



Wisconsin Compensation Rating Bureau

GENERAL CIRCULAR LETTER 472 - DECEMBER 31, 2004

TO: Members of the Bureau

RE: Wisconsin Worker's Compensation Insurance Pool Fund

Enclosed is an eleven-year summary for the Wisconsin Worker's Compensation Insurance Pool Fund on a calendar/accident year basis. This exhibit reflects an actuarial evaluation of Pool losses including IBNR. This review is intended to present a more complete picture of the Wisconsin Pool, so that member carriers can better understand their obligations.

The last report to member companies showed a deficit of \$8,235,352 at year-end 2002, which was declared but not levied in 2003.

Year-end 2003 shows a deficit of \$24,454,838. The adjusted value of the fund of \$195,125,185 was 111% of the actuarially adjusted outstanding losses of \$175,664,018. If the actuarially adjusted value of net assets is less than 125% and greater than 110% of the aggregate amount of the estimated values of outstanding loss claims, the Pool rules require that an assessment be declared but not levied in an amount sufficient to bring the value of the net assets up to 125% of the aggregate estimated values of such claims. 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 rules require that an actual assessment or disbursement be made a minimum of every five years. Since 2003 is the fifth year since the last actual distribution, the net credit balance of \$5.4 million will therefore be distributed by the Pool. The indicated surplus of \$5.4* million is a combination of the following:

1999	\$13,354,330	disbursement
2000	\$14,869,847	disbursement
2001	\$ 9,874,121	disbursement
2002	\$ 8,235,352	assessment
2003	<u>\$24,454,838</u>	assessment
	\$ 5,408,108	disbursement

Each member carrier will be receiving a Pool statement showing its share of the 2003 deficit, allocated to the prior 10 accident years, and based on the carrier's market share of written premiums in each respective year.

As of December 31, 2003, the total assets of the Pool fund were \$271,737,771 with liabilities of \$29,426,605, resulting in a Fund balance of \$242,311,166.

*Note: The actual amount to be distributed is \$5,173,396 which reflects previously approved company disbursements for the 1999 – 2002 years.

Any outstanding balances in your WWCIP account and/or your WCRB account will be collected and/or disbursed at this time. Disbursement checks will be issued no later than March 31, 2005.

Sincerely,
Ralph Herrmann
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-03

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
1. Gross Premium Written	91,292,416	71,242,192	44,642,731	31,729,124	26,585,620	29,498,819	35,873,943	45,094,102	65,709,265	92,289,746	112,092,314
2. Gross Premium Earned	77,204,401	59,150,260	38,534,332	29,390,628	27,034,460	31,840,497	39,168,900	45,947,589	73,440,203	97,135,647	113,981,249
3. Accid. Year Losses Incurred*	73,085,032	44,440,026	26,709,832	21,830,951	19,872,229	17,420,469	25,002,597	35,227,607	52,122,669	52,904,275	67,861,336
4. Cal. Year Losses Incurred	85,266,309	53,647,505	28,887,457	12,947,776	16,298,042	13,547,722	27,095,871	35,897,377	50,611,931	60,969,738	87,049,855
5. Servicing Carrier Expense	27,387,730	21,372,654	13,504,539	9,518,739	7,975,687	8,849,645	10,762,183	13,528,231	19,712,779	27,689,395	33,663,072
6. Agents' Commissions	2,343,044	1,843,100	1,277,125	888,896	827,008	989,678	1,182,729	1,491,406	1,855,493	2,404,116	2,691,438
7. Amounts Charged Off	546,472	398,813	945,349	650,742	1,012,806	615,936	1,079,689	957,614	1,832,107	1,086,888	773,139
8. Other Income and Expenses	(60,115)	(25,129)	(26,931)	(87,407)	(216,295)	(52,709)	(48,258)	(71,349)	(66,810)	(174,114)	3,745
9. Calendar Year Und. Results	(38,399,269)	(18,136,941)	(6,107,069)	5,297,068	704,621	7,784,807	(999,830)	(5,998,388)	(638,916)	4,811,396	(10,192,510)
10. Net Investment Income	14,366,108	12,471,172	14,324,824	9,576,604	10,947,629	17,543,873	16,693,343	15,848,485	17,087,972	7,668,692	22,562,178
11. Change in Net Amort. on Inv.	(421,672)	(2,569,583)	1,656,366	(5,601)	1,700,715	1,050,994	(212,847)	(486,944)	(572)	122,011	(1,877,654)
12. Calendar Year Assess. (Refund)#											
Based on Calculation	24,454,833	8,235,352	(9,874,121)	(14,868,071)	(13,352,965)	(26,379,674)	(15,480,666)	(9,363,153)	(16,448,484)	(12,602,099)	(10,492,014)
Based on Examination Report	24,454,838	8,235,349	(9,874,121)	(14,869,848)	(13,354,330)	(26,379,682)	(15,480,671)	(9,363,155)	(16,448,377)	(12,602,101)	(10,492,022)

* Accident Year Losses Incurred evaluated at 12/31/03 and include IBNR reserves.

Cal. Year Assessment = (9+10+11)*(-1)