



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 2936 – JUNE 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 Cherry Hills Lodge, 5905 Dunn Road, Sturgeon Bay, WI 54235 on Thursday, June 17, 2004. The meeting was called to order at 8:30 AM, with the following members present:

ORGANIZATION

REPRESENTATIVE

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

John Metcalf
Steve Ginsburg
Bob Cascioli
Tom Vanderbusch
Bill Swarthout
Sandy Knoll
Chad Thurn
Alan Carpenter
Bruce Kaufenberg
Emil Pfenninger
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Society Insurance A Mutual Company
Travelers Insurance Company

United Wisconsin Insurance Company
Wisconsin Compensation Rating Bureau

Members Absent or Excused:

Allied Construction Employers Association
Continental Casualty Insurance Company

Also Present:

Liberty Mutual Insurance Company
Michael Best & Friedrich
Milliman USA
NCCI
Secura Insurance A Mutual Company
West Bend Mutual Insurance

Shellie Normand
Paul Riegel
Dennis Lange
Joe Volman
Phil Biwan
Pam Allison

CIRCULAR LETTER 2936 – JUNE 28, 2004 – PAGE 2

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

Ralph Herrmann reported that he had met with the Advisory Council and provided information on the WCPAP study conducted by Milliman.

ITEM NUMBER 3839 TERRORISM/CATASTROPHE ISSUES

The Committee was furnished with information from various sources supporting the continuation of TRIA for an additional two years. The NCCI is also reviewing the program and will submit a recommendation in the future.

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

The WCRB has submitted a draft of a WI Experience Rating Plan Manual to a technical writer for review and suggestions. A final draft copy will be available for Committee review and approval prior to the next meeting.

ITEM NUMBER 3852 WWCIP SURPLUS REPORT

WCRB reported that the adjusted value of the net assets was 111% of the actuarially adjusted outstanding losses. The amount declared for 2003 to bring the net assets up to 125% of the aggregate estimated values of such claims is \$24,454,838. The Pool requires an actual assessment or disbursement not less than every five years. 2004 is the fifth year since the last actual distribution. Prior to the 2003 assessment declared but not levied of \$24,454,838, there were outstanding disbursements declared but not distributed of \$29,331,971. The resulting net credit balance of \$4,877,133, (which takes into consideration the Home Insurance refunds previously approved and distributed), under the five-year rule, will be distributed by the Pool in the fourth quarter of 2004.

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

ITEM NUMBER 3853 WISCONSIN BASIC MANUAL

The rule section of the WI Basic Manual is being forwarded to a technical writer for review and suggestions. A final draft copy will be available for Committee review and approval prior to the next meeting.

CIRCULAR LETTER 2936 – JUNE 28, 2004 – PAGE 3

The classification section of the Manual is being edited.

ITEM NUMBER 3854 NCCI PROPOSAL ITEM R-1388 – 2004 UPDATE TO
RETROSPECTIVE RATING PLAN PARAMETERS

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

ITEM NUMBER 3855 NCCI PROPOSAL ITEM U-1386A – URE WCSP PENSION
TABLE REVISIONS (1999 MORTALITY)

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

ITEM NUMBER 3856 OCTOBER 1, 2004 RATE REVISION

The Committee was advised that the first portion of the rate filing has been furnished to the Office of the Commissioner of Insurance. The actuary has requested additional information that has been provided by Milliman. The remainder of the filing should be filed by the last week in June.

ITEM NUMBER 3858 SHORT-RATE CANCELLATION PROVISIONS

The Committee voted to adopt the following proposed amendment to the pro-rate cancellation provision with the OCI for approval:

“A carrier may elect to use the pro-rata premium calculation method for all cancellations by advising the WCRB in writing, at least ten days in advance of the date that such election is to become effective. Such election shall be revocable after at least one year has elapsed since it became effective and shall not again be made for a period of at least one year after revocation.”

The current cancellation rules require a carrier to short-rate the premium when an insured cancels the policy.

ITEM NUMBER 3859 H. FROEBEL & SON INC. - HEARING

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

ITEM NUMBER 3860 FREDMAN BAG CO.- HEARING

Ralph Herrmann advised the Committee of the June 7th pre-hearing conference. The formal hearing is scheduled for August 10th.

NEW BUSINESS

ITEM NUMBER 3861 J F COOK CO, INC.

Ms. Cheryl Honeck appeared before the Committee and requested that the WCRB accept a late application submitted for the Wisconsin Contractors Premium Adjustment Program (WCPAP) credit.

CIRCULAR LETTER 2936 – JUNE 28, 2004 – PAGE 4

The Committee determined that there was sufficient notice given to J F Cook Co., Inc. outlining the need to submit the WCPAP application by the due date given. The petition was denied.

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)

Committee voted to adopt the proposed revisions to the Employers Liability Coverage Endorsement (WC 00 03 03 B) and the Federal Employers' Liability Act Coverage Endorsement for filing with the OCI.

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

This filing proposes amendments to the classification of Charitable Welfare Organizations and Group Homes (code 8837) and Bottling Operations (codes 2131, 2156 and 2157). The Committee took the following action:

- Requested WCRB to provide additional information on the rating of Charitable Welfare Organizations and Group Homes. Code 8837 is currently "a" rated.
- Adopted to file the recommended changes to bottling operations with the OCI for approval.

ITEM NUMBER 3864 TRAVELERS INSURANCE COMPANY – ENDORSEMENT
FILING

This item was continued pending further review by the representatives from Travelers Insurance Company.

The Committee expressed its gratitude to Alan Carpenter for his many years of service and contributions to the various WCRB Committees.

The next Rating Committee meeting is tentatively scheduled for Tuesday, September 14, 2004.

Donna Knepper
Executive Secretary