



Wisconsin Compensation Rating Bureau

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## CIRCULAR LETTER 1099—JUNE 27, 2008

### WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of the Heidel House Resort, 643 Illinois Avenue, Green Lake, WI 54941 on Thursday, June 12, 2008. The meeting was called to order at 8:30 AM, with the following members present:

#### ORGANIZATION

Society Insurance A Mutual Company, Chair  
American Home Assurance Company  
Employers Insurance of Wausau  
General Casualty Insurance Company, Chair  
Secura Insurance Company  
Sentry Insurance A Mutual Company  
Travelers Insurance Company  
United Wisconsin Insurance Company  
Wisconsin Compensation Rating Bureau

#### REPRESENTATIVE

Rick Levin  
Ira Feuerlicht  
Steve Ginsburg  
Jim Vandenberg  
Steve Miller  
Mike Williams  
Bruce Kaufenberg  
Paul Hingtgen  
Ralph Herrmann  
Tad Cleveland  
Nancy Kierzek  
Christine Siekierski  
Michael Mann  
Donna Knepper

#### Also Present:

Associated General Contractors of Greater Milwaukee  
Liberty Mutual Insurance Company  
Office of the Commissioner of Insurance  
Riegel Law, S.C.  
Tri-State Insurance of MN  
West Bend Mutual Insurance

Dan Burazin  
Val Schmelzer  
Ronnie Demergian  
Paul Riegel  
Al Utzig  
Joel Christ

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.”

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1. The Committee approved the minutes for the May 15, 2008 Board meeting.
2. Additional agenda items.
  - Budget Update. The Board was provided the following reports:
    - The 2007 Audited Year-End/2008 Status Report Budget.
    - An Income Report that included years 2004 through 5-31-08.
    - Approved Quarterly Budget Reference Chart.
    - Notice To Carrier Fine Comparison.
    - Unit Stat Fine Comparison.
    - Hard Copy Fees – Volume Summary.
    - Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2007 and 2006 - The Committee will review the statement for discussion at the September meeting.
    - Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2007 and 2006. - The Committee will review the statements for discussion at the September meeting.

The Committee voted to levy an assessment for the third quarter of 2008 in the amount of \$1,752,747.

- Administrative affairs, occupancy, general expenses, personnel, etc. The Board was advised of the following:
  - WCRB Staffing Analysis.
  - Implementation of the Online Assigned Risk (OAR) application process activated May 19<sup>th</sup>.
  - Inspector vacancy was filled in April.
  - Possible relocation of the WCRB.
  - Adopt Central Desktop product as a collaboration tool to provide the Board and Committee members meeting agendas and supporting handouts.

- The following items were removed from the agenda and will be reintroduced as updates occur:
    - Workers Compensation Research Institute
    - Carriers placed in rehabilitation/liquidation
    - Unit statistical direct reporting option
    - WCRB Ratemaking – Financial Calls
    - Policy Processing Fees
    - Executive Summary on ACCCT activities
  
  - Pool Surplus Report – The Board was furnished with a copy of the Actuarial Analysis of the Wisconsin Workers' Compensation Insurance Pool as prepared by Milliman. The Pool net surplus as of December 31, 2007 is \$13,135,298.
  
  - The Employer Group (TEG) v. WCRB and OCI. The lawsuit was dismissed in May, 2008. This item is removed.
  
  - WCRB By-Laws – WCRB members have been given two copies of the revised By-Laws. Members have been asked to sign one copy and return to the WCRB.
- The Governor's office has been notified of the change to the structure of the Governing Board and has been requested to expand the appointment of the employer representatives to include representation on the Governing Board. This item is removed.
- Municipal Mutual Insurance Companies – The Municipal Mutual companies have been removed from the assessment base for WWCIP. This item is removed.
  
  - Medical Data Call – A confidentiality agreement between WCRB, the Wisconsin Insurance Alliance (WIA) and True Course has been executed. WCRB will release a Circular Letter to facilitate the collection of the data call. Carriers will also be advised that participation in the Medical Data Call is optional.
  
  - WWCIP Charge-offs
    - TNT Drywall LCC- \$28,114 – Liberty Mutual Insurance Company
    - A.R.M.R., Inc. - \$30,048 – Society Insurance Company

The Board approved the charge-offs recommended by the WCRB.

