



Wisconsin Compensation Rating Bureau

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

## CIRCULAR LETTER 1222—December 19, 2018

### 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 6, 2018. The meeting was called to order at 8:30 AM.

A list of attendees at the December Rating Committee and Governing Board meetings follows. The Chair of the Rating Committee was Matt Massaro from Travelers Indemnity Company. Chair of the Governing Board was Steve Miller from Secura Insurance 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
General Casualty Co	George Busche	X	X
SFM Mutual Insurance Co.	Brian Bent	X	X
	Nick Marino		X
Secura Insurance Co.	Colleen Martenson	X	O
	Steve Miller	X	O
Sentry Insurance A Mutual Co.	Mike Schimke	X	X
	Scott Lange	X	X
Society Insurance Co.	Terry Gill	X	X
Travelers Indemnity Co.	Matt Massaro	X	X
United Wisconsin Insurance Co.	Scott Beaver	X	X
	Pat Williams	X	X
West Bend Mutual Insurance Co.	Tom Vanderbusch	X	X
	Brian McEvoy	O	O
	Amy Uhlig		O
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 Medicci	O	O
	Donna Knepper	O	O
	Stephanie Staring	O	O
	Michelle Swessel	O	O

X = Committee member

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O= Non-committee member

Also Present:

<b>ORGANIZATION</b>	<b>REPRESENTATIVE</b>	<b>GOVERNING BOARD</b>	<b>RATING COMMITTEE</b>
	Janet Ewert	O	O
Office of the Commissioner of Insurance (OCI)	Andrew Stoughton	O	O
Riegel Law	Paul Riegel	O	O
The Hartford	Wendy Bernard	O	O
Department of Workforce Development (DWD)	Frank LaSee		O
Rural Mutual Insurance Company	Sara Grade	O	O
	Sara Leach	O	O

Also Present for Part of the Meeting:

Breakout Green Bay LLC.

Pat Van Abel

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 5, 2018 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.
    - 2018 Estimated Year-End/2019 Preliminary Budget
    - 2018 Approved IT Budget/2018 Estimated Year-End Summary
    - Income Report that included years 2016 through October 2018
    - Notice to Carrier Fine Comparison
    - Unit Stat Fine Comparison
    - Hard Copy Fee Comparison
    - Information Technology 2019 Proposed Budget
    - 2019 Budget Changes “Preliminary to Proposed”

The Board voted to levy an assessment in the amount of \$2,138,612 for the general operating expenses for the WCRB for the first quarter of 2019.

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- Administrative affairs, occupancy, general expenses, personnel, etc. – The Board was updated on the following:
  - Carrier outreach and feedback visits by WCRB employees
  - Committee meeting expense reimbursement- The Committee was asked to reconsider Committee member reimbursement for travel expenses. After considerable discussion, the Committee decided to not adopt this proposal with AIG opposed and General Casualty abstained.
- WWCIP Basic Manual Appendix Change- the Board was updated on changes completed. This item is removed from the agenda.
- WWCIP Reports – WCRB provided the quarterly WWCIP summary reports.

The following Committees will report to the Board:

### RATING COMMITTEE

#### UNFINISHED BUSINESS

- WCRB Carrier Election Form and Reporting Process- The Committee was updated by the WCRB on the progress of electronic reporting changes being made to the carrier election process with a demonstration of the new webpage. This item is removed from the agenda.
- Wisconsin Limited Other States Insurance Endorsement WC 48 03 01 C-The Committee and member carriers discussed the purpose and usage of the endorsement. The Committee had previously voted to eliminate the endorsement effective 10-1-19; however, after input from the industry the endorsement will remain.
- Audit Noncompliance (ANC) Issues- The Committee discussed reporting issues and ANC calculation for unit statistical reporting purposes. A Circular will go out clarifying ANC calculation for unit statistical reporting purposes. Reporting and other issues were referred to the Operations Subcommittee for further review. This item is continued.
- Badger State, Inc. – Hearing update- the employer appealed the decision to the Office of the Commissioner of Insurance and is pending a decision. This item is continued.

