



Wisconsin Compensation Rating Bureau

262-796-4540 • Fax 262-796-4400 • www.wcrb.org

P.O. Box 3080 • Milwaukee, WI 53201-3080

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

CIRCULAR LETTER 1049 – SEPTEMBER 23, 2003

PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Committee meeting held in the premises of Sentry Insurance, 1800 North Point Drive, Stevens Point, WI 54481 on Wednesday, September 10, 2003. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

REPRESENTATIVE

Travelers Insurance Company, Chair
Employers Insurance of Wausau A Mutual Company
Fireman’s Fund Insurance Company
General Casualty Insurance Company of WI
Secura Insurance Company
Sentry Insurance A Mutual Company
Society Insurance A Mutual Company

Alan Carpenter
Steve Ginsburg
Chris Ingram
Tom Vanderbusch
Phil Biwan
Janet Fagan
Rick Levin
Chad Thurn
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Wisconsin Compensation Rating Bureau

Member Absent or Excused:

Fire & Casualty Insurance Company of CT

Also Present:

Michael Best & Friedrich
West Bend Mutual Insurance Company

Paul Riegel
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.”

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1. Vice President Kierzek presented the following information:

- The 2003 Estimated Year-End/2004 Preliminary Budget Report
- An Income Report which included years 2000 through Estimated Year-End 2003.
- A report comparing the number of fines issued and the total income for NTCs and USRs for 2002 and 2003 year to date. The report summarized that for the first eight months in 2003 that while Unit Statistical fine income increased by approximately 13%, the number of fines decreased by 42%. For the same time period, Notice to Carrier fine income increased by 30%, while the number of fines decreased by approximately 31%.
- The Committee voted to levy an assessment for the fourth quarter of 2003 in the amount of \$1,571,600.

NOTE: Since the direct premium writings of the current calendar year do not become available until the following calendar year, the net direct premium writings of the preceding calendar year shall be used as a temporary basis for the apportionment of this assessment.

2. The usual discussion centering on administrative affairs, occupancy, general expenses, salaries, personnel, etc.

President Herrmann provided the following update:

- Weekly/Monthly WCRB management report summaries.
- Financial Calls – Web-based application for 2004 calls, developing criteria for quality measures for future calls.
- 60 Day Fines – DWD has proposed that 60 Day Fine income not be used to offset WCRB income.
- Spectrum Partners – Ongoing discussions with California and Michigan potentially purchasing the Spectrum product and possible system maintenance issues are being addressed.
- Proposed WI Basic Manual update.
- Review of the current WCRB imaging system.
- Web site enhancements – on track with current business plan, development of an intranet and management reports.
- WCRB, OCI, DWD training seminars scheduled in October.

3. Outstanding Issues

- a. Workers Compensation Research Institute update. The 4th Edition of CompScope is not yet available. One Committee member questioned the benefit to WI and whether funding should be continued.

Subsequent to the meeting, the WCRB received a request from the WCRI for \$195,000 for funding for the 5th Edition CompScope. The Committee voted 5 to 3 to approve the funding and adjust the 2004 budget accordingly.

- b. Carriers placed in rehabilitation/liquidation

Paul Riegel updated the Committee on the status of Legion Insurance, Villanova Insurance, Reliance Insurance, Home Insurance and Fremont Casualty.

WCRB received a letter from a carrier requesting permission to stop providing required information. The carrier will be advised of the procedure to follow to withdraw as a member of the WCRB, including the surrender of their Certificate of Authority.

- c. Unit Statistical direct reporting option

126,500 unit stat reports have been filed directly with the WCRB from 9-1-02 to 8-31-03. Approximately 63% of the total unit cards processed are being filed directly with the WCRB.

- d. WCRB Ratemaking - Financial Calls

A Financial Data Reporting Application (FDRA) will be available to carriers and be required to be used as the sole means of reporting financial calls in 2004. The current fining procedure will be expanded to include fines for failure to pass basic data quality edits.

- e. NTC Procedures

- WCRB is in the process of migrating to a monthly invoicing system.
- Invoices will be sent to the carrier's financial contact for the WCRB.
- Carriers will be able to view all outstanding NTC's on the WCRB Web site by year-end.

- f. OCI Market Conduct Examination - The Committee was advised that the premium discount issue is still outstanding and the WCRB is waiting for a response to a letter from legal counsel. The Rating Committee requested an actuarial analysis of the performance of the assigned risk business versus the voluntary business.

- g. There were no new items to discuss.

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4. The Committee was provided with the ACCCT status report.
5. Hartford Underwriters Insurance Company

The Committee reviewed several charge-off requests submitted by Hartford Underwriters Insurance Company. Hartford advised that they were unable to provide additional supporting documentation. All charge-off requests were denied.

President Herrmann expressed his appreciation for Sentry's hospitality and for hosting this meeting.

Donna Knepper
Executive Secretary