



Wisconsin Compensation Rating Bureau

262-796-4540 • Fax 262-796-4400 • www.wcrb.org

P.O. Box 3080 • Milwaukee, WI 53201-3080

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

**CIRCULAR LETTER 3013—SEPTEMBER 24, 2007**

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 11, 2007. The meeting was called to order at 8:00 A.M. with the following members present:

ORGANIZATION

Sentry Insurance A Mutual Company, Chair

American Home Assurance Company  
Employers Insurance Company of Wausau  
Employers Mutual Casualty Company  
General Casualty Insurance Company  
Society Insurance A Mutual Company

Travelers Insurance Company  
United Wisconsin Insurance Company  
Wisconsin Manufacturers & Commerce  
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Christine Kienbuam  
Bill Swarthout  
Jerry Korbel  
Steve Ginsburg  
Jim Pousha  
Mike Schimke  
Chad Thurn  
Rick Levin  
Bruce Kaufenberg  
Paul Hingtgen  
John Metcalf (part of meeting)  
Ralph Herrmann  
Christine Siekierski  
Nancy Kierzek  
Tad Cleveland  
Melanie Lindseth  
Donna Knepper

Also Present:

Department of Workforce Development

Integrity Mutual Insurance

Liberty Mutual Insurance Company  
Middlesex Insurance Company  
Office of the Commissioner of Insurance  
Riegel Law, S.C.  
West Bend Mutual Insurance

John Conway  
Brian Krueger  
Gary Anderson  
Paul Enterline  
Val Schmelzer  
Sandy Knoll  
Ronnie Demergian  
Paul Riegel  
Pam Allison  
Steve Mueller

Also Present for Part of Meeting:

Ridgway LLC  
Schmidt Custom Floors, Inc  
HRH

Joe Messinger  
Bob Schmidt  
Steve Zajc

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

Tad Cleveland provided an update of the Wisconsin Contractor's Premium Adjustment Program. For the latest WCPAP year, beginning July 1, 2007, the WCRB has mailed 9,656 applications. This number represents all policies containing a contracting classification with an effective date July through December. The resulting average credit of 4% comes from 2,093 applications processed with effective dates July through December.

Milliman will prepare an analysis of the program for Committee review at the December meeting.

ITEM NUMBER 3852 WWCIP SURPLUS REPORT

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

ITEM NUMBER 3875 PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)

The adhoc committee made up of 3 carrier representatives, the Department of Workforce Development and WCRB staff met on August 30, 2007 to discuss WI Basic Manual Rule IX changes, endorsements, and related issues.

The Committee was furnished with a draft of proposed changes to WI Basic Manual Rule IX and a proposed “Wisconsin Employee Leasing Company Client Termination Endorsement – Master Policy”. WCRB will finalize additional endorsements for committee review and approval. An e-mail vote for filing with the Office of the Commissioner of Insurance will be taken on October 1, 2007.

ITEM NUMBER 3880 MECHANIZED LOGGING

The Committee was provided a copy of the proposed Wisconsin Certified Logger Safety (CLS) Program. Subject to OCI approval, the CLS would provide up to a 15% premium credit for employees completing the certification program sponsored by the Great Lakes Timber Professional Association (GLTPA). The program will be proposed to be effective 7-1-08 with a sunset date of 7-1-13.

The Committee raised questions on the impact the credit will have on the ratemaking process. Milliman will be asked to prepare an analysis.

**ITEM NUMBER 3889 POLICY PROCESSING FEES**

The Committee was updated on the Policy Processing Hard Copy Fee program that will be implemented January 1, 2008. the first phase of the program will initiate a \$25 charge on the hard copy equivalents of transactions 01, 02, 05, and 06.

- 01 = New Policies
- 02 = Renewal Policies
- 05 = Cancellations, Terminations, and Reinstatements
- 06 = Policy Replacement due to key field change

Approximately 83% of policies submitted to the WCRB are by carriers who are already submitting electronically are in the testing phase, or have indicated their intent to file electronically in 2008.