#### NEW BUSINESS

- Breakout Green Bay LLC - Hearing- The employer, Breakout Green Bay, requested the Rating Committee of the Wisconsin Compensation Rating Bureau (“WCRB”) to consider reclassifying escape room businesses from code 9016

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Amusement Parks to class code 9154 Theater NOC. After consideration, the Committee voted to deny the request, with West Bend opposed and Society abstaining, and continue to class escape rooms under 9016.

- NCCI Item B-1437 - Revisions to Basic Manual Classifications and Appendix E-Classifications by Hazard Group- The Board adopted the following for filing with the Office of the Commissioner of Insurance effective 10-1-19.

**CODE 2286 REASSIGN TO CODE 2220**

2286	2220
CLASSIFICATION TO ELIMINATE	REASSIGNED CODE PHRASEOLOGY
<p><del><b>WOOL SPINNING AND WEAVING</b></del></p> <p><del><b>YARN MFG-WOOL</b></del> - Codes 2286 and 2220 Yarn or thread MFG-cotton shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.</p>	<p><b>YARN OR THREAD MFG-COTTON</b></p> <p><u><b>WOOL SPINNING AND WEAVING</b></u></p> <p><u><b>YARN MFG-WOOL</b></u></p> <p><b><u>(NO OTHER CHANGES TO THE CURRENT PHRASEOLOGIES TO 2220 ARE BEING PROPOSED)</u></b></p>

**CODE 2670 REASSIGN TO CODE 2688**

2670	2688
CLASSIFICATION TO ELIMINATE	REASSIGNED CODE PHRASEOLOGY
<p><del><b>GLOVE MFG-LEATHER OR TEXTILE</b></del> - Tanning of leather or MFG of textile fabric to be separately rated.</p> <p><del><b>ATHLETIC GLOVE MFG</b></del> - Including baseball, boxing and hockey</p> <p><del><b>GLOVE LINING MFG</b></del></p>	<p><b>LEATHER GOODS MFG NOC</b></p> <p><b>ARCH SUPPORTERS MFG - LEATHER AND METAL</b></p> <p><u><b>ATHLETIC GLOVE MFG</b></u> - Including baseball, boxing and hockey</p> <p><b>FOOTBALL, SOCCER, VOLLEYBALL OR BASKETBALL MFG (BLADDER MFG TO BE SEPARATELY RATED)</b></p> <p><u><b>GLOVE LINING MFG</b></u></p> <p><u><b>GLOVE MFG-LEATHER OR TEXTILE</b></u> - Tanning of leather or MFG of textile fabric to be separately rated.</p> <p><b>LEATHER BELTING MFG</b></p> <p><b>LEATHER SKIVING</b></p> <p><b>POCKETBOOK MFG</b> - From leather, vinyl or imitation leather</p> <p><b>WELTING MFG-ALL TYPES</b></p>

**CODE 4360 REASSIGN TO CODE 7610**

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4360	7610
<p><b>CLASSIFICATION TO ELIMINATE</b></p> <p><b>MOTION PICTURE DEVELOPMENT OF NEGATIVES, PRINTING, AND ALL SUBSEQUENT OPERATIONS</b> - Digital media processing and editing, as well as marketing through film exchanges, are included under Code 4360, whether performed by a contractor or the production company.</p> <p><b>DUPLICATION AND REPLICATION SERVICE OF PRERECORDED AUDIO, VIDEO OR DATA</b></p>	<p><b>REASSIGNED CODE PHRASEOLOGY</b></p> <p><b>RADIO OR TELEVISION BROADCASTING STATION-ALL EMPLOYEES &amp; CLERICAL, DRIVERS</b> - Includes players, entertainers, or musicians.</p> <p><b>MOTION PICTURE PRODUCTION-IN STUDIOS OR OUTSIDE-ALL OPERATIONS UP TO THE DEVELOPMENT OF NEGATIVES &amp; CLERICAL, DRIVERS</b> - Digital media processing and editing, as well as marketing through film exchanges, are included in Code 7610, whether performed by a contractor or the production company.</p> <p><b>DUPLICATION AND REPLICATION SERVICE OF PRERECORDED AUDIO, VIDEO OR DATA</b></p> <p><b>PHONOGRAPH RECORDS - RECORDING ON MASTER&amp; DISKS &amp; TAPES</b></p> <p><b>SEWER T.V. INSPECTION</b></p>

