



Wisconsin Compensation Rating Bureau

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Located at 20700 Swenson Drive, Suite 100, Waukesha, WI 53186

CIRCULAR LETTER 2912 - DECEMBER 11, 2002

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, December 3, 2002. The meeting was called to order at 9:00 A.M., with the following members present:

ORGANIZATION

United Wisconsin Insurance Company, Chair
Allied Construction Employers Association
Continental Casualty Insurance Company
Employers Insurance of Wausau
Society Insurance A Mutual Company
Travelers Insurance Company
Wisconsin Manufacturers & Commerce
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Paul Hingtgen
Ed Hayden
Pat Williams
Steve Ginsburg
Rick Levin
Alan Carpenter
John Metcalf
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Donna Knepper

Members Absent or Excused:

Employers Mutual Casualty Company
Fireman's Fund Insurance Company
Sentry Insurance A Mutual Company

Also Present:

Badger Mutual Insurance Company
General Casualty Company
Liberty Mutual Insurance Company

Michael Best & Friedrich
NCCI
St. Paul Fire & Marine Insurance Company
Secura Insurance A Mutual Company
Tri-State Insurance of MN

West Bend Mutual Insurance

Terry Falls
Tom Vanderbusch
Dave Young
Val Schmelzer
Paul Riegel
Joe Volman
Debbie Towler
Phil Biwan
Al Utzig
Judy Baldus
Pam Allison

The Chairperson read the following opening statement before convening the meeting:

“This Committee meeting has been called to discuss the items of mutual interest and concern to the members of the Wisconsin Compensation Rating Bureau. In accordance with both Federal and Wisconsin State Anti-trust Laws, this Committee is prohibited from any discussion or action which constitutes any form of boycott, coercion or intimidation.”

UNFINISHED BUSINESS

ITEM NUMBER 3748 CONTRACTOR PREMIUM ADJUSTMENT PROGRAM

The Committee was advised that the Contractor Premium Adjustment Program will sunset July 1, 2004. At the request of the Office of the Commissioner of Insurance, Milliman USA will conduct an analysis of the program in March 2003.

This item is continued.

ITEM NUMBER 3833 NCCI PROPOSAL ITEM B-1373 BASIC MANUAL
ENHANCEMENTS

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3838 JULY 1, 2002 RATE REVISION

The Actuarial Subcommittee met on November 21, 2002 to review issues raised with the July 1, 2002 rate revision. Topics included:

- Underwriting expenses
- ULAE and ALAE - become more WI specific
- Expense constant - Last expense constant study was conducted in 1991. NCCI is looking into conducting another study of the expense constant and premium discount.
- Class ratemaking -National relativities vs. alternate methods
- Econometric modeling - will continue to be used on a subjective basis.

Milliman USA will evaluate the rating process for code 8837 - Charitable or Religious Organizations - Welfare & Stores. Any change will be incorporated into the 10-1-03 rate filing.

ITEM NUMBER 3839 TERRORISM/CATASTROPHE ISSUES

President Herrmann reported that several issues have been raised with regard to the Terrorism Risk Insurance Act of 2002 and are in process of being addressed. The WCRB will be scheduling a meeting with the Office of the Commissioner of Insurance to address several issues. In addition, the WCRB is working closely with the NCCI and other independent rating bureaus in an effort to address all issues as consistently as possible with other jurisdictions. All changes will be

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communicated as soon as practicable via national bulletin and/or WCRB Circular Letter.

ITEM NUMBER 3841 AGGREGATE FINANCIAL CALLS – RATEMAKING

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3842 LARGE DEDUCTIBLE PROGRAM

A large deductible program has not yet been proposed. This item is continued.

ITEM NUMBER 3842 PROPOSED ELIMINATION OF CLASSIFICATION
_CODES

With all business complete, this item is removed from the agenda.

NEW BUSINESS

ITEM NUMBER 3843 OCI MARKET CONDUCT EXAMINATION

The WCRB has objected to some of the recommendations in the Market Conduct Examination, and has requested a hearing. A teleconference to discuss the objections has been scheduled for December 18, 2002.

The Committee reviewed and adopted the responses to the examination report.

Donna Knepper
Executive Secretary