



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 1137—OCTOBER 18, 2011

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board meeting held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Thursday, September 8, 2011. The meeting was called to order at 8:30 A.M.

A list of attendees at the September 2011 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Rick Levin from Society Insurance Company. The Chair of the Governing Board was Tom Vanderbusch from United Wisconsin Insurance Company.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
American Home Assurance	Ira Feuerlicht	X	X	O
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X	O
Employers Insurance of Wausau	Steve Ginsburg	X	X	O
Employers Mutual Casualty Co.	Jim Pousha		X	X
General Casualty Insurance Co.(by phone)	George Busche	X	X	X
Liberty Mutual Insurance Co.	Val Hankes	O	O	X
Middlesex Insurance Co	Bev Beigel	O	O	X
	Gail Brown			X
Secura Insurance Co.	Steve Miller	X	O	O
Sentry Insurance A Mutual Co.	Dan Revai	X	X	O
	Ellen Altenburg-Wadel	X	X	O
Society Insurance Co.	Rick Levin	X	X	X
Travelers Indemnity Co.	Kathy Muedder	X	X	X
United Wisconsin Insurance Co.	Tom Vanderbusch	X	X	O
West Bend Mutual Insurance Co.	Pam Allison	O	O	X
	Joel Christ	O	O	X
Wisconsin Compensation Rating Bureau	Bernie Rosauer	O	O	O
	Tad Cleveland	O	O	O
	Nancy Kierzek	O	O	O
	Christine Siekierski	O	O	O
	Michael Mann	O	O	O
	Donna Knepper	O	O	O

X = Committee member

O= Present (non-committee member)

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Argent	Sandy Czerniak		O	O
Integrity Mutual Insurance	Dan Buechel		O	O
Office of the Commissioner of Insurance	Ronnie Demergian	O	O	O
Riegel Law	Paul Riegel	O	O	O
SFM	Brian Bent	O	O	O

X = Committee member

O= Present (non-committee member)

Member Absent or Excused:

Tri State Insurance Company of MN -WWCIP

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 June 9, 2011 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The Board was provided the following reports:
 - 2011 Estimated Year-End/2012 Preliminary Budget.
 - 2011 Approved IT Budget/2011 IT Estimated Year-end Summary.
 - 2012 IT Preliminary Budget
 - An Income Report that included years 2009 through 8-31-11.
 - Notice to Carrier Fine Comparison.
 - Unit Stat Fine Comparison.
 - Hard Copy Fee Comparison.

The Committee voted to levy an assessment in the amount of \$1,605,837 for the general operating expenses for the WCRB for the fourth quarter of 2011. This reflects a 4th quarter estimated budget surplus adjustment.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - A letter has been sent to Governor Walker's office requesting an appointment to fill the vacancy on both the Rating Committee and the Governing Board. The vacancy was created when John Metcalf, representing Wisconsin Manufacturers and Commerce, resigned to take a position at the Department of Workforce Development.
 - OCI Exam. The Office of the Commissioner of Insurance will be in the WCRB office conducting a market conduct exam beginning September 26.
 - WCRB has begun interviewing for an Associate Vice President position. This person will eventually replace Christine Siekierski when she retires in 2013.
 - Disaster Recovery – WCRB will be contacting the disaster recovery subgroup to provide input on proposed changes to the WCRB plan.
 - Wellness Program – WCRB continues to encourage employees to participate in the wellness program.
 - The vacancy created by the recent passing of a WCRB employee will not be filled at this time.
- WWCIP Charge-offs

Antonio Banuelos Rodriguez DBA Azteca Roofing - \$52,267 – Liberty Mutual Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.

Pedro Vargas DBA Nor Pro Roofing - \$111,235 – Middlesex Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.

Liberty Mutual Insurance and Sentry Insurance abstained from voting.

By unanimous consent, these items were added to the agenda:

- Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2009 and 2010 – The Board adopted the statements for filing with the OCI on an informational basis.
- The WCRB Annual Meeting voting procedures will be reviewed and discussed at the December meeting.

3. The following Committees reported to the Board:

RATING COMMITTEE

- NCCI Proposal Item P-1407(A) – Revised Retrospective Rating Plan Endorsements –13 Endorsements have been filed. 5 have been approved by the Office of the Commissioner of Insurance, 2 have been withdrawn, 6 have been disapproved. Approved endorsements are posted under the “Forms” link on the WCRB Web site. This item is continued.
- Excess Insurance Policies – There has been no new action on this item. Additional research has been delayed until 2012. This item is continued.
- Experience Rating Worksheet Distribution - The initiative to discontinue distribution to employers has been delayed due to WCRB resource constraints. This item is continued.
- USL&HW Reporting – The electronic submission of USL&HW data to the Department of Labor (DOL) issues continue to be addressed. This item is continued.
- Loss Reimbursement – The Rating Committee’s recommendation, approved by the Governing Board to increase the eligibility threshold from \$250,000 to \$500,000, was adopted by e-mail vote. The Committee and Board reaffirmed the e-mail vote.

Independent review of WI Statutes continues with state agencies and government affairs representatives of several member carriers. This item is continued.

- Employers Liability Insurance – Without Workers Compensation Insurance – Form Filing – This item was withdrawn by the carrier and is removed from the agenda.
- NCCI Proposal Item B-1424 – Revisions to Basic Manual Classification Code 7771 – Firefighters & Drivers – Volunteer and Discontinuance of Statistical Code 9219 – Volunteer Firefighters – Head Count **NEW**
This proposal was related to a portion of NCCI Proposal Item 1397 which was not adopted in WI. This item is removed with no further action required.
- NCCI Proposal Item E-1402 – Revisions to the Experience Rating Plan Primary/Excess Split Point Value and Maximum Debit Modification Factor – **NEW** This filing proposes to adjust the primary/excess loss split

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point from \$5,000 to \$15,000 over a three-year transition program. The Board adopted the recommendation of the Rating Committee to adopt this proposal effective with the 10-1-13 rate revision. Milliman will also be asked to test the program to ensure that the proposed changes are premium neutral. This item is continued.

- WI Work Study Program – *NEW* The current WI Work Study Program outlined in WI Stats applies to school districts or private schools. Members carriers have inquired as to whether or not this rule can be expanded. WCRB will discuss with DWD. Any changes to the current rules would have to be brought before the WI Advisory Council. This item is continued.

By unanimous consent of all members present, these items were added to the agenda:

- Siny Corporation dba Monterey Mills - Hearing – Class code 2211 was discontinued and the 10-1-10 rate was adjusted back to the rate approved effective 10-1-09. No appeal of the Rating Committee's June 8, 2011 decision has been filed with the Office of the Commissioner of Insurance. This item is removed from the agenda.
- WCRB staff submitted a proposal to reassign the classification of lightning rod erection and installation from code 5551 – Roofing All Kinds & Drivers to code 5190 – Electrical Wiring Within Buildings & Drivers. This reclassification request was a result of a WCRB inspection. Code 5190 is assigned to entities that perform lightning rod installation in addition to other electrical wiring operations. WCRB will provide additional information to the Rating Committee and Governing Board at the December meeting.

Pending Filings/Actions

- NCCI Proposal Item B-1422 Revisions to Miscellaneous Values Payroll Determination Formula for Codes 7370, 9178, 9179 and 9186 and Revisions to Basic Manual Appendix F – With all business complete, this item is removed from the agenda.

WWCIP COMMITTEE

- Pool Structure – The OCI has appointed four servicing carriers to fulfill servicing carrier duties through December 31, 2016. WWCIP premiums will be redistributed to the four servicing carriers appointed by the Office of the Commissioner of Insurance. Redistribution will be monitored to ensure equal distribution of premium. WCRB will provide quarterly reports to the carriers involved to aid in the transition of WWCIP accounts.

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- Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2009 and 2010 – The Board adopted the statements for filing with the OCI on an informational basis.

4. The following reports were provided:

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity

Donna Knepper
Executive Secretary