**ITEM NUMBER 3890 ACUITY v OLIVAS**

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

**ITEM NUMBER 3894 REVISION TO WCRB BY-LAWS**

The Committee was furnished with a copy of the latest recommended amendments to the WCRB By-Laws for review and comment. Revisions to the By-Laws will be voted on at the 2008 Annual Meeting.

**ITEM NUMBER 3896 OCTOBER 1, 2007 RATE REVISION**

The Committee was advised that WCRB has sent a "Ratemaking Process Evaluation" questionnaire to the Actuarial Subcommittee, OCI and Milliman requesting input on the current ratemaking process.

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

**ITEM NUMBER 3897 WISCONSIN LIMITED OTHER STATES ENDORSEMENT**

The Committee reviewed a proposed redraft of the Wisconsin Limited Other States Endorsement. WCRB will make suggested amendments to the endorsement and forward to the Committee for an e-mail vote for filing with the OCI.

NEW BUSINESS

ITEM NUMBER 3898 WAIVER OF SUBROGATION ENDORSEMENT

WCRB raised several questions with regard to the application of the Waiver of Our Right To Recover From Others Endorsement and the issues that have been presented by several carriers. After discussion, the Committee voted to adopt the rules applied in other states. A charge of 2% of premium for a blanket waiver of subrogation, or a 5% charge for a specific waiver. This change will be filed with the OCI to be effective upon approval.

ITEM NUMBER 3899 ITEM R-1396 – 2007 UPDATE TO RETROSPECTIVE RATING PLAN PARAMETERS

The Committee reviewed NCCI Proposal Item R-1396 and voted to adopt the proposal for filing with the Office of the Commissioner of Insurance for approval. This item is proposed to be effective January 1, 2008.

This item is removed from the agenda.

ITEM NUMBER 3900 RIDGWAY LLC - HEARING

Ridgway LLC requested a hearing before the Rating Committee to address the transference of the experience modification factor after the purchase of Price Erecting Company. The Committee concluded that no exception to the Wisconsin Experience Rating Plan Manual rules could be considered. Ridgway LLC's petition was denied.

Employers Insurance of Wausau abstained from voting.

ITEM NUMBER 3901 SCHMIDT CUSTOM FLOORS – HEARING

Mr. Robert Schmidt requested a hearing before the Rating Committee of the WCRB to address the assignment of classification codes 2812 Floor Sanding or Scraping – Wood Floors and 5437 Carpentry Installation of Wooden Flooring to his business, Schmidt Custom Floors, Inc. Historically, code 2812 has been assigned to contractors involved in the sanding and scraping of wood floors, not for exposures including any installation of wood flooring. Code 5437 has been assigned to contractors involved in the installation of wood flooring.

In the process of filing the multitude of changes contained in an NCCI proposal Item B -1394, information intended to be included in the filing was left out and a typographical error occurred. This typographical error indicated that wooden floor installers could be assigned to class code 2812. The error has been rectified.

The intent of the Committee was to ensure the use of class 2812 for wood floor sanding only. The Committee directed the WCRB to continue the use of class code 5437 for wood floor installation. The Committee instructed the WCRB to investigate the application of class 2812 to employers engaged in wood floor installation to assure consistent application of the classification. The petition was denied.

Employers Mutual Casualty Insurance Company abstained from voting.

It is with sadness that we announce the untimely passing of Ed Hayden. Ed was one of the original employer representatives appointed by the Governor to serve on the Rating Committee and did so in an enthusiastic, professional manner. Ed was an active participant on the Committee and his valued contributions were greatly appreciated.

The next meeting of the Rating Committee is scheduled for Tuesday, December 4, 2007 at 9:30 A.M. in the WCRB offices.

Donna Knepper  
Executive Secretary