



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 1149—SEPTEMBER 18, 2012

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board was called to order in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Thursday, September 6, 2012. The meeting was called to order at 9:00 AM:

A list of attendees at the September 2012 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Pat Williams from United Wisconsin Insurance Company. The Chair of the Governing Board was Steve Ginsburg from Employers Insurance of Wausau.

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.	Dave Young		X	X
General Casualty Insurance Co.	George Busche	X	X	X
Middlesex Insurance Co	Bev Beigel	O	O	X
	Gail Brown			
Secura Insurance Co.	Steve Miller	X	O	O
	Colleen Martenson			
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.	Pat Williams		X	O
	Tom Vanderbusch	X	X	O
West Bend Mutual Insurance Co.	Paul Hingtgen	O	O	X
	John Murphy	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
	Beth Nickel	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
Office of the Commissioner of Insurance	Pam Johnson	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:

Wisconsin Manufacturers and Commerce

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 7, 2012 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The Board was provided the following reports:
 - 2012 Estimated Year-End/2013 Preliminary Budget
 - 2012 Budget History
 - 2012 IT Approved Budget/2012 IT Audited Year-End Summary
 - 2013 IT Proposed Budget
 - Income Report that included years 2010 through August 2012
 - Notice to Carrier Fine Comparison.
 - Unit Stat Fine Comparison.
 - Hard Copy Fee Comparison.

The Committee voted to levy an assessment in the amount of \$1,520,206 for the general operating expenses for the WCRB for the fourth quarter of 2012. This reflects a 4th quarter estimated budget surplus adjustment.

- Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2010 and 2011 – The Board adopted the financial statements for filing with the Office of the Commissioner of Insurance on an informational basis only.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - Announced that Christine Siekierski will fill the position of Vice President Research and Communication.

 - 2013 WCRB retirements.

 - Investment of WCRB strategic reserve fund.

 - Pool Investments – In Executive Session at the June meeting, the Governing Board approved the elimination of one financial advisor position for the WWCIIP Fund. Redistribution of Pool Funds has been made between the remaining two advisors.

 - WCRB Disaster Recovery Plan – WCRB provided a summary of proposed WCRB Disaster Recovery Estimated Costs. The Board approved the proposed annual expenditure of \$99,288.

- WWCIIP Charge-off Requests
 - Juan Cuellar DBA Juan Cuellar Construction - \$115,658 – Middlesex Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.

Sentry Insurance A Mutual Company abstained from voting.

3. The following Committees will report to the Board:

RATING COMMITTEE

- Excess Insurance Policies – The Excess Insurance subgroup has proposed that a WI Excess Forms Manual be developed. The Governing Board concurred with the recommendation and recommended that work on the manual proceed.

- Experience Rating Worksheet Distribution – The Governing Board adopted the recommendation of WCRB staff to discontinue the mailing of experience rating worksheets directly to employers effective 1-1-13 and beyond. Employers will be sent notification advising that the worksheets are available on-line and instructions for access.

Split point change will be explained to the employers.

WCRB staff will meet on the release of preliminary and contingent experience rating modifications for ratings effective 10-1-13, due to the revised split point changes.

- Loss Reimbursement – Liberty Insurance representative Steve Ginsburg provided the Board with a summary of the Wisconsin Loss Reimbursement Program – Nature/Intent of the Pre-Requisite Statutory Changes. This summary outlines statutory changes that will be proposed to the Department of Workforce Development, Office of the Commissioner of Insurance and the Wisconsin Insurance Security Fund.
- October 1, 2012 Rate Revision – With all business complete, this item is removed from the agenda.
- Wisconsin Work-Study Coverage Endorsement – The work-study ad hoc committee presented the following proposed revisions to the current program:
 - Add Rule V.6. to the WI Basic Manual:

6. Work Study Program

An educational institution may elect to have students enrolled in a work training, work experience or work study program deemed to be an employee of the educational institution. The policy may be endorsed to add coverage, provided the student is not on the payroll of the employer providing the training or work experience and the student is not otherwise receiving compensation on which an insurance carrier could assess a workers' compensation premium. If this endorsement is provided for a secondary educational institution, code 9428 – Work Study Coverage – Secondary Schools must be added to the policy. If this endorsement is provided for a post-secondary educational institution, code 9447- Work Study Coverage – Post Secondary Schools must be added to the policy. To provide this coverage, the carrier must attach endorsement WC 48 03 02A Wisconsin Work Study Coverage Endorsement; associated premium and losses must be reported under codes 9428 or 9447.

- Revise the current Wisconsin Work Study Coverage Endorsement to provide for the inclusions of all schools and clarify that the schedule of students participating in the program must be evidenced in writing.
 - Eliminate the \$0.50 per student per week charge and replace it with a flat endorsement charge. A two-tiered endorsement charge was adopted - \$350 for secondary schools; \$1,000 for post-secondary schools.
 - Amend the WI rate pages to reflect the endorsement charges.
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- Wisconsin Workers Compensation Premium Algorithm. The current algorithm shows that the charge for Option 1 for the Waiver of Subrogation is a \$50.00 flat charge per contract. Option 1 is for specific waivers only, blanket waivers are not allowed. The placement of the waiver charge on the algorithm could suggest that the flat charge is subject to a premium discount adjustment. WCRB staff was requested to review all flat charges for adequacy and adjustments.

Pending Filings/Actions

- Mt. Calvary Ambulance Service, Inc. - With all business complete, this item is removed from the agenda.
- NCCI Proposal Item U-1398 – Revisions to Statistical Plan for Workers Compensation and Employers Liability Insurance. – With all business complete, this item is removed from the agenda.
- NCCI Proposal Item R-1405 – 2012 Update to Retrospective Rating Plan Parameters – Expected Loss Ratings and State Hazard Group Differentials. – With all business complete, this item is removed from the agenda.

WWCIP COMMITTEE

- Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2010 and 2011. The Board adopted the financial statements for filing with the Office of the Commissioner of Insurance on an informational basis only.
- The Governing Board requested that Milliman conduct a WWCIP analysis which includes an evaluation of the rate level adequacy in

comparison to the voluntary market.

4. Reports

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity – The Board requested that the activity reports be expanded to include activity by premium bands.