3. The following Committees reported to the Board:

**RATING COMMITTEE**

- Mechanized Logging – Great Lakes Timber Professional Association (GLTPA) has appointed a new Executive Director. The Certified Loggers Safety (CLS) program continues to be held in abeyance. WCRB will monitor developments.
- Professional Employer Organizations (PEOs). This item is removed.
- Schmidt Custom Floors – Hearing – The Rating Committee’s September 24, 2007 decision was overturned. WCRB will not appeal the OCI decision. This item is removed.
- NCCI Proposal Item B-1406 – Revisions to Basic Manual Classifications and Rules – The Rating Committee will review the proposed class code changes and provide feedback to WCRB for the September meeting.
- TRIPRA - NCCI Proposal Item P-1406 NCCI Proposal – Withdrawal of Endorsement WC 00 01 13A and Revisions to Endorsements WC 00 04 21 B, and WC 00 04 22 – This item proposes the withdrawal of the “Terrorism Risk Insurance Program Reauthorization Act Endorsement (WC 00 01 13A)”. Foreign Terrorism Premium Endorsement (WC 00 04 22) will incorporate language from the expiring WC 00 01 13A endorsement and remove all references to “foreign” terrorism. Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents Premium Endorsement (WC 00 04 21B) will be renamed “Catastrophe (other than Certified Acts of Terrorism) Premium Endorsement. References to “domestic” terrorism have been removed, the definition of “catastrophe” is revised, and a definition of “noncertified acts of terrorism” is added.

The Board adopted this proposal for filing with the Office of the Commissioner of Insurance. This filing is proposed to be effective September 1, 2008.

- NCCI Proposal Item B-1407 Catastrophe Provisions Miscellaneous Values, Rules and Statistical Codes – This filing proposes to amend the description for statistical code 9740 to read “Catastrophe Provisions for Terrorism – Not Part of Standard Premium” and code 9741 to read “Catastrophe Provisions for Catastrophe (other than Certified Acts of Terrorism)”.

The range of charges for TRIPRA is amended from \$0.00 to \$0.03 per \$100 payroll to \$0.00 to \$0.02 per \$100 payroll. There is no proposed change in the range of charges for “Catastrophe (other than Certified Acts of Terrorism)” (formerly DTEC) of \$0.00 to \$0.01 per \$100 payroll.

The Board adopted this proposal for filing with the Office of the Commissioner of Insurance. This filing is proposed to be effective September 1, 2008.

- Rate Structure Evaluation – The Rating Committee discussed alternative rate structures and pricing tools. WCRB will continue to evaluate the current pricing system and impact of changes made to the pricing mechanisms in other states. The evaluation will include the impact on the residual market, litigation rates, carrier solvency, carrier activity, regulatory complaints and premium discount.
- Venture Electrical Contractors, Inc. – Hearing – Representatives from Venture Electrical Contractors, Inc. appeared before the Rating Committee requesting an exception to allow the application of the Wisconsin Contractors Premium Adjustment Program credit. Extenuating circumstances caused their application to be submitted two days past the due date. The Rating Committee granted the petitioners request to apply the WCPAP credit.
- Class Codes 9178 and 9179 – Effective October 1, 2007, coaches, managers, trainers, equipment managers and officials of sports teams/organizations for amateur sports teams were reclassified to code 9063. The Board accepted the recommendation of the Rating Committee to extend this reclassification to professional sports teams. This change is proposed to be effective October 1, 2008.

#### ACTUARIAL COMMITTEE

- October 1, 2008 Rate Revision – The Governing Board accepted the Rating Committee's recommendation to file an overall rate revision increase of 2.91%. The recommendation included an adjustment to the medical trend based on input from the OCI.

#### WWCIP COMMITTEE

- Revisions to Pool Handbook – The Board accepted the proposed revisions to the Pool Handbook effective July 1, 2008. The revisions will be filed with the Office of the Commissioner of Insurance
- On-Line Pool Applications – OAR is an active Web product. This item is removed.
- Voluntary Payroll Reporting – Special Categories – The Board was provided a brief overview of a proposed monthly reporting program being developed for Employee Leasing Companies and Temporary Labor Contractors.

**INVESTMENT COMMITTEE**

- The Board was advised of a change to one of the current investment advisors. Campbell Newman Asset Management has been replaced with JB Investment Management, LLC.

The Investment Committee will be discussing an evaluation of custodial services in 2009.

4. The following reports were provided:

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity