



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1069– SEPTEMBER 20, 2005

PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Committee meeting held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Wednesday, September 14, 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
Sentry Insurance A Mutual Co.
Society Insurance A Mutual Co.
Travelers Insurance Co.
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Jim Vandenberg
Steve Ginsburg
Ken Blake
Janet Fagan
Rick Levin
Bob Cameron
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Tad Cleveland
Donna Knepper

Members Absent or Excused:

American Home Assurance Company
Secura Insurance Co.

Also Present:

Employers Mutual Casualty Company
Office of the Commissioner of Insurance
Riegel Law, S.C.
West Bend Mutual Insurance Company

Jim Pousha
Laura Andreasson
Paul Riegel
Pam Allison

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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 2005 Estimated Year-End/2006 Preliminary Budget Report
- An Income Report that included years 2002 through 8-31-05.
- 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 2005 (January through August of each year). The report summarized that the Unit Statistical fine income increased by 100% from 2002 to 2005, and the number of fines decreased by 4.2%. 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 40.9%, while the number of fines decreased by approximately 59.7%.
- The WCRB adjusted the fourth quarter assessment to reflect the estimated changes to the budget based on current income and expenditures. The Committee voted to levy an assessment for the fourth quarter of 2005 in the amount of \$1,392,204, which reflects a \$265,000 reduction in the overall approved 2005 budget.

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 Web-based inspection, “Business Operations Report”, should be available for testing in February 2006 and incorporated into the next Spectrum update.
- The Inspection Look-up should be available on the WCRB Web site in late October.

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- The WCRB filled one of the Inspector vacancies. The new employee will begin October 3, 2005 and is experienced in assigned risk underwriting. Additional staffing needs continue to be reviewed.
- The Policy Processing Coordinator position has become vacant. The duties for this position have been reassigned and the position will not be filled at this time.
- The new imaging system has been installed. The original vendor has ceased operations and a contract has been signed with a local vendor. Additional software may need to be purchased.
- WCRB is developing a Web-based Electronic Policy View product. An adhoc committee was formed to determine the scope of the product.

3. Outstanding Issues:

- a. Workers Compensation Research Institute update.

WCRI will be invited to the December Committee meeting.

- b. Carriers placed in rehabilitation/liquidation.

WCRB reported that no new carriers were placed in liquidation.

- c. Unit Statistical direct reporting option.

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

WCRB also indicated that there have been some fining issues with a few carriers.

- d. WCRB Ratemaking – Financial Calls

The alteration in the rate making formula, now using a weighted average of 75% paid and 25% paid + case indications, has been approved effective October 1, 2005.

OCI indicated that a summary report of the 2005 ratemaking process is being prepared and will be forwarded to WCRB. This summary will outline detail that the OCI will like to be included in future rate revision filings.

- e. Pool Surplus Report

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

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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.)

The WCRB provided a detailed WWCIP Analysis Summary based on input from the Committee on what information they would like to review.

The Committee reviewed the current and alternate Pool structures and tried to identify specific problems. Since the Committee could not draw any specific conclusions, this item was removed from the agenda with no action taken. Travelers Insurance Company opposed the action.

4. Menomonie Builders, Inc.

The Committee approved the request submitted by Society Insurance Company to charge-off an uncollectible amount of \$28,095.55 as owed by Menomonie Builders.

5. Trade Services, Inc.

The Committee approved the request submitted by West Bend Mutual Insurance Company to charge-off an uncollectible amount of \$38,838.05 as owed by Trade Services, Inc.

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

The next Governing Committee meeting is tentatively scheduled for Wednesday, December 7, 2005, 10:00 A.M., at the offices of the Wisconsin Compensation Rating Bureau.

Donna Knepper
Executive Secretary