



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 2945 – SEPTEMBER 28, 2004

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee meeting held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Tuesday, September 14, 2004. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

Wisconsin Manufacturers & Commerce, Chair
Allied Construction Employers Association
Continental Casualty Insurance Company
Employers Insurance of Wausau
Employers Mutual Casualty Company
General Casualty Insurance Company
Sentry Insurance A Mutual Company

Society Insurance A Mutual Company
Travelers Insurance Company
United Wisconsin Insurance Company
Wisconsin Compensation Rating Bureau

Also Present:

Fireman’s Fund Insurance Company
Liberty Mutual Insurance Company
Michael Best & Friedrich
NCCI
Office of the Commissioner of Insurance
Secura Insurance A Mutual Company

REPRESENTATIVE

John Metcalf
Ed Hayden
George Agyen
Steve Ginsburg
Jim Pousha
Tom Vanderbusch
Bill Swarthout
Ellen Altenburg-Wadel
Sandy Knoll
Tom Timm
Chad Thurn
Bruce Kaufenberg
Emil Pfenninger
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Ken Blake
Val Schmelzer
Paul Riegel
Joe Volman
Laura Andreasson
Phil Biwan

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Tri State Insurance Company of MN
West Bend Mutual Insurance

Gregg Murray
Pam Allison

Also Present For Part of Meeting:

Bay View Industries, Inc
AuditRate, Inc.

Rich Rahn
Rick Swoik
John Przybylski

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 provided with the usual update on WCPAP activity. The average contractor credit is 4%.

ITEM NUMBER 3839 TERRORISM/CATASTROPHE ISSUES

The Committee reaffirmed the July 27, 2004 e-mail vote to file NCCI proposed endorsement WC 00 01 12 – Notification Endorsement of Pending Law Change to Terrorism risk Insurance Act of 2002. This item has been approved by the Office of the Commissioner of Insurance effective January 1, 2005, applicable to new, renewal and outstanding policies.

ITEM NUMBER 3850 NCCI PROPOSAL ITEM E-1379 – 2003 EXPERIENCE
RATING PLAN MANUAL FOR WORKERS COMPENSATION
AND EMPLOYERS LIABILITY

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.

ITEM NUMBER 3852 WWCIP SURPLUS REPORT

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

ITEM NUMBER 3853 WISCONSIN BASIC 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.

ITEM NUMBER 3856 OCTOBER 1, 2004 RATE REVISION

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

ITEM NUMBER 3858 SHORT-RATE CANCELLATION PROVISIONS

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

ITEM NUMBER 3860 FREDMAN BAG CO.- HEARING

The Committee was advised that the OCI hearing has been rescheduled for October 19, 2004.

ITEM NUMBER 3861 J F COOK CO, INC.

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

ITEM NUMBER 3862 NCCI PROPOSAL ITEM P-1389 – REVISION OF THE
EMPLOYERS LIABILITY COVERAGE ENDORSEMENT
(WC 00 03 03 B) AND FEDERAL EMPLOYERS' LIABILITY ACT
COVERAGE ENDORSEMENT (WC 00 01 04)

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

ITEM NUMBER 3863 NCCI PROPOSAL ITEM B-1387 – REVISIONS OF BASIC
MANUAL CLASSIFICATIONS

The change to Bottling Operations (codes 2131, 2156 and 2157) has been approved by the Office of the Commissioner of Insurance effective October 1, 2004, applicable to new and renewal business only.

Upon discussion, the Committee voted to adopt the remaining portion of the filing, amendments to the classification of Charitable Welfare Organizations and Group Homes (code 8837). If approved, this filing will eliminate classification code 8837 and establish two new classification codes – Code 8864 - Social Services Organization - All Employees & Salespersons, Drivers and Code 8842 Group Homes – All Employees & Salespersons, Drivers. Filing of this proposal is subject to approval of a transition program to be developed by the WCRB. This program will be provided to the Committee for review by the December meeting.

**ITEM NUMBER 3864 TRAVELERS INSURANCE COMPANY – ENDORSEMENT
FILING**

Travelers Insurance Company submitted four endorsements for Committee adoption for filing with the Office of the Commissioner of Insurance. Three of the endorsements were withdrawn with no action taken.

The Committee discussed a proposed Death on the Highseas Endorsement. The Committee determined that this requires legal analysis and questioned what action other states were taking. This item was referred to the NCCI.

Travelers Insurance Company subsequently withdrew this filing. This item is removed from the agenda.

