



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 1063 – MARCH 9, 2005

PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Committee meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, March 8, 2005. The meeting was called to order at 1:00 P.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.
Society Insurance A Mutual Co.
Travelers Insurance Co.
Wisconsin Compensation Rating Bureau

Steve Ginsburg
Ken Blake
Jim Vandenberg
Phil Biwan
Bill Swarthout
Rick Levin
Bruce Kaufenberg
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Tad Cleveland
Donna Knepper

Member Absent or Excused:

Fire & Casualty Company of CT

Also Present:

Office of the Commissioner of Insurance
Riegel Law, S.C.

Laura Andreasson
Paul Riegel

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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.”

1. The Committee was presented the following information:

- The 2004 Estimated Year-End/2005 Approved Budget Report.
- An Income Report that included years 2001 through 2-28-05.
- 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. The report summarized that the Unit Statistical fine income decreased by 12.8% from 2002 to 2004, and the number of fines decreased by 49.7%. For the same time period, Notice to Carrier fine income decreased by 36.9%, while the number of fines decreased by approximately 58.1%.
- The Committee voted to levy an assessment for the second quarter of 2005 in the amount of \$1,657,200.

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:

- Introduced WCRB’s new Manager of Audit and Inspection, Tad Cleveland.
- WCRB is in the process of evaluating the Retiree Benefit Plan. An Adhoc Committee has been established for the review. The Committee consists of Employers Insurance of Wausau, General Casualty, Secura, and St. Paul/Travelers.
- The “Proof of Concept” for a Customer Relationship Management (CRM) system has been completed. The products WCRB reviewed to date have been deemed to not meet anticipated needs and were too costly. WCRB is

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considering alternate programs, including one developed by another Independent Bureau.

- WCRB will transfer hosting to a new e-mail vendor in the second quarter of 2005. Once the transfer is complete, e-mail addresses containing “dwd.state.wi.us” will no longer be accepted. The WCRB will notify member companies of the change via Circular Letter.
- The following enhancements have been made to the WCRB Web site:
 - WI Basic Manual is available
 - Class Code Lookup has been expanded to include class code analogies
 - Carrier access to current USR reject letters
 - Added a search by “issue date” for NTC Look-up
 - Carrier access to WCPAP worksheets
- WCRB, OCI and DWD will participate in a seminar hosted by the Independent Insurance Agents of WI.
- The Proof of Concept for a new imaging system has been completed and approved by WCRB management. The conversion to the new system is tentatively scheduled for April 1, 2005. WCRB has additional storage and retention issues to resolve.

3. Outstanding Issues:

a. Workers Compensation Research Institute update.

Each member of the Committee was furnished with a copy of the CompScope™ Benchmarks For Wisconsin, 5th Edition. WCRB will release a Circular Letter advising the membership that the report has been released. WCRB will provide a hard copy to members upon written request.

b. Carriers placed in rehabilitation/liquidation.

WCRB reported that Statewide Insurance Company has been placed in liquidation.

c. Unit Statistical direct reporting option.

250 carriers are filing unit statistical reports directly with the WCRB, which represents approximately 70% of the total.

d. WCRB Ratemaking – Financial Calls

Each member of the Committee was furnished with a summary of the February 16, 2005 Actuarial Subcommittee meeting. The next Subcommittee meeting is

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scheduled for May 12, 2005 at which time the ratemaking methodology will be finalized and overall rate revision indications will be provided.

e. Pool Surplus Report

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

WCRB will continue to monitor Pool activity and may provide additional information prior to the December meeting.

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

- 1) Pool Assessment/Disbursement Offset. Currently, if a carrier is not actively writing worker's compensation insurance, any past due payments through 2004 owed to WCRB will be offset by what is due the carrier through the disbursement process. WCRB will specifically identify which fines are being offset. After discussion, the Committee voted to adopted this procedure to apply to all member carriers.
- 2) A member carrier requested review of WWCIP procedures. The specific areas of concern and the Committee action taken are as follows:
 - The frequency of reports and level of detail that are provided regarding WWCIP performance. WCRB was requested to contact the carrier and request additional information including:
 - What information are they requesting?
 - What is the need for the additional information?
 - Will the current report (Pool Surplus Estimates) provided by Milliman be sufficient?
 - Does the timing of the Milliman report need to be changed?
 - Servicing Carrier Performance Standards. WCRB is in the process of compiling a side-by-side comparison of WWCIP standards and procedures vs. NCCI standards and procedures. Final comparison will be forwarded to NCCI for verification and input.
 - The current servicing carrier allowance and consideration of introducing a servicing carrier bid process. Several alternatives to the current WWCIP structure were identified, including:
 - Indiana – recently exited from the National Reinsurance Pool; uses bid process.
 - Missouri – some risk is assumed by servicing carrier.
 - New Mexico – Pool is reinsured.

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- Wisconsin Insurance Plan (WIP) – a non-profit rating organization created and administered under Wisconsin Administrative Code INS 4.10. WIP operates like a small insurance company.

The Committee requested the WCRB to begin research on different competitive bid structures and assigned risk models that exist elsewhere.

- 3) Paul Riegel, WCRB legal counsel, updated the Committee on the Department of Workforce Development review of the current backlog of hearings.
4. The Committee was provided an Executive Summary on ACCCT activities.

The next Governing Committee meeting is tentatively scheduled for May 19, 2005 at 9:00 A.M., which is the Annual Meeting.

Donna Knepper
Executive Secretary