



Wisconsin Compensation Rating Bureau

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Located at 20700 Swenson Drive, Suite 100, Waukesha, WI 53186

### CIRCULAR LETTER 1212—December 21, 2017

#### WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Thursday, December 7, 2017. The meeting was called to order at 8:30 AM.

A list of attendees at the September Rating Committee and Governing Board meetings follows. The Chair of the Rating was David Young from Employers Mutual Casualty Co. Chair of the Governing Board was Ira Feuerlicht from American Home Assurance Company.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
American Home Assurance	Ira Feuerlicht	X	X
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X
Employers Insurance of Wausau	Steve Ginsburg	X	X
Employers Mutual Casualty Co.	Dave Young	O	X
	Mike Lester	O	X
	Sanja Plynaar	O	X
	Erin Stober	O	X
General Casualty Co	George Busche	X	X
Middlesex Insurance Co.	Bev Beigel	O	O
SFM Mutual Insurance Co.	Brian Bent	X	X
	Nick Marino	X	X
Secura Insurance Co.	Colleen Martenson	X	O
	Steve Miller	X	O
Sentry Insurance A Mutual Co.	Steve Bandy	X	X
	Mike Schimke	X	X
Travelers Indemnity Co.	Matt Massaro	X	X
United Wisconsin Insurance Co.	Scott Beaver	X	X
West Bend Mutual Insurance Co.	Tom Vanderbusch	X	X
Wisconsin Manufacturers & Commerce	Chris Reader	X	X
Wisconsin Compensation Rating Bureau	Bernie Rosauer	O	O
	Tad Cleveland	O	O
	Nancy Kierzek	O	O
	Michael Mann	O	O
	Jaclyn de Medici	O	O
	Donna Knepper	O	O

X = Committee member  
O = Non-committee member

Also Present:

<b>ORGANIZATION</b>	<b>REPRESENTATIVE</b>	<b>GOVERNING BOARD</b>	<b>RATING COMMITTEE</b>
Office of the Commissioner of Insurance (OCI)	Andrew Stoughton	O	O
Riegel Law	Paul Riegel	O	O
The Hartford	Wendy Bernard	O	O

Member Absent or Excused:

Society Insurance Company

The Chairperson read the following opening statement before convening the meeting:

“This Board 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.”

- Approved the Minutes for the September 6, 2017 meeting.
- Bureau Operations – Industry Issues
  - Budget Update - The Board members were presented with the following budget reports and were given the opportunity to ask questions on the information presented.
    - 2017 Estimated Year-End/2018 Proposed Budget
    - 2017 Approved IT Budget/2017 Estimated Year-End Summary
    - Income Report that included years 2015 through November 2017
    - Notice to Carrier Fine Comparison
    - Unit Stat Fine Comparison
    - Hard Copy Fee Comparison
    - Information Technology 2018 Proposed Budget
    - 2018 Budget Changes “Preliminary to Proposed”

The Board voted to levy an assessment in the amount of \$2,127,579 for the general operating expenses for the WCRB for the first quarter of 2018.

- Administrative affairs, occupancy, general expenses, personnel, etc. – The Board was updated on the following:
  - Update on WCRB’s internal education program. In addition to this program, the AMCOMP Workers’ Compensation Professional (WCP)

## CIRCULAR LETTER 1212—December 21, 2017—PAGE 3

certification course was offered to WCRB staff and has a half dozen staff enrolled.

- WCRB Waste Management/Lean Initiative has led to overall savings of approximately \$170,000 in 2017.
- Independent IT risk assessment resulted in change in password criteria- overall assessment was positive.
- Rating Committee/Governing Board expansion. The Rating Committee and Governing Board proposed revision to s. 626.31(b), Wis Stat which expands the number of member carriers represented on the Rating Committee has been written and awaits sponsorship to the Legislative floor as part of the Technical Bill. If the proposed revision becomes law, the changes to the Rating Committee and Governing Board will be made to the WCRB by-laws. WCRB will then send a copy of the revised by-laws to all member companies for signature.
- WWCIP Reports – WCRB provided the quarterly WWCIP summary reports.
- WWCIP Basic Manual Appendix Change – The Board adopted several changes to the “Rules Governing The Insuring Of Risks As Required By Section 619.01, Wis, Stats” found in the Appendix of the WI Basic Manual. The changes included the elimination of the WWCIP Committee, changes to the servicing carrier allowance and updates to the Wisconsin Worker’s Compensation Insurance Fund. The change was filed and approved by OCI. This item is removed from the agenda.
- The Board voted to adopt the subcommittee’s recommendation to renew the contract for actuarial services with Milliman through 2023.

The following Committees will report to the Board:

### RATING COMMITTEE

#### UNFINISHED BUSINESS

- John Beres Builders, Inc. – Hearing - No appeal of the committee’s decision has been filed with the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Wisconsin Landscape Contractors Association – Hearing - No appeal of the committee’s decision has been filed with the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Notice to Government Entity of Cancellation or Material Change Endorsement – Referred to the Operations Subcommittee for further review.

- Miscellaneous Forms Filing –The proposing carrier declined to attend the meeting and answer questions regarding the filing. This item is removed from the agenda.

#### **NEW BUSINESS**

- WCRB Carrier Election Form and Reporting Process-several changes to the form for clarity and accuracy were recommended by the Committee. WCRB will work internally to implement changes.
- WCPAP Rule Change- proposal to add language to the WCPAP rules and filing procedures to follow RED in place of the now-withdrawn ARD rules. The Committee voted to adopt and file.
- NCCI Item B-1436 - Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group-the proposed filing extends over two hundred pages and across five industries. The Committee voted for the Operations Subcommittee to review and present their findings.

#### **Pending Filings/Actions**

- Wisconsin Apprenticeship Program- Filed with and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Class Code Phraseology Changes- Filed with and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.

#### **ACTUARIAL SUBCOMMITTEE**

The Actuarial Subcommittee met on November 9<sup>th</sup> and discussed the 2018 rate filing. Included in the discussion were topics for 2018 including:

- Change in split point
- Potential changes to class credibility
- Small risk analysis
- Excess loss factors
- Ratemaking methodology

***All votes taken at the Rating Committee and Governing Board meetings were unanimous unless otherwise stated.***