



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1047 – JUNE 25, 2003

PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Committee meeting held in the premises of Cherry Hills Lodge, 5905 Dunn Road, Sturgeon Bay, WI, 54235 on Friday, June 20, 2003. The meeting was called to order at 8:30 AM with the following members present:

ORGANIZATION

Travelers Insurance Company, Chair
Employers Insurance of Wausau A Mutual Company
Fireman’s Fund Insurance Company
General Casualty Insurance Company of WI
Secura Insurance Company
Sentry Insurance A Mutual Company
Society Insurance A Mutual Company
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Jonathan Scharnburg
Steve Ginsburg
Tom Schreiner
Jim Vandenberg
Phil Biwan
Ellen Altenberg-Wadel
Rick Levin
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Member Absent or Excused:

Fire & Casualty Insurance Company of CT

Also Present:

Liberty Mutual Insurance Company
Michael Best & Friedrich
Milliman USA

Bill Mech
Paul Riegel
Dennis Lange

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.”

CIRCULAR LETTER 1047 - JUNE 25, 2003 - PAGE 2

1. Vice President Kierzek presented the following information:
 - The 2002 audited year-end budget figures indicate that WCRB total expenditures is 7.4% under the approved budget.
 - A budget status report as of 5-31-03.
 - A report comparing the number of fines issued and the total income for NTCs and USRs for the first half of 2002 and 2003.
 - The Committee voted to levy an assessment for the third quarter of 2003 in the amount of \$1,572,000. It was also requested that the WCRB provide assessments for the four preceding quarters at future meetings.

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 on administrative affairs, occupancy, general expenses, salaries, personnel, etc.

President Herrmann provided the following update:

- New York becoming a new Spectrum partner, and going live with the system in July, 2003
 - California and Michigan potential new Spectrum partners
 - Building equitable buy-in, maintenance and support program for Spectrum
 - Investigating alternative imaging options
 - Developing emergency preparedness procedures
 - Financial Data Reporting Application (FDRA) – expanding fine procedure to include failure to submit quality data
 - Progress on the development of a WI Basic Manual
 - Preliminary discussions on developing a Wisconsin Experience Rating Plan Manual
3. Outstanding Issues
 - a. Workers Compensation Research Institute update. The final third round report was released in spring. An update is expected in early fall.

CIRCULAR LETTER 1047 - JUNE 25, 2003 - PAGE 3

b. Carriers placed in rehabilitation/liquidation

Paul Riegel updated the Committee on the status of Legion Insurance and Villanova Insurance.

Home Insurance Company was placed in liquidation March 4, 2003. Home Insurance had voluntarily withdrawn from Wisconsin effective May 18, 1999

- c. Unit Statistical direct reporting option. 217 carriers are reporting data directly, which represents approximately 63% of the total unit cards processed.
- d. WCRB Ratemaking - Financial Calls – Milliman tested a web-based financial call package in conjunction with the 2003 calls. A Financial Data Reporting Application (FDRA) will be available to carriers to report in 2004.
- e. NTC Procedures
- The WCRB settled an attempted negotiation with a carrier on disputed fines.
 - WCRB will take additional steps to follow up on invoicing.
 - WCRB will migrate to a monthly, aggregated invoicing system rather than the current daily invoicing system.
- f. OCI Market Conduct Examination - The final Report of Examination has not been received. The OCI legal department is still reviewing the premium discount issue for the WWCIP.
- g. The following additional items were discussed and/or acted upon:
- Subcommittee vacancies. The Actuarial and Investment Subcommittees have a vacancy for a stock carrier and the Finance Subcommittee has a vacancy for a non-stock carrier.

(Subsequent to the meeting, General Casualty Insurance Company has volunteered to fill the vacancy on the Investment Subcommittee.)
 - Accept the WCRB Audited Financial Statements Years Ended December 31, 2002 and 2001, prepared by Reilly, Penner & Benton.
 - Accept the WWCIP Audited Financial Statements Years Ended December 31, 2002 and 2001, prepared by Reilly, Penner & Benton.
 - Accept the Actuarial Analysis of the WWCIP, prepared by Milliman USA.
 - A revision to s. 102.31, Wis. Stats., to allow electronic transfer of cancellation or termination notices to the WCRB is being reviewed by the Advisory Council.

CIRCULAR LETTER 1047 - JUNE 25, 2003 - PAGE 4

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

5. Applied Molded Products Corporation

The Committee approved the charge-off an uncollectible amount of \$41,905 as owed to Middlesex Insurance Company.

The next meeting of the Governing Committee is September 10, 2003 at Sentry Insurance.

Donna Knepper
Executive Secretary