their financial obligations to the Association before their membership is terminated, and members must notify the WCRA if they experience a change of ownership or legal structure.

Article III.B.: The Association will only reimburse members for losses in excess of their retention limit to the extent that those losses are not paid, payable, or reimburseable from any other insurance, reinsurance, or other recoverables.

Article IV.F.11.d.: A formal process for appointing a Self-Insurer Nominating Committee is established.

Article VI.D.4.: The WCRA may now audit and inspect records of policyholders of self-insurer groups. In addition, this Article and **Article VI.F.3.** authorize the Association to bill members for extraordinary auditing expenses incurred because of lack of cooperation or inaccurate reporting by a member.

Article VI.G.: The Association is specifically authorized to reduce reimbursements when settlements are deemed to be excessive and materially and adversely affect the Association.

Article VI.O.: A new section is added to the Plan describing the required capital band and the deficit band. As a policy objective, if the Association's capital exceeds the required capital band or falls below the deficit band, the Board of Directors may consider surplus distributions or assessments.

Article IX.: The procedures for amending the Plan of Operation are clarified.

Reinsurance Agreement Amendment Summary

The amendments to the Plan of Operation are incorporated into the Reinsurance Agreement, with several additions:

Page 2: Section B of the Nature and Scope of Agreement incorporates the definition of "control" of an affiliate by a holding company system from Minn. Stat. § 60.D.15., subd. 4.

Page 3: Part Three prohibits members from issuing large deductible or excess policies in Minnesota for amounts in excess of their selected retention limits except as permitted under Minn. Stat. § 79.34, subd. 2.

Page 3: Part Four, Section A requires that the wages of an injured worker must be included in the total compensation reported by the member to the Association in order for the member to be eligible for reimbursements by the Association for losses incurred by that worker.