



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 2920 – JUNE 25, 2003**

**PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE**

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee held in the premises of Cherry Hills Lodge, 5905 Dunn Road, Sturgeon Bay, WI 54235 on Thursday, June 19, 2003. The meeting was called to order at 8:30 AM, with the following members present:

ORGANIZATION

REPRESENTATIVE

Society Insurance A Mutual Company, Chair  
Allied Construction Employers Association  
Continental Casualty Insurance Company  
Employers Mutual Casualty Company  
Employers Insurance of Wausau  
General Casualty Company  
  
Sentry Insurance A Mutual Company  
  
Travelers Insurance Company  
United Wisconsin Insurance Company  
Wisconsin Compensation Rating Bureau

Rick Levin  
Ed Hayden  
Pat Williams  
Jim Pousha  
Steve Ginsburg  
Tom Vanderbusch  
Jim Vandenberg  
Bill Swarhout  
Ellen Altenburg-Wadel  
Jonathan Scharnberg  
Emil Pfenninger  
Ralph Herrmann  
Richard Colvin  
Nancy Kierzek  
Christine Siekierski  
Donna Knepper

Members Absent or Excused:

Wisconsin Manufacturers & Commerce

Also Present:

Fireman’s Fund Insurance Company  
Liberty Mutual Insurance Company  
Michael Best & Friedrich  
Middlesex Insurance Company  
Milliman USA  
NCCI  
Secura Insurance A Mutual Company  
West Bend Mutual Insurance

Tom Schreiner  
Bill Mech  
Paul Riegel  
Marianne Grace-McKay  
Dennis Lange  
Joe Volman  
Phil Biwan  
Pam Allison

## **CIRCULAR LETTER 2920 – JUNE 25, 2003 – PAGE 2**

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 provided with the following information:

- The average WCPAP credit is 12%
- Milliman provided a "high level" review of the program. Initial review suggests that the average credit is excessive. Milliman will provide further detail and recommendations by the next Rating Committee.
- The Committee reviewed and recommended changes to proposed revisions to the WCPAP application and notification letters to the contracting entities. Enhancements to the WCRB Web site were also suggested.

#### ITEM NUMBER 3839 TERRORISM/CATASTROPHE ISSUES

The Committee was advised that an industry effort, facilitated by the AIA, is underway to explore the feasibility of a voluntary Worker's Compensation terrorism reinsurance pool for assigned risk carriers. The results of this study are expected in August.

#### ITEM NUMBER 3842 LARGE DEDUCTIBLE PROGRAM

Each member of the Committee was furnished with a copy of a proposed "Large Loss Reimbursement Program" submitted by Liberty Mutual Insurance Company. Liberty will amend the filing memo and proposed endorsement to address some issues that were raised and to address questions that were asked with prior filings. This revision will be sent to the Committee for review at the September, 2003 meeting.

#### ITEM NUMBER 3843 OCI MARKET CONDUCT EXAMINATION

Ralph Herrmann reported that the final Report of Examination has not been received. The premium discount issue for the WWCIP is still being reviewed by the OCI legal department.

#### ITEM NUMBER 3845 OCTOBER 1, 2003 RATE REVISION

Milliman presented the proposed October 1, 2003 rate revision to the Committee. After discussion, the committee voted to file an overall rate level increase of 4.37% with the OCI for approval. A number of changes will be included in the remainder of the filing.

**CIRCULAR LETTER 2920 – JUNE 25, 2003 – PAGE 2**

Milliman also presented a review of class code 8837 to determine if the code should remain "a" rated. The Committee voted to take no action on this item at this time and is removed from the agenda.

NEW BUSINESS

ITEM NUMBER 3846 WAIVER OF RIGHT TO RECOVER FROM OTHERS  
(SUBROGATION)

The Committee adopted the following change to the Waiver of Right to Recover from Others (Subrogation) rule on Page 21 of the Wisconsin Exception Pages for filing with the OCI:

**22. Waiver of Right to Recover from Others (Subrogation)**

Add the following to Rule 3-A-22:

The additional premium charge for such waiver will be \$50 per signed contract. The additional charge is not subject to experience rating, ~~premium discount, and any other premium modification.~~

This change will track with Premium Algorithm and the rules in the Wisconsin Unit Statistical Plan Manual.

ITEM NUMBER 3847 NCCI PROPOSAL ITEM R-1385 – 2003 UPDATE TO  
RETROSPECTIVE RATING PLAN PARAMETERS

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

The Committee reviewed and adopted the proposed 2002 Update to Retrospective Rating Plan Parameters submitted by the NCCI. This item is proposed to be effective October 1, applicable to new and renewal business only.

ITEM NUMBER 3848 CLASSIFICATION – HORSE BREEDERS

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 a letter from State Representative Rob Kreibich challenging the rate and classification system for horse breeders. The Committee reviewed the issues and agreed that the employer was properly classified and that the classification rules were appropriately applied.

This item is removed from the agenda.

The next meeting of the Rating Committee is scheduled for September 9, 2003 at Sentry Insurance.

Donna Knepper  
Executive Secretary