



Wisconsin Compensation Rating Bureau

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

CIRCULAR LETTER 3018—DECEMBER 12, 2007

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, December 4, 2007. The meeting was called to order at 9:30 AM, 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
Ken Stryczek
Steve Ginsburg
Jim Pousha
Mike Schimke
Rick Levin
Bruce Kaufenberg
Paul Hingtgen
John Metcalf
Ralph Herrmann
Christine Siekierski
Nancy Kierzek
Tad Cleveland
Donna Knepper

Also Present:

Associated General Contractors of Greater Milwaukee
Badger Mutual Insurance Company
Companion Proper & Casualty
Liberty Mutual Insurance Company
Milliman

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

Dan Burazin
Terry Falls
Patrick Clavette
Val Schmelzer
Gary Josephson
David Clark
Ronnie Demergian
Paul Riegel
Judy Baldus
Pam Allison
Joel Christ

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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.”

UNFINISHED BUSINESS

ITEM NUMBER 3748 CONTRACTOR PREMIUM ADJUSTMENT PROGRAM

The Committee was updated on the Wisconsin Contractor's Premium Adjustment Program. The update covered information regarding policies with effective dates from July 2007 through March 2008. The following information was reported:

- 16,242 applications were mailed
- 3,701 applications were processed
- Average credit calculated was 5%

The Committee was provided an analysis of the program prepared by Milliman. The analysis supported the current credit levels and no adjustment to the program was indicated. The program analysis will be conducted again in December 2009.

ITEM NUMBER 3852 WWCIP SURPLUS REPORT

The Committee was furnished with a copy of a semi-annual 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.

ITEM NUMBER 3875 PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)

The proposed changes to the WI Basic Manual Rule IX and applicable endorsements were adopted and were contingent on the adoption of the 2008 Agreed Bill. The Agreed Bill has not been passed and the filing of the rule changes has been delayed. WCRB will release a separate Circular Letter outlining the chain of events and future expectations.

ITEM NUMBER 3880 MECHANIZED LOGGING

The Committee adopted the concept of a premium credit program for logging employees completing a certified safety program sponsored by the Great Lakes Timber Professional Association (GLTPA). WCRB continues to work with GLTPA to finalize the safety credit program and recommended that any formal adoption of the program be deferred to the March 2008 Committee meeting.

ITEM NUMBER 3889 POLICY PROCESSING FEES

The Committee was advised that all programs for the Policy Processing Hard Copy Fee program are in place. Effective January 1, 2008, carriers not in the testing phase for the following transactions will be charged \$25 per transaction:

- New Policies
- Renewal Policies
- Cancellations, Terminations, and Reinstatements
- Policy Replacement due to key field change

ITEM NUMBER 3894 REVISION TO WCRB BY-LAWS

WCRB obtained outside legal counsel review of proposed changes to the WCRB By-Laws. The review feedback and WCRB recommendations were reviewed and presented to the Governing Committee on December 5, 2007.

ITEM NUMBER 3897 WISCONSIN LIMITED OTHER STATES ENDORSEMENT

The Committee reviewed a revised WI Limited Other States Endorsement. The revisions incorporated input from committee members and is intended to clarify other states coverage in the Pool. The Committee adopted the changes for filing with the OCI to be effective May 1, 2008.

ITEM NUMBER 3898 WAIVER OF SUBROGATION ENDORSEMENT

The Committee discussed several outstanding issues including:

- Allowing blanket waivers in the Pool
- Standard waiver language for the Pool
- Basic Manual changes
- Minimum premium
- Premium algorithm amendment
- Effective date

Committee members will obtain input from their respective audit departments and are asked to provide this feedback to the WCRB by January 15, 2008.

ITEM NUMBER 3900 RIDGWAY LLC - HEARING

Ridgway LLC appealed the September 11, 2007 decision of the Rating Committee to the Office of the Commissioner of Insurance. The appeal hearing was held on November 26, 2007 and a decision is expected in early 2008.

ITEM NUMBER 3901 SCHMIDT CUSTOM FLOORS – HEARING

Schmidt Custom Floors appealed the September 11, 2007 decision of the Rating Committee to the Office of the Commissioner of Insurance. The appeal hearing is scheduled for December 27, 2007

NEW BUSINESS

ITEM NUMBER 3902 OCTOBER 1, 2008 RATE REVISION

The Actuarial Subcommittee met on November 15, 2007 to discuss the October 1, 2008 rate revision. The discussion included:

- Methodology
- Wage trend
- Expense constant
- Maximum minimum premium
- Minimum premium multiplier
- DCCE

WCRB sent a ratemaking process survey to the actuarial subcommittee, OCI, and Milliman. The survey asked for input on the current ratemaking process. The results of the survey will be discussed at the February 7, 2008 Actuarial Subcommittee meeting.

The next Rating Committee meeting is tentatively scheduled for Tuesday, March 4, 2008.

Donna Knepper
Executive Secretary