



Wisconsin Compensation Rating Bureau

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

**CIRCULAR LETTER 2916 - MARCH 12, 2003**

**PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE**

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee meeting held the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, March 11, 2003. The meeting was be called to order at 9:00 AM with the following members present:

ORGANIZATION

United Wisconsin Insurance Company, Chair  
Allied Construction Employers Association  
Continental Casualty Insurance Company  
Employers Mutual Casualty Company  
Employers Insurance of Wausau  
Fireman’s Fund Insurance Company  
Sentry Insurance A Mutual Company  
Society Insurance A Mutual Company

Travelers Insurance Company  
Wisconsin Manufacturers & Commerce  
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Emil Pfenninger  
Ed Hayden  
Pat Williams  
Jim Pousha  
Steve Ginsburg  
Tom Schreiner  
Bill Swarhout  
Rick Levin  
Rick Siewert  
Alan Carpenter  
John Metcalf  
Ralph Herrmann  
Richard Colvin  
Nancy Kierzek  
Donna Knepper

Also Present:

Badger Mutual Insurance Company  
General Casualty Company  
Liberty Mutual Insurance Company  
Michael Best & Friedrich  
NCCI  
Office of the Commissioner of Insurance  
St. Paul Fire & Marine Insurance Company  
West Bend Mutual Insurance

Terry Falls  
Tom Vanderbusch  
Val Schmelzer  
Paul Riegel  
Joe Volman  
Laura Andreasson  
Debbie Towler  
Tammy Matter  
Lois Ebersold

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

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“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 updated on the Contractor Premium Adjustment Program credits.

Vice President Colvin advised that the WCRB notified employers that late CPAP applications will no longer be processed.

This item is continued.

#### ITEM NUMBER 3838 JULY 1, 2002 RATE REVISION

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

#### ITEM NUMBER 3839 TERRORISM/CATASTROPHE ISSUES

The Committee reaffirmed its vote to file NCCI Item B-1383 Catastrophe Provision - Certified Terrorism Losses with the Office of the Commissioner of Insurance.

Several carriers have filed deviations to the Item B-1383 filing. WCRB is tracking these filings. However, to ensure consistency, deviations are not permitted in the Wisconsin Worker's Compensation Insurance Pool.

President Herrmann advised that the accounting firm of Tillinghast-Towers-Perrin has been retained by the American Insurance Association to develop a possible pooling arrangement for assigned risk servicing carriers.

This item is continued.

#### ITEM NUMBER 3842 LARGE DEDUCTIBLE PROGRAM

The Committee was advised that a preliminary filing is expected to be submitted in the near future. This item has been referred to the Operations/Administration Subcommittee.

#### ITEM NUMBER 3843 OCI MARKET CONDUCT EXAMINATION

The Committee reviewed several recommendations made by the OCI and took the following action:

- 60 Day Late Filing Fine.

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Effective October 1, 2003, any policy that is received by the WCRB more than 60 days after the effective date of coverage will be subject to a \$150 late filing penalty. Carriers will be advised of the number of fines that would have been levied had the revised procedure been in place for the past year. Seven members were in favor of the change, three opposed.

- Verify that the current rates are being charged on a policy.

This issue should be eliminated with the rate revision effective date of 10-1-03. Carriers will be reminded that policies issued with an effective date of 10-1-03 or later must apply the revised rates.

- WCRB will verify that the expense constant shown on a multi-state policy is at least equal to the WI expense constant.

Beginning April, 2003, advisory Notices To Carriers will be issued. Effective 10-1-03, these NTCs will become mandatory and subject to the fining procedure.

- WCRB will verify that the correct intrastate experience modification is applied on the policy.

Beginning April, 2003, advisory Notices To Carriers will be issued. Effective 10-1-03, these NTCs will become mandatory and subject to the fining procedure.

- The WCRB has disputed the recommendation that a single premium discount be developed for use in the WWCIP. This issue is currently under review by the OCI legal department.
- The WWCIP is verifying that a producer submitting a Pool application holds a valid WI intermediary license.
- Advise the WWCIP servicing carriers to notify the employer of the reason for cancellation or non-renewal of a Pool policy.

The Committee directed that the OCI be requested to remove this recommendation as Pool policies cannot be non-renewed without specific Governing Committee approval.

### NEW BUSINESS

#### ITEM NUMBER 3844 LARGE RISK ALTERNATIVE RATING OPTION PLAN - PROPOSED AMENDMENT

The Committee reviewed proposed amendments to the Large Risk Alternative Rating Option Plan submitted by a member company and voted not to file the changes. The carrier will be reminded that the Large Risk Alternative Rating Option is only available

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for risks with an annual standard worker's compensation premium in excess of \$250,000, or \$500,000 in premium for multiple lines.

ITEM NUMBER 3845 OCTOBER 1, 2003 RATE REVISION

Each member of the Committee was furnished with the OCI summary of the February 12, 2003 Actuarial Subcommittee meeting. The OCI and the Actuarial Subcommittee agreed to:

- Continued with the 2 policy year paid and 2 year loss development factor methodology used in prior years.
- Make no changes to the minimum premium multiplier, the expense constant or the maximum minimum premium.
- Continue using the same indemnity and medical trend methodology.
- Use more WI specific information in the class ratemaking.
- Request NCCI to update the retrospective rating values.

President Herrmann advised that Society Insurance has resigned as a member of the Actuarial Subcommittee and Acuity Insurance has been appointed to fill the vacancy.

A special Rating Committee meeting will be held on May 14 to discuss the proposed 10-1-03 rate revision.

Donna Knepper  
Executive Secretary