



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 1094—MARCH 14, 2008**

**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 Tuesday, March 4, 2008. The meeting was called to order at 1:00 PM, 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.

Society Insurance A Mutual Co.  
United Wisconsin Insurance Company  
Wisconsin Compensation Rating Bureau

Also Present:

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

Also Present For Part of Meeting:

Integrity Mutual Insurance Company

REPRESENTATIVE

Bruce Kaufenberg  
Ira Feuerlicht  
Steve Ginsburg  
Mike Schimke  
Phil Biwan  
Janet Fagan  
Mike Williams  
Rick Levin  
Jo Anne Kline  
Ralph Herrmann  
Nancy Kierzek  
Tad Cleveland  
Michael Mann  
Kay Higgins  
Donna Knepper

Terry Falls  
Gary Josephson  
Ronnie Demergian  
Paul Riegel  
Pam Allison  
Joel Christ

Paul Enterline

**CIRCULAR LETTER 1094—MARCH 14, 2008—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.”

The Committee approved the minutes of the December 5, 2007 Committee meeting.

1. The Committee was presented the following information:

- The 2007 Estimated Year-End/2008 Approved Budget.
- 2007 Approved IT Budget vs. 2007 IT Budget Estimated Year-End Summary.
- 2008 Preliminary IT Budget vs. 2008 Proposed IT Budget.
- An Income Report that included years 2004 through 2-29-08.
- 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 2004 through 2007. The report summarized that the Unit Statistical fine income decreased by 41.0% from 2004 to 2007, and the number of fines decreased by 38.6%. For the same time period, Notice to Carrier fine income increased by 10.1%, while the number of fines increased by 2.8%.
- Stage One of the Hard Copy Keying Charge was implemented on January 1, 2008. Stage One included new, renewal and replacement policies, cancellations, terminations and reinstatements. To date, 2,139 fees have been assessed to 59 carriers for a total charge of \$53,475.

Stage Two will implement a hard copy filing charge for endorsements.

- The Committee voted to levy an assessment for the second quarter of 2008 in the amount of \$1,752,747.

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:

- Review of the WCRB Disaster Recovery Plan. The original plan was adopted in 2003 and is being re-evaluated in 2008.
- An offer of employment has been made to fill the vacant inspector position.
- Online Assigned Risk (OAR) application. OAR is in the testing phase and it is anticipated that implementation will be in early 2008.
- Brief description of recent Web enhancements or requests for enhancements received from member companies and independent insurance agents.
- WCRB salary review. A teleconference was held during February with an ad hoc group of compensation specialists from three member companies. The compensation specialists recommended two organizations that WCRB should consider joining, either of which could provide a wide range of information to complement compensation management efforts. The ad hoc committee did not feel it was necessary to conduct any extensive salary study at this time.

3. Outstanding Issues:

a. Workers Compensation Research Institute

The CompScope™ Benchmarks For Wisconsin, 8<sup>th</sup> Edition has been released. WCRB provided copies to individuals in attendance and will provide a hard copy to members upon written request.

b. Carriers placed in rehabilitation/liquidation

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

c. Unit Statistical direct reporting option

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

d. WCRB Ratemaking—Financial Calls

The Committee was advised of the February 7, 2008 Actuarial Subcommittee meeting. The discussion included:

- A vote to retain the current rating methodology utilizing 50% weight to the indication based on paid losses with two year loss development factors and

**CIRCULAR LETTER 1094—MARCH 14, 2008—PAGE 4**

50% weight to the indication based on paid plus case with three year loss development factors.

- Defense & Cost Containment Expense (DCCE) indications. The Actuarial Subcommittee originally recommended a 50% paid/50% paid plus case methodology. The OCI's actuary has expressed some concern with the 50/50 weighting and had recommended a 75% paid/25% paid plus case methodology. After additional discussion, the subcommittee recommended that both methods be included in the rate filing and that the indication for the 75/25 methodology be selected for the overall rate revision.
- DCCE is not a mandatory data element. Discussion will continue with regard to determining whether or not this should become a mandatory data element in the annual financial calls.
- A brief discussion on the small risk analysis. The current "minimum minimum" premium rule is being reviewed.

e. Pool Surplus Report

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

f. 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.

The proposed changes to the WI Basic Manual Rule IX and applicable endorsements have been filed with the Office of the Commissioner of Insurance for approval.

g. WCRB By-Laws

The Committee was furnished with a copy of the final draft of the revisions to the WCRB By-Laws. A final draft of the revised By-Laws proposal will be provided to the membership in March 2008. The membership will vote on the amendments at the May 15, 2008 Annual Meeting.

h. Municipal Mutual Insurance Companies

The language requiring Municipal Mutual Insurance Companies to participate in the WWCIP has been removed from the technical bill. There is no indication that a subsequent proposal is being made to require Municipal Mutual Insurance Companies to participate in the WWCIP. The Committee authorized the return of previously paid assessments, the collection of previous disbursements, and the dismissal of any outstanding balances. Until the WI Statutes are amended, the Municipal Mutual Insurance Companies will not be included in future calculations for WWCIP assessments or disbursements.

i. Other

The following additional item was discussed and acted upon:

Medical Data Call

The Wisconsin Insurance Alliance (WIA) has been engaged in the potential development of a medical fee schedule for workers compensation. The goal of such a fee schedule is to positively impact medical expenses by reducing or slowing the rate of medical inflation, and to do so without a negative impact on the availability and quality of medical care provided to injured workers.

WCRB is researching a medical data call. The call would capture transactional medical claim data for the top twenty carrier groups.

4. PJM Enterprises Inc. dba Midwest Labor

The Committee approved the recommendation from Bureau staff to charge-off an uncollectible amount of \$25,618 as owed by PJM Enterprises Inc. dba Midwest Labor to Middlesex Insurance Company.

5. Pal. Inc.

The Committee approved the recommendation from Bureau staff to charge-off an uncollectible amount of \$30,842 as owed by Pal. Inc. to Middlesex Insurance Company.

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

The next Governing Committee meeting is the Annual Meeting, scheduled for Thursday, May 15, 2008, at the WCRB office.

Donna Knepper  
Executive Secretary