



Wisconsin Compensation Rating Bureau

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

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

REVISED CIRCULAR LETTER 3019—DECEMBER 28, 2007

TO: Members of the Bureau
FROM: Donna Knepper
RE: Employee Leasing Companies (ELCs) (formerly referred to as Professional Employer Organizations (PEOs))

Circular Letter 3001 dated March 16, 2007 provided information on the proposed WI Basic Manual Rule language changes relating to Employee Leasing Companies (ELCs). The proposed amendatory language will be included in the upcoming "Agreed Bill". It was originally anticipated that the 2008 Agreed Bill would become effective January 1, 2008, however we have recently been advised that the Agreed Bill and statutory language relating to ELCs may not be approved until approximately April, 1, 2008.

WCRB will keep the industry posted with any updates we receive. Carriers are advised to continue issuing coverage to ELCs under the current manual rules. The revised WI Basic Manual rule language will track with the proposed legislative changes and will be filed with the OCI to be effective in accordance with the Agreed Bill. This may not provide much lead time for policy renewals and carriers may want to advise their policyholders of the potential upcoming changes. Once the Basic Manual change has been approved, policies with effective dates on or after the approval date will need to be amended.

Amendments to Wisconsin Basic Manual IX would include, in part, the following components:

Table with 2 columns: Policy Type and REQUIREMENTS. Rows include Master Policy and Multiple Coordinated Policy (MCP).

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WWCIP	All policies issued through the WWCIP will be client level policies where the client is named first under Item 1. Both the leased and non-leased exposure for an individual client must be placed in the Pool.
Divided Coverage	Separate policies may be issued to a client that obtains part of its workforce through a contract with an ELC. One policy provides coverage for the client's leased employees and one policy provides coverage for the client's non-leased employees. If a client's leased policy is issued in the voluntary market, the client's non-leased exposure may not be insured through the WWCIP (or vice versa).
Cancellation	Basic Manual Rule X applies for all cancellations. An insurer may cancel coverage if the contract between the ELC and the client has been terminated in its entirety. The insurer does have the ability to continue coverage for the client even though the contract with the ELC has been terminated.
Sole Proprietor	A sole proprietor, a partner or a member of a limited liability company (LLC) is not covered under the policy unless the policy is endorsed naming the sole proprietor, a partner or a member the LLC that has elected coverage.
Executive Officer	A corporate officer is a covered employee for worker's compensation benefits unless an officer of a qualified corporation non-elects coverage.

Any questions or requests for additional information may be directed to [donna.knepper@wcrb.org](mailto:donna.knepper@wcrb.org)



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Amendments to Wisconsin Basic Manual IX would include, in part, the following components:

	REQUIREMENTS
Master Policy	A single policy may be issued to the ELC covering all non-rated clients. The policy must name each client and provide payroll information for each. Eligibility for inclusion under the master policy is determined by the combining of all exposure (leased and non-leased employees, all commonly owned or controlled entities or organizations) of the client and applying the experience rating eligibility rules. Once a client meets the experience rating threshold, a MCP must be issued.
Multiple Coordinated Policy (MCP)	Separate policies are issued to the ELC and each client by the same insurer. These clients are eligible for experience rating. The policy will name both the ELC and the client under Item 1 of the policy. If the ELC is named first, Item 1 must be issued as "ABC Leasing Company L/C/F XYZ Machine Shop". (L/C/F means Labor Contractor For). If the client is named first, Item 1 must be issued as "XYZ Machine Shop client of ABC Leasing Company".

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