



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 531—DECEMBER 22, 2008

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 surplus of \$9,195,101 at year-end 2006 which was declared but not levied.

Year-end 2007 shows a surplus of \$13,135,298. The adjusted value of the fund of \$287,138,911 was 105% of the target fund value of \$274,003,613. If the adjusted value of net assets is greater than 90% 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 \$13,135,298 was declared but will not be distributed in 2008. 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 (four year) surplus of \$16,533,074. Exhibit 7 displays the four year results.

Each member carrier will be receiving a Pool statement showing its share of the 2007 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, 2007, the total assets of the Pool Fund were \$329,814,048 with liabilities of \$7,958,741, resulting in a Fund Balance of \$321,855,307.

Sincerely,
Ralph Herrmann
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-07

	<u>2007</u>	<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>
1. Gross Invoiced Premium Written	75,686,750	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
2. Gross Invoiced Premium Earned*	80,854,408	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
3. Gross Earned Premium	78,075,089	90,027,856	101,966,359	100,503,382	87,955,353	64,620,148	42,471,372	28,885,104	27,657,379	31,362,144	37,277,128
4. Accid. Year Losses Incurred**	61,880,141	66,723,881	69,085,531	69,706,494	82,487,638	44,880,340	27,985,005	22,921,256	21,219,011	20,825,606	25,481,574
5. Accident Year Loss Ratio = [(4) / (3)]	79%	74%	68%	69%	94%	69%	66%	79%	77%	66%	68%
6. Cal. Year Losses Incurred	58,040,748	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
7. Servicing Carrier Expense	22,706,026	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
8. Agents' Commissions	1,993,652	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
9. Amounts Charged Off	363,751	205,443	391,997	513,815	546,472	398,813	945,349	650,742	1,012,806	615,936	1,079,689
10. Other Income and Expenses	(224)	2,801	(17,338)	(52,205)	(60,115)	(25,129)	(26,931)	(87,407)	(216,295)	(52,709)	(48,258)
11. Calendar Year Und. Results***	(2,249,993)	(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)
12. Net Investment Income	15,962,431	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
13. Change in Net Amort. on Inv.	(577,140)	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)
14. Calendar Year Assess. (Refund)#											
Based on Calculation	(13,135,298)	(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)
Based on Examination Report	(13,135,298)	(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)
15. Cumulative Assess.(Refund)	(16,533,072)	(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)

* 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 12/31/07 and include IBNR reserves.

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

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

WISCONSIN WORKERS COMPENSATION POOL
CALCULATION OF ASSESSMENT BY ACCIDENT YEAR
AS OF 12/31/07

(1) Accident Year	(2) 4-Year Estimated Assessment @12/31/07	(3) Estimated Assessment Calendar Year 2004	(4) Estimated Assessment Calendar Year 2005	(5) Estimated Assessment Calendar Year 2006	(6) Estimated Assessment Calendar Year 2007
Prior	1,761,741	(2,282,885)	(10,428,052)	14,030,566	442,112
1993	(2,122,149)	(693,281)	(1,465,420)	(277,385)	313,937
1994	(5,162,391)	(1,130,160)	(1,053,528)	(271,114)	(2,707,589)
1995	(4,304,515)	(1,648,960)	(705,743)	(1,737,822)	(211,990)
1996	(857,587)	491,277	(834,092)	12,210	(526,982)
1997	(376,641)	(541,751)	(387,742)	326,585	226,266
1998	2,469,115	367,910	237,832	1,692,735	170,639
1999	418,117	583,330	(136,799)	54,675	(83,088)
2000	371,994	197,758	70,980	(550,055)	653,311
2001	135,234	192,973	1,780,942	(2,183,513)	344,832
2002	(1,422,032)	2,325,244	(771,321)	(1,399,701)	(1,576,255)
2003	1,726,825	1,101,017	5,517,363	(3,558,973)	(1,332,583)
2004	(2,795,661)	<u>6,762,083</u>	(2,775,832)	(6,062,104)	(719,807)
2005	(8,569,272)		<u>11,024,181</u>	(12,988,902)	(6,604,551)
2006	(1,639,324)			<u>3,717,698</u>	(5,357,022)
2007	<u>3,833,474</u>				<u>3,833,474</u>
Total	(16,533,074)	5,724,555	72,769	(9,195,101)	(13,135,298)