



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 484 - NOVEMBER 1, 2005

TO: Members of the Bureau

RE: Wisconsin Worker's Compensation Insurance Pool Fund

Enclosed is an eleven-year summary for the Wisconsin Worker's Compensation Insurance Pool Fund on a calendar/accident year basis. This exhibit reflects an actuarial evaluation of Pool losses including IBNR. This review is intended to present a more complete picture of the Wisconsin Pool, so that member carriers can better understand their obligations.

The last report to member companies showed a deficit of \$24,454,838 at year-end 2003. Since 2003 was the fifth year since the last actual distribution, the net credit balance of \$5.1 million was distributed by the Pool, (which included previously approved company disbursements for the 1999–2002 years.)

Year-end 2004 shows a deficit of \$5,724,557. The adjusted value of the fund of \$239,155,469 was 122% of the actuarially adjusted outstanding losses of \$195,904,021. If the actuarially adjusted value of net assets is less than 125% and greater than 110% of the aggregate amount of the estimated values of outstanding loss claims, the Pool rules require that an assessment be declared but not levied in an amount sufficient to bring the value of the net assets up to 125% of the aggregate estimated values of such claims. Therefore, an assessment of \$5,724,557 will be declared but not levied in 2005. The Pool distributes or assesses excesses and deficits on the basis of insurance activities of current member companies reported over the prior ten years.

Each member carrier will be receiving a Pool statement showing its share of the 2004 deficit, allocated to the prior 10 accident years, and based on the carrier's market share of written premiums in each respective year.

As of December 31, 2004, the total assets of the Pool Fund were \$295,937,807 with liabilities of \$6,883,912, resulting in a Fund Balance of \$289,053,895.

Sincerely,
Ralph Herrmann
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-04

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
1. Gross Premium Written	99,690,298	91,292,416	71,242,192	44,642,731	31,729,124	26,585,620	29,498,819	35,873,943	45,094,102	65,709,265	92,289,746
2. Gross Premium Earned	98,007,256	77,204,401	59,150,260	38,534,332	29,390,628	27,034,460	31,840,497	39,168,900	45,947,589	73,440,203	97,135,647
3. Accid. Year Losses Incurred*	73,959,756	75,154,919	47,146,327	27,303,738	22,198,708	20,772,576	18,423,160	24,845,829	36,082,506	51,121,571	52,280,891
4. Cal. Year Losses Incurred	82,284,145	85,266,309	53,647,505	28,887,457	12,947,776	16,298,042	13,547,722	27,095,871	35,897,377	50,611,931	60,969,738
5. Servicing Carrier Expense	29,907,089	27,387,730	21,372,654	13,504,539	9,518,739	7,975,687	8,849,645	10,762,183	13,528,231	19,712,779	27,689,395
6. Agents' Commissions	2,450,582	2,343,044	1,843,100	1,277,125	888,896	827,008	989,678	1,182,729	1,491,406	1,855,493	2,404,116
7. Amounts Charged Off	513,815	546,472	398,813	945,349	650,742	1,012,806	615,936	1,079,689	957,614	1,832,107	1,086,888
8. Other Income and Expenses	(52,205)	(60,115)	(25,129)	(26,931)	(87,407)	(216,295)	(52,709)	(48,258)	(71,349)	(66,810)	(174,114)
9. Calendar Year Und. Results	(17,200,580)	(38,399,269)	(18,136,941)	(6,107,069)	5,297,068	704,621	7,784,807	(999,830)	(5,998,388)	(638,916)	4,811,396
10. Net Investment Income	12,505,425	14,366,108	12,471,172	14,324,824	9,576,604	10,947,629	17,543,873	16,693,343	15,848,485	17,087,972	7,668,692
11. Change in Net Amort. on Inv.	(1,029,403)	(421,672)	(2,569,583)	1,656,366	(5,601)	1,700,715	1,050,994	(212,847)	(486,944)	(572)	122,011
12. Calendar Year Assess. (Refund)#											
Based on Calculation	5,724,558	24,454,833	8,235,352	(9,874,121)	(14,868,071)	(13,352,965)	(26,379,674)	(15,480,666)	(9,363,153)	(16,448,484)	(12,602,099)
Based on Examination Report	5,724,557	24,454,838	8,235,349	(9,874,121)	(14,869,848)	(13,354,330)	(26,379,682)	(15,480,671)	(9,363,155)	(16,448,377)	(12,602,101)

*

Accident Year Losses Incurred evaluated at 12/31/04 and include IBNR reserves.

Cal. Year Assessment = (9+10+11)*(-1)