



Wisconsin Compensation Rating Bureau

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**CIRCULAR LETTER 1043 - MARCH 12, 2003**

**PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE**

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Committee meeting held in the premises of the Wisconsin Compensation Rating Bureau on Tuesday, March 11, 2003. The meeting was called to order at 1:00 P.M. with the following members present:

ORGANIZATION

REPRESENTATIVE

Travelers Insurance Company, Acting Chair  
Employers Insurance of Wausau A Mutual Company  
Fireman’s Fund Insurance Company  
General Casualty Insurance Company of WI  
Sentry Insurance A Mutual Company  
Society Insurance A Mutual Company

Alan Carpenter  
Steve Ginsburg  
Chris Ingram  
Jim Vandenberg  
Bill Swarhout  
Rick Levin  
Rick Siewert  
Ralph Herrmann  
Richard Colvin  
Nancy Kierzek  
Donna Knepper

Wisconsin Compensation Rating Bureau

Member Absent or Excused:

Fire & Casualty Insurance Company of CT  
Secura Insurance Company

Also Present:

Badger Mutual Insurance Company  
Liberty Mutual Insurance Company  
Office of the Commissioner of Insurance

Terry Falls  
Val Schmelzer  
Laura Andreasson

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.”

1. Vice President Kierzek presented the following information:

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- The 2002 estimated year-end budget figures. The audited 2002 budget figures will be available by the Annual Meeting in May.
- A revision to the 2003 proposed budget reflecting action taken and approved in Executive Session at the December, 2002 Governing Committee Meeting was approved. The revised 2003 WCRB budget is \$6,508,600.
- The Committee voted to levy an assessment for the second quarter of 2003 in the amount of \$1,587,000.

NOTE: Since the direct premium writings of the current calendar year do not become available until the following calendar year, the net direct premium writings of the preceding calendar year shall be used as a temporary basis for the apportionment of this assessment.

2. The usual discussion centering around administrative affairs, occupancy, general expenses, salaries, personnel, etc.

President Herrmann provided updates on the following WCRB enhancements:

- Unit Stat Tracking System
- Invoice Information/Associated Correspondence
- Intranet
- Web Site Maintenance
- Web Based Payroll/HR Package
- Financial Data Reporting Application (FDRA)
- WI Basic Manual
- Employee Handbook
- WCRB/WWCIP Assessment
- Web Co-Location with MA
- Disaster Recovery Plan
- WCPAP Look-up & Worksheet
- NTC Look-up
- Schedule Z - Abacus
- Download Rates from Web
- Inspection Reports

3. Outstanding Issues

- a. Workers Compensation Research Institute update. The Committee was furnished with a copy of a recent presentation provided by WCRI. The final third round report is expected to be released by the end of April, 2003.
- b. Carriers placed in rehabilitation/liquidation
  - There has been no new information on the liquidation of Legion Insurance and Villanova Insurance. Both have been placed into liquidation.

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- WCRB has been notified that, sometime in 2003, Lumbermens Mutual Casualty Company, American Motorists Insurance Company, American Manufacturers Mutual Insurance and American Protection Insurance Company will cease writing new or renewal business. The existing business from those companies will be transferred to Kemper Casualty Insurance Company, Specialty National Insurance Company and Kemper Employers Insurance Company.
- c. Unit Statistical direct reporting option.  
185 carriers are reporting data directly, which represents approximately 60% of the total unit cards processed.
- d. WCRB Ratemaking - Financial Calls - The Financial Calls are being submitted on time. There were no issues to report on.
- f. NTC Procedures. There have been no formal complaints regarding the implementation of the graduated fining schedule.
- g. OCI Market Conduct Examination - The following recommendations were accepted by the Rating Committee::

- 60 Day Late Filing Fine.

Effective October 1, 2003, any policy that is received by the WCRB more than 60 days after the effective date of coverage will be subject to a \$150 late filing penalty. Carriers will be advised of the number of fines that would have been levied had the revised procedure been in place for the past year. This item was approved unanimously.

- Verify that the current rates are being charged on a policy.

This issue should be eliminated with the rate revision effective date of 10-1-03. Carriers will be reminded that policies issued with an effective date of 10-1-03 or later must apply the revised rates.

- WCRB will verify that the expense constant shown on a multi-state policy is at least equal to the WI expense constant.

Beginning April, 2003, advisory Notices To Carriers will be issued. Effective 10-1-03, these NTC's will become mandatory and subject to the fining procedure.

- WCRB will verify that the correct intrastate experience modification is applied on the policy.

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- The WCRB has disputed the recommendation that a single premium discount be developed for use in the WWCIP. This issue is currently under review by the OCI legal department.
- The WWCIP is verifying that a producer submitting a Pool application holds a valid WI intermediary license.
- Advise the WWCIP servicing carriers to notify the employer of the reason for cancellation or non-renewal of a Pool policy.

The Committee directed that the OCI be requested to remove this recommendation as Pool policies cannot be non-renewed without specific Governing Committee approval.

- h. Other - The Committee adopted the recommendation of the WWCIP Committee to increase the loss control premium requirements found in the WWCIP Handbook.

The following amendments were approved:

- c. Loss Control Consulting Surveys - In addition to 3.b. above, the servicing carrier will provide the following:
  - i. A minimum of one on-site physical visit annually for each employer with estimated premium greater than \$50,000.
  - ii. A minimum of one on-site physical visit every three years for each employer with estimated premium between \$25,000 and \$50,000.
  - iii. For any employer not meeting the criteria in 3.c.i. and ii., the servicing carrier will conduct an on-site physical visit, if the servicing carrier deems it necessary.
  - iv. Within 90 calendar days of receipt of new business, the servicing carrier will contact each employer who qualified under 3.c.i. and ii. above, to schedule an on-site physical visit.
- e. Recommendations - Recommendations (including the status of any outstanding prior recommendations, if any), will be provided to the employer and the producer in writing within 30 calendar days of completion of the on-site physical visit.

4. The Committee was provided with the ACCCT status report.

Donna Knepper  
Executive Secretary