



Wisconsin Compensation Rating Bureau

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

**CIRCULAR LETTER 2952 – MARCH 10, 2005**

**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, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, March 10, 2005. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

Wisconsin Manufacturers & Commerce, Chair  
Allied Construction Employers Association  
Employers Insurance of Wausau

Employers Mutual Casualty Company  
General Casualty Insurance Company  
Sentry Insurance A Mutual Company

Society Insurance A Mutual Company  
Travelers Insurance Company  
United Wisconsin Insurance Company  
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

John Metcalf  
Ed Hayden  
Steve Ginsburg  
Val Schmelzer  
Jim Pousha  
Mike Schmike  
Ellen Altenburg-Wadel  
Sandy Knoll  
Chad Thurn  
Bruce Kaufenberg  
Emil Pfenninger  
Ralph Herrmann  
Richard Colvin  
Nancy Kierzek  
Christine Siekierski  
Tad Cleveland  
Donna Knepper

Member Absent or Excused:

Continental Casualty Insurance Company

Also Present:

AmComp

Ryan Jones  
Betsy Martin

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Fireman's Fund Insurance Company  
NCCI  
Office of the Commissioner of Insurance  
Riegel Law, S.C.  
Secura Insurance A Mutual Company  
Tri State Insurance Company of MN  
West Bend Mutual Insurance

Ken Blake  
Joe Volman  
Laura Andreasson  
Paul Riegel  
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 average contractor credit continues to be 4%.

ITEM NUMBER 3852 WWCIP SURPLUS REPORT

This item is continued as a reminder to provide an update in December.

WCRB will continue to monitor Pool activity and may provide additional information prior to the December meeting.

ITEM NUMBER 3860 FREDMAN BAG CO.- HEARING

The Committee was advised that a hearing with the Office of the Commissioner of Insurance was held January 11-12, 2005. Responses to post hearing briefs were filed on February 16, 2005. The Committee will be notified when a decision has been rendered.

ITEM NUMBER 3863 NCCI PROPOSAL ITEM B-1387 – REVISIONS OF BASIC  
MANUAL CLASSIFICATIONS

WCRB provided the Committee with information on the reallocation of exposure currently assigned to Code 8837 – Charitable Welfare Organizations and Group Homes. It was determined that three options were available:

- Retain classification code 8837 and continue to calculate the “a” rates.
- Adopt NCCI Proposal Item B-1387 and establish classification codes 8842 Group Homes – All Employees & Salespersons, Drivers; and 8864 – Social

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Services organization – All Employees & Salespersons , Drivers. Under this proposal, Juvenile Detention Centers would be classified under code 7720 – Police Officers & Drivers.

- Eliminate classification code 8837, reject NCCI Proposal Item B-1387 and reassign the exposure to the appropriate standard classification code.

After discussion, an Adhoc Committee comprised of Employers Insurance of Wausau, General Casualty, Travelers Insurance and United Wisconsin was formed to review this item.

### ITEM NUMBER 3866 BAY VIEW INDUSTRIES, INC.

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

### ITEM NUMBER 3867 OFFICE OF FOREIGN ASSET CONTROL (OFAC) ENDORSEMENT

The NCCI reported that some carriers are using policyholder notices to notify insureds of OFAC regulations pertaining to U.S. sanctions law and Specially Designated Nationals and Blocked Persons. NCCI will keep the WCRB apprised of any developments.

### ITEM NUMBER 3868 NCCI PROPOSAL ITEM B – 1391 – REVISION TO BASIC MANUAL CLASSIFICATIONS

The WCRB met with the mechanical contractors for their input and heard no objection on the establishment of classification code 5537 – Heating, Ventilation, Air-Conditioning and Refrigeration Systems – Installation, Service and Repair & Drivers. This proposal will eliminate Wisconsin code 5194.

The Committee voted to adopt this proposal for filing with the Office of the Commissioner of Insurance to be effective October 1, 2005.

### ITEM NUMBER 3870 NCCI PROPOSAL ITEM B-1393 MISCELLANEOUS VALUES FOR DOMESTIC TERRORISM, EARTHQUAKES, AND CATASTROPHIC INDUSTRIAL ACCIDENTS

WCRB has responded to the disapproval by the Office of the Commissioner of Insurance. This item is continued pending response from the OCI.

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ITEM NUMBER 3871 WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS  
ENDORSEMENT – WC 00 03 13

The current rule in the WI Basic Manual states:

G. WAIVER OF RIGHT TO RECOVER FROM OTHERS

The additional charge for such waiver will be \$50 per signed contract. The additional charge is not subject to experience rating.

Issues were raised with regard to the “per signed contract” and the charge for the waiver. The term of the signed contract can overlap several policy periods and more than one carrier may be involved. The Committee voted to revise the WI Basic Manual rule to indicate that the \$50 charge is applicable per signed contract and per policy period.

ITEM NUMBER 3872 WORK STUDY CHARGE

WCRB contacted the Department of Workforce Development to review the current charge of \$0.50 per student per week for the work study program. DWD did not have a strong opinion on whether or not a change was needed. The Committee concurred with the recommendation of the WCRB to not propose any change to the current charge.

This item is removed with no action taken.

NEW BUSINESS

ITEM NUMBER 3873 OCTOBER 1, 2005 RATE REVISION

Each member of the Committee was furnished with a summary of the February 16, 2005 Actuarial Subcommittee meeting. The next Subcommittee meeting is scheduled for May 12, 2005 at which time the ratemaking methodology will be finalized and overall rate revision indications will be provided.

The Committee was advised that there is a vacancy for a stock company on the Actuarial Subcommittee.

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

ITEM NUMBER 3874 WORKERS COMPENSATION APPLICATION

WCRB was notified that the current Workers Compensation Application approved for use in Wisconsin is outdated. The Committee voted to file ACORD Workers Compensation Application Form 103(2004/03) edition with the Office of the Commissioner of Insurance for approval.

This item is removed from the agenda.

ITEM NUMBER 3875 PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)

Each member of the Committee was furnished with proposed changes to ch 102, Wis Stats. The proposed statutory changes would define a Temporary Help Agency, Employee Leasing Organization and a Professional Employer Organization (PEO). The proposed changes would require Employee Leasing Organizations and PEOs to attach the Alternate Employer Endorsement to their worker's compensation insurance policy identifying their clients. The Alternate Employer Endorsement would remain in effect until a 30 days notice of termination of the endorsement.

Several concerns have been raised with regard to coverage and rating issues, including experience rating modifications and corporate officer non-election.

This issue is being investigated on a national level.

The next Rating Committee meeting is scheduled for Thursday, May 19, 2005 at 9:30 A.M.

Donna Knepper  
Executive Secretary