



Wisconsin Compensation Rating Bureau

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

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

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

CIRCULAR LETTER 1115—MARCH 23, 2010

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 2, 2010. The meeting was called to order at 8:30 A.M.

A list of attendees at the March 2, 2010 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Jim Pousha from Employers Mutual Casualty Company. The Chair of the Governing Board was Ira Feuerlicht from American Home Assurance.

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	O	X	X
	Mike Lester			
General Casualty Insurance Co.	Jim Vandenberg	X	X	X
	Mike Schimke			
	Scott Lange			
Liberty Mutual Insurance Co.	Val Schmelzer	O	O	X
Middlesex Insurance Co	Bev Biegel	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	Gregg Murray	O	O	X
	Todd Johnson			
United Wisconsin Insurance Co.	Tom Vanderbusch	X	X	O
West Bend Mutual Insurance Co.	Pam Allison	O	O	X
Wisconsin Manufacturers & Commerce	John Metcalf	X	X	O
Wisconsin Compensation Rating Bureau	Ralph Herrmann	O	O	O
	Tad Cleveland	O	O	O
	Nancy Kierzek	O	O	O
	Christine Siekierski	O	O	O
	Melanie Lindseth	O	O	O
	Donna Knepper	O	O	O

X = Committee member

O= Present (non-committee member)

Also Present:

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Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Badger Mutual Insurance Co.	Terry Falls	O	O	O
Employers Assurance Co.	Debbie Towler	O	O	O
Office of the Commissioner of Insurance	Ronnie Demergian	O	O	O
Riegel Law, S.C.	Paul Riegel	O	O	O
SFM	Brian Bent	O	O	O
	Nick Marino	O	O	O

X = Committee member

O = Present (non-committee member)

Absent or Excused:

Associated General Contractors of Greater Milwaukee

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 1, 2009 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The Board was provided the following reports:
 - 2009 Estimated Year-End/2010 Approved Budget.
 - 2009 Approved IT Budget/2009 IT Estimated Year-end Summary.
 - 2010 Approved IT Budget.
 - An Income Report that included years 2008 through 2-22-10.
 - Notice To Carrier Fine Comparison.
 - Unit Stat Fine Comparison.
 - Hard Copy Fee Comparison.

The Committee voted to levy an assessment for the second quarter of 2010 in the amount of \$1,766,395.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - Proposed the elimination of providing hardcopy distribution of the experience rating worksheets to carriers. Carriers currently can obtain copies of the worksheets through WCRB Web site, CDX or by electronic file. WCRB is proposing a 1-1-11 implementation date. WCRB will begin releasing Circular Letter notifications to the carriers.

WCRB also proposes that the hardcopy distribution to employers be eliminated at some point in the future. WCRB currently mails a copy of the experience rating worksheet to the employer using the information provided under Item 1 on the Information Page which may be inappropriate due to the proprietary nature of the information. The employer will always be able to request the worksheets by contacting either the WCRB or their carrier. WCRB will further investigate issues related to the elimination of mailing experience rating worksheets to employers.

- At the request of the largest tenant within the building occupied by WCRB, WCRB is currently investigating a possible office relocation to allow for the tenant's expansion.
- ACCCT/CDX – No new activity to report.
- Medical Data Call –
 - WCRB has contacted the carriers who participated in the last Medical Data Call for WI to see if there is interest in continuing. WCRB has not heard from all prior participants. No determination has been made.
 - The NCCI requires that carriers with premium writings of at least 1% in any of their states participate in the medical data call. Wisconsin has four carriers that meet the 1% premium requirement for WI but not in the NCCI states. These carriers are not required to participate in the NCCI call. WCRB is working with NCCI to determine reasonable participation requirements for these carriers.
- Request to increase the number of member companies on the Rating Committee and Governing Board from eight to ten. – The structure of the Rating Committee is defined in Ch. 626, Wis. Stats., and would require a legislative change. Expansion of the Governing Board would require a change to the WCRB By-laws, a full membership vote on the changes and OCI approval. The membership would also need to sign and submit a new copy of the By-laws. After discussion, the Board

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voted not to adopt any proposed changes at this time. Member carriers wanting to fill a vacancy or an expiring term on the Board may use proxy forms to solicit votes.

- WWCIP Charge-offs
 - Blackhawk Personnel, Inc – \$54,393.00 - West Bend Mutual Insurance Company. The Board approved the charge-off recommendation.

- Silver Springs of Mequon – Hearing

Silver Springs of Mequon, Inc., requested a hearing before the Governing Board of the Wisconsin Compensation Rating Bureau to address the lapse in coverage and servicing carrier actions of Liberty Mutual Insurance on a Pool Policy of insurance issued to Silver Springs of Mequon, Inc. The Governing Board determined the only requested relief that could be addressed at the Governing Board level was the request for a suspension of the Pool Rule prohibiting the backdating of coverage by a servicing carrier. After considering all of the arguments, evidence, and information available to it, the Governing Board concluded they could not ignore their fiduciary obligation to the Pool and suspend the Pool Rule against backdating coverage. The petition was denied.

