



Wisconsin Compensation Rating Bureau

414-476-6440 ▲ Fax 414-476-0024 ▲ www.wcrb.org

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

Located at 2200 North Mayfair Road, Wauwatosa, WI 53226

**CIRCULAR LETTER 2857 – SEPTEMBER 19, 2000**

**PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE**

**TO: MEMBERS OF THE BUREAU**

Minutes of the Wisconsin Rating Committee meeting held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, Wisconsin 54481 on Tuesday, September 12, 2000. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

Fireman’s Fund Insurance Company, Chair  
Continental Casualty Insurance Company  
Employers Mutual Casualty Company  
Sentry Insurance A Mutual Company

Society Insurance A Mutual Company  
Travelers Insurance Company  
United Wisconsin Insurance Company  
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Tom Vanderbusch  
Pat Williams  
Jim Pousha  
Bill Swarthout  
Tom Timm  
Rick Levin  
Todd Owen  
Emil Pfenninger  
Ralph Herrmann  
Richard Colvin  
Christine Siekierski  
Nancy Kierzek  
Donna Knepper

Present for Part of the Meeting:

Employers Insurance of Wausau A Mutual Company

Steve Ginsburg

Member Absent or Excused:

Wisconsin Manufacturers & Commerce

Also Present:

General Casualty Company of WI  
Liberty Mutual Insurance Company

Michael Best & Friedrich  
Middlesex Insurance Company  
Royal & SunAlliance  
Secura Insurance Company  
Tri-State Insurance of Company of MN  
West Bend Mutual Insurance Company

Rich Kalina  
Charlie Echols  
Dave Young  
Paul Riegel  
Janet Schneider  
Mike Smith  
Tim Riedl  
Gregg Murray  
Tammy Matter  
Pam Allison

Also Present for Part of the Meeting:

Curt's Home Improvement

Farmers Insurance Group

Middlesex Insurance Company

Curt Dobberke  
Lisa Dobberke  
John Loesel  
Arnold Sova  
Karen Allen

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**

The Contractor Premium Adjustment Program is currently under review. The Bureau and the Office of the Commissioner of Insurance will be looking at adjustments needed to the Program if it is to continue. A final recommendation will be made to the Committee at its December meeting.

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

The Bureau is waiting for clarification on this item from the NCCI.

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

The Bureau is waiting for a corrected filing proposal from the NCCI adding the needed Wisconsin exceptions. This proposal will be filed with the Office of the Commissioner of Insurance as soon as the amendment is received.

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

This item has been placed on the Advisory Council's December agenda.

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

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3770 INSTALLMENT FEES

The Committee has been asked to postpone taking further action on this item at this time. This item is continued.

ITEM NUMBER 3808 WISCONSIN LAW ENDORSEMENT

The Committee reviewed several proposed amendments to the Wisconsin Law Endorsement. After discussion, the Committee voted to file a proposed change that would amend item VI. in the Wisconsin Law Endorsement to read as follows:

- VI. The **Cancellation** Condition of the policy, as respects coverage provided in Wisconsin, is replaced by the following provisions. (See Wisconsin Administrative Code Section Ins. 21.01)

ITEM NUMBER 3809 PROPOSED ELIMINATION OF CODES 9054 AND 9056

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3810 PROPOSED ELIMINATION OF CODE 4417

Upon further review, it was determined that any change at this time would adversely affect the Wisconsin employer assigned to class code 4417. This item is removed from the agenda with no further action taken.

NEW BUSINESS

ITEM NUMBER 3811 CURT'S HOME IMPROVEMENT – HEARING

The Rating Committee, following considerable discussion, agreed that the audit conducted by the Middlesex Insurance Company did properly follow the application of the Implied Employment Rule. During the course of the discussion, however, it became evident that the hours assigned for Mrs. Dobberke's services and used in the audit calculation were overstated. Middlesex Insurance Company was instructed to revise the

audit to reduce the number of hours assigned to class code 5645 and used in the calculation, to 200 hours. This more accurately reflects Mrs. Dobberke's exposure. The reduction of hours resulted in a significant reduction of the additional premium generated by the audit. The final premium developed was the minimum premium, which the Dobberke's had already paid. The Committee instructed Middlesex Insurance Company to return the overpayment to the Dobberkes.

The Committee also agreed that the application and interpretation of the Implied Employment Rule should be reviewed. The Rating Committee voted to request a review of the rule and its application by the appropriate regulatory authority. The Wisconsin Compensation Rating Bureau will also request that this issue be added to the agenda for the December, 2000 meeting of the Advisory Council.

**ITEM NUMBER 3812 HARTFORD INSURANCE COMPANY – FORM FILING**

The proposed endorsement submitted by Hartford Insurance Company is under review. This item is continued with no action taken.

**ITEM NUMBER 3813 PER DIEM EXPENSE REIMBURSEMENT**

The Committee concurred with the recommendation of the Operations/Administration Subcommittee to file the following amendment to Rule V – Premium Basis – B. Remuneration with the Office of the Commissioner of Insurance:

**B. REMUNERATION – PAYROLL**

**2. Inclusions**

Amend as follows:

- j. No change
- k. No change
- n. No change
- p. Expense reimbursements to employees to the extent that an employer's records do not substantiate that the expense was incurred as a valid business expense;

**Note:** When it can be verified that the employee was away from home overnight on the business of the employer, but the employer did not maintain verifiable receipts for incurred expenses, a reasonable expense allowance, limited to IRS per diem guidelines, will be permitted.

**CIRCULAR LETTER 2857 – SEPTEMBER 19, 2000 – PAGE 5**

**ITEM NUMBER 3814 SCHEDULED CREDITS**

After discussion, the Committee concurred with the recommendation of the Operations/Administration Subcommittee to not pursue this option at this time. It was agreed that the proposal to allow scheduled rating would not benefit the current Wisconsin Worker's Compensation system. Notification of this outcome has been forwarded to the Commissioner of Insurance and the Administrator of the Department of Workforce Development. This item has been removed from the agenda.

Donna Knepper  
Executive Secretary