



Wisconsin Compensation Rating Bureau

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

CIRCULAR LETTER 1095 – MARCH 31, 2008

PROCEEDINGS OF THE WISCONSIN GOVERNING COMMITTEE

TO: MEMBERS OF THE BUREAU

In accordance with the requirements of the By-Laws, the Annual Meeting of the Bureau is being called to convene in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Thursday, May 15, 2008 to commence at 10:00 A.M. The order of business will be as follows:

1. Roll Call
2. Reading of the minutes from the last Annual Meeting.
3. Presentation of the 2007 Annual Report on the operations of the Bureau by the President.
4. The election of companies to fill the vacancies of retiring Committee members on both the Governing Committee and the Rating Committee. The member companies whose terms are expiring are as follows:

GOVERNING COMMITTEE

General Casualty Insurance Company
Secura Insurance A Mutual Company

RATING COMMITTEE

Employers Mutual Casualty Company
United Wisconsin Insurance Company

5. The election of the Chairperson for the Governing Committee and the Rating Committee in accordance with the By-Laws, Article VI, paragraph 4.

The non-stock companies will elect the Chairperson for the Governing Committee. The stock companies will elect the Chairperson for the Rating Committee and a Vice-Chair to the Governing Committee.

6. Revision to the WCRB By-Laws. A draft copy of the proposed revisions to the WCRB By-Laws is attached. The proposed amendments will be voted on by all member companies present.
7. The discussion of any other matters of pertinent character as agreed upon by the unanimous consent of all members present.

Ralph Herrmann
President



Wisconsin Compensation Rating Bureau

WCRB VOTING PROCESS

The following terms on the indicated committees will expire on May 15, 2008. Each vacancy is for a four-year term.

GOVERNING COMMITTEE

General Casualty Insurance Company
Secura Insurance A Mutual Company

RATING COMMITTEE

Employers Mutual Casualty Company
United Wisconsin Insurance Company

Bureau By-Laws provide that:

“Each member shall be entitled to one vote. Except as otherwise herein provided all motions and resolutions of the Bureau and of all committees shall be deemed adopted when assented to by a majority of the members present and voting. Voting by proxy shall not be permitted. In case of a tie vote in any committee, the Commissioner of Insurance shall decide the matter.”

Please provide the following information:

Member Company:

Will you be attending the Annual Meeting (5-15-08)? Yes No

Are you interested in filling a vacancy? Yes No

If yes, which Committee?

If elected, who will be the company representative*?

If elected, who will be the alternate company representative*?

**Provide a brief resume for the representatives.*

PLEASE RESPOND BY MAY 2, 2008
(complete, print, and fax to 262-796-4411)

BY-LAWS

ARTICLE I NAME

The name of this organization shall be the Wisconsin Compensation Rating Bureau, hereinafter referred to as the "Bureau."

ARTICLE II OBJECTS

The Bureau shall be a non-profit, unincorporated independent association of insurers who are authorized to transact Workers Compensation Insurance in the State of Wisconsin and, in conformity with the, law shall:

1. Establish, maintain and administer policy and related forms, rules, regulations, classifications, rates and rating plans to govern the writing and servicing, by its members, of Workers Compensation and Employers' Liability insurance in the State of Wisconsin;
2. Co-operate with other Rating Organizations, Advisory Organizations, and insurers in the development and application of the above materials;
3. Define, secure and analyze the statistical and other data required in order to accomplish the foregoing;
4. Inspect and classify risks;
5. Conduct test audits upon request, or as deemed necessary by WCRB staff, to verify accuracy of members' policy auditing procedures;
6. Provide means whereby any person aggrieved by the application of its rating system may be heard;
7. For and on behalf of its members, make such filings with any public authority as may be required by law;
8. Afford facilities for the insurance of rejected Workers Compensation risks in the Wisconsin Workers Compensation Insurance Pool; and
9. Take action as necessary or appropriate for the accomplishment of the stated objectives.

ARTICLE III OFFICE

The office of the Bureau shall be located in the State of Wisconsin.

