



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 1083 – MARCH 16, 2007**

**PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE**

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Committee meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Wednesday, March 7, 2007. The meeting was called to order at 10:00 AM, with the following members present:

ORGANIZATION

Sentry Insurance A Mutual Co., Chair  
American Home Assurance Co.  
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  
Jerry Korbel  
Steve Ginsburg  
Jim Vandenberg  
Phil Biwan  
Rick Levin  
Bruce Kaufenberg  
Ralph Herrmann  
Nancy Kierzek  
Tad Cleveland  
Kay Higgins  
Donna Knepper

Member Absent or Excused:

Fireman’s Fund Insurance Co.

Also Present:

Liberty Mutual Insurance Co.  
Office of the Commissioner of Insurance

Riegel Law, S.C.  
West Bend Insurance Co.

Val Schmelzer  
Ronnie Demergian  
Walter Fellows  
Paul Riegel  
Joel Christ

**CIRCULAR LETTER 1083 – MARCH 16, 2007 – PAGE 2**

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 with the following information:

- 2006 Estimated Year-End/2007 Approved Budget.
- An Income Report that included years 2003 through 2-28-07.
- A 2006 Approved Budget vs. Final Year-End Summary.
- 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 2003 through 2006 (January through December of each year). The report summarized that the Unit Statistical fine income decreased by 65.2% from 2003 to 2006, and the number of fines issued decreased by 62.5%. For the same time period, Notice to Carrier fine income decreased by 52.1%, while the number of fines decreased by 42.8%.
- The Committee voted to levy an assessment for the second quarter of 2007 in the amount of \$1,713,294.

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:

- WCRB has released the Request For Proposal (RFP) for Ratemaking Actuarial Services to four entities: Milliman, NCCI, ISO and Tillinghast (Towers Perrin). The following timetable was provided:

RFP Released	February 13, 2007
Proposals Due	March 16, 2007
Vendor Presentations (WCRB office)	April 25 & 26, 2007
Contract to be Awarded	By July 1, 2007
Contract Effective	January 1, 2008
Contract Duration	2008*, 2009, 2010

## CIRCULAR LETTER 1083 – MARCH 16, 2007 – PAGE 3

- The Committee was advised of the ongoing efforts to encourage member carriers to submit data to WCRB via electronic transaction rather than hard-copy submission. A letter to the Home Office of all carriers submitting data hard-copy will be sent within the next couple of weeks. This letter will provide an estimate of the cost that may have been incurred had the processing fee program been in effect in 2006.

WCRB also provided a summary report of carriers submitting hard-copy policy document versus electronic transaction, and carriers in test for electronic transaction.

- The Committee was updated on the activity of the Permanent Total Disability (PTD) Subgroup created by the Worker's Compensation Advisory Council. Currently 79% of the PTD benefits are awarded by Administrative Law Judges and 21% are scheduled benefits in accordance with the Worker's Compensation Act.
- A Medical Cost Containment Study Group has been formed.
- Gene Francisco from the Great Lakes Timber Association, Terry Maze from the Department of Transportation, and representatives from the Department of Workforce Development updated the Rating Committee on ongoing issues and concerns in the logging industry. A major area of discussion was the possibility of developing a certification program for loggers. The Rating Committee requested WCRB to aid in the development of a certified logger safety program. Included in the program should be curriculum requirements, certification processes and overall management of the certification program. The Committee was informed that some actuarial services from Milliman may be necessary.
- The Committee was furnished with a copy of a Worker's Compensation Terrorism Impact & Education Study Group Issues Paper. This paper is for information only and no further action is anticipated.
- A position for an Inspector has been posted. Several applications have been received. It is anticipated that the position will be filled in late Spring/early Summer.
- Announced the following promotions:
  - Tad Cleveland to Vice President – Technical Services
  - Michael Mann to Vice President – Information Technology.

### 3. Outstanding Issues:

#### a. Workers Compensation Research Institute

The Committee furnished with Quarterly Accomplishments summary submitted by WCRI.

**CIRCULAR LETTER 1083 – MARCH 16, 2007 – PAGE 4**

b. Carriers placed in rehabilitation/liquidation

There was no new activity to report.

c. Unit Statistical direct reporting option

The number of carriers filing unit statistical reports directly with the WCRB remains consistent at approximately 75%.

d. WCRB Ratemaking – Financial Calls

The first ratemaking financial call is due the week of March 12, 2007.

e. Pool Surplus Report

The next Pool Surplus Report should be available at the June 15, 2007 meeting.

f. Acuity v. Olivas

The Committee was advised that the Wisconsin Supreme Court determined that the nine point test for independent contractors applies to both the payment of worker's compensation benefits and premium determination.

The Supreme Court decision left unanswered coverage questions between sole proprietors and general contractors that will need to be researched and addressed.

g. Employer Group (TEG) v WCRB and OCI

WCRB Legal Counsel, Paul Riegel advised that the lawsuit is on hold pending passage of amended language regarding Employee Leasing Companies in the 2008 "Agreed Bill".

h. WCRB By-Laws

The Committee was furnished with a copy of recommended amendments to the WCRB By-Laws. WCRB requested the Committee review the proposed revisions for discussion at the June 14, 2007 meeting.

i. Other

The following additional item was discussed and/or acted upon:

The Actuarial subcommittee recommended changes to the Wisconsin Worker's Compensation Insurance Pool Fund value definitions found in the Appendix of the Wisconsin Basic Manual. The proposed amendments tighten up current fund parameters. The Committee adopted the recommendations and will submit the proposal to the Governing Committee for approval.

4. Municipal Mutual Insurance Companies

This item is continued pending a technical bill regarding municipal insurers' participation in the Wisconsin Worker's Compensation Insurance Pool.

5. 1<sup>st</sup> Miracle Roofing LLC

The Committee approved the recommendation from Bureau staff to charge-off an uncollectible amount of \$28,992 as owed by 1<sup>st</sup> Miracle Roofing LLC to Tri-State Insurance Company of MN.

The Committee requested a review of the current requirement that charge-offs in excess of \$25,000 requires Governing Committee approval. WCRB will compile a list of charge-offs for the past couple of years for review at the June 15, 2007.

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

The next Governing Committee meeting is the Annual Meeting scheduled on May 17, 2007 at 10:00 A.M. in the office of the Wisconsin Compensation Rating Bureau.

Donna Knepper  
Executive Secretary