



Wisconsin Compensation Rating Bureau

262-796-4540 ▲ Fax 262-796-4400 ▲ www.wcrb.org

P.O. Box 3080 ▲ Milwaukee, WI 53201-3080

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

CIRCULAR LETTER 2959 – JUNE 1, 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 Thursday, May 19, 2005. The meeting was called to order immediately following the Annual Meeting with the following members present:

ORGANIZATION

Employers Insurance of Wausau, Chair
Allied Construction Employers Association
Continental Casualty Insurance Company
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 Manufacturers & Commerce
Wisconsin Compensation Rating Bureau

Also Present:

American Home Assurance Company
AmComp Insurance
Badger Mutual Insurance

Fireman's Fund Insurance Company
Milliman USA
Office of the Commissioner of Insurance
R & R Insurance
Riegel Law, S.C.
West Bend Mutual Insurance

REPRESENTATIVE

Mike Koski
Ed Hayden
George Agyen
Mike Lester
Jim Vandenberg
Mike Schimke
Bill Swarthout
Ellen Altenburg-Wadel
Rick Levin
Chad Thurn
Bruce Kaufenberg
Emil Pfenninger
John Metcalf
Ralph Herrmann
Richard Colvin
Nancy Kierzek
Christine Siekierski
Tad Cleveland
Donna Knepper

Ira Feuerlicht
Debbie Towler
Terry Falls
Jeremy Jutrzonka
Ken Blake
Gary Josephson
Laura Andreasson
Nancy McMurry
Paul Riegel
Tom Holman
Pam Allison

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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.”

This Special Rating Committee meeting was called to discuss the following items:

1. The Actuarial Subcommittee presented preliminary information on the proposed October 1, 2005 rate revision to the Committee. The Subcommittee met on February 12, 2005 to discuss the methodology. The Subcommittee voted to maintain the current 2 year paid with 2 year LDF methodology; however, in the event any two of the three following scenarios occur after review of the financial call data, consideration would be given to incorporating a methodology which incorporates case incurreds:
 - If case reserve development continues to grow at a rate similar to what occurred last year.
 - If paid loss development returns to previous levels of increase.
 - If claim frequency continues to decline.

The Actuarial Subcommittee concluded that they felt there was evidence that all three criteria were met. Therefore, the Actuarial Subcommittee’s recommendation was to give 50% weight to the indication based on paid losses and 50% to the indication based on paid plus case losses. Following considerable discussion, the Committee voted 9 to 1 to file the recommended change in methodology. United Wisconsin Insurance Company opposed the change. A second motion was made and unanimously adopted to direct WCRB staff continue discussions on methodology with the Office of the Commissioner of Insurance.

2. By unanimous consent of all members present, this item was added to the agenda.

President Herrmann updated the Committee on the ongoing discussions with the Office of the Commissioner of Insurance, the Department of Workforce Development, and members of several Professional Employer Organizations (PEOs) with regard to the treatment of PEOs in WI. These collective parties are attempting to draft language which would enable the tracking of payroll and loss experience, by employer, for purposes of experience rating and to address issues related to proof of coverage and divided coverage. These changes would be proposed to the Worker’s Compensation Advisory Council for inclusion into the 2006 Agreed Bill.

Donna Knepper
Executive Secretary