



Wisconsin Compensation Rating Bureau

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Located at 20700 Swenson Drive, Suite 100, Waukesha, WI 53186

CIRCULAR LETTER 1061 – DECEMBER 13, 2004

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, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, December 7, 2004. The meeting was called to order at 1:00 P.M. with the following members present:

ORGANIZATION

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

REPRESENTATIVE

Steve Ginsburg
Ken Blake
Jim Vandenberg
Phil Biwan
Bill Swarhout
Rick Levin
Bruce Kaufenberg
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Member Absent or Excused:

Fire & Casualty Company of CT

Also Present:

Michael Best & Friedrich
Office of the Commissioner of Insurance

Paul Riegel
Laura Andreasson

Also Present for Part of Meeting:

Wisconsin Compensation Rating Bureau

Michael Mann

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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. The Committee approved the proposed 2005 WCRB Budget.
2. The Committee was presented the following information:
 - The 2004 Estimated Year-End/2005 Proposed Budget Report
 - An Income Report that included years 2001 through Estimated Year-End 2004.
 - An Approved Quarterly Budget Reference Chart outlining the approved quarterly assessments for the past year.
 - A report comparing the number of fines issued and the total income for NTCs and USRs for 2002 through 2004 year to date. The report summarized that for the first ten months in 2004 the Unit Statistical fine income decreased by 59.4%, the number of fines decreased by 52.8%. For the same time period, Notice to Carrier fine income decreased by 47.1%, while the number of fines decreased by approximately 35.7%.
 - The Committee voted to levy an assessment for the first quarter of 2005 in the amount of \$1,657,200.

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.

3. The usual discussion centering on administrative affairs, occupancy, general expenses, personnel, etc.

President Herrmann provided the following update:

- Improved USR tracking under Manage USR.
- Selected a vendor to provide a “Proof of Concept” for a Contact Management System (CRM) to enable the WCRB to better manage customer contact information.
- Contracted with a new e-mail vendor. WCRB will no longer be connected to the Department of Workforce Development’s e-mail system.

4. Outstanding Issues:

- a. Workers Compensation Research Institute update.

Funding to the WCRI of \$195,000 for the 6th Edition CompScope has been incorporated into the 2005 budget. WCRI will be asked to provide information on how the current information is being utilized in other states.

Sentry Insurance A Mutual Company and Society Insurance opposed the WCRI funding.

- b. Carriers placed in rehabilitation/liquidation.

WCRB reported that there no new carriers were placed in liquidation.

- c. Unit Statistical direct reporting option.

70-75% of unit statistical reports are filed directly with the WCRB.

- d. WCRB Ratemaking – Financial Calls

Revisions have been made to financial calls 3, 5, 8 and 19. The revisions have been tested and incorporated into the 2005 Financial Call package.

- e. Wisconsin Basic Manual – Wisconsin Experience Rating Manual.

The Rating Committee adopted the proposed Wisconsin Basic Manual for filing with the Office of the Commissioner of Insurance.

Richard Colvin expressed his appreciation to Donna Knepper, the ADHOC Subcommittee, and WCRB legal counsel for their contributions in developing the manual.

The Wisconsin Experience Rating Manual has been approved by the Office of the Commissioner of Insurance effective January 1, 2005.

Ralph Herrmann expressed his appreciation to Melanie Lindseth, Lynn Bittner, WCRB legal counsel, and members of the Rating Committee for their contributions in developing the manual.

- f. Pool 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.

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- g. The following additional items were discussed and/or acted upon:

Paul Riegel, WCRB legal counsel, reported that the Department of Workforce Development has formed a subcommittee to review the current backlog of hearings. Changes to the current hearing procedures may have a potential impact on future litigation.

5. The Committee was provided an Executive Summary on ACCCT activities.

The next Governing Committee meeting is tentatively scheduled for Tuesday, March 8, 2005, at 1:00 P.M.

Donna Knepper
Executive Secretary