



CIRCULAR LETTER 1237—March 26, 2020

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 Tuesday, March 3, 2020. The meeting was called to order at 8:30 AM.

A list of attendees at the March Rating Committee and Governing Board meetings follows. The Chair of the Rating Committee was Tim Riedl from Society Insurance A Mutual Company. Chair of the Governing Board was Pat Williams from United Wisconsin 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.	Mike Lester	O	X
	Gail Ostaszewski	O	X
	Mark Neubauer	O	X
General Casualty Co	George Busche	X	X
SFM Mutual Insurance Co.	Brian Bent	X	X
	Nick Marino		X
Secura Insurance Co.	Steve Miller	X	O
Sentry Insurance A Mutual Co.	Scott Lange	X	X
	Bev Beigel	X	X
Society Insurance Co.	Tim Riedl	X	X
Travelers Indemnity Co.	Eric Belk	X	X
	Lindsey Ladin	X	X
United Wisconsin Insurance Co.	Pat Williams	X	X
	Emily Brooks	X	X
West Bend Mutual Insurance Co.	Scott Beaver	X	X
	Brian McEvoy	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
	Beth Nickel	O	O
	Jaclyn de Medici	O	O
	Donna Knepper	O	O
	Stephanie Staring	O	O

X = Committee member
O = Non-committee member

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
Acuity, A Mutual Insurance Company	Jeff Brey	O	O
Badger Mutual Insurance Co.	Tyler Protz	O	O
Hartford Casualty Ins Co (teleconference)	Wendy Bernard	O	O
Independent Insurance Agents of Wisconsin (IIAW)	Jeff Thiel		O
Independent Insurance Agents of Wisconsin (IIAW)	Matt Banaszynski		O
Office of the Commissioner of Insurance (OCI)	David Haushalter	O	O
Riegel Law	Paul Riegel	O	O
Rural Mutual Insurance Company	Sara Grade		O
	Sara Leach		O

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 December 5, 2019 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.
 - 2019 Estimated Year-End/2020 Approved Budget
 - 2019 Approved IT Budget/2019 Estimated Year-End Summary
 - 2020 IT Approved Budget
 - Income Report that included years 2017 through 2019
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison

The Board voted to levy an assessment in the amount of \$2,150,141 for the general operating expenses for the WCRB for the second quarter of 2020.

- Administrative affairs, occupancy, general expenses, personnel, etc. – The Board was updated on the following:

- WCRB’s Lean initiatives continue to improve processes internally and benefit all stakeholders.

- Legislative Update- this item was added to the agenda. The Board was updated on the proposed Agreed Bill which included provisions of ALJ movement, PEO changes, the PTSD Bill, Chapter 102 definitions of employers, and the UEF Fund.

- Nominating Committee- This item will be distributed to the membership for voting. This item is continued on the agenda.

- WWCIP Charge-Offs
 - Robert Morey DBA Residential Renovations - \$51,387.50 – Society Ins- the Governing Board approved the requested charge-off with Society abstaining from the vote. This item is removed from the agenda.

- WWCIP Activity Reports

The following Committees will report to the Board:

RATING COMMITTEE

UNFINISHED BUSINESS

- Schedule Rating – the subcommittee’s findings were presented and discussed further. This item is continued on the agenda.

- Klich Electric Inc – Hearing - John M. Arndt of Harold E. Arndt, Inc. appeared on behalf of the aggrieved party, and requested the Rating Committee of the Wisconsin Compensation Rating Bureau (“WCRB”) grant relief for his failure to timely file the application for participation in the Wisconsin Contractors Premium Adjustment Program (hereinafter “WCPAP”). In particular, Mr. Arndt requested the Rating Committee accept the late filing of the application for the WCPAP.

During deliberation, the Rating Committee reviewed the date required for the filing of the application on the postcard. They confirmed that the date listed on the postcard for the last day for filing the application was December 30, 2019. However, the Committee noted that the program stated for participation in the WCPAP the application must be received at least 90 days prior to the first day of the month of renewal. This rule can be found in the “Frequently Asked Questions” section of the WCPAP program found on the WCRB website. Accordingly, the Rating Committee noted that the due date of December 30, 2019 was actually 92 days prior to the first day of the month of renewal, as the renewal date for the workers compensation policy for Harold E. Arndt, Inc. was April 1, 2020.

Accordingly, the Rating Committee concluded that the online application which was submitted by John Arndt on behalf of Harold E. Arndt, Inc. and was received at the WCRB on December 31, 2019, was in fact timely filed based on the 90 day rule.

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The Rating Committee denied the request for a 24 hour grace period, but found that the WCPAP application submitted electronically on behalf of Harold E. Arndt, Inc. and received at the WCRB on December 31, 2019 was timely filed. The Rating Committee instructed the WCRB to calculate the WCPAP credit and apply that credit to the April 1, 2020 renewal.

- WCPAP Analysis – the biennial review of the Wisconsin Contractors Premium Adjustment Plan (WCPAP) analysis was presented. This item is removed from the agenda.

NEW BUSINESS

- NCCI Item E-1406 Revisions to the ERM-14 Form- this proposal is for revisions to the ERM-14 form and rule 3-A in the Experience Rating Plan Manual. The Committee adopted the NCCI proposal for filing with the Office of the Commissioner of Insurance with an effective date upon the date of approval. This item is continued on the agenda.
- NCCI Item B-1440 Revisions to the Basic Manual – this proposal updates phraseology language for certain class codes. The Committee approved the following changes and it will be filed with the Office of the Commissioner of Insurance with a 10/1/2020 effective date. This item is continued on the agenda.

