



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1059 – SEPTEMBER 28, 2004

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 A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Wednesday, September 15, 2004. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

REPRESENTATIVE

Employers Insurance of Wausau A Mutual Co., Chair
Fireman’s Fund Insurance Company
General Casualty Insurance Co. of WI
Secura Insurance Co.
Sentry Insurance A Mutual Co.
Travelers Insurance Co.
Wisconsin Compensation Rating Bureau

Steve Ginsburg
Ken Blake
Tom Vanderbusch
Phil Biwan
Janet Fagen
Bruce Kaufenberg
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Member Absent or Excused:

Fire & Casualty Insurance Co. of CT
Society Insurance A Mutual Co.

Also Present:

Michael Best & Friedrich
Office of the Commissioner of Insurance

Paul Riegel
Laura Andreasson

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.”

CIRCULAR LETTER 1059 – SEPTEMBER 28, 2004 – PAGE 2

1. The Committee was presented the following information:
 - The 2004 Estimated Year-End/2005 Preliminary Budget Report
 - An Income Report that included years 2001 through Estimated Year-End 2004.
 - An Approved Quarterly Budget Reference Chart outlining the approved quarterly assessments for the past year.
 - A report comparing the number of fines issued and the total income for NTCs and USRs for 2002 through 2004 year to date. The report summarized that for the first eight months in 2004 that while Unit Statistical fine income decreased by 63.5%, the number of fines decreased by 59.6%. For the same time period, Notice to Carrier fine income decreased by 51.1%, while the number of fines decreased by approximately 37.8%.
 - The WCRB adjusted the fourth quarter assessment to reflect the estimated changes to the budget based on current income and expenditures. The Committee voted to levy an assessment for the fourth quarter of 2004 in the amount of \$1,352,375, which reflects a \$300,000 reduction in the overall approved 2004 budget.

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, personnel, etc.

President Herrmann provided the following update:

- Filled three staffing vacancies.
- Reported on the August 31, 2004 Investment Subcommittee meeting. The summary form used by the current investments firms will be standardized.
- Renegotiated a three-year contract with Milliman USA for actuarial services.
- WCRB is participating in a WI Advisory Council Subcommittee on permanent total disability benefits.
- WCRB has expanded the Manage USR Web site application to enable a carrier to view and track USR's from predelinquent status through acceptance.
- WCRB will be hosting industry training sessions on October 14, 2004 through October 15, 2004.

CIRCULAR LETTER 1059 – SEPTEMBER 28, 2004 – PAGE 3

- WCRB is in the process of completing project specifications for a new imaging system.

3. Outstanding Issues:

- a. Workers Compensation Research Institute update.

WCRI will be invited to the December Committee meeting.

- b. Carriers placed in rehabilitation/liquidation.

WCRB reported that there was one new carrier placed in liquidation. The carrier is Casualty Reciprocal Exchange.

- c. Unit Statistical direct reporting option.

70% of carriers are filing directly with the WCRB.

- d. WCRB Ratemaking – Financial Calls

WCRB is considering alternative hosting services from different vendors for the Financial Data Reporting Application.

- e. NTC Procedures

There was no new activity to report. This item is removed from the agenda.

- f. Wisconsin Basic Manual – Wisconsin Experience Rating Manual.

The proposed Wisconsin Basic Manual, including the classification section, is in the final review process. It is anticipated that a proposed draft will be provided to the Committee prior to the December meeting.

Each member of the Committee has been furnished with a final draft of the proposed Wisconsin Experience Rating Manual for review and comment. WCRB will follow-up with committee members and conduct an e-mail vote for filing the manual with the Office of the Commissioner of Insurance.

- g. Pool Surplus Report

This item is continued on the agenda as a reminder to provide an update in December.

- h. The following additional items were discussed and/or acted upon:

The Committee discussed the proposed change to the payment of servicing carrier commissions. The major change in the current procedure is that

CIRCULAR LETTER 1059 – SEPTEMBER 28, 2004 – PAGE 4

commissions will be paid as billed or collected and not based on annual estimated premium. The Committee voted to adopt the proposed changes to be effective January 1, 2006.

4. Art National Waterproofing

The Committee approved the request submitted by Society Insurance to charge-off \$47,206.78 owed by Art National Waterproofing. Society Insurance was not present at the meeting.

This item is removed from the agenda.

5. The Committee was provided an Executive Summary on ACCCT activities.

WCRB is capable of accepting all policy documents electronically. The additional costs associated with processing hard-copy submissions may result in the WCRB levying fees to cover the expenses.

The next Governing Committee meeting is scheduled for Tuesday, December 7, 2004 at 1:00 P.M.

Donna Knepper
Executive Secretary