



Wisconsin Compensation Rating Bureau

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

CIRCULAR LETTER 2885 – DECEMBER 7, 2001

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, December 4, 2001. The meeting was called to order at 9:00 A.M., with the following members present:

ORGANIZATION

REPRESENTATIVE

Employers Mutual Casualty, Chair
Allied Construction Employers Association
Continental Casualty Insurance Company
Employers Insurance of Wausau A Mutual Company
Fireman’s Fund Insurance Company
Sentry Insurance A Mutual Company
Society Insurance A Mutual Company
United Wisconsin Insurance Company

Jim Pousha
Ed Hayden
Pat Williams
Steve Ginsburg
Tom Vanderbusch
Bill Swarhout
Rick Levin
Paul Hingtgen
Byron Jacque
Alan Carpenter
Jonathan Scharnberg
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Travelers Insurance Company

Wisconsin Compensation Rating Bureau

Member Absent or Excused:

Wisconsin Manufacturers & Commerce

Also Present:

Badger Mutual Insurance Company
Liberty Mutual Insurance Company

Terry Falls
Joy Carr

Michael Best & Friedrich

Paul Riegel

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Milliman USA
National Council on Compensation Insurance
Office of the Commissioner of Insurance
Tri-State Insurance of MN
West Bend Mutual Insurance

Dennis Lange
Peter Strauss
Jo LeDuc
Judy Baldus
Tammy Matter
Pam Allison

The Chairperson read the following opening statement before convening the meeting:

“This Committee 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

ITEM NUMBER 3748 CONTRACTOR PREMIUM ADJUSTMENT PROGRAM

The Committee was furnished with an updated report on the activity under the Contractor Premium Adjustment Program. Going forward, this report will be furnished on an annual basis rather than quarterly, or upon special request.

ITEM NUMBER 3783 NCCI PROPOSAL ITEM B-1351 WORKERS
COMPENSATION PREMIUM ALGORITHM

The fee charged for the Waiver of Subrogation Endorsement was originally filed using statistical code 0930, which is applied before the experience rating modification. With the current amendment to the premium algorithm, the statistical code is proposed to be changed to 9115 and not subject to experience modification. This change will be filed with the Office of the Commissioner of Insurance to be effective July 1, 2002, applicable to new and renewal business only.

ITEM NUMBER 3819 FARMERS INSURANCE GROUP – MONTHLY
PAYMENT AGREEMENT

Farmers Insurance Group had advised the WCRB that additional information in support of the filing of this endorsement would be provided, and it was agreed there would be no action taken until the additional information was provided. The information had not been received by the time of this meeting. This item is removed from the agenda until this information is submitted.

ITEM NUMBER 3823 HONTHANERS V LIRC

It was agreed that any impact of the Honthaner decision has been contemplated in Assembly Bill 505, expected to be signed in the immediate future. No further analysis on this decision is required. This item is removed from the agenda.

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ITEM NUMBER 3824 RULE X.D. PREMIUM DETERMINATION - CANCELLATION
BY THE INSURED, EXCEPT WHEN RETIRING FROM
BUSINESS

The Committee reviewed a revision to the proposed cancellation provisions table filed with the Office of the Commissioner of Insurance. This change allows a policy to be prorated when coverage is removed from the Wisconsin Worker's Compensation Insurance Pool. The November 2, 2002 filing will be amended.

ITEM NUMBER 3827 NCCI PROPOSAL ITEM B-1369 2001 BASIC MANUAL FOR
WORKERS COMPENSATION AND EMPLOYERS
LIABILITY INSURANCE

This item has been filed with the Office of the Commissioner of Insurance for approval.

ITEM NUMBER 3830 ANNUAL RATE CHANGE EFFECTIVE DATE

The Committee voted to change the effective date of the annual rate revision to October 1st of each year, beginning in 2003. The overall rate level indication must be available by the Annual Meeting each year, with the completed rate filing proposal furnished to the WCRB by June 30th of each year.

ITEM NUMBER 3808 WISCONSIN LAW ENDORSEMENT

The Committee voted to file the following change to the Wisconsin Cancellation and Nonrenewal Endorsement for approval by the Office of the Commissioner of Insurance:

A. Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect. If you purchase replacement insurance, the cancellation becomes effective on the date the new coverage becomes effective. If no replacement coverage is purchased, the cancellation will be effective thirty (30) days after receipt of written notice by the Wisconsin Compensation Rating Bureau.”

This filing is proposed to be effective upon approval.

NEW BUSINESS

ITEM NUMBER 3831 CORPORATE OFFICER – LETTER OF INTENT

The Committee reviewed the "Letter of Intent" that new member carriers are required to submit. The Committee concurred that content of the letter no longer applies and should no longer be required. This item is removed.

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ITEM NUMBER 3832 WI BENEFIT CHANGE EFFECTIVE 1-1-02

By the unanimous consent of all members present, this item was added to the agenda.

Each member of the Committee was furnished with a copy of proposed Assembly Bill 505. The actuarial evaluation of the proposed legislative changes indicate a benefit level change of 3.1%.

The Committee discussed several issues with regard to filing a benefit rate change effective January 1, 2002 or to incorporate the change into the July 1, 2002 rate change. After discussion, the Committee voted 7 in favor, 2 opposed, to filing the change to be effective January 1, 2002 applicable to new, renewal, and outstanding business. The filing will be made contingent upon the signing of the Bill by the Governor.

The next Rating Committee meeting is scheduled for Tuesday, March 12, 2002.

Donna Knepper
Executive Secretary