



Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1151—DECEMBER 21, 2012

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 Wednesday, December 5, 2012. The meeting was called to order at 8:30 AM:

A list of attendees at the December 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	Jim Hennessy	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
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.	Jessica Mayer	X	X	X
United Wisconsin Insurance Co.	Pat Williams		X	O
	Tom Vanderbusch	X	X	O
	Scott Beaver			
West Bend Mutual Insurance Co.	Pam Allison	O	O	X
	Paul Hingtgen	O	O	X
	John Murphy	O	O	X
	Kenney Maurer	O	O	X
	Steve Mueller	O	O	X
WI Manufacturers & Commerce	James Buchen	X		O
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
Badger Mutual Insurance Co.	Terry Falls	O	O	O
Liberty Mutual Insurance Co.	Valerie Hankes	O	O	O
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)

Also Present For Part of Governing Board Meeting:

ORGANIZATION	REPRESENTATIVE
Peterson, Johnson & Murray	Jan Schroeder
Sentry Insurance Co.	Bob Ballard
	Jeff Lieberman

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 September 6, 2012 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update
 - 2012 Estimated Year-End/2013 Proposed Budget
 - 2012 Budget History
 - 2012 IT Approved Budget/2012 IT Estimated Year-End Summary
 - 2013 IT Proposed Budget
 - Income Report that included years 2010 through estimated year-end 2012
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison

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The Committee voted to levy an assessment in the amount of \$1,908,709 for the general operating expenses for the WCRB for the first quarter of 2013.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - WCRB will have two retirements in January 2013
- WWCIP Charge-off Requests
 - Malin's Labor Ready LLC DBA Midwest Labor - \$102,516.23 – Society Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.

Society Insurance abstained from voting.

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

- Rossville Metals Recyclers LLC - The member of Rossville Metals Recycling and Auto Salvage LLC originally had requested a hearing before the WCRB Governing Board. Since the member was unable to appear personally before the Board, the member changed his request from a request for a hearing to a written request for discussion of the complaint by the Governing Board.

On July 23, 2012, the WCRB received an application in the Wisconsin Worker's Compensation Insurance Pool for Rossville Metal Recycling and Auto Salvage LLC. The application showed one member of the LLC with an indication that the member elected coverage. Coverage is not provided to sole proprietors, partners or members of an LLC unless the proper election of coverage form is signed and submitted to the Pool. When this form was requested, the producer of record responded that "all members will be excluded". The application also reported payroll of \$25,000. If a member of an LLC elected coverage, \$42,640 per member would be used as the basis of premium. Coverage was bound with Middlesex Insurance Company effective July 24, 2012 without providing coverage for the member of the LLC and with \$25,000 as the basis of premium.

The member sustained a loss on August, 1, 2012. Coverage for the member was denied. Based on all of the information produced to date, the WCRB determined that the coverage provided by the policy of insurance issued to Rossville Metal Recycling and Auto Salvage LLC by Middlesex Insurance Company effective July 24, 2012 did not provide coverage for any members of the LLC. The Governing Board concurred with WCRB's determination.

Sentry Insurance A Mutual Company and Middlesex Insurance Company abstained from the coverage determination discussion.

- Loss Control Recommendations – A servicing carrier requested that the Governing Board consider allowing a servicing carrier to cancel a Pool policy for the insured's failure to respond to critical loss control recommendations. This

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request will be considered when the Pool Handbook is revised in 2013. Middlesex Insurance Company and Society Insurance A Mutual Company have volunteered to assist in the review and re-write of the Handbook.

3. The following Committees will report to the Board:

RATING COMMITTEE

- Excess Insurance Policies – Thirteen carriers currently writing excess insurance policies were requested to submit copies of their current policy and endorsement forms. These forms will be incorporated into a WI Excess Insurance Policy Forms Manual.
- Experience Rating Worksheet Distribution – The Governing Board adopted a recommendation from WCRB staff to discontinue promulgating and distributing preliminary modifications. Experience rating modification factors are generally released far enough in advance to be applied to renewal policies. Contingent modifications will continue to be promulgated.
- Loss Reimbursement – Draft legislation to allow loss reimbursement programs is being reviewed.
- Wisconsin Work-Study Coverage Endorsement – The Governing Board accepted the amendment to the premium algorithm to incorporate the endorsement charges. The endorsement charges are flat fees and are not subject to pro-rating.
- Premium Algorithm – Waiver of Subrogation (Option 1) - An issue was raised with a carrier reporting a discount under code 9115 on a unit statistical report. The carrier did not report the full \$50 premium under the stat code. WCRB asked for clarification on the discounting of flat charges and if the premium algorithm needed amendment. The Committee advised that the full flat charge should be reported under the stat codes on a unit statistical report. No amendment to the algorithm was recommended.
- Revised ACORD Application Form 130 (2013/01) – NEW – The Board reaffirmed their e-mail vote to file a revised ACORD application form with the OCI for approval. With all business complete, this item is removed from the agenda.
- Expense Constant Rule – Wisconsin Exception – NEW – The WI Basic Manual rule on expense constant does not include the provision that does not require adjustment to the charge when a state is added or deleted during the policy term. WCRB staff will research the rule for the March, 2013 meeting.

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- Body Shop Estimators Classification – NEW - WCRB had received a request to allow body shop estimators to be reclassified from classification code 8393 – Automobile Body Repair to code 8748 – Automobile Salespersons, which includes service writers. The committee concurred that there was enough difference between a body shop estimator and a service writer and denied the request.

- WI Basic Manual Changes – OCI Market Conduct Exam – NEW -The OCI has resurrected the Market Conduct Exam and has made several amendments to the WI Basic Manual. No action will be taken on the proposed changes until the exam report is finalized.

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

- Notice of Cancellation to Others Endorsement – A member carrier submitted a proposed endorsement to be used when notifying a third party of cancellation of a worker's compensation insurance policy. This item was referred to the Operations Subcommittee for review and recommendation.

- Wisconsin Workers Win / W³ – The State of WI has created a training program for unemployed individuals. The program places the unemployed claimant with employers with current job openings. This is a job training program. While the employers are not paying the claimants a wage or provide benefits, they are responsible for the worker's compensation insurance coverage. Carriers should apply Basic Manual Rule V.B.4. Implied Employment when determining premium for this exposure.

Pending Filings/Actions

WWCIP COMMITTEE

- WWCIP Analysis – Milliman will be asked to prepare a rate level analysis for the Pool, in comparison with the voluntary market.

4. Reports

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity