



Wisconsin Compensation Rating Bureau

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**CIRCULAR LETTER 2926 – DECEMBER 9, 2003**

**PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE**

To: Members of the Bureau:

Minutes of the Wisconsin Rating Committee meeting held in the premises of the Wisconsin Compensation Rating Bureau on Tuesday, December 2, 2003. The meeting was called to order at 9:00 A.M. with the following members present:

ORGANIZATION

REPRESENTATIVE

Society Insurance A Mutual Company, Chair

Rick Levin

Allied Construction Employers Association

Chad Thurn

Continental Casualty Insurance Company

Ed Hayden

Employers Mutual Casualty Company

Dave Wulff

Employers Insurance of Wausau

Jim Pousha

General Casualty Company

Steve Ginsburg

Sentry Insurance A Mutual Company

Tom Vanderbusch

United Wisconsin Insurance Company

Ellen Altenburg-Wadel

Wisconsin Manufacturers & Commerce

Paul Hingtgen

Wisconsin Compensation Rating Bureau

Emil Pfenninger

John Metcalf

Ralph Herrmann

Richard Colvin

Nancy Kierzek

Melanie Lindseth

Donna Knepper

Present for Part of Meeting:

United Wisconsin Insurance Company

Emil Pfenninger

Member Absent or Excused:

Travelers Insurance Company

Also Present:

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AmComp  
Fireman's Fund Insurance Company  
Liberty Mutual Insurance Company

Michael Best & Friedrich  
Middlesex Insurance Company  
Milliman USA  
NCCI  
Office of the Commissioner of Insurance  
Secura Insurance A Mutual Company  
Tri State Insurance of MN  
West Bend Mutual Insurance Company

Debbie Towler  
Tom Schreiner  
Val Schmelzer  
Joy Carr  
Paul Riegel  
Marianne Grace-McKay  
Gary Josephson  
Joe Volman  
Laura Andreasson  
Phil Biwan  
Judy Baldus  
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 provided with the usual update on WCPAP activity.

The WCRB formed an ad hoc committee to review the performance of WCPAP participants compared to non-participants. The Committee concurred with the following recommendations, based on a study completed by Milliman USA:

- The WCPAP program will be continued. The current revised program will be reviewed by 12-31-06, with a sunset date of 7-1-07.
- The highest credit available will be decreased from 20% to 10%.
- The current wage scale will be increased with a minimum wage of approximately \$21 per hour.
- The wage rate will be adjusted annually based on the average wage inflation rate for the contracting industry group provided in the annual rate revision.

The results of the study conducted by Milliman, USA will be presented to the Wisconsin Advisory Council.

The WCRB will release a Circular Letter reminding carriers to verify the payroll information used in the calculation of the WCPAP credit.

ITEM NUMBER 3839 TERRORISM/CATASTROPHE ISSUES

Each member of the Committee was furnished with a copy of a letter from the Office of the Commissioner of Insurance indicating that the current terrorism rates filed with their office expire on December 31, 2003. The Committee directed that the WCRB resubmit the December 30, 2003 filing which proposed an overall risk rate of \$0.03 per \$100 of payroll. This rate will be filed on behalf of all member companies to be effective 1-1-04, applicable to new and renewal business only. If approved, deviations will no longer be acceptable.

ITEM NUMBER 3842 LARGE DEDUCTIBLE PROGRAM

A large deductible filing has not been submitted for Committee review. This item is removed from the agenda and will be reintroduced as needed.

ITEM NUMBER 3843 OCI MARKET CONDUCT EXAMINATION

The Committee was advised that the premium discount issue has been settled. The Market Conduct Examination was amended to suggest that the rule prohibiting a premium discount be reconsidered rather than recommending that the Pool select a single premium discount schedule. A final draft of the examination has not been received.

This item is removed from the agenda.

ITEM NUMBER 3849 NCCI PROPOSAL ITEM U-1396 – URE WCSP PENSION TABLE REVISIONS (1999 MORTALITY)

With all business complete, this item is removed from the agenda.

ITEM NUMBER 3850 NCCI PROPOSAL ITEM E-1379 – 2003 EXPERIENCE RATING PLAN MANUAL FOR WORKERS COMPENSATION AND EMPLOYERS LIABILITY

The Committee was advised that the WCRB has begun to develop a WI Experience Rating Manual. It is anticipated that a draft proposal will be available for review by the March Rating Committee meeting.

NEW BUSINESS

By the unanimous consent of all members present, the following items were added to the agenda.

ITEM NUMBER 3851 NOTICE OF NONRENEWAL vs CANCELATION

On May 7, 2003, the WCRB announced that we would begin accepting Wisconsin Notice of Termination and Wisconsin Notice of Reinstatement records via Magnetic Tape Transmission.

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Some insurers have incorrectly programmed the rules for non-renewal indicating the reason for the non-renewal was due to an action by the insured. Non-renewals are strictly an action of the insurer and requires a 60 day notice to the WCRB. Non-payment of a renewal quote is an action of the insured and requires a 30 day termination notice. Non-payment of premium includes interim audits, billings, renewal quotes, final audits, etc.

The WCRB will release a separate Circular Letter addressing this issue.

**ITEM NUMBER 3852 WWCIP SURPLUS REPORT**

Each member of the Committee was furnished with a copy of a report generated by Milliman USA projecting the possible impact on the Pool's surplus should adverse trends develop. The report will be provided to the Rating Committee annually on an informational basis.

**ITEM NUMBER 3853 WISCONSIN BASIC MANUAL**

The Committee was provided with a draft copy of the rule section of the proposed Wisconsin Basic Manual. A review group consisting of AmComp Insurance, Employers Insurance of Wausau, General Casualty Company of WI, Secura Insurance A Mutual Company, and United Wisconsin Insurance Company was formed to assist in finalizing the draft.

The review group will meet on February 3, 2004 at 9:30 A.M. at the WCRB.

The next meeting of the Rating Committee is tentatively scheduled for Tuesday, March 9, 2004.

Donna Knepper  
Executive Secretary