



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 513—OCTOBER 11, 2007

TO: Members of the Bureau

FROM: Ralph Herrmann, President

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 \$72,769 at year-end 2005 which was declared but not levied.

Year-end 2006 shows a surplus of \$9,195,101. The adjusted value of the fund of \$286,839,602 was 103% of the target fund value of \$277,644,501. If the adjusted value of net assets is greater than 100% and less than 110%, the Pool rules require that a disbursement be declared but not paid in an amount sufficient to bring the fund to the target fund value. Therefore, a disbursement of \$9,195,101 was declared but will not be distributed in 2007. The Pool distributes or assesses excesses and deficits on the basis of insurance activities of current member companies reported over the prior ten years. The most recent assessment was made based on the December 31, 2003 results. Since this assessment, the Pool has generated a cumulative (three year) surplus of \$3,397,776. Exhibit 2 displays the three year results.

Each member carrier will be receiving a Pool statement showing its share of the 2006 surplus, 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, 2006, the total assets of the Pool Fund were \$326,247,602 with liabilities of \$101,086, resulting in a Fund Balance of \$326,146,516.

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

	As of 12-31-06										
	<u>2006</u>	<u>2005</u>	<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>
1. Gross Invoiced Premium Written	100,225,119	92,822,355	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
2. Gross Invoiced Premium Earned*	102,837,270	99,333,505	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
3. Gross Earned Premium	90,027,856	101,966,359	100,503,382	87,955,353	64,620,148	42,458,970	28,865,569	27,214,634	31,836,826	37,277,128	48,396,763
4. Accid. Year Losses Incurred**	70,177,209	74,112,343	69,335,364	82,467,428	45,947,296	27,390,018	22,070,329	21,075,184	20,559,175	25,075,530	35,685,351
5. Accident Year Loss Ratio =[(4) / (3)]	78%	73%	69%	94%	71%	65%	76%	77%	65%	67%	74%
6. Cal. Year Losses Incurred	73,889,376	80,954,543	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
7. Servicing Carrier Expense	30,067,536	27,846,708	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
8. Agents' Commissions	2,239,362	2,379,590	2,450,582	2,343,044	1,843,100	1,277,125	888,896	827,008	989,678	1,182,729	1,491,406
9. Amounts Charged Off	205,443	391,997	513,815	546,472	398,813	945,349	650,742	1,012,806	615,936	1,079,689	957,614
10. Other Income and Expenses	2,801	(17,338)	(52,205)	(60,115)	(25,129)	(26,931)	(87,407)	(216,295)	(52,709)	(48,258)	(71,349)
11. Calendar Year Und. Results***	(3,561,647)	(12,256,671)	(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)
12. Net Investment Income	11,639,801	11,832,638	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
13. Change in Net Amort. on Inv.	1,116,947	351,264	(1,029,403)	(421,672)	(2,569,583)	1,656,366	(5,601)	1,700,715	1,050,994	(212,847)	(486,944)
14. Calendar Year Assess. (Refund)#											
Based on Calculation	(9,195,101)	72,769	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)
Based on Examination Report	(9,195,101)	72,769	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)
15. Cumulative Assess.(Refund)	(3,397,774)	5,797,327	5,724,558	(5,404,972)	(29,859,805)	(38,095,157)	(28,221,036)	(13,352,965)	(67,671,977)	(41,292,303)	(25,811,637)

* Invoiced Premium Earned is based on the Pool's Invoiced Premium and the Pool's Unearned Premium Reserves which differ from the Financial Call premium data.

** Accident Year Losses Incurred evaluated at 12/31/06 and include IBNR reserves.

*** Calendar Year Und. Results = (2 - 6 - 7 - 8 - 9 + 10)

Cal. Year Assessment = (11+12+13)*(-1)

EXHIBIT 2

WISCONSIN WORKERS COMPENSATION POOL
CALCULATION OF ASSESSMENT BY ACCIDENT YEAR
AS OF 12/31/06

(1)	(2)	(3)	(4)	(5)
Accident Year	3-Year Estimated Assessment @12/31/06	Estimated Assessment Calendar Year <u>2004</u>	Estimated Assessment Calendar Year <u>2005</u>	Estimated Assessment Calendar Year <u>2006</u>
Prior	4,336,901	(1,427,818)	(8,564,210)	14,328,929
1992	(3,017,272)	(855,067)	(1,863,843)	(298,363)
1993	(2,436,086)	(693,281)	(1,465,420)	(277,385)
1994	(2,454,802)	(1,130,160)	(1,053,528)	(271,114)
1995	(4,092,526)	(1,648,960)	(705,743)	(1,737,822)
1996	(330,605)	491,277	(834,092)	12,210
1997	(602,908)	(541,751)	(387,742)	326,585
1998	2,298,476	367,910	237,832	1,692,735
1999	501,205	583,330	(136,799)	54,675
2000	(281,317)	197,758	70,980	(550,055)
2001	(209,598)	192,973	1,780,942	(2,183,513)
2002	154,223	2,325,244	(771,321)	(1,399,701)
2003	3,059,408	1,101,017	5,517,363	(3,558,973)
2004	(2,075,853)	<u>6,762,083</u>	(2,775,832)	(6,062,104)
2005	(1,964,721)		<u>11,024,181</u>	(12,988,902)
2006	<u>3,717,698</u>			<u>3,717,698</u>
Total	(3,397,776)	5,724,555	72,769	(9,195,101)