

**Wisconsin Compensation Rating Bureau****CIRCULAR LETTER 1105—MARCH 10, 2009****WISCONSIN GOVERNING BOARD MEETING**

Minutes of the Wisconsin Governing Board held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, March 3, 2009. The meeting was called to order immediately upon adjournment of the Wisconsin Workers Compensation Insurance Pool meeting.

A list of attendees at the March 3, 2008 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Ira Feuerlicht from American Home Assurance Company. The Chair of the Governing Board was Rick Levin from Society Insurance Company.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
American Home Assurance	Ira Feuerlicht	X	X	O
Employers Insurance of Wausau	Steve Ginsburg	X	X	O
Employers Mutual Casualty Co.	Jim Pousha		X	X
General Casualty Insurance Co.	Jim Vandenberg	X	X	X
Liberty Mutual Insurance Co.	Val Schmelzer	O	O	X
Middlesex Insurance Co.	Sandy Knoll	O	O	X
	Bev Beigel	O	O	X
Secura Insurance Co.	Steve Miller	X	O	O
Sentry Insurance A Mutual Co.	Christine Kienbaum	X	X	O
Society Insurance Co.	Rick Levin	X	X	X
Travelers Insurance Co.	Bruce Kaufenberg	X	X	X
Tri State Insurance Co. of MN	Al Utzig		O	
United Wisconsin Insurance Co.	Paul Hingtgen	X	X	O
	Jo Anne Kline		X	O
West Bend Mutual Insurance Co.	Joel Christ	O	O	X
Wisconsin Manufacturers & Commerce	John Metcalf	X	X	
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X	
Wisconsin Compensation Rating Bureau	Ralph Herrmann	O	O	O
	Tad Cleveland	O	O	O
	Nancy Kierzek	O	O	O
	Donna Knepper	O	O	O

X = Committee member; O= Present (non-committee member)

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Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Badger Mutual Insurance	Terry Falls	O	O	O
Employers Assurance Co.	Debbie Towler		O	O
Companion Property & Casualty	Patrick Clavette		O	O
Office of the Commissioner of Insurance	Guenther Ruch		O	O
	Ronnie Demergian	O	O	O
Riegel Law, S.C.	Paul Riegel	O	O	O
SFM	Brian Bent		O	
	Terry Miller		O	

X = Committee member; O= Present (non-committee member)

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.”

1. Approval of Minutes for the December 2, 2008 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The Board was provided the following reports:
 - 2008 Estimated Year-End/2009 Approved Budget.
 - 2008 Adjusted Approved IT Budget/2008 IT Estimated Year-end Summary.
 - 2009 Preliminary IT Budget vs. 2009 Proposed IT Budget.
 - An Income Report that included years 2007 through 2-24-09.
 - Approved Quarterly Budget Reference Chart.
 - Notice To Carrier Fine Comparison.
 - Unit Stat Fine Comparison.
 - Hard Copy Fees – Volume Summary.

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The Committee voted to levy an assessment for the second quarter of 2009 in the amount of \$1,711,118.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 1. Update on Hard Copy Processing Discontinuation – WCRB is identifying changes needed to manuals, forms, letters and statutes.
 2. Update on Online Assigned Risk (OAR) – 28.5% of Pool applications received in February were submitted online.
 3. Update on migrating WCPAP applications to the Web – WCRB notified all employers with a contracting classification on their policy that the WCPAP application process is being migrated to the Web. Over the next 12 months, employers will be sent a postcard to remind them to access the Web and submit their application.
 4. 100% of the Financial Call Acknowledgement forms have been received.
 - Medical Data Call – Medical call data was submitted by approximately 15 carriers. The data is currently being analyzed by True Course Medical Data Analysis and Claim Services.
 - Liberty/Wausau name change –No change to membership or committee status is appropriate.
3. The following Committees will report to the Board:

RATING COMMITTEE – The Rating Committee made the following recommendations:

- Rate Structure Evaluation – The Board reviewed a proposed schedule rate filing along with a summary of the results of New Jersey’s recent implementation of a schedule rating program. Discussion included both benefits and regulatory concerns about the program.
- After considerable discussion, a motion was made and seconded to file the proposed schedule rating plan with the Office of the Commissioner of Insurance for approval. The vote resulted in a tie, 5 Board members in favor, 5 Board members opposed. In accordance with Article XI of the WCRB By-Laws, the Office of the Commissioner cast the deciding vote. The Office of the Commissioner of Insurance was opposed to the filing.
- NCCI Proposal Item B-1408 – Revisions to Basic Manual Classifications and Rules -This proposal consisted of three suggested changes. The following action was taken:

1. Child Day Care – The proposal to assign all child day care exposure to one classification was not adopted. The two classifications will remain, which is consistent with the classification of other school exposures.
2. Engineering and Research – The Board voted to adopt the following components of the proposal:
 - Create a new classification, code 8602, for surveyors, timber cruisers, oil or gas geologists or scouts, & drivers.
 - To clarify the distinction between the proper classification for independent medical testing labs vs. those labs operated by hospitals, medical facilities or physicians' office, revise the phraseology of codes: 4511 Analytical Chemist, 8832 Physician & Clerical and 8833 Hospital: Professional Employees
 - Amend the phraseology for code 4511 to include Assaying.
 - Revise analogies for codes 8601 and 4511 to clarify the inclusion of salespersons and drivers.
 - Discontinue the analogies under code 8601 involving surveyors, oil or gas geologists or scouts as this exposure would be contemplated under the new code 8602.