**CODE 4670 REASSIGN TO CODE 4683**

4670	4683
<p><b>CLASSIFICATION TO ELIMINATE</b></p> <p><b>COTTONSEED OIL MFG.</b>  <b>Expired as of 10/1/2003 - Eliminated, not reassigned</b></p>	<p><b>REASSIGNED CODE PHRASEOLOGY</b></p> <p><b>OIL MFG VEGETABLE NOC</b></p> <p><b>COTTONSEED OIL REFINING</b></p> <p><b>LARD REFINING</b> - Codes 4683 and 2089- Packing house shall not be assigned to the same risk unless the operations described by these classifications are conducted as separate and distinct businesses.</p> <p><b>SOY BEAN OIL EXTRACTION</b></p> <p><b>COTTONSEED OIL MFG. – MECHANICAL –</b>  <u>Applies during both active and dormant seasons. Includes installation or repair of equipment, yard workers, and weighers.</u></p> <p><b>COTTONSEED OL MFG. – SOLVENT –</b>  <u>Applies during both active and dormant seasons. Includes installation or repair of equipment, yard workers, and weighers.</u></p>

Also included in the proposal for the elimination of code 4670 is the following amendment to code 4686:

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**OIL MFG VEGETABLE-SOLVENT EXTRACTION PROCESS**

Mfg. of cotton seed oil is separately rated to Code 4683.

**CODE 5508 REASSIGN TO CODE 5507**

5508	5507
<p><b>CLASSIFICATION TO ELIMINATE</b>  <del><b>STREET OR ROAD CONSTRUCTION ROCK EXCAVATION &amp; DRIVERS</b></del> - Includes incidental quarrying or stone crushing. No tunneling.</p>	<p><b>REASSIGNED CODE PHRASEOLOGY</b>  <b>STREET OR ROAD CONSTRUCTION SUBSURFACE WORK &amp; DRIVERS</b> - Applies to clearing of right-of-way, earth excavation, filling or grading. Separately rate: <del>rock excavation, tunneling, and</del> bridge or culvert building where clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet; <del>quarrying and stone crushing.</del></p> <p><b><u>STREET OR ROAD CONSTRUCTION ROCK EXCAVATION &amp; DRIVERS</u></b> - Includes incidental quarrying or stone crushing. No tunneling.</p> <p><b><u>(NO OTHER CHANGES TO THE CURRENT PHRASEOLOGIES TO 5507 ARE BEING PROPOSED)</u></b></p>

**CLASS CODE PHRASEOLOGY CHANGES**

CODE	CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY
3826	<b>AIRCRAFT ENGINE MFG</b>	<p><b>AIRCRAFT ENGINE MFG</b>  <u>Aircraft engine repair work, including rebuilding, when performed by a manufacturer, fixed-base operator, or contractor at an airport or off-site facility, away from airport ramp or flight line areas, is assigned to Code 3826. Refer to Code 7403 for ground support services performed at airports.</u></p>
3830	<p><b>AIRPLANE MFG</b></p> <p><b>UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT MFG., SERVICE, OR REPAIR—AIRCRAFT WEIGHING 55 POUNDS OR MORE</b> - Applies to the manufacture, service, or repair of drone aircraft weighing 55 pounds or more. Includes do-it-yourself, recreational, and commercial models, and military drone aircraft. The manufacture, service, or repair of drone aircraft weighing less than 55 pounds must be separately rated to Code 3685.</p>	<p><b>AIRPLANE MFG</b>  <u>Includes airplane modification, repair, or maintenance work performed by a manufacturer, fixed-base operator, or contractor. These operations may be performed at an airport or off-site facility, away from airport ramp or flight line areas. Refer to Code 7403 for ground support services performed at airports.</u></p> <p><b>UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT MFG., SERVICE, OR REPAIR—AIRCRAFT WEIGHING 55 POUNDS OR MORE</b> - Applies to the manufacture, service, or repair of drone aircraft weighing 55 pounds or more. Includes do-it-yourself, recreational, and commercial models, and military drone aircraft. The manufacture, service, or repair of drone</p>

