



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 436 - MARCH 31, 2003

TO: Members of the Bureau

FROM: Donna Knepper

RE: OCI Market Conduct Examination - Recommendations

The OCI Market Conduct Examination resulted in several recommended changes to WCRB procedures. The following recommendations were accepted by both the Rating and Governing Committees:

- 60 Day Late Filing Fine.

Effective October 1, 2003, any policy or evidence of coverage 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. To assist carriers in assessing the impact of this change, 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.

A binder can be used as evidence of coverage. A binder must be on the carrier letterhead, be signed by an authorized representative of the carrier, and provide the following information.

- ◇ Insured's name and address
- ◇ Name of the carrier providing coverage
- ◇ Policy number
- ◇ Effective date of coverage

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

The 2002 rate change effective date will move from July to October; however, the rates will be available in July. This will allow carriers enough time to issue policies with the correct rates. 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.

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Beginning April 2003, advisory Notices To Carriers (NTCs) will be issued when a policy is received where the expense constant is less than the WI expense constant. Commencing with policies received 10-1-03, these NTCs will become mandatory and subject to the fining procedure.

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

Beginning April 2003, advisory Notices To Carriers (NTCs) will be issued when the policy does not reflect to correct modification. Commencing with policies received 10-1-03, these NTCs will become mandatory and subject to the fining procedure.

The rule in the Experience Rating Plan Manual reads as follows:

"6. Changes in Experience Modifications

- a. Changes in experience modifications which result in a decrease in the modification, whether determined during the policy prior or at audit, shall be applied retroactively to the inception of the policy or to the Anniversary Rating Date, if different than the policy effective date.
- b. Changes in experience modifications which result in an increase in the last modification applied or endorsed to the policy, shall implemented as follows:
 1. During the first 90 days of the policy period, the increase in premium is applied retroactively to the inception of the policy.
 2. After the first 90 days of the policy period, the increase in premium is computed pro rata from the date the insurer endorses the policy, Or
 3. Within the first 90 days after the Anniversary Rating Date, the increase in modification is applied retroactively to the Anniversary Rating Date, if different than the policy effective date. Or,
 4. More than 90 days after the Anniversary Rating Date, the increase in modification is computed pro rata from the date the insurer endorses the policy."

Carriers are reminded that the date the endorsement is issued must be clearly indicated.