



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1090—SEPTEMBER 24, 2007

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 12, 2007. The meeting was called to order at 8:30 AM, with the following members present:

ORGANIZATION

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

REPRESENTATIVE

Bruce Kaufenberg
Jerry Korbel
Steve Ginsburg
Mike Schimke
Phil Biwan
Janet Fagan
Rick Levin
Paul Hingtgen
Ralph Herrmann
Christine Siekierski
Nancy Kierzek
Tad Cleveland
Melanie Lindseth
Donna Knepper

Also Present:

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

Val Schmelzer
Gary Josephson
Ronnie Demergian
Paul Riegel
Pam Allison
Steve Mueller

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 2007 Approved Budget/2008 Preliminary Budget Report, which included adjustments to the 2007 approved budget.
- Detail of the 2008 Estimated Information Technology Budget.
- An Income Report that included years 2004 through 8-31-07.
- An Approved Quarterly Budget Reference Chart outlining the approved quarterly assessments for the past year and the current proposed quarterly assessment.
- A report comparing the number of fines issued and the total income for NTCs and USRs for January through August, 2003 through 2007. The report summarized that the Unit Statistical fine income decreased by 69.8% from 2003 to 2007, and the number of fines decreased by 65.5%. For the same time period, Notice to Carrier fine income decreased by 50.8%, while the number of fines decreased by 41.1%.
- The Committee voted to levy an assessment for the fourth quarter of 2007 in the amount of \$1,537,976.

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 began investigating the feasibility of purchasing reinsurance for the Pool. WCRB will obtain alternative limit and retention level models.
- Ratemaking evaluation

The Committee was advised that WCRB has sent a “Ratemaking Process Evaluation” questionnaire to the Actuarial Subcommittee, OCI and Milliman requesting input on the current ratemaking process.

- Data Quality Assurance

WCRB is looking at information sharing with other Independent Bureaus regarding quality and editing processes.

- Hard copy reporting

The Committee was updated on the Policy Processing Hard Copy Fee program that will be implemented January 1, 2008. The first phase of the program will initiate a \$25 charge on the hard copy equivalents of transactions 01, 02, 05, and 06.

01 = New Policies

02 = Renewal Policies

05 = Cancellations, Terminations, and Reinstatements

06 = Policy Replacement due to key field change

Approximately 83% of policies submitted to the WCRB are by carriers who are already submitting electronically, are in the testing phase, or have indicated their intent to file electronically in 2008.

To assist hard copy reporting carriers with the transition to electronic filing, WCRB has enhanced the Policy Entry and Edit Package (PEEP) and has conducted several training sessions.

- WCRB, DWD and OCI will be conducting a two-day training session for the Independent Insurance Agents of Wisconsin. Topics will include:

- Rate revisions
- Employee Leasing Company (ELC) law and policy issuance changes
- Online Assigned Risk application (OAR)
- Wisconsin Certified Logger Safety Program
- Gaps in employer coverage
- Dividend plans

- The following enhancements have been made to the WCRB Web site:

- Schedule Z is available to member carriers
- Access to the latest 3 complete rate filings
- Refined the search for the WWCIP Depopulation Report
- Development of user surveys on a per Web product basis
- Development of carrier coverage history look-up

- Pool Handbook

The Committee was furnished with a copy of the proposed revisions to the Pool Handbook. WCRB highlighted several of the suggested changes. The Committee was asked to review the proposed changes. An e-mail vote for filing with the Office of the Commissioner of Insurance will be taken on October 1, 2007.

- Online Assigned Risk (OAR) application. Testing of OAR will begin in December, with implementation early in 2008.
- Wisconsin Certified Logger Safety (CLS) Program

The Committee was provided a copy of the proposed Wisconsin Certified Logger Safety (CLS) Program. Subject to OCI approval, the CLS would provide up to a 15% premium credit for employees completing the certification program sponsored by the Great Lakes Timber Professional Association (GLTPA). The program will proposed to be effective 7-1-08 with a sunset date of 7-1-13.

- WCRB is in the process of developing standardized quarterly and annual electronic reporting forms for Pool carriers.

3. Outstanding Issues:

a. Workers Compensation Research Institute

WCRI has drafted CompScope™ Benchmarks For Wisconsin, 8th Edition

b. Carriers placed in rehabilitation/liquidation

WCRB reported on that there were no new carriers placed in rehabilitation or liquidation.

c. Unit Statistical direct reporting option

319 carriers are filing unit statistical reports directly with the WCRB, representing 75-80% of all submissions.

d. WCRB Ratemaking—Financial Calls

All business regarding the October 1, 2007 rate revision is complete. An Actuarial Subcommittee meeting is being contemplated for November.

e. Pool Surplus Report

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

f. Acuity v Olivas

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

g. The Employer Group (TEG) v. WCRB and OCI

The lawsuit is being held in abeyance until the 2008 Agreed Bill and the WI Basic Manual rule changes have been approved. WCRB staff has recommended the necessary amendments to the WI Basic Manual. Paul Riegel will send a letter to all parties summarizing the status of the legislative changes and the WI Basic Manual Rules.

h. WCRB By-Laws

The Committee was furnished with a copy of the latest recommended amendments to the WCRB By-Laws. Discussion included:

- Committee member indemnification.
- Annual meeting voting process. The Committee recommended that the By-Laws be amended to reflect that each group of members under the same management or ownership shall be entitled to one vote. The current process provides that each member company present is entitled to one vote.
- Increasing member participation.

It is anticipated that the proposed amendments to the By-Laws can be finalized by the December meeting. The final proposal will be provided to the membership in early 2008. The membership will vote on the amendments at the May 2008 Annual Meeting.

i. Municipal Mutual Insurance Companies

There has been no action on the proposed technical bill that requires Municipal Mutual Insurance Companies to participate in the WWCIP.

j. WWCIP Charge-Off Requests

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

k. Other

The following additional item was discussed and acted upon:

The Committee approved the recommendation from Bureau staff to transfer an uncollectible amount of \$14,888 as owed by Scotties Window Cleaning Service, Inc. to West Bend Mutual Insurance Company.

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

The next Governing Committee meeting is scheduled for Wednesday, December 5, 2007, 9:30 AM at the WCRB office.

Donna Knepper
Executive Secretary