

**WISCONSIN
COMPENSATION
RATING
BUREAU**

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CIRCULAR LETTER 2841 – MARCH 21, 2000

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee meeting held in the premises of the Wisconsin Compensation Rating Bureau, 2200 North Mayfair Road, Wauwatosa, WI 53226 on Tuesday, March 14, 2000. The meeting was called to order at 9:30 A.M. with the following members present:

ORGANIZATION

Sentry Insurance A Mutual Company, Chair
Continental Casualty Company

Employers Mutual Casualty Company
Employers Insurance of Wausau A Mutual Company
Fireman's Fund Insurance Company
Society Insurance A Mutual Company
Travelers Insurance Company
Wisconsin Manufacturers Association
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Bill Swarthout
Pat Williams
Tom Doyle
Bob Cascioli
Steve Ginsburg
Tom Vanderbusch
Rick Levin
Alan Carpenter
John Metcalf
Ralph Herrmann
Lou Hannes
Richard Colvin
Christine Siekierski
Nancy Kierzek
Donna Knepper

Member Absent or Excused:

Hartford Underwriters Insurance Company

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Also Present:

Aon Risk Services
Badger Mutual Insurance Company
EBI Companies
Fremont Casualty Company
General Casualty Company

Liberty Mutual Insurance Company

Michael Best & Friedrich
National Council on Compensation Insurance
Secura Insurance Company
State of Wisconsin
Office of the Commissioner of Insurance

Tri-State Insurance Company of MN
Virginia Surety Insurance Company
West Bend Mutual Insurance Company

Dave Surendonk
Terry Falls
Greg Hendricksen
Gale Mate
Richard Kalina
Andrew Doll
Dave Young
Joy Carr
Paul Riegel
Larry Hochstetler
Tim Riedl

Jo LeDuc
Rebecca Rebholz
Gregg Murray
Warren Dynis
Pam Allison

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.”

UNFINISHED BUSINESS

ITEM NUMBER 3748 CONTRACTOR PREMIUM ADJUSTMENT PROGRAM

Vice President Colvin reported that the Contractor Premium Adjustment Program is being reviewed to determine whether or not the program should be continued after June 30, 2001.

ITEM NUMBER 3783 NCCI PROPOSAL ITEM B-1351 WORKERS
COMPENSATION PREMIUM ALGORITHM

Larry Hochstetler, representative from the NCCI, reported that the proposed Wisconsin algorithm will be corrected and resubmitted for filing with the Office of the Commissioner of Insurance for approval.

ITEM NUMBER 3769 LARGE RISK ALTERNATIVE RATING OPTION/MULTIPLE LINES

After discussion, Committee concurred with the recommendation of the Operations/Administration Subcommittee to replace the current Large Risk Alternative Rating Option/Multiple Lines with the following:

PART TWO

A. THE RETROSPECTIVE PREMIUM FORMULA

NOTE: Risks with an estimated annual standard premium for Worker's Compensation is in excess of \$250,000 or an estimated annual standard premium in excess of \$500,000 for multiple lines written individually, or in any combination with General Liability, Hospital Professional Liability, Commercial Automobile, Crime, Glass or Workers Compensation may be written under the Large Risk Alternative Rating Option. This option provides that such risks may be retrospectively rated as mutually agreed upon by carrier and insured, however for risks with an estimated annual standard premium less than \$1,000,000 individually, or in any combination with other lines of coverage, (see above), the Maximum Premium under this plan shall not be less than 100% of the Standard Premium.

This replacement is proposed to be effective April 1, 2000

ITEM NUMBER 3798 NCCI PROPOSAL ITEM B-1361 BASIC MANUAL UPDATES

Each member of the Committee was furnished with an exhibit adding symbols to various industry classifications on the Wisconsin Pages to track with the Basic Manual.

Two additional Wisconsin Exceptions need to be created prior to re-filing this proposal. This item has been referred to the NCCI.

