



Wisconsin Compensation Rating Bureau

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**CIRCULAR LETTER 2967 – SEPTEMBER 20, 2005**

**PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE**

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee meeting held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Tuesday, September 13, 2005. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

Employers Insurance of Wausau, Chair  
Allied Construction Employers Association  
Employers Mutual Casualty Company  
General Casualty Insurance Company  
Sentry Insurance A Mutual Company

Society Insurance A Mutual Company  
Travelers Insurance Company  
United Wisconsin Insurance Company  
Wisconsin Manufacturers & Commerce  
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Steve Ginsburg  
Ed Hayden  
Jim Pousha  
Jim Vandenberg  
Bill Swarthout  
Ellen Altenburg-Wadel  
Tom Timm  
Rick Levin  
Bob Cameron  
Paul Hingtgen  
John Metcalf  
Ralph Herrmann  
Richard Colvin  
Nancy Kierzek  
Christine Siekierski  
Tad Cleveland  
Donna Knepper

Member Absent or Excused:

Continental Casualty Insurance Company

Also Present:

Acuity A Mutual Company  
Liberty Mutual Insurance Company  
Middlesex Insurance Company

Scott VanNorwick  
Val Schmelzer  
Sandy Knoll

**CIRCULAR LETTER 2967 – SEPTEMBER 20, 2005 - PAGE 2**

Office of the Commissioner of Insurance  
NCCI  
Riegel Law, S.C.  
Tri State Insurance of MN  
West Bend Mutual Insurance

Laura Andreasson  
Joe Volman  
Paul Riegel  
Judy Baldus  
Pam Allison

Also Present for part of meeting:

NAPEO  
QTI Human Resources  
Corporate 4 Insurance

Michael Brozek  
Michael Gotzler  
Pat McGinley  
Jeff Lamb  
Mark Drangstveit  
Dave Klinner  
Lonny Techel  
Gene Francisco

Drangstveit Logging  
Klinner Insurance

Wisconsin Professional Loggers Association

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.”

**UNFINISHED BUSINESS**

**ITEM NUMBER 3748 CONTRACTOR PREMIUM ADJUSTMENT PROGRAM**

Richard Colvin provided an update of the Wisconsin Contractor's Premium Adjustment Credit Program. For the latest WCPAP year, beginning July 1, 2005, the WCRB has mailed 9,681 applications. This number represents all policies containing a contracting classification with an effective date July through December. The resulting average credit of 5% comes from 2,114 applications processed with effective dates July through December.

**ITEM NUMBER 3852 WWCIP SURPLUS REPORT**

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

WCRB will continue to monitor Pool activity and may provide additional information.

**ITEM NUMBER 3860 FREDMAN BAG CO.- HEARING**

The Committee was advised that the decision upholding the March 9, 2004 decision of the WCRB has been validated by the Office of the Commissioner of Insurance.

This item is removed from the agenda.

ITEM NUMBER 3863 NCCI PROPOSAL ITEM B-1387 – REVISIONS OF BASIC MANUAL CLASSIFICATIONS

WCRB provided a report that outlined the potential premium impact on the approved changes to the classification of Charitable Welfare Organizations and Group Homes. The limited report indicated that there may be a slight decrease in overall premium.

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3868 NCCI PROPOSAL ITEM B – 1391 – REVISION TO BASIC MANUAL CLASSIFICATIONS

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3870 NCCI PROPOSAL ITEM B-1393 MISCELLANEOUS VALUES FOR DOMESTIC TERRORISM, EARTHQUAKES, AND CATASTROPHIC INDUSTRIAL ACCIDENTS

An optional charge of \$0.01 per \$100 of payroll for Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents (DTEC) was approved. This charge is mandatory for Pool accounts. The WI Premium Algorithm has been amended to incorporate the change.

WCRB is developing a questionnaire to be completed by all member carriers indicating what they are charging for TRIA, DTEC, installment fees, what premium discount table is being used and if they are applying a short-rate cancellation penalty. The election will be effective for at least one year and will remain in effect until a change is filed with the WCRB.

ITEM NUMBER 3873 OCTOBER 1, 2005 RATE REVISION

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.

ITEM NUMBER 3875 PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)

Michael Gotzler , legal representative for QTI Human Resources, and Michael Brozek, representative for NAPEO, addressed the Committee and outlined worker's compensation coverage issues and concerns of the Professional Employer Organizations.

The Committee reviewed the proposed amendment to Rule IX in the Basic Manual addressing policy issuance requirements for Professional Employer Organizations

(PEOs). The Committee concurred that there are several open issues that require clarification. This item was referred to the Operations Subcommittee. The Office of the Commissioner of Insurance and the Department of Workforce Development will be invited to participate in the discussions.

ITEM NUMBER 3876 DORNER, INC.

