



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 1067– JUNE 23, 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 Landmark, 7643 Hillside Road, Egg Harbor, WI 54209 on Friday, June 17, 2005. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

General Casualty Insurance Co. of WI, Chair
Employers Insurance of Wausau A Mutual Co.
Fireman’s Fund Insurance Company
Secura Insurance Co.
Sentry Insurance A Mutual Co.

Society Insurance A Mutual Co.
Travelers Insurance Co.
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Jim Vandenberg
Steve Ginsburg
Ken Blake
Phil Biwan
Janet Fagan
Ellen Altenburg-Wadel
Chad Thurn
Bruce Kaufenberg
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Tad Cleveland
Donna Knepper

Member Absent or Excused:

American Home Assurance Company

Also Present:

Employers Mutual Casualty Company
Milliman, Inc.
Riegel Law, S.C.
West Bend Mutual Insurance Company

Jim Pousha
Dennis Lange
Paul Riegel
Pam Allison

CIRCULAR LETTER 1067–JUNE 23, 2005 – 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.”

1. The Committee was presented the following information:

- The 2004 Audited Year-End/2005 Approved Budget Report.
- An Income Report that included years 2002 through 5-31-05.
- 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 increased by 46.8% from 2002 to 5-31-05, and the number of fines decreased by 26.1%. The increase in fine income is due primarily to the implementation of fining on corrected unit statistical cards, from a minority of carriers. For the same time period, Notice to Carrier fine income decreased by 47.2%, while the number of fines decreased by approximately 63.0%.
- The Committee voted to levy an assessment for the third 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:

- The Adhoc Committee established for the evaluation of the current WCRB Retiree Benefit Plan met and will prepare a proposed retiree benefit package for Committee review in September.
- WCRB is in the process of developing and testing a Web-based inspection process.

CIRCULAR LETTER 1067–JUNE 23, 2005 – PAGE 3

- The WCRB is in the process of recruiting an Inspector to fill recently created vacancies. Additional staffing needs are being reviewed.
- The new imaging system has been implemented.
- WCRB is developing a Web-based Electronic NTC Process which would allow WCRB and member carriers to process NTC's electronically.

3. Outstanding Issues:

a. Workers Compensation Research Institute update.

Each member of the Committee was furnished with a copy of a letter from WCRI which provides detailed information about WCRI and their studies.

b. Carriers placed in rehabilitation/liquidation.

WCRB reported that no new carriers were placed in liquidation.

c. Unit Statistical direct reporting option.

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

d. WCRB Ratemaking – Financial Calls

The Committee was advised that an overall proposed rate increase of 5.33% will be filed with the Office of the Commissioner of Insurance to be effective October 1, 2005, applicable to new and renewal business only.

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. WWCIP Procedures (competitive bid, alternate structures, etc.)

WCRB provided the Committee with four different potential servicing carrier selection processes/structures. After considerable discussion, the Committee agreed that additional research was needed on the need and impact any change would have on the current system.

CIRCULAR LETTER 1067–JUNE 23, 2005 – PAGE 4

The Committee also agreed that it is their responsibility to monitor WWCIP with respect to issues such as:

- performance
- finances
- appropriate number of servicing carriers
- term of appointment
- shift in exposures
- loss ratio

WCRB requested Committee members to provide an outline of issues and reports they would like provided.

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

- Accepted the WCRB Audited Financial Statements Years Ended December 31, 2004 and 2003, prepared by Reilly, Penner & Benton.
- Accepted the WWCIP Audited Financial Statements Years Ended December 31, 2004 and 2003, prepared by Reilly, Penner & Benton.
- Accepted the Actuarial Analysis of the WWCIP, prepared by Milliman Inc.

4. Fonder Schleiss Drywall

The Committee approved the request submitted by EMC Insurance Company to charge-off an uncollectible amount of \$57,141 as owed by Fonder Schleiss Drywall.

5. The Committee was provided an Executive Summary on ACCCT activities.

The next Governing Committee meeting is tentatively scheduled for Wednesday, September 14, 2005 at the offices of Sentry Insurance, Stevens Point, WI.

Donna Knepper
Executive Secretary