



Wisconsin Compensation Rating Bureau

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**CIRCULAR LETTER 2991—SEPTEMBER 27, 2006**

**PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE**

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Rating Committee meeting held in the premises of Sentry Insurance A Mutual Company, 1800 North Point Drive, Stevens Point, WI 54481 on Tuesday, September 12, 2006. The meeting was called to order at 8:30 A.M. with the following members present:

ORGANIZATION

General Casualty Insurance Company, Chair  
American Home Assurance Company  
Employers Insurance Company of Wausau

Employers Mutual Casualty 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

REPRESENTATIVE

Jim Vandenberg  
Ken Stryczek  
Steve Ginsburg  
Steve Bandy  
Jim Pousha  
Bill Swarhout  
Ellen Altenburg-Wadel  
Tom Timm  
Rick Levin  
Bruce Kaufenberg  
JoAnne Kline  
John Metcalf (part of meeting)  
Ralph Herrmann  
Richard Colvin  
Christine Siekierski  
Nancy Kierzek  
Tad Cleveland  
Donna Knepper

Member Absent or Excused:

Allied Construction Employers Association

Also Present:

Integrity Mutual Insurance  
Liberty Mutual Insurance Company  
Office of the Commissioner of Insurance

Gary Anderson  
Val Schmelzer  
Laura Andreasson

Riegel Law, S.C.  
Tri State Insurance of MN  
West Bend Mutual Insurance

Ronnie Demergian  
Paul Riegel  
Jenny LeGro  
Pam Allison  
Joel Christ

Also Present for Part of Meeting:

Kemper Insurance Company  
Parrett & O'Connell, LLP

Alan Syc  
Lauri Ducharme  
Connie O'Connell

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

Tad Cleveland provided an update of the Wisconsin Contractor's Premium Adjustment Program. For the latest WCPAP year, beginning July 1, 2006, the WCRB has mailed 9,806 applications. This number represents all policies containing a contracting classification with an effective date July through December. The resulting average credit of 4% comes from 2,125 applications processed with effective dates July through December.

The program is scheduled to sunset July 1, 2007. Milliman will prepare an analysis of the program for Committee review at the December meeting.

ITEM NUMBER 3852 WWCIP SURPLUS REPORT

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

ITEM NUMBER 3875 PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)

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.

The Worker's Compensation Advisory Council (WCAC) has formed a workgroup to address issues unique to the PEO industry. The workgroup will meet on September 14, 2006. As a result of the ongoing discussions, the effective date of the amendment to Basic Manual IX(E) Professional Employer Organizations – Temporary Help Agency has been extended to January 1, 2007, applicable to new and renewal business only.

WCRB staff will develop necessary endorsements and processing procedures.

ITEM NUMBER 3880 MECHANIZED LOGGING

The Committee was updated on the study committee created to discuss a number of worker's compensation issues related specifically to the logging industry.

ITEM NUMBER 3883 SKIL-TECH, INC.

Skil-Tech, Inc. appealed the December 6, 2005 Rating Committee decision. The Administrative Law Judge agreed with the WCRB interpretation of the Experience Rating Plan Manual and the Unit Statistical Plan Manual. As such, adjustments should not be made to the unit statistical cards submitted for Skil-Tech, Inc. Skil-Tech has the right to appeal this decision.

The Experience Rating Plan Manual and the Unit Statistical Plan Manual will be reviewed for areas that may need clarification. NCCI will also be advised of the decision.

ITEM NUMBER 3885 OCTOBER 1, 2006 RATE REVISION

An Actuarial Subcommittee meeting is scheduled for November 1, 2006 to discuss the following items:

- Wisconsin Worker's Compensation Insurance Pool Fund guidelines.
- October 1, 2007 rate filing. Identify all reports and analysis needed to help with methodology decisions.
- Actuarial structure and WCRB review of alternate structures.
- Creation of a Request For Proposal (RFP) for the actuarial contract.

This item is removed from the agenda.

ITEM NUMBER 3888 NCCI PROPOSAL ITEM B-1399 REVISIONS TO BASIC MANUAL CLASSIFICATIONS FOR THE AVIATION INDUSTRY

The Committee was provided with a detailed explanation of the purpose of this filing. The FAA introduced a new set of rules called the "Commuter Initiatives". These rules changed the definition of commuter and scheduled aircraft and results in several amendments to the current Aircraft or Helicopter classification codes.

The Committee voted to adopt NCCI Proposal Item B-1399 for filing with the Office of the Commissioner of Insurance to be effective 1-1-07.

ITEM NUMBER 3889 POLICY PROCESSING FEES

The WCRB provided an update on the proposed implementation of policy processing charges for hard-copy submission of policy information. The update included:

- A proposed two-stage implementation program
- Proposed charges

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- Industry communication
- Industry training

The Committee discussed the proposals and suggested the following:

- Notify CEOs of the proposed charges.
- Enhance the industry communication to inform the individual carriers of the potential impact on their company.
- Governing Committee should set annual charge for hard-copy submission based on WCRB costs.

The Committee requested that WCRB determine department costs and put together an alternate proposal for discussion at the December meeting.

### ITEM NUMBER 3890 ACUITY v OLIVAS

The Committee was advised that the Wisconsin Supreme Court was hearing arguments September 12, 2006. There is no additional activity on this item.

## NEW BUSINESS

### ITEM NUMBER 3891 ITEM B-1403 REVISION TO BASIC MANUAL AND RETROSPECTIVE RATING PLAN MANUAL 2006 UPDATE TO HAZARD GROUPS AND RETROSPECTIVE RATING PLAN PARAMETERS

The Committee reviewed NCCI Proposal Item B-1403 and voted to adopt the proposal for filing with the Office of the Commissioner of Insurance for approval. This item is proposed to be effective October 1, 2007.

This item is removed from the agenda.

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

### ITEM NUMBER 3892 KEMPER INSURANCE

Mr. Alan Syc and Lauri Ducharme from Kemper Insurance Group, and legal counsel Ms. Connie O'Connell from Parrett & O'Connell, LLP appeared before the Committee to request relief from fines levied by the WCRB and the release of WWCIP disbursement funds.

Kemper Insurance entered into a voluntary confidential Corrective Order with the Illinois Department of Financial and Professional Regulation - Division of Insurance on March 26, 2003. At this time, Kemper ceased issuing insurance policies. The Kemper companies continue to maintain their licenses to write worker's compensation insurance. Therefore, the WCRB had continued to levy fines for failure to provide corrected unit statistical data.

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After due consideration of the request for review, the Committee accepted the proposal submitted by Kemper Insurance. WCRB will waive all fines levied after March 1, 2004 and release WWCIP disbursement funds due to Kemper Insurance Companies.

WCRB will develop procedures for future handling of issues such as liquidation, rehabilitation, cease and desist order, etc., for review at the December meeting.

The next meeting of the Rating Committee is scheduled for Tuesday, December 5, 2006 at 9:30 A.M. in the WCRB offices.

Donna Knepper  
Executive Secretary