



Wisconsin Compensation Rating Bureau

262-796-4540 s Fax 262-796-4400 s www.wcrb.org

P.O. Box 3080 s Milwaukee, WI 53201-3080

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

GENERAL CIRCULAR LETTER 550—DECEMBER 28, 2009

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 \$13,135,298 at year-end 2007 which was declared but not levied.

Year-end 2008 shows a surplus of \$9,927,274. The adjusted value of the fund of \$277,945,750 was 104% of the target fund value of \$268,018,476. 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, however, the Pool rules also require that an actual assessment or disbursement be made a minimum of every five years. Since 2008 is the fifth year since the last actual distribution, the net credit balance of \$25,758,383, (which takes into consideration the charges, credits and write-offs previously recorded), will therefore be distributed by the Pool.

Each member carrier will be receiving a Pool statement showing its share of the 2008 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, 2008, the total assets of the Pool Fund were \$329,229,645 with liabilities of \$20,851,630, resulting in a Fund Balance of \$308,378,015.

Sincerely,
Ralph Herrmann
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-08

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1. Gross Invoiced Premium Written | 65,821,732 | 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 |
| 2. Gross Invoiced Premium Earned* | 70,533,603 | 80,854,408 | 102,837,270 | 99,333,505 | 98,007,256 | 77,204,401 | 59,150,260 | 38,534,332 | 29,390,828 | 27,034,460 | 31,840,497 |
| 3. Gross Earned Premium | 67,346,927 | 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 |
| 4. Accid. Year Losses Incurred** | 52,752,270 | 61,676,310 | 66,945,783 | 67,205,918 | 68,981,553 | 87,724,553 | 44,737,655 | 27,621,214 | 22,954,473 | 21,039,430 | 19,010,392 |
| 5. Accident Year Loss Ratio =[(4) / (3)] | 78% | 79% | 74% | 66% | 69% | 100% | 69% | 65% | 79% | 76% | 61% |
| 6. Cal. Year Losses Incurred | 53,304,121 | 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 |
| 7. Servicing Carrier Expense | 19,746,519 | 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 |
| 8. Agents' Commissions | 1,702,828 | 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 |
| 9. Amounts Charged Off | 634,267 | 363,751 | 205,443 | 391,997 | 513,815 | 546,472 | 398,813 | 945,349 | 650,742 | 1,012,806 | 615,936 |
| 10. Other Income and Expenses | (325,656) | (224) | 2,801 | (17,338) | (52,205) | (60,115) | (25,129) | (26,931) | (87,407) | (216,295) | (52,709) |
| 11. Calendar Year Und. Results*** | (5,179,788) | (2,249,993) | (3,561,647) | (12,256,671) | (17,200,580) | (38,399,269) | (18,136,941) | (6,107,069) | 5,287,068 | 704,621 | 7,784,807 |
| 12. Net Investment Income | 15,534,802 | 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 |
| 13. Change in Net Amort. on Inv. | (427,740) | (577,140) | 1,116,947 | 351,264 | (1,029,403) | (421,672) | (2,589,583) | 1,656,366 | (5,601) | 1,700,715 | 1,050,994 |
| 14. Calendar Year Assess. (Refund)# Based on Calculation | (9,927,274) | (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) |
| Based on Examination Report | (9,927,274) | (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. Cumulative Assess.(Refund) | (26,460,346) | (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) |

* 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 12/31/08 and include IBNR reserves.

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

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