3. The following Committees reported to the Board:

RATING COMMITTEE

- NCCI Proposal Item P-1407(A) – Revised Retrospective Rating Plan Endorsements – The Retrospective Rating Plan Premium Endorsement – Large Risk Alternative Rating Option (LRARO) WC 00 05 16 was not adopted and filed with the rest of Item P-1407(A). After review of proposed alternatives, the Board voted to file the LRARO endorsement as proposed by the NCCI and file it as a complex contract defined under Chapter 631.13(2).

- NCCI Proposal Item P-1408 – Revision to Forms Manual of Workers Compensation and Employers Liability – WCRB provided a summary of this proposal. Many parts of the proposal were not applicable in WI. The following changes were adopted for filing with the Office of the Commissioner of Insurance to be effective July 1, 2011:

Exhibit 2

National Endorsement Number and Name Update Reason	Update Reason	Wisconsin Proposed Action
WC 00 00 00 A—Workers Compensation and Employers Liability Insurance	<ul style="list-style-type: none"> • Revise name of Act and statute section number • Minor editorial updates 	Adopt the proposed revisions and file WC 00 00 00 <u>B</u> —Workers

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Policy Part Two—Employers Liability Insurance		Compensation and Employers Liability Insurance Policy Part Two—Employers Liability Insurance
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Exhibit 3

WC 00 00 01—Information Page Notes	<ul style="list-style-type: none"> • Minor editorial updates • Remove independent bureau references, carriers should refer to the specific bureau requirements for the most current notes • Revise the name of Act and statute number • Update NCCI manual references 	All changes are acceptable except the updates to the NCCI manual references. Add footnote “Refer to the Wisconsin Basic Manual for Wisconsin policy issuance instructions and specific requirements.”
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Exhibit 4

WC 00 01 02—Federal Coal Mine Health and Safety Act Coverage Endorsement	Revise name of Act and statute section number	Accept proposed changes and file WC 00 01 02A—Federal Coal Mine Health and Safety Act Coverage Endorsement
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Exhibit 5

WC 00 01 09 A—Outer Continental Shelf Lands Act Coverage Endorsement	Revise statute section number	Accept proposed changes and file WC 00 01 09 B—Outer Continental Shelf Lands Act Coverage Endorsement
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- NCCI Proposal Item B-1419 - Revisions to Basic Manual Classifications and Appendix E – Classification by Hazard Group – The Classification Collaboration Group formed to research the NCCI classification filings is continuing their review and should have a recommendation for the Board’s review in June.
- WCRB Proposal – Elimination of A-rate Class Code 9088 – Code 9088 – Rocket or Missile Testing or Launching & Drivers is “A” rated and no payroll or losses have been reported under it since 1983. The Board concurred with the recommendation of the WCRB and voted to eliminate the code. Appropriate changes to the WI Manuals will be filed with the Office of the Commissioner of Insurance for approval.

- Lakefront Staffing – Hearing

Lakefront Staffing, Inc requested a hearing before the Rating Committee to address the transference of the experience modification factor of Staffing, Inc. Lakefront Staffing, Inc. was incorporated and established to continue the business of Staffing, Inc. The Committee upheld the WCRB's position that it is appropriate for the experience rating modification for Staffing, Inc. be continued for Lakefront Staffing, Inc. Lakefront Staffing's petition was denied.

Pending Filings/Actions

With all business complete, the following items were removed from the agenda:

- NCCI Proposal Item B-1414 – Revisions to Basic Manual Rules
- NCCI Proposal Item B-1417 - Revisions to Basic Manual Classifications and Rules

ACTUARIAL COMMITTEE

- 2-11-10 meeting update – The Actuarial Subcommittee meeting was held at the Office of the Commissioner of Insurance on February 11, 2010. No changes to the current methodology were proposed.

WWCIP COMMITTEE

- Quarterly Servicing Carrier Reports – Monthly True-Up – A change from quarterly reporting to monthly reporting was discussed at the December meeting. No changes were recommended. Servicing carriers will continue reporting on a quarterly basis.
- Survey Update – A small number of Surveys continue to be submitted.
- Pool Structure – A key initiative discussed during the December Executive Session with the Governing Board was the current structure of the WWCIP. Key discussion points included:
 - 25% increase in servicing carrier audit costs
 - Service inconsistencies between servicing carriers
 - WCRB staff time/intervention dealing with several carriers
 - Appropriate number of servicing carriers to adequately service volume

WCRB staff has completed a rough draft of a Request For Proposal (RFP). Current timeline is:

- June 2010 - Bid package complete for Governing Board review
- July 2010 – Circular Letter notification to WCRB membership on bid process
- September 2010 – Complete selection process
- January 2011 new structure implementation

4. The following reports were provided:

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity

Donna Knepper
Executive Secretary