



CIRCULAR LETTER 1245—MARCH 15, 2021

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board meeting held virtually from the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, March 2, 2021. 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 Pat Williams from United Wisconsin Insurance Company. Chair of the Governing Board was Brian McEvoy from West Bend Mutual 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
	Diana Trent	X	X
Employers Mutual Casualty Co.	Mike Lester	O	X
	Mark Neubauer	O	X
	Craig Sanford	O	X
	Gail Ostaszewski	O	O
General Casualty Co	George Busche	X	X
SFM Mutual Insurance Co.	Brian Bent	X	X
	Nick Marino	X	X
Secura Insurance Co.	Joe Schmidt	X	O
Sentry Insurance A Mutual Co.	Scott Lange	X	X
	Bev Beigel	X	X
Society Insurance Co.	Dennis Saldana	X	X
Travelers Indemnity Co.	Eric Belk	X	X
	Keith Fritz	X	X
United Wisconsin Insurance Co.	Pat Williams	X	X
	Janelle Krainz	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
	Miguel Garcia	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
Aegis	Terry Falls	O	O
Badger Mutual Insurance Co	Tyler Protz	O	O
Construction Business Group	Cindy Buchko		O
Department of Workforce Development Workers Comp Division	Steve Peters	O	O
	Joe Moreth	O	O
	Aaron Galarowicz	O	O
Milliman	Lori Julga		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	O
Western National Insurance Co	Kevin Christy	O	O

WCRB Rating Committee Meeting

Antitrust Statement - “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.”

UNFINISHED BUSINESS

- COVID-19 Amendments – Several states have adopted new statistical codes for the reporting of injury related to reactions to vaccines. The following changes were adopted and will be filed with the OCI for approval to be effective upon approval.

Discussion on the COVID-19 impact on the ratemaking process was discussed with the Milliman presentation.

Decision 1

Add a new Nature of Injury Code. Code 38 was chosen because it was an available number and because it is the reverse of Code 83 and may be easier to remember over time.

Nature of Injury	
38. Adverse reaction to a vaccination or inoculation	*

(Note that when an asterisk is used, it denotes that the description was intentionally left blank.)

Decision 2

Nature of Injury Code 38 should only be used with the following **existing** codes (new language highlighted):

Cause of Injury	
82. Absorption, Ingestion or Inhalation, NOC	Not otherwise classified in any other code. Applies only to non-impact cases in which the injury resulted from inhalation, absorption (skin contact), or ingestion of harmful substances, or vaccinations .
83. Pandemic	Includes disease epidemic that has spread across a large region.

- NCCI Item P-1417(A)-Terrorism Risk insurance Program Reauthorization Act of 2019 Endorsements (Amended Effective Date) WCRB will issue advisory NTCs if newest version of the endorsement is not attached to the policy. With all business complete, this item is removed from the agenda.
- WCPAP Postcard Notifications – The Committee was provided a timeline of several notifications given to employers by WCRB, article in bulletins by the Professional Insurance Agents, and the Independent Insurance Agent of WI regarding the elimination of postcard notifications for the WCPAP credit. This item will remain on the agenda.
- NCCI Item B-1442 - Revisions to Basic Manual Appendix E- Classifications by Hazard Group – WCRB provided information on hazard group assignments for WI specific codes. WCRB mapped the WI specific codes to NCCI classifications and assigned the corresponding hazard group. The Committee adopted the recommended hazard group changes for filing with the OCI to be effective October 1, 2021.
- NCCI Filing Review Process – WCRB is continuing discussions with the independent bureaus on the current filing and review process.

NEW BUSINESS

- Contractor Fraud Presentation/Cindy L. Buchko, General Counsel - Construction Business Group – Cindy Buchko presented information on worker’s compensation insurance premium fraud in the construction industry.

WCRB has been attending the Workers Compensation Insurance Premium Fraud Workgroup meetings. As a result, the following amendment to the WI Basic Manual rules were proposed and adopted for filing with the OCI:

Wisconsin Basic Manual Rule V B.2.a

B. REMUNERATION – PAYROLL

1. Definition

Remuneration means money or substitutes for money. Payroll means remuneration.

2. Inclusions

- a. Wages or salaries including retroactive wages or salaries, **whether by cash, check, electronic transfer, etc.;**
- b. Total pay received by employees for commissions and draws against commissions;
- c. Bonuses including stock bonus plans;

Wisconsin Basic Manual Rule IXV D.2.a.

D. UNINSURED SUBCONTRACTORS

2. Premium for Uninsured Subcontractors

The contractor shall furnish satisfactory evidence that the subcontractor had worker's compensation insurance in force covering the work performed for the contractor. For each such subcontractor for which such evidence is not furnished, additional premium shall be charged on the policy which insured the contractor as follows:

- a. The contractor shall provide a complete payroll record of each uninsured subcontractor. Premium on such payroll **no matter the method of payment, whether by cash, check, electronic transfer, etc.,** shall be based on the classification which would have applied if the subcontractor had been the employee of the contractor.
- b. If the contractor does not supply the payroll records of its subcontractors, the full contract price of the work performed during the policy period shall be established as the payroll of the subcontractor's. The additional premium shall be charged on that amount as payroll

- Actuarial Update/Lori Julga, FCAS, MAAA Milliman- The Committee was updated on the recent Actuarial Subcommittee meeting and the proposed changes to the ratemaking methodology for the October 1, 2021 rate revision.
- Class Code Cleanup – The following correction to the phraseology for code 8008 was adopted for filing with the OCI to be effective upon approval.

8008 -STORE CLOTHING, WEARING APPAREL, OR DRY GOODS-RETAIL

- **STORE CLOTHING, WEARING APPAREL, OR DRY GOODS-RETAIL**

- **HOUSEHOLD FURNISHINGS OR WEARING APPAREL DEALER-RETAIL** - Applies to the house-to-house sale of miscellaneous wearing apparel and household furnishings. Includes the collection of installment payments and incidental stores or warehouses. Also applies to the house-to-house sale of jewelry, furniture or appliances. ~~However, if the principal business is the sale for furniture, stoves, ranges, refrigerators, separately rate as Code 8044 - Store - Furniture.~~
- **MILLINERY STORES - RETAIL**
- **SHOE STORES - RETAIL**
- **STORE DRY GOODS-RETAIL**
- **STORE SHOE-RETAIL**

WCRB Governing Board Meeting

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- Approval of the Minutes for the December 3, 2021 meeting.
 - Bureau Operations – Industry Issues
- A. Budget Update - The Board members were presented with the following budget reports and were given the opportunity to ask questions on the information presented.
- 2020 Estimated Year-End/2021 Proposed Budget
 - 2020 Approved IT Budget/2020 Estimated Year-End Summary
 - 2021 IT Proposed Budget
 - Income Report that included years 2018 through 2020 (estimated)
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison

The Board voted to levy an assessment in the amount of \$2,064,380 for the general operating expenses for the WCRB for the second quarter of 2021.

- B. Administrative affairs, occupancy, general expenses, personnel, etc.
- Acknowledged Steve Ginsburg, Employer Insurance of Wausau, for the many years and valuable service on the WCRB committees. We all wish Steve a happy and healthy retirement!
 - Congratulated Tad Cleveland on his promotion to Sr. Vice President
 - Update on WCRB re-opening and work from home options
 - Update on hiring and training processes
- Legislative Update - general discussion among the Board over pending and potential upcoming legislative issues.
 - WWCIIP Activity – The usual Pool activity reports were provided. The Board was also updated on the RFP process for the Pool servicing carriers.

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