



Wisconsin Compensation Rating Bureau

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Located at 2200 North Mayfair Road, Wauwatosa, WI 53226

DECEMBER 28, 2000

CIRCULAR LETTER 368

MEMORANDUM TO HOME OFFICES ONLY

RE: Wisconsin Worker's Compensation Insurance Pool Fund

To Whom It May Concern:

Enclosed is a nine-year summary for the Wisconsin Worker's Compensation Insurance Pool Fund on a calendar/accident year basis. This exhibit reflects an actuarial evaluation of Pool losses including IBNR. This review is intended to present a more complete picture of the Wisconsin Pool, so that member carriers can better understand their obligations.

The last report to member companies showed a surplus of \$26,379,682 at year-end 1998 which was declared and distributed in 1999.

Year-end 1999 shows a surplus of \$13,354,330. The adjusted value of the fund of \$177,422,991 was 135% of the actuarially adjusted outstanding losses of \$131,254,919. If the actuarially adjusted value of net assets is less than 140% and greater than 125% of the aggregate amount of the estimated values of outstanding loss claims, the Pool rules require that a disbursement be declared but not distributed in an amount sufficient to bring the value of the net assets down to 125% of the aggregate estimated values of such claims. Therefore, a disbursement of \$13,354,330 will be declared but not distributed in 2000. The Pool distributes or assesses excesses and deficits on the basis of insurance activities of current member companies reported over the prior ten years.

Each member carrier will be receiving a Pool statement showing its share of the 1999 surplus, allocated to the prior 10 accident years, and based on the carrier's market share of written premiums in each respective year.

As of December 31, 1999, the total assets of the Pool fund were \$191,086,655 with liabilities of \$2,445,015, resulting in a Fund balance of \$188,641,640.

Sincerely,
Ralph Herrmann
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-99

| | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> | <u>1995</u> | <u>1994</u> | <u>1993</u> | <u>1992</u> | <u>1991</u> |
|-------------------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| 1. Gross Premium Written | 26,585,620 | 29,498,819 | 35,873,943 | 45,094,102 | 65,709,265 | 92,289,746 | 112,092,314 | 107,956,208 | 106,874,171 |
| 2. Gross Premium Earned | 27,034,460 | 31,840,497 | 39,168,900 | 45,947,589 | 73,440,203 | 97,135,647 | 113,981,249 | 105,243,902 | 107,122,057 |
| 3. Accid. Year Losses Incurred* | 21,032,426 | 23,435,573 | 24,772,578 | 34,762,357 | 52,203,313 | 53,496,304 | 68,207,075 | 74,861,947 | 75,393,614 |
| 4. Cal. Year Losses Incurred ** | 16,298,042 | 13,547,722 | 27,095,871 | 35,897,377 | 50,611,931 | 60,969,738 | 87,049,855 | 94,134,845 | 86,138,978 |
| 5. Servicing Carrier Expense | 7,975,687 | 8,849,645 | 10,762,183 | 13,528,231 | 19,712,779 | 27,689,395 | 33,663,072 | 32,386,863 | 32,062,251 |
| 6. Agents' Commissions | 827,008 | 989,678 | 1,182,729 | 1,491,406 | 1,855,493 | 2,404,116 | 2,691,438 | 2,554,718 | 2,456,878 |
| 7. Amounts Charged Off | 1,012,806 | 615,936 | 1,079,689 | 957,614 | 1,832,107 | 1,086,888 | 773,139 | 1,244,956 | 2,122,588 |
| 8. Other Income and Expenses | (216,295) | (52,709) | (48,258) | (71,349) | (66,810) | (174,114) | 3,745 | (982) | 0 |
| 9. Calendar Year Und. Results | 704,621 | 7,784,807 | (999,830) | (5,998,388) | (638,916) | 4,811,396 | (10,192,510) | (25,078,462) | (15,658,638) |
| 10. Net Investment Income | 10,947,629 | 17,543,873 | 16,693,343 | 15,848,485 | 17,087,972 | 7,668,692 | 22,562,178 | 20,467,447 | 17,324,381 |
| 11. Change in Net Amort. on Inv. | 1,700,715 | 1,050,994 | (212,847) | (486,944) | (572) | 122,011 | (1,877,654) | 115,886 | (597,747) |
| 12. Calendar Year Assess. (Refund)# | | | | | | | | | |
| Based on Calculation | (13,352,965) | (26,379,674) | (15,480,666) | (9,363,153) | (16,448,484) | (12,602,099) | (10,492,014) | 4,495,129 | (1,067,996) |
| Based on Examination Report | (13,354,330) | (26,379,682) | (15,480,671) | (9,363,155) | (16,448,377) | (12,602,101) | (10,492,022) | 4,495,132 | (1,067,996) |

* Accident Year Losses Incurred evaluated at 12/31/99 and include IBNR reserves.
1992 Accident Year payments reduced by 1.4 million due to ALAE adjustment.
1993 Accident Year payments reduced by .8 million due reclassification of losses.

** Losses Incurred include IBNR reserves determined by formula for calendar years prior to 1990 and by actuarial analysis for 1990 and later.

Cal. Year Assessment = (9+10+11)*(-1)