ARTICLE IV
MEMBERS

1. Every insurer authorized to write Workers Compensation Insurance in the State of Wisconsin shall become a member, except contractor's class mutual companies where the premiums are fixed, assessed, and collected on the basis of the contract price of construction, building or repairing.
2. Each member of the Bureau shall, through a duly authorized official, execute and file with the Bureau a copy of these By-laws. Acceptance of these By-laws shall be deemed an agreement to be a member of the Bureau.
3. In the event that a member's certificate to transact Workers Compensation Insurance in the State of Wisconsin is revoked or surrendered, the date of revocation and surrender will be the date that the membership with the Bureau is terminated. Revocation of certificate to transact Workers Compensation Insurance by the Office of the Commissioner of Insurance, either voluntarily or involuntarily, shall terminate ongoing rights of the member.
4. In the event of insolvency, where the Bureau receives information that one of the following conditions is determined to exist, the Bureau shall, to the best of its ability, calculate and transact credits or deficits in the member's assessments and reapportionments as of the date of the insolvency. For purposes of these By-Laws, insolvency, subject to confirmation of the Bureau is defined as follows:
 - a) When the assets of a member have been placed under the control of a receiver; or
 - b) When the member has been placed into rehabilitation by the appropriate regulatory authority in the state in which the member is domiciled, or, if appropriate, doing business; or
 - c) When a member is subject to a voluntary or involuntary bankruptcy petition under the United States Bankruptcy Code which petition is not dismissed within sixty (60) days of filing; and
 - d) That as a result of either subparagraph a, b or c, the operations of the member in Wisconsin have ceased and the assets available to pay assessments will no longer be available.
 - e) Insolvency does not include in its definition those members who are solvent but are in runoff or have determined to cease writing new Workers Compensation business in the State of Wisconsin.
5. When a member of the Bureau voluntarily elects to withdraw from the Bureau, that member will be requested to pay all assessments, and will

receive reimbursement of all disbursements from the Bureau as of the date of the voluntary withdrawal from membership. Voluntary withdrawal from membership in the Bureau requires the member to notify the Office of the Commissioner of Insurance for the State of Wisconsin of its intent to withdraw from the Wisconsin marketplace.

6. Termination of Bureau membership does not relieve the member of previous rights to disbursements or obligations for assessments declared during their membership term.

ARTICLE V

FEEES, ASSESSMENTS AND EXPENSES

1. The Bureau shall be maintained financially by the following fees, charges and assessments:
 - a) Each member shall pay an initial fee of \$500 on becoming a member of the Bureau. No member shall be entitled to any refund of any fees by reason of its ceasing to be a member of the Bureau.
 - b) Each member shall pay to the Bureau, as and when demanded, the charges levied against it for any special service.
 - c) Each member shall pay to the Bureau, as and when demanded, any charges, fees or fines authorized by the Governing Board for failure to comply with instructions to amend a policy, promptly file unit statistical reports and financial calls, or provide other requested data.
 - d) The balance of the expenses of the Bureau shall be assessed to members in proportion to their voluntary direct written Workers Compensation Insurance premium in the State of Wisconsin during the current calendar year. Since the voluntary direct written premium for the current calendar year does not become available until the following calendar year, the voluntary direct written premium of the preceding calendar year shall be used as a temporary basis for apportionment of assessments. As soon as practicable after the voluntary direct written premium for the current calendar year shall become available, a reapportionment of all such assessments shall be made upon the basis thereof, and an adjustment of any difference shall be made with each member. If for any reason the foregoing basis should not be attainable or is in dispute, the Governing Board shall make an equitable rule for arriving at the basis of assessment in such case. All assessments shall be levied by the Governing Board and they shall be collected by the Bureau. The total amount retained of all funds received, for any one year, shall be only sufficient to meet expenses of the Bureau incurred for that year, and in the event of an excess

remaining, such excess shall be credited pro rata to the respective accounts of members. No member assessment shall be less than \$500 per calendar year.

2. The fiscal year of the Bureau shall commence on the 1st of January.

ARTICLE VI ORGANIZATION

1. There shall be a Governing Board consisting of eight carrier members and two additional participants representing noninsurer, employer interests. The carrier members of this Committee shall be elected from and by the members of the Bureau, and shall consist of an equal number of stock insurers and of non-stock insurers. Stock insurers are defined as stock corporations. Non-stock insurers are defined as mutual corporations and reciprocal interinsurers. The stock insurers and the non-stock insurers respectively, acting separately, shall each elect by majority ballot their respective members of this Committee. The noninsurer members shall be appointed by the Governor of Wisconsin.
2. There shall also be a 10 member Rating Committee consisting of eight Bureau members, elected in the same manner as the Governing Board carrier members in paragraph 1. of this Article, and two additional participants representing noninsurer, employer interests who are appointed by the Governor of Wisconsin.
3. At each annual meeting of the Bureau, the vacancies occurring among company members of the Governing Board and the Rating Committee, shall be filled by election in like manner of one stock and one non-stock member to serve for a term of four years. Employer representatives of the Governing Board and the Rating Committee are appointed by and serve at the pleasure of the Governor of Wisconsin. Appointments by the Governor shall last for 4 years and may be renewed or changed at the discretion of the Governor.
4. A vacancy on the Governing Board or Rating Committee created by an insurer ceasing to be a member of the Bureau, or by resignation from the Board or Committee, shall be filled by a Bureau member company selected by the remaining members of the Governing Board or Rating Committee which have been chosen from the same class of membership (stock or non-stock), to serve until the next annual meeting when the Bureau shall fill, by election, the vacancy for the unexpired term. A vacancy created by resignation of an employer representative of the Governing Board or Rating Committee shall be filled by a new appointment by the governor.
5. The Governing Board and Rating Committee shall annually elect its chairperson from its membership, who shall chair all its meetings and shall

have an equal right of voting on all questions. The chairperson shall be alternated annually between stock and non-stock members, and employer representatives shall also be proportionately included in the alternating procedures for the Rating Committee.

