



Wisconsin Compensation Rating Bureau

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Located at 20700 Swenson Drive, Suite 100, Waukesha, WI 53186

CIRCULAR LETTER 1071– DECEMBER 15, 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 Wednesday, December 8, 2005. The meeting was called to order at 10:00 A.M. with the following members present:

ORGANIZATION

General Casualty Insurance Co. of WI, Chair
American Home Assurance Company

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
Ira Feuerlicht
Jerry Korbel
Steve Ginsburg
Ken Blake
Phil Biwan
Bill Swarthout
Rick Levin
Bruce Kaufenberg
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Tad Cleveland
Michael Mann
Beth Nickel
Donna Knepper

Also Present:

AmComp
Riegel Law, S.C.

Cheryl Sisson
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. Workers Compensation Research Institute update.

Dr. Richard Victor made a presentation to the Committee with regard to the worker's compensation environment in Wisconsin.

2. The usual discussion centering on administrative affairs, occupancy, general expenses, personnel, etc.

President Herrmann provided the following update:

- The Committee was given a demonstration on current and future Web site enhancements such as:
 - Web-based inspection, “Business Operations Report”
 - Inspection Look-up
 - Electronic NTC Project
 - Policy View Project
 - WCPAP worksheets
 - WCRB Intranet
- The WCRB filled one of the Inspector vacancies. The new employee began October 3, 2005 and is covering the upper part of the state. WCRB continues to utilize an outside vendor.
- Spectrum Partners strategic planning initiative.
- The WWCIIP is investigating the development of a program to allow the electronic submission of Pool applications.

3. The Committee reviewed and adopted the proposed WCRB 2006 budget.

4. The Committee was presented the following information:

- The 2005 Estimated Year-End/2006 Preliminary Budget Report.
- Detail of the 2006 Estimated Information Technology Budget.
- An Income Report that included years 2002 through 11-30-05.
- An Approved Quarterly Budget Reference Chart outlining the approved quarterly assessments for the past year.

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- A report comparing the number of fines issued and the total income for NTCs and USRs for 2002 through 2005 (January through October of each year). The report summarized that the Unit Statistical fine income increased by 201% from 2002 to 2005, and the number of fines issued increased by 26.9%. 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 41.7%, while the number of fines decreased by 60.6%.
- The Committee voted to levy an assessment for the first quarter of 2006 in the amount of \$1,699,702.

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.

5. Outstanding Issues:

- a. Carriers placed in rehabilitation/liquidation.

WCRB reported that no new carriers were placed in liquidation.

- b. Unit Statistical direct reporting option.

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

- c. WCRB Ratemaking – Financial Calls

The Committee was advised that an Actuarial Subcommittee meeting has been scheduled for February 8, 2006 to discuss methodology for the October 1, 2006 rate revision.

- d. Pool Surplus Report

Each member of the Committee was furnished with a copy of a report generated by Milliman projecting the possible impact on the Pool's surplus under several different loss ratio scenarios. The report is available to member carriers upon request.

6. WWCIP – Voluntary Direct Assignment Program

The carrier submitting this item for Committee review has asked that this item be removed from the agenda at this time with no action taken.

7. WWCIP Investment Guidelines

The Committee reviewed and accepted revised investment guidelines for the WWCIP Fund.

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

The next Governing Committee meeting is tentatively scheduled for Wednesday, March 15, 2006, 10:00 A.M., at the offices of the Wisconsin Compensation Rating Bureau.

Donna Knepper
Executive Secretary