CODE	PHRASEOLOGY
6824	BOATBUILDING OR REPAIR & DRIVERS - <u>Coverage Under U.S. Act</u> Includes shop and yard work. Applies to the construction or repair of wood, metal, fiberglass or plastic yachts, motorboats, sailboats, or rowboats not exceeding 150 feet in length overall.
6834	BOATBUILDING OR REPAIR & DRIVERS - <u>Coverage Under State Act only</u> Includes shop and yard work. Applies to the construction or repair of wood, metal, fiberglass or plastic yachts, motorboats, sailboats, or rowboats not exceeding 150 feet in length overall.
7038	BOAT LIVERY-BOATS UNDER 15 TONS COVERAGE UNDER ADMIRALTY LAW: PROGRAM I Includes the laying up or putting into commission of boats. Boats 15 tons or over are to be separately rated to the appropriate vessels classification.
7050	BOAT LIVERY-BOATS UNDER 15 TONS: COVERAGE UNDER ADMIRALTY LAW: PROGRAM II-USL ACT Includes the laying up or putting into commission of boats. Boats 15 tons or over are to be separately rated to the appropriate vessels classification.
7398	DIVING-MARINE COVERAGE UNDER ADMIRALTY LAW: PROGRAM II-USL ACT BENEFITS <u>SALVAGE OPERATIONS-MARINE: COVERAGE UNDER ADMIRALTY LAW: PROGRAM II-USL&HW ACT BENEFITS</u>

6872	<p>MARINE RAILWAY OPERATION & DRIVERS COVERAGE UNDER U.S. ACT</p> <p>SHIP REPAIR CONVERSION-ALL OPERATIONS & DRIVERS COVERAGE UNDER U.S. ACT <u>Includes shop or yard operations as well as the operation of dry docks and marine railways. Applies to employers that perform various kinds of general ship repair or conversion work and that undertake such diversified operations as a usual part of the business. Work by others performed on ships is to be assigned to the classifications describing the work.</u></p>
7222	<p>TRUCKING OIL FIELD EQUIPMENT-ALL EMPLOYEES & DRIVERS <u>Truckers hauling under contract, whether for one or more individuals or employers, must under no circumstances be classified except in accordance with the appropriate trucking classification. Includes miscellaneous employees such as terminal employees, garage employees, and repairers.</u></p> <p><u>When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a trucking classification.</u></p>
7230	<p>TRUCKING PARCEL OR PACKAGE DELIVERY-ALL EMPLOYEES & DRIVERS - Applies to risks engaged exclusively in delivery from retail stores under term contracts. <u>Includes miscellaneous employees such as terminal employees, garage employees and repairers.</u></p> <p><u>Truckers hauling under contract, whether for one or more individuals or employers, must under no circumstances be classified except in accordance with the appropriate trucking classification.</u></p> <p><u>When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a trucking classification.</u></p>
7232	<p>TRUCKING MAIL, PARCEL, OR PACKAGE DELIVERY-UNDER CONTRACT WITH THE U.S. POSTAL SERVICE-ALL EMPLOYEES & DRIVERS - Applies to risks engaged under contract to the U.S. Postal Service for delivery of mail involving letters, parcels, packages, sacks, pallets, and rolling containers. Includes both U.S. Postal Service contract mail delivery performed on a bulk basis as well as on an individual letter, parcel or package basis. <u>Includes miscellaneous employees such as terminal employees, garage employees, and repairers.</u></p> <p><u>Truckers hauling under contract, whether for one or more individuals or employers, must under no circumstances be classified except in accordance with the appropriate trucking classification.</u></p> <p><u>When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a trucking classification.</u></p>
9521	<p>HOUSE FURNISHINGS INSTALLATION NOC & UPHOLSTERING</p> <p>UPHOLSTERING AWAY FROM SHOP <u>Must not be assigned to an employer conducting operations described by another classification unless the operations subject to Code 9521 are conducted as a separate and distinct business. This restriction does not apply to coffin or casket manufacturing, automobile body manufacturing, or furniture manufacturing.</u></p>
8046	<p>STORE AUTOMOBILE PARTS AND ACCESSORIES NOC & DRIVERS - Applies to wholesale or retail stores. Includes store employees of auto dismantling operations and tire store employees. <u>Auto dismantling operations to be separately rated to Code 3081.</u></p>

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- Class Code Cleanup 3724 vs 5183 – this proposal removes phraseology in accordance with a prior approved filing. The Committee approved the following changes and it will be filed with the Office of the Commissioner of Insurance with a 10/1/2020 effective date. This item is continued on the agenda.

3724

Description: **MACHINERY OR EQUIPMENT ERECTION OR REPAIR NOC & DRIVERS
TANK INSTALLATION-GASOLINE SERVICE STATIONS & DRIVERS**

5183

Description: **PLUMBING NOC & DRIVERS
TANK INSTALLATION-GAS STATIONS & DRIVERS**

Pending Filings/Actions

- Basic Manual Rewrite – the reformatted Manual was filed and approved by the Office of the Commissioner of Insurance and is now available on the WCRB website. This item is removed from the agenda.
- NCCI Item B-1439 Revisions to Basic Manual Classifications- this item was filed and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Class Code Cleanup- this item was filed and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Franchisor/Franchisee Endorsements – this item was filed and approved by the Office of the Commissioner of Insurance. Further corrections to the endorsement forms have been identified and will be refiled for approval. This item is continued on the agenda.

ACTUARIAL SUBCOMMITTEE

The next meeting of the Actuarial Subcommittee is Wednesday, May 20, 2020 at the WCRB.