



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1057 – JUNE 28, 2004

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 18, 2004. The meeting was called to order at 8:30 AM with the following members present:

ORGANIZATION

REPRESENTATIVE

Employers Insurance of Wausau A Mutual Co., Chair
Fire & Casualty Insurance Co. of CT
General Casualty Insurance Co. of WI
Secura Insurance Co.
Sentry Insurance A Mutual Co.
Society Insurance A Mutual Co.
Travelers Insurance Co.

Steve Ginsburg
Vicki Vesely
Jim Vandenberg
Phil Biwan
Bill Swarhout
Chad Thurn
Alan Carpenter
Bruce Kaufenberg
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Donna Knepper

Wisconsin Compensation Rating Bureau

Member Absent or Excused:

Fireman’s Fund Insurance Company

Also Present:

Michael Best & Friedrich
Milliman USA

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.”

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1. The Committee was presented the following information:
 - The 2003 Audited Year-End Budget Report. The audited year-end budget was 5.9% under the approved budget.
 - The 2004 Approved Budget Report.
 - An Approved Quarterly Budget Reference Chart outlining the approved quarterly assessment for the past year.
 - A report comparing the number of fines issued and the total income for NTCs and USRs for the first quarter 2002 through 2004. The report summarized that both the number of fines levied and the fine income have decreased significantly as a result of the WCRB Unit Statistical Tracking System web product, as well as the graduate fining program implemented in January 2003.
 - The Committee voted to levy an assessment for the second quarter of 2004 in the amount of \$1,652,375.

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, personnel, etc.

President Herrmann provided the following update:

- WCRB hosted carrier and agent focus group meeting on June 8th and 10th to provide input on the WCRB Web site.
- Conducted internal staff training on emergency preparedness, as well as an educational seminar from Fidelity on our 401k investment plan.
- Scheduled a WCRB Investment Subcommittee meeting to be held on August 31, 2004.
- Contract negotiations are underway with Milliman USA for continuing as WCRB's ratemaking actuarial vendor.
- Filled a vacant programmer position in the IT Department.
- Recruiting a replacement for an Inspector position.
- Proof of Concept phase of an in-house imaging system is continuing.
- Upcoming industry training sessions.

3. Outstanding Issues:

- a. Workers Compensation Research Institute update.

The 4th Edition CompScope is available. WCRB will furnish Committee members with a hard-copy edition.

- b. Carriers placed in rehabilitation/liquidation.

There was nothing new to report.

- c. Unit Statistical direct reporting option.

68% - 70% of carriers are filing directly with the WCRB.

- d. WCRB Ratemaking – Financial Calls

NCCI is in the process of enhancing the unit statistical reporting requirements to include 6th-10th report levels. A formal proposal should be available for review at the next meeting.

- e. NTC Procedures

There was no new activity to report.

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

The rule section of the WI Basic Manual is being prepared to send to a technical writer for review and input. The classification portion of the proposed Manual is currently being edited.

The WI Experience Rating Manual is currently being reviewed by the technical writer.

WCRB expressed its gratitude to the ad hoc committee for their work on editing the WI Basic Manual.

- g. Pool Surplus Report

WCRB reported that the adjusted value of the net assets was 111% of the actuarially adjusted outstanding losses. The amount declared for 2003 to bring the net assets up to 125% of the aggregate estimated values of such claims is \$24,454,838. The Pool requires an actual assessment or disbursement not less than every five years. 2004 is the fifth year since the last actual distribution. Prior to the 2003 assessment declared but not levied of \$24,454,838, there were outstanding disbursements declared but not distributed of \$29,331,971. The resulting net credit balance of \$4,877,133, (which takes into consideration the Home Insurance refunds previously approved and distributed), under the five-year rule, will be distributed by the Pool in the fourth quarter of 2004.

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- h. The following additional items were discussed and/or acted upon:
- Accept the WCRB Audited Financial Statements Years Ended December 31, 2003 and 2002, prepared by Reilly, Penner & Benton.
 - Accept the WWCIP Audited Financial Statements Years Ended December 31, 2003 and 2002, prepared by Reilly, Penner & Benton.
 - Accept the Actuarial Analysis of the WWCIP, prepared by Milliman USA.

4. Stanley Lang dba Lang Remodeling & Roofing

The Committee approved the transfer to the request submitted by Society Insurance to transfer \$9,551.66 owed by Lang Remodeling & Roofing. Society Insurance Company abstained from voting.

This item is removed from the agenda.

5. ER Construction Inc.

The Committee approved the request submitted by Society Insurance to charge-off \$31,977 owed by ER Construction Inc. Society Insurance Company abstained from voting.

This item is removed from the agenda.

6. Robert Volz Trucking, Inc.

The Committee approved the transfer an uncollectible amount of \$7,505 as owed by Robert Volz Trucking Inc. Sentry Insurance Company abstained from voting.

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

The Committee expressed its gratitude to Alan Carpenter for his many years of service and contributions to the various WCRB Committees.

The next Governing Committee meeting is tentatively scheduled for Wednesday, September 15, 2004.

Donna Knepper
Executive Secretary