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3877 NCCI PROPOSAL ITEM R-1395 – 2005 UPDATE TO  
RETROSPECTIVE RATING PLAN PARAMETERS

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3878 NCCI PROPOSAL ITEM B – 1394 – REVISIONS TO BASIC  
MANUAL CLASSIFICATIONS AND RULES, ADDENDUM  
TO ITEM FILING B-1387, AND ADDENDUM TO ITEM  
FILING B-3191

The Committee concurred with the recommendation of the Operations Subcommittee to adopt NCCI Proposal Item B-1395 with the following exceptions:

**5437 FLOOR INSTALLATION, SANDING OR SCRAPING—WOOD FLOORS**

*The installation of wood flooring requires cutting, sanding, drilling, and attaching using nails, screws, or pegs. Refer to Code 5478 for laminate wood flooring such as engineered wood flooring installed using glue-down or interlocking methods. Not applicable to contractors who perform any other carpentry operations at the same job or location.*

***Recommendation: Code 2812 be retained for sanding or scraping wood floors instead of using Code 5437 (higher rate/higher rate differential).***

**0106 TREE PRUNING, SPRAYING, REPAIRING—ALL OPERATIONS & DRIVERS**

*Applicable by job site to tree pruning contracts requiring any aboveground level work. Code 0106 applies to the whole contract including, but not limited to, chipping and cleanup activities regardless of whether or not a separate contract is written for tree pruning or lawn maintenance and another contract is written for chipping or cleanup. Incidental tree removal on a developed site conducted in connection with tree pruning, spraying, and repairing operations is also assigned to Code 0106. Code 0106 is differentiated from Code 2702—Logging or Lumbering & Drivers because under Code 0106 a tree is removed by cutting it into sections. Also, due to limited clearance from structures, a guide rope is used as needed to direct the fall of the tree. Refer to Code 2702 for risks engaged exclusively in tree removal operations.*

***Recommendation: Stump Removal by Specialist Contractor & Drivers to be reassigned to Code 0106 Tree Pruning, Spraying, Repairing, etc. NCCI uses 5507. WCRB continued use of code 6217 for this operation***

~~WELFARE OR CHARITABLE ORGANIZATION~~

~~Stores to be separately rated.~~

~~8861 Professional Employees & Clerical~~

~~9110 All Other Employees & Drivers~~

**Does not apply in WI. Did not adopt original NCCI filing.**

The proposal that Lawn Maintenance – Commercial or Domestic & Drivers be reassigned from Code 0042 to Code 9102 has been tabled pending further review. No change to the classification of lawn maintenance has been proposed.

ITEM NUMBER 3879 AUTOMOBILE DEALERS – SERVICE WRITERS

With all business complete, this item is removed from the agenda.

NEW BUSINESS

ITEM NUMBER 3880 MECHANIZED LOGGING

The Wisconsin Professional Loggers Association addressed the Committee and requested that the WCRB begin to separate mechanized loggers from non-mechanized so that separate classes could be developed. As the initial steps, the WCRB will do the following and provide to the Rating Committee for review and approval:

- Create definitions for both “Mechanized Logger” and “Non-mechanized Logger”.
- Create a classification code for “Mechanized Logger”
- Create a loss statistical code for “Mechanized Logger”.

There is proposed legislation which, if passed, would require the WCRB to establish the separate classification and to allow two or more loggers to band together to self-insure their worker’s compensation exposure.

NCCI is in the process of preparing a filing to establish new classification codes for the logging industry.

By the unanimous consent of all members present, the following items were added to the agenda:

ITEM NUMBER 3881 NCCI PROPOSAL ITEM B-1398 – MISCELLANEOUS VALUES FOR FOREIGN TERRORISM

NCCI Proposal Item B-1398 continues the current provisions of TRIA and replaces all references to “TRIA” with “Foreign Terrorism”. The Committee adopted the proposal for

**CIRCULAR LETTER 2967 – SEPTEMBER 20, 2005 - PAGE 6**

filing with the Office of the Commissioner of Insurance. This filing is proposed to be effective January 1, 2006, applicable to new and renewal business only.

**ITEM NUMBER 3882 INCREASED EMPLOYERS LIABILITY LIMITS – MINIMUM PREMIUM**

An issue was raised with regard to the correct application of the minimum premium charge for increased limits on a worker's compensation policy. Some carriers were including the additional charge in the policy minimum premium and others were charging in addition to the policy minimum premium. Proposed clarifications to the appropriate Wisconsin Manuals were made to the Rating Committee to verify that the charge for increased limits is not to be included in the policy minimum premium. The Committee adopted the clarifications for filing with the Office of the Commissioner of Insurance.

The next meeting of the Rating Committee is tentatively scheduled for Tuesday, December 6, 2005 at the offices the Wisconsin Compensation Rating Bureau.

Donna Knepper  
Executive Secretary