



Wisconsin Compensation Rating Bureau

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

CIRCULAR LETTER 2950 – DECEMBER 13, 2004

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, December 7, 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
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

REPRESENTATIVE

John Metcalf
Ed Hayden
Steve Ginsburg
Jim Pousha
Mike Schmike
Bill Swarhout
Chad Thurn
Bruce Kaufenberg
Emil Pfenninger
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Member Absent or Excused:

Continental Casualty Insurance Company

Also Present:

AmComp
Badger Mutual Insurance Company
Fireman’s Fund Insurance Company
Michael Best & Friedrich

Ryan Jones
Terry Falls
Ken Blake
Paul Riegel

Milliman

NCCI

Office of the Commissioner of Insurance

Secura Insurance A Mutual Company

Tri State Insurance Company of MN

West Bend Mutual Insurance

Dennis Lange

David Clark

Joe Volman

Laura Andreasson

Phil Biwan

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

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

The Wisconsin Experience Rating Manual has been approved by the Office of the Commissioner of Insurance effective January 1, 2005.

Ralph Herrmann expressed his appreciation to Melanie Lindseth, Lynn Bittner, WCRB legal counsel, and members of the Rating Committee for their contributions in developing the manual.

ITEM NUMBER 3852 WWCIP SURPLUS REPORT

Each member of the Committee was furnished with a copy of a report generated by Milliman USA projecting the possible impact on the Pool's surplus should adverse trends develop. The report will be provided to the Rating Committee annually on an informational basis.

ITEM NUMBER 3853 WISCONSIN BASIC MANUAL

The Committee adopted the proposed Wisconsin Basic Manual for filing with the Office of the Commissioner of Insurance.

Richard Colvin expressed his appreciation to Donna Knepper, the ADHOC Subcommittee, and WCRB legal counsel for their contributions in developing the manual.

ITEM NUMBER 3860 FREDMAN BAG CO.- HEARING

The Committee was advised that the WCRB and WCRB legal counsel have unsuccessfully tried to resolve this dispute through legal briefs. A hearing with the Office of the Commissioner of Insurance has been rescheduled for January 11-12, 2005.

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

Milliman presented a proposed transition program to eliminate “a rate” classification code 8837 – Charitable Welfare Organizations and Group Homes and reassigned to newly established classification code 8864 – Social Services Organization – All Employees & Salesperson, Drivers and 8842 – Group Homes – All Employees & Salespersons, Drivers. This item was referred to WCRB staff to review employers currently classified to code 8837 to determine the proper classification and to further define social service agencies.

ITEM NUMBER 3866 BAY VIEW INDUSTRIES, INC.

The Committee reaffirmed the November 8, 2004 e-mail vote to amend the findings of the Hearing and reassign employers engaging in the manufacturing of veneer products (i.e. countertops) from class code 2802- Carpentry – Shop Only & Drivers to class code 2916 – Veneer Products Mfg. – No Veneer Mfg.

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

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

Each member of the Committee was furnished with a copy of an endorsement being proposed by the NCCI which addresses U.S. laws and regulations prohibiting insurance companies from engaging in transactions that involve Specially Designated Nationals or Blocked Persons. The Department of Workforce Development will be contacted to determine what impact, if any, this issue will have on the Uninsured Employers Fund.

This item is continued.

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

The Office of the Commissioner of Insurance approved the proposed revisions to the Basic Manual classifications effective November 23, 2004.

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The Committee was furnished with a copy of a letter submitted by a member company in support of adopting proposed changes to the classification of heating, ventilation and air-conditioning exposure.

The WCRB will meet with the mechanical contractors for their input.

This item is continued with no action taken.

ITEM NUMBER 3869 SUPPLEMENTAL APPLICATIONS

The WCRB has received several requests to submit supplemental worker's compensation insurance applications for approval. The Committee concurred with the recommendation that carriers interested in developing supplemental applications should contact ACORD. ACORD will produce a standard application and submit to the WCRB for Rating Committee approval and subsequent filing with the Office of the Commissioner of Insurance.

This item is removed from the agenda.

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

The Committee reaffirmed the October 18, 2004 e-mail vote to file NCCI proposal Item B-1393 with the Office of the Commissioner of Insurance.

This item has been disapproved by the Office of the Commissioner of Insurance. The WCRB was directed to respond to the disapproval letter and to further research the issues raised. The Actuarial Subcommittee will also be asked for input.

This item is continued.

NEW BUSINESS

By unanimous consent of all members present, these items were added to the agenda.

**ITEM NUMBER 3871 WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS
ENDORSEMENT – WC 00 03 13**

WCRB asked the Committee to clarify the responsibilities of the WCRB in monitoring the application of the Waiver of Our Right to Recover From Others Endorsement and related charge. The WCRB will not get involved in interpreting contract terms, but will criticize any policy that has the endorsement attached but is not charging a minimum of \$50. The current approved charge is \$50 per contract.

ITEM NUMBER 3872 WORK STUDY CHARGE

The Committee reviewed the current charge of \$0.50 per student per week for the work study program. WCRB will contact the Department of Workforce Development for input.

The next Rating Committee meeting is scheduled for Tuesday, March 8, 2005 at 8:30 A.M.

Donna Knepper
Executive Secretary