		aircraft weighing less than 55 pounds must be separately rated to Code 3685.
5037	<p><b>PAINTING METAL STRUCTURES-OVER TWO STORIES IN HEIGHT &amp; DRIVERS -</b> Includes shop operations. The painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or sash to be separately rated as Code 5474-Painting or paperhanging NOC.</p> <p><b>GAS HOLDER - PAINTING</b></p> <p><b>PAINTING METAL BRIDGES &amp; SHOP OPERATIONS, DRIVERS</b></p> <p><b>SMOKESTACK PAINTING</b></p>	<p><b>PAINTING METAL STRUCTURES-OVER TWO STORIES IN HEIGHT &amp; DRIVERS -</b> Includes shop operations. The painting of <u>aircraft of all sizes and types</u>, metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or sashes <del>is to be</del> separately rated as <u>to Code 5474-Painting or paperhanging NOC</u>.</p> <p><b>GAS HOLDER - PAINTING</b></p> <p><b>PAINTING METAL BRIDGES &amp; SHOP OPERATIONS, DRIVERS</b></p> <p><b>SMOKESTACK PAINTING</b></p>
5474	<p><b>PAINTING OR PAPERHANGING NOC &amp; SHOP OPERATIONS, DRIVERS -</b> Includes the painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or sash. Painting ship hulls, metal structures over two stories in height, or bridges to be separately rated.</p> <p><b>(NOT ALL PHRASEOLOGY DESCRIPTIONS INCLUDED)</b></p>	<p><b>PAINTING OR PAPERHANGING NOC &amp; SHOP OPERATIONS, DRIVERS -</b> Includes the painting of metal storage tanks, fire escapes, staircases, balconies, shutters, window frames, or sash. Painting ship hulls, metal structures over two stories in height, or bridges to be separately rated.</p> <p><b><u>PAINTING AIRCRAFT &amp; SHOP OPERATIONS, DRIVERS</u></b> Includes the <u>painting of all sizes and types of fixed- and rotary-wing aircraft by contractor or fixed-base operator.</u></p> <p><b><u>(NO OTHER CHANGES TO THE CURRENT PHRASEOLOGIES TO 5474 ARE BEING PROPOSED)</u></b></p>
7403	<p><b>AVIATION - ALL OTHER EMPLOYEES &amp; DRIVERS</b></p> <p><b>(NOT ALL PHRASEOLOGY DESCRIPTIONS INCLUDED)</b></p>	<p><b>AVIATION - ALL OTHER EMPLOYEES &amp; DRIVERS</b></p> <p><b><u>AVIATION – RAMP OPERATIONS &amp; DRIVERS</u></b> – Applies to operations located at airports. Includes all types of fixed- and rotary-wing aircraft. Ramp operations are defined as work performed on the aircraft at the ramp or on the flight line. Operations include, but are not limited to, normal aircraft turnaround operations, luggage service operations, interior and exterior cleaning of aircraft, fluid checking and filling, tire changing, deicing, lightbulb replacement,</p>

		<p><u>stocking of supplies (including food) in the aircraft, and ramp fueling and de-fueling of the aircraft. Independent service contractors and fixed-based operators performing these services are assigned to Code 7403.</u></p> <p><u>Painting of aircraft is separately rated to Code 5474. Members of flying crews are separately rated to the appropriate aviation classification.</u></p> <p><b><u>(NO OTHER CHANGES TO THE CURRENT PHRASEOLOGIES TO 7403 ARE BEING PROPOSED)</u></b></p>
9516	<b>NOT APPLICABLE IN WI</b>	

- NCCI Item R-1414- Revisions to Retrospective Rating Plan Manual Appendix B and All Related Rules and Endorsements- this proposal changes the retro rating plan manual and endorsement language in conjunction with Item R-1414 A. The Committee voted to adopt. This item will be filed with the Office of the Commissioner of Insurance with a 1-1-19 effective date.

Pending Filings/Actions

- Waiver of Subrogation- the addition of a blanket waiver to option one was approved by the Office of the Commissioner of Insurance. A Circular was issued notifying the industry of the changed option. This item is removed from the agenda.
- NCCI Item R-1414 A- Revisions to Retrospective Rating Plan Manual- This item was filed with and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.
- NCCI Item P-1414- Establishment of Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization Act of 2015- This item was filed with and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.

ACTUARIAL SUBCOMMITTEE

The Actuarial Subcommittee November meeting was canceled as there were no new items or unfinished business to discuss.

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