



Wisconsin Compensation Rating Bureau

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**CIRCULAR LETTER 1079—SEPTEMBER 27, 2006**

**PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE**

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Committee meeting held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Wednesday, September 13, 2006. The meeting was called to order at 8:30 AM, with the following members present:

ORGANIZATION

Sentry Insurance A Mutual Co., Chair  
  
American Home Assurance Company  
Employers Insurance Company of Wausau  
  
General Casualty Insurance Co. of WI  
Secura Insurance Co.  
Society Insurance A Mutual Co.  
Travelers Insurance Co.  
Wisconsin Compensation Rating Bureau

REPRESENTATIVE

Bill Swarthout  
Tom Timm  
Ira Feuerlicht  
Steve Ginsburg  
Steve Bandy  
Jim Vandenberg  
Phil Biwan  
Rick Levin  
Bruce Kaufenberg  
Ralph Herrmann  
Richard Colvin  
Christine Siekierski  
Nancy Kierzek  
Tad Cleveland  
Donna Knepper

Member Absent or Excused:

Fireman’s Fund Insurance Company

Also Present:

Liberty Mutual Insurance Company  
Office of the Commissioner of Insurance  
  
Riegel Law, S.C.  
West Bend Mutual Insurance Company

Val Schmelzer  
Laura Andreasson  
Ronnie Demergian  
Paul Riegel  
Joel Christ

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 was presented the following information:

- The 2006 Approved Budget/2007 Preliminary Budget Report.
- An Income Report that included years 2003 through 8-31-06.
- 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 May, 2006. The report summarized that the Unit Statistical fine income decreased by 53.7% from 2002 to September, 2006, and the number of fines decreased by 76.8%. For the same time period, Notice to Carrier fine income decreased by 43%, while the number of fines decreased by approximately 62%.
- The Committee voted to levy an assessment for the fourth quarter of 2006 in the amount of \$1,744,703.

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.

The Committee was provided the following update:

- Proposed implementation of policy processing charges for hard-copy submission of policy information. The proposal includes a two-stage implementation program and more detailed information to the carriers. No charge was approved at this time. The WCRB will determine department costs and put together an alternate proposal for discussion at the December meeting.
- An Actuarial Subcommittee meeting is scheduled for November 1, 2006 to discuss the following items:
  1. Wisconsin Worker's Compensation Insurance Pool Fund guidelines.
  2. October 1, 2007 rate filing. Identify all reports and analysis needed to help with methodology decisions.
  3. Actuarial structure and WCRB review of alternate structures.

4. Creation of a Request For Proposal (RFP) for the actuarial contract.

- Affirmed the e-mail vote for WCRB participation in a Permanent Total Disability (PTD) Subgroup created by the Worker's Compensation Advisory Council. Also affirmed the e-mail vote for WCRB participation in a Logging Subcommittee created by the Department of Workforce Development.
- The attainment of the Project Manager Professional (PMP) designation and promotion of Beth Nickel to Project Manager.
- The Committee adopted the adjustments to the percentages of charges shared with the Wisconsin Automobile Insurance Plan as recommended by the Joint Finance Subcommittee.

3. Outstanding Issues:

a. Workers Compensation Research Institute

WCRI is reviewing alternatives to the publishing of both a complete CompScope report and Anatomy report annually. They are also investigating the possibility of providing various information via a web product, which would be accessible by the public.

b. Carriers placed in rehabilitation/liquidation

WCRB reported on carriers recently placed in rehabilitation or liquidation.

c. Unit Statistical direct reporting option

297 carriers are filing unit statistical reports directly with the WCRB, representing over 70% of all submissions.

d. WCRB Ratemaking—Financial Calls

All business regarding the October 1, 2006 rate revision is complete.

e. Pool Surplus Report

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

f. Acuity v Olivas

The committee was updated on the ongoing case, Acuity v Olivas, and the application of the 9-point independent contractor test for the collection of premium. A Hearing was held before the Wisconsin Supreme Court on September 12, 2006.

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

- The Committee was updated on the lawsuit filed against the WCRB and the OCI. The Motion To Dismiss has been amended to a Motion For Summary Judgment. Final briefs are due on October 6, 2006, and arguments will be heard on October 20, 2006. It is hoped that a ruling may be made by October 31, 2006.

NAPEO was granted permission by the court to file an Amicus Motion.

- Kemper Insurance Group hearing before the Rating Committee on Tuesday, September 12, 2006 requested relief from fines levied by the WCRB and the release of WWCIP disbursement funds. The Committee agreed with the decision to waive all fines levied after March 1, 2004 and release WWCIP disbursement funds.

This item has been referred to the Operations Subcommittee to develop guidelines for handling future carrier issues such as liquidation, rehabilitation, cease and desist orders, etc.

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

The next Governing Committee meeting is scheduled for Wednesday, December 6, 2006, 9:30 AM at the WCRB office.

Donna Knepper  
Executive Secretary