This proposal will be filed with the Office of the Commissioner of Insurance for approval to be effective 10-1-10, applicable to new and renewal business only.

The following components were not adopted:

- Create a new classification, code 8603, for the clerical staff of architectural or engineering firms.
 - Discontinue the analogy under code 8601 for Air Conditioning Systems Non-Portable: Airflow Testing and Balancing.
 - Discontinue the analogy under the standard exception classification, code 8810, for drafting employees.
3. Inventory Counters - The proposal to create a new classification for inventory counters was not adopted.

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- NCCI Proposal Item B-1409 – Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group - This proposal consisted of two suggested changes. The following action was taken:
 1. Bakery, Cookies & Crackers – The following changes were adopted:
 - Amend the phraseology for the bakery class, code 2003, to clarify the inclusion of salespersons and drivers who stock shelves at their customer’s location. The treatment of bakeries with retail stores vs. those without retail exposure is also intended to be clarified in the amended phraseology.
 - Discontinue code 2001 Cracker Mfg and reassign the exposure to the bakery class.
 - Revise and discontinue various phraseologies for codes 2002 Macaroni Mfg and 2003 Bakery.
 - 2 Food Sundry – The proposal to create a new classification for Potato Chip Mfg and Popcorn Mfg was not adopted.

This proposal will be filed with the Office of the Commissioner of Insurance for approval to be effective 10-1-11, applicable to new and renewal business only.

- NCCI Proposal Item B-1410 – Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group. The Committee reviewed a summary of this classification filing which involved three industries and proposed to combine classifications, add a classification and clarify language in others. Since the proposed effective date for this filing is in 2011, it was agreed that the Committee would review the proposed changes with their own staff and provide feedback as well as vote on the filing at the June 2009 meeting.
- NCCI Proposal Item B-1412 – Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group. The Committee reviewed a summary of this classification filing which involved three industries and proposed to combine classifications, add a classification and clarify language in others. Since the proposed effective date for this filing is in 2011, it was agreed that the Committee would review the proposed changes with their own staff and provide feedback as well as vote on the filing at the June 2009 meeting.

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- NCCI Proposal Item B-1413 – Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group - The Committee will review the proposed class code changes and provide feedback to WCRB for the June 2009 meeting.
- NCCI Proposal Item B-1414 – Revisions to Basic Manual Rules - The Committee will review the rule proposal and provide feedback to WCRB for the June 2009 meeting.
- NCCI Proposal Item R-1399 – 2009 Edition – Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance - The Committee will review the proposal and provide feedback to WCRB for the June 2009 meeting.
- NCCI Proposal Item P-1407 – Revised Retrospective Rating Plan Endorsements – The NCCI is amending the proposal. No action was taken.
- Proposed Assumption of Liability Endorsement – The Rating Committee declined to rule on the content of the endorsement as it seems to fall under the jurisdiction of the Office of the Commissioner of Insurance. Since WCRB must file endorsements on behalf of its membership, the Board accepted the recommendation to file the form.
- Phraseology review for Code 9012 – Buildings – Operation by Owner, Lessee, or Real Estate Management Firm: Professional Employees, Property Managers and Leasing Agents & Clerical, Salespersons - The Committee will review the proposal to remove clerical from the class code phraseology and provide feedback to WCRB for the June 2009 meeting.
- NCCI Proposal Item B-1415 – Revision to Basic Manual Classification, Rules and Appendix E – Classifications by Hazard Group – The Committee will review the proposed class code changes and provide feedback to WCRB for the June 2009 meeting.

ACTUARIAL COMMITTEE

The Actuarial Subcommittee met with the Office of the Commissioner of Insurance and their actuaries on February 12, 2009. No change to the current methodology is proposed for the October 1, 2009 rate revision.

A change is being considered in the loss development methodology for the 2010 rate revision. Milliman will run a side-by-side comparison for the 2009 filing using both the current methodology and the proposed revised methodology.

WWCIP COMMITTEE

- Servicing Carrier Survey – The Committee reviewed the WCRB – Producer Assigned Risk Pool Carrier Survey. The survey will be available on the Web. Announcements will also be published in the agents' association newsletters.

An employer survey is also being developed and will be provided to committee members for their review. The WCRB is proposing that written notification of the availability of the surveys will be sent out with renewal policies.

- April 1, 2009 Pool Technical Meeting. The Committee was advised of this upcoming meeting.
- Quarterly Servicing Carrier Reports – The electronic WWCIP reporting forms are ready to be placed on the Web. The servicing carriers will use the on-line form to report first quarter 2009 activity.

Nancy Kierzek acknowledged the valuable feedback and editorials from the Pool carriers.

INVESTMENT COMMITTEE

- Two of the three investment advisors beat the investment benchmarks by considerable margins for 2008. One investment advisor failed to meet the established benchmark, driven primarily by several credit downgrades. As a result of these downgrades, the percent of their portfolio which contains issues rated BBB or below exceeded the 10% maximum at year-end by 0.3%. This advisor has been instructed to re-balance the portfolio by the close of the first quarter to be aligned with established guidelines. In aggregate, the portfolios managed by the three advisors beat the benchmark by a considerable margin.

4. The following reports were provided:

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity