



Wisconsin Compensation Rating Bureau

262-796-4540 ▲ Fax 262-796-4400 ▲ www.wcrb.org

P.O. Box 3080 ▲ Milwaukee, WI 53201-3080

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

CIRCULAR LETTER 2906 - SEPTEMBER 20, 2002

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481. The meeting was called to order at 8:30 A.M., with the following members present:

ORGANIZATION

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

Society Insurance A Mutual Company
Travelers Insurance Company
Wisconsin Manufacturers & Commerce
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Emil Pfenninger
Ed Hayden
Steve Ginsburg
Jim Pousha
Tom Schreiner
Bill Swarouth
Tom Timm
Rick Levin
Alan Carpenter
John Metcalf
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Member Absent or Excused:

Continental Casualty Insurance Company

Also Present:

General Casualty Company
Liberty Mutual Insurance Company
Michael Best & Friedrich
NCCI
Office of the Commissioner of Insurance
Tri-State Insurance of MN
West Bend Mutual Insurance

Tom Vanderbusch
Dave Young
Paul Riegel
Joe Volman
Laura Andreasson
Gregg Murray
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 updated on the activity under the Contractor Premium Adjustment Program.

The Office of the Commissioner of Insurance has requested that an assessment of the program be conducted to determine its effectiveness. Milliman USA will be asked to conduct the review in 2003.

ITEM NUMBER 3833 NCCI PROPOSAL ITEM B-1373 BASIC MANUAL ENHANCEMENTS

The Committee voted to adopt any proposed enhancement that is not currently a Wisconsin Exception. This filing will be effective upon approval.

ITEM NUMBER 3838 JULY 1, 2002 RATE REVISION

The Committee continued the review of the Expense Constant. This issue is being discussed at the upcoming Worker's Compensation Insurance Organization (WCIO) meeting. The NCCI also reported that their Actuarial Subcommittee is reviewing the charge.

This item is continued.

ITEM NUMBER 3839 TERRORISM/CATASTROPHE ISSUES

President Herrmann reported that he was recently involved in a lengthy teleconference addressing terrorism and catastrophe issues. Each member of the Committee was furnished with the summary notes from the teleconference, which was only intended to frame issues.

This item is continued.

ITEM NUMBER 3840 MISCELLANEOUS POLICY CHARGES

The Committee reviewed the following proposed miscellaneous policy charges:

- Cancellation Rescission Fee – determined that the proposed fee is inappropriate and will not be adopted in Wisconsin.
- Insufficient Check Charge – determined that this is standard business practice. Reasonable NSF charges must be filed with the WCRB prior to implementation.
- Installment Fees – have already been approved on a file and use basis.

A separate Circular Letter requesting NSF and Installment Fee information will be released.

ITEM NUMBER 3841 AGGREGATE FINANCIAL CALLS – RATEMAKING

The Committee discussed the differences between the proposed WCRB Financial Call Procedures and those of the NCCI such as:

- amount of fines levied
- when fines are levied
- number of Financial Calls
- grace period for late reporting
- due date for Call information
- electronic submission

The Committee voted to adopt the procedures submitted by the WCRB with the understanding that adjustments will be made as necessary. A Circular Letter will be sent outlining the fining program that will take effect in 2003.

ITEM NUMBER 3842 LARGE DEDUCTIBLE PROGRAM

Liberty Mutual Insurance Company provided an update with regard to their discussion with the OCI and the Wisconsin Insurance Alliance.

Each member of the Committee was furnished with a copy of a letter from the Department of Workforce Development outlining several concerns they have with regard to deductibles. Liberty indicated that they will be scheduling a meeting with the Department to address their concerns.

No formal filing has been presented to the Committee. This item is continued on the agenda.

ITEM NUMBER 3843 PROPOSED ELIMINATION OF CLASSIFICATION CODES

The Committee concurred with the recommendation of the WCRB to eliminate the following inactive class codes:

0400	Cotton Compressing
0401	Cotton Gin Operation
1322	Oil or Gas Well-Drilling or Swabbing of Old Wells
1472	Distillation – Wood
1741	Flint or Spar Grinding
1853	MICA Goods Mfg.
2130	Spirituous Liquor Mfg. – Distillery
2114	Oystermen – Shore or Dock Work Only
2172	Cigarette Mfg.
2386	Lace Mfg.
2416	Yarn or Thread Dyeing or Finishing
4581	Phosphate Works
4670	Cottonseed Oil Mfg.
4717	Butter Substitute Mfg.
6214	Oil or Gas Well – Perforating of Casings All Operations
6236	Oil or Gas Well – Installation or Recovery of Casing
6882	Ship Repair Conversion – State Act Only
7046	Vessels – Not Self Propelled
7098	Vessels – Not Self Propelled

Milliman will also be asked to evaluate code 8837 – Charitable or Religious Organizations – Welfare & Stores to determine whether the code should continue to be “a” rated or be incorporated into the ratemaking process.

ITEM NUMBER 3844 WI STATISTICAL PLAN MANUAL – AMENDMENT

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

Each member of the Committee was furnished with a proposed amendment to the Wisconsin Statistical Plan Manual clarifying the fining procedure for overdue or delinquent unit stat reports.

The amendment was adopted for filing with the Office of the Commissioner of Insurance, to be effective upon approval.

The next meeting of the Rating Committee is scheduled for Tuesday, December 3, 2002.

Donna Knepper
Executive Secretary