



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 3084—FEBRUARY 17, 2012

TO: Members of the Bureau

FROM: Donna Knepper

RE: Wisconsin Basic Manual – Rule X – Cancellation

The Office of the Commissioner of Insurance approved the proposed amendment to WI Basic Manual Rule X – Cancellation A. Who May Cancel (page R-45) as recommended by the WCRB. The filing adds reason 14 for cancelling a policy when the employer's relationship with an employee leasing company has been terminated. This tracks with the reasons listed on Form 0062 Wisconsin Notice of Termination.

This change is approved effective February 10, 2012.

RULE X—CANCELLATION

A. WHO MAY CANCEL

The Cancellation Condition of the Standard Policy permits cancellation by the insured or by the insurance carrier. WI regulates such cancellations. Cancellations are not effective until 30 days after receipt by the WCRB. Cancellation notice must be given to the WCRB in a medium approved by the State of Wisconsin, Department of Workforce Development. Insureds may cancel for any reason, however, may be subject to a short-rate penalty outlined below. An insurance carrier may cancel the policy mid-term for the following reasons:

1. Non-Payment of Premium
2. Out of Business/Sold
3. Corporate Officers Non-Election
4. Coverage Placed Elsewhere
5. Policy Rewritten
6. Insured's Request
7. No WI Employees/Operations
8. Misrepresentation/Fraud
9. Substantial Change in Risk
10. Failure to Comply with Terms and Conditions of Policy
11. Participation in Wrap-up Complete
12. Underwriting Reasons (May only be used for new business to the carrier and not in effect for more than 60 days)
13. Non-Renewal (Requires a 60 day notice to both the WCRB and the insured.)
14. **Employee Leasing Agreement Terminated**

B. PREMIUM DETERMINATION - CANCELLATION BY THE INSURANCE CARRIER

Premium for the canceled policy shall be computed as follows:

1. **Rates and Payroll**
Apply authorized rates to the payroll developed during the period the policy was in effect.
2. **Experience Rating**
Apply any experience rating modification in accordance with the rules of the Experience Rating Plan Manual.
3. **Expense Constant**
Add the pro rata portion of the expense constant but not less than \$15.
4. **Minimum Premium**
The total premium for the canceled policy shall not be less than the pro rata portion of the minimum premium.

C. PREMIUM DETERMINATION - CANCELLATION BY THE INSURED WHEN RETIRING FROM BUSINESS

Compute the premium as provided in B. above if a policy is canceled by the insured when:

1. All the work covered by the policy has been completed, or
2. All interest in any business covered by the policy has been sold, or