NEW BUSINESS

**ITEM NUMBER 3865 NCCI PROPOSAL ITEM U-1390 – UNIT STATISTICAL
REPORTING INSTRUCTION ENHANCEMENTS**

The Committee reaffirmed the July 27, 2004 e-mail vote to file NCCI proposal Item U-1390. This filing was approved by the Office of the Commissioner of Insurance effective September 1, 2005, for unit statistical data with policy effective dates of January 1, 1999 and subsequent.

This item is removed from the agenda.

ITEM NUMBER 3866 BAY VIEW INDUSTRIES, INC.

AuditRate, Inc., representing Bay View Industries, Inc., appeared before the Committee and requested that the operations of Bay View Industries be reassigned from Class Code 2802- Carpentry – Shop Only & Drivers to Class Code 2916 – Veneer Products Mfg. – No Veneer Mfg.

The operation of Bay View Industries, Inc. includes cutting, routing and processing procedures similar to those performed in a carpentry shop. In order to preserve uniformity with the classification of similar businesses and to address the question of the main product produced by Bay View Industries, Inc., the Committee voted to continue the use of Class Code 2802 as the classification for Bay View Industry, Inc.'s operations.

The Committee also determined that the phraseology for Codes 2802 and 2916 may not match the description of the operations contemplated by either code. WCRB was directed to review the phrase of the two Class Codes to ensure uniformity in application of the classifications to businesses engaged in similar operations.

Bruce Kaufenberg from Travelers Insurance Company and John Metcalf from Wisconsin Manufacturers & Commerce abstained from voting.

ITEM NUMBER 3867 OFFICE OF FOREIGN ASSET CONTROL (OFAC)
ENDORSEMENT

The Committee was advised that the NCCI Legal Department is currently meeting with the Office of Foreign Asset Control. This item has been tabled pending the outcome of these meetings.

ITEM NUMBER 3868 NCCI PROPOSAL ITEM B – 1391 – REVISION TO BASIC
MANUAL CLASSIFICATIONS

The Committee reviewed several amendments to the Basic Manual proposed by the NCCI. The Committee adopted the following changes:

- Eliminate Code 2576 – Canvas Goods Mfg – NOC – Shop and Code 2578 – Bag or Sack Mfg. – Cloth and reassign the exposure to Code 2501 – Cloth Manufacturing. No transition program was deemed necessary.
- Eliminate Code 4308 – Linotype or Hand Composition and reassign the exposure to Code 4299 – Printing. No transition program was deemed necessary.
- Eliminate Code 2150 – Ice Manufacturing and reassign the exposure to Code 8203 – Ice Dealer & Drivers. No transition program was deemed necessary.
- Eliminate Code 8050 – Store: Five and Ten Cent and reassign exposure to Code 8017 – Store: Retail NOC. No transition program was deemed necessary.
- Amend the phraseology and scope of Code 9083 – Restaurant: Fast Food to remove the reference to alcoholic beverages.
- Amend the phraseology and scope of Code 8721 to include outside employees. Reference to real estate agency outside employees to be eliminated from the scope of Code 8742 – Salespersons, Collectors or Messengers – Outside.
- Amend the phraseology for Code 9519 to include commercial appliances. The current WI exception will be retained. The WI phraseology for code 9519 will be retained. Television, radio, video, and audio equipment installation, service, or repair, to be separately classified to Code 8010.
- Amend the phraseology for Code 3821 to allow store employees who do not engage in other operations to be assigned to Code 8046.

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The Committee did not adopt the following changes:

- Clarification of Code 8072 - Store: Book, Record, Compact Disc, Software, Video or Audio Cassette – Retail. The proposed changes had already been adopted and approved for use in WI.
- Creation of Code 5537 – Heating, Ventilation, Air-conditioning, and Refrigeration Systems – Installation, Service and Repair & Drivers. WI currently has several exceptions. No action was taken on this proposal. WCRB was directed to provide a short summary of the current exceptions.

ITEM NUMBER 3869 SUPPLEMENTAL APPLICATIONS

The Committee will review several supplemental applications submitted by member carriers. This item was tabled pending further review by the OCI and WCRB of statutory filing requirements.

ITEM NUMBER 3870 NCCI PROPOSAL ITEM B-1393 MISCELLANEOUS VALUES
FOR DOMESTIC TERRORISM, EARTHQUAKES, AND
CATASTROPHIC INDUSTRIAL ACCIDENTS

By the unanimous consent of all members present, this item was added to the agenda.

Each member of the Committee was furnished with a copy of NCCI Proposal Item B-1393. This filing proposes catastrophe provisions to address losses resulting from domestic terrorism, earthquakes and catastrophic industrial accidents.

This item will be referred to the Actuarial Subcommittee for review.

The next Rating Committee meeting is scheduled for Tuesday, December 7, 2004 at 9:30 A.M.

Donna Knepper
Executive Secretary