



Wisconsin Compensation Rating Bureau

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## **CIRCULAR LETTER 2964 – AUGUST 4, 2005**

### PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: Members of the Bureau

FROM: Donna Knepper

RE: Proceedings of the Wisconsin Rating Committee  
Circular Letter 2961 – June 23, 2005  
Item Number 3877 NCCI Proposal Item R-1395 – 2005 Update to  
Retrospective Rating Plan Parameters

Pursuant to ch 626, Wis. Stats., the State of the Wisconsin, Office of the Commissioner of Insurance has advised that the action taken by the Rating Committee has been approved effective October 1, 2005, applicable to new and renewal business only.

The excess loss factors were not included in the original rate revision. This will complete Exhibit 4 of the 10-1-05 rate revision.

Attached is the State Special Rating Values page.

Effective October 1, 2005

<p>1. <b>Hazard Group Differentials</b></p> <table border="1"> <thead> <tr> <th>I</th> <th>II</th> <th>III</th> <th>IV</th> </tr> </thead> <tbody> <tr> <td>1.83</td> <td>1.68</td> <td>1.11</td> <td>0.75</td> </tr> </tbody> </table>	I	II	III	IV	1.83	1.68	1.11	0.75	<p>2. <b>Tax Multipliers</b></p> <p>a. State (non-F Classes) 1.037</p> <p>b. Federal Classes, or non-F classes where rate is increased by the USL&amp;HW Act Percentage 1.147</p>
I	II	III	IV						
1.83	1.68	1.11	0.75						

<p>3. <b>Expected Loss Ratio</b> 0.626</p>	<p><b>Expected Loss and Allocated Expense Ratio</b> 0.686</p>	<p>4. <b>Expense Ratio</b> Type A: XXV-E Type B: XXV-F</p>	<p><b>Expense Ratio Loaded for ALAE Option</b> Type A: XXV-G Type B: XXV-H</p>
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5. **2005 Table of Expected Loss Ranges**  
Effective October 1, 2005

<p>6. <b>Excess Loss Factors</b> (Applicable to New and Renewal Policies)</p>	<p><b>Excess Loss and Allocated Expense Factors</b> (Applicable to New and Renewal Policies)</p>
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Per Accident Limitation	Hazard Groups				Hazard Groups			
	I	II	III	IV	I	II	III	IV
\$10,000 †	0.421	0.431	0.487	0.518	0.475	0.485	0.544	0.575
\$15,000 †	0.382	0.395	0.458	0.496	0.436	0.449	0.515	0.553
\$20,000 †	0.352	0.367	0.434	0.477	0.404	0.420	0.491	0.534
\$25,000	0.327	0.343	0.414	0.460	0.378	0.395	0.470	0.517
\$30,000	0.306	0.324	0.396	0.445	0.356	0.375	0.452	0.503
\$35,000	0.289	0.306	0.380	0.432	0.337	0.356	0.435	0.489
\$40,000	0.273	0.291	0.365	0.420	0.320	0.340	0.420	0.477
\$50,000	0.247	0.266	0.341	0.397	0.291	0.313	0.394	0.454
\$75,000	0.201	0.220	0.294	0.354	0.241	0.262	0.344	0.409
\$100,000	0.170	0.189	0.261	0.322	0.206	0.228	0.308	0.375
\$125,000	0.147	0.167	0.236	0.297	0.181	0.203	0.280	0.346
\$150,000	0.130	0.149	0.215	0.276	0.160	0.183	0.258	0.324
\$175,000	0.116	0.134	0.199	0.258	0.144	0.166	0.239	0.304
\$200,000	0.104	0.122	0.185	0.242	0.131	0.152	0.223	0.287
\$225,000	0.095	0.112	0.172	0.229	0.119	0.140	0.209	0.273
\$250,000	0.087	0.103	0.161	0.217	0.109	0.130	0.196	0.259
\$275,000	0.080	0.096	0.151	0.207	0.101	0.121	0.185	0.248
\$300,000	0.074	0.089	0.143	0.197	0.094	0.113	0.175	0.236
\$325,000	0.068	0.084	0.135	0.188	0.088	0.105	0.166	0.227
\$350,000	0.064	0.079	0.128	0.180	0.082	0.099	0.158	0.217
\$375,000	0.060	0.074	0.122	0.172	0.077	0.094	0.150	0.209
\$400,000	0.057	0.070	0.116	0.165	0.072	0.089	0.144	0.201
\$425,000	0.053	0.066	0.111	0.159	0.068	0.085	0.138	0.194
\$450,000	0.050	0.063	0.106	0.153	0.064	0.081	0.132	0.187
\$475,000	0.048	0.060	0.102	0.148	0.062	0.077	0.127	0.181
\$500,000	0.046	0.058	0.098	0.143	0.058	0.073	0.122	0.175
\$600,000	0.038	0.049	0.084	0.126	0.049	0.062	0.105	0.154
\$700,000	0.033	0.043	0.074	0.111	0.042	0.054	0.093	0.138
\$800,000	0.028	0.038	0.066	0.101	0.036	0.048	0.083	0.125
\$900,000	0.025	0.034	0.060	0.092	0.032	0.044	0.076	0.114
\$1,000,000	0.023	0.032	0.055	0.084	0.030	0.040	0.069	0.105
\$2,000,000	0.013	0.019	0.033	0.049	0.016	0.023	0.040	0.061
\$3,000,000	0.009	0.014	0.025	0.038	0.011	0.017	0.031	0.046
\$4,000,000	0.007	0.012	0.021	0.031	0.009	0.015	0.026	0.038
\$5,000,000	0.007	0.011	0.018	0.027	0.008	0.013	0.022	0.033
\$6,000,000	0.006	0.010	0.017	0.024	0.007	0.012	0.020	0.029
\$7,000,000	0.006	0.009	0.015	0.022	0.007	0.011	0.019	0.027
\$8,000,000	0.006	0.009	0.014	0.020	0.007	0.010	0.017	0.025
\$9,000,000	0.005	0.008	0.014	0.019	0.006	0.010	0.016	0.023
\$10,000,000	0.005	0.008	0.013	0.018	0.006	0.009	0.015	0.021

† This loss limit is not applicable for retrospective rating in this state.

7. **Retrospective Development Factors**

With Loss Limit			Without Loss Limit			4th & Subsequent Adjustment
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	
0.09	0.06	0.06	0.20	0.14	0.13	0.00

8. **State Special Classifications by Hazard Group**

Code No.	HG	Code No.	HG	Code No.	HG	Code No.	HG
0006	II	4712	III	6326	III	8864	II
0108	III	5000	IV	7371	II	9054	II
1752	III	5086	III	7709	IV	9056	II
1807	IV	5184	III	7710	IV	9170	IV
1808	IV	5211	III	8090	II	9412	II
2101	II	5469	IV	8387	III	9413	II
3086	III	5537	III	8391	III	9414	II
3565	I	5545	III	8828	II	9529	IV
4054	II	6002	III	8842	II	9894	II
4417	II						