



Wisconsin Compensation Rating Bureau

GENERAL CIRCULAR LETTER 675—July 30, 2024

TO: Members of the Bureau
FROM: Beth Nickel
RE: Industry Change to Rates and Expected Loss Ratios

This circular serves as an advisory notice that a proposal to change class code rates and expected loss ratios (ELRs) from two to three places after the decimal will be made by WCRB in conjunction with the October 1, 2026 rate filing. These changes are being adopted nationally with varying effective dates.

The intent of the extension of the rates and ELRs is to enhance the precision, responsiveness, and accuracy of these values. Over time, an increase in the payroll exposure base and continued decreases in class code rates has created a mathematical constraint in these values, particularly for class code rates that are historically very low (sometimes referred to as "penny classes").

Class code rates and ELRs will not be calculated to three digits after the decimal until the October 1, 2026 rate filing. Those insurers that receive experience rating worksheet data in the WCIO WCRATING format should be aware that the assumed decimal in the ELR field will shift prior to that date to reflect three places after the decimal.

What you need to know:

- Carriers should verify their systems can accommodate a three decimal class code rate and ELR.
- Mid-2025 (final date to be determined) class code rates and ELR third decimal place will be zero filled (i.e. 0.23 vs 0.230).
- 10/1/2026 class code rates and ELR third decimal place will be calculated (i.e., after 10/1/26 0.232).

WCRB will release future circulars as aspects of this change are finalized and approved.

Please contact Beth Nickel at 262-796-4402 or Beth.Nickel@wcrb.org or Mitchell Matthews at 262-796-4585 or Mitchell.Matthews@wcrb.org with any questions or concerns.