ITEM NUMBER 3799 CORPORATE OFFICER NON-ELECTION OF COVERAGE AND ITS EFFECT ON PREMIUM COLLECTION FOR CLAIMS ARISING UNDER THE JONES ACT AND LONGSHORE AND HARBOR ACT

Legal Counsel, Paul Riegel, updated the Committee on the status of this issue and recommended asking the Advisory Council to add a potential change to the Worker's Compensation Act to the Advisory Council's agenda. Mr. Riegel will follow up directly with the Department of Workforce Development and keep the Committee advised.

ITEM NUMBER 3800 WISCONSIN NOTICE OF TERMINATION

The Committee adopted the recommendation to amend the Wisconsin Notice of Termination to eliminate the 60 day non-payment of renewal premium. This amendment is proposed to be effective July 1, 2000.

NEW BUSINESS

ITEM NUMBER 3801 NCCI PROPOSAL ITEM B-1362 - CODE 5551 - ROOFING
AMENDED PHRASEOLOGY

The Operations Subcommittee recommended adoption of the proposal to eliminate the inclusion of yard employees under class codes 5551 and 5545. The Committee voted 7-1 to file this item with the Office of the Commissioner of Insurance for approval effective July 1, 2000, applicable to new and renewal business only.

ITEM NUMBER 3802 NCCI PROPOSAL ITEM B-1363 - CODES 7403, 7405, 7423,
AND 7431 - AIR CARRIER CLASSIFICATIONS -
AMENDED PHRASEOLOGIES

The Committee concurred with the recommendation of the Operation Subcommittee to adopt the amendment of classification codes 7403, 7405, 7423 and 7431 to comply with Federal Aviation Regulations. This proposal will be filed with the Office of the Commissioner of Insurance for approval effective July 1, 2000, applicable to new and renewal business only.

ITEM NUMBER 3803 NCCI PROPOSAL ITEM B-1364 BASIC MANUAL RULE
IV.D.4.: ASSIGNMENT OF ADDITIONAL BASIC
CLASSIFICATIONS

The Committee voted adopt the proposed amendment to Basic Manual Rule IV.-D.4. with the exception of the following language:

Rule IV-D.4. Assignment of Additional Basic Classification

(3)a.(2) This rule does not apply in Wisconsin.

(3)d. This rule does not apply in Wisconsin.

ITEM NUMBER 3804 NCCI PROPOSAL ITEM R-1365 – 2000 UPDATE TO
RETROSPECTIVE RATING PLAN PARAMETERS

The Committee voted to adopt the proposed 2000 Update to Retrospective Rating Plan Parameters. This item is proposed to be effective July 1, 2000, applicable to new and renewal business only.

ITEM NUMBER 3805 NCCI PROPOSAL ITEM B-1366 REVISIONS TO
ADMIRALTY AND FEDERAL EMPLOYERS' LIABILITY
ACT CLASSIFICATIONS

By the unanimous consent of all members present, this item was added to the agenda.

Each member of the Committee was furnished with a copy of NCCI Proposal Item B-1366. This submission proposes the following:

- Increase the standard limit of liability under part Two-Employers Liability Insurance for Admiralty Law (Maritime) or Federal Employers Liability Act (FELA)
- Modify the ratemaking methodology for the admiralty classifications
- Change the manner in which the rates/loss costs for FELA classifications are displayed in the Basic Manual

This filing is proposed to be effective July 1, 2000, applicable to new and renewal business only.

ITEM NUMBER 3806 AMENDMENT TO MANUAL RULE VI.F.

By the unanimous consent of all member present, this item was added to the agenda.

Each member of the Committee was furnished with a copy of a request submitted by Fireman's Fund to expand the collection terms under rule VI.F. The Committee concurred with the recommendation and voted to adopt the following change to Wisconsin Page 20:

"Rule VI. – F. Deposit Premium

2. Amount Payable

Adjustment of premium may be on an annual basis. If the adjustment is not on an annual basis, the policy shall provide for interim adjustment and payment of the full estimated annual premium during the term of the policy on a monthly, quarterly or semiannual basis or on a basis concurrent with the insured's periodic payroll schedule. This rule does not apply to policies issued pursuant to the Retrospective Rating Plan Manual