6. Not more than one member in a group under the same management or ownership shall serve on the Governing Board or the Rating Committee at the same time.

ARTICLE VII

POWERS OF GOVERNING BOARD

1. The Governing Board shall have complete charge and management of the affairs of the Bureau including the filings of all policy forms, endorsements, other forms, manuals, rules, classifications, rates and rating plans. The Governing Board shall provide such facilities, and take steps necessary for the operation of the Bureau and compliance with the laws of the State of Wisconsin governing the Bureau. It shall have control and supervision over the finances of the Bureau with authority to determine and approve appropriations for expenses and make payments thereon and authority to approve and direct assessments and fees to be levied against members. It shall have power to appoint auxiliary standing and temporary committees to carry out the objectives of the Bureau. It shall appoint a President, define duties and approve salary ranges as appropriate.
2. The Governing Board may delegate to a statistical agency, the collection and tabulation of statistical and other data used in the determination of rates.
3. The employer representatives on the Governing Board do not have the power to vote on items concerning budget and operating expenses of the Bureau.
4. A member of the Governing Board may resign at any time by filing a written resignation with the President.

ARTICLE VIII

POWERS OF RATING COMMITTEE

1. The Rating Committee shall have the authority, on behalf of the Bureau, to interpret and apply the rules governing the classification and rating of all Workers Compensation and Employers' Liability risks in the State of Wisconsin. It shall recommend appropriate rules, regulations, classifications, rates and rating plans to the Governing Board.
2. The Rating Committee shall hold hearings regarding disputes over the application of rules, regulations, classifications, rates and rating plans, and make recommendations to the Governing Board on further action.

3. A member of the Rating Committee may resign at any time by filing a written resignation with the President.

ARTICLE IX PRESIDENT

1. The President shall, under the supervision and direction of the Governing Board, have control of all Bureau employees and of all the affairs of the Bureau.
2. The President shall maintain a record of all proceedings of the Governing Board, Rating Committee and such other Committees as the Governing Board may designate, and shall be responsible for all property of the Bureau. The President, or such other person as the Governing Board may direct, shall act as Treasurer of the Bureau and collect all fees, charges, assessments and other monies payable to the Bureau and deposit same in a financial institution approved by the Governing Board and shall keep proper accounts of all such funds. Funds of the Bureau shall be disbursed only in payment of the necessary expenses of the Bureau. No disbursements above an amount to be determined by the Governing Board shall be made by the President without the written approval of the Governing Board. The Governing Board shall require such countersignatures of checks, drafts, notes and bills of exchange as may in its opinion be advisable.
3. The President, on behalf of the members of the Bureau shall file with the Commissioner of Insurance of the State of Wisconsin all policy and related forms, manuals, rules, classifications, rates and rating plans and every modification and correction of any of the foregoing. The President shall also file with any public authority any report or written document as may be required by law. The President is empowered to accept service of process, notices, or orders on behalf of the Bureau. The President is also empowered to receive requests for review from any person claiming to be aggrieved by the manner of application of any rating system and to initiate any action necessary thereon.
4. The President shall enforce these By-Laws and all rules and regulations of the Bureau and shall perform such other duties as may be required by the Governing Board.

ARTICLE X MEETINGS

1. The annual meeting of the Bureau shall be held at the offices of the Bureau, or at such other place as the Governing Board may determine, in May of each year. Prior to the annual meeting, the Governing Board shall appoint a Nominating Committee to develop a slate of candidates for

election to serve as members of the Governing Board and Rating Committee for consideration and vote by the members.

2. Special meetings of the Bureau membership may be called at any time by the President, upon the approval of the Governing Board, and shall be held at the offices of the Bureau or at such other place and at such time as the Governing Board may determine. Special meetings of the Bureau membership shall be called upon the written request of a majority of the Governing Board or any five members of the Bureau not under the same management or ownership.
3. The President shall preside at meetings of the Bureau, except that, in the absence or inability of the President to act, a chairperson pro tem appointed by the Governing Board, shall preside. The President shall not be entitled to vote.
4. Notice of meetings of the Bureau with an agenda of matters to be considered shall be sent to the members at least ten (10) days in advance of the meetings, and only such matters as are specified on the notice shall be considered except by unanimous vote of all Bureau members present.
5. Regular meetings of the Governing Board and Rating Committee shall be held as determined by the Board and President. Where appropriate, issues may be addressed and voted on through a medium which may allow members to simultaneously communicate with all other participating members.
6. Notice of all meetings of the Board and Committees, with an agenda of matters to be considered shall be given to all members of the Board and Committees at least ten (10) days in advance of the meetings, and only such matters as are specified in the agenda shall be considered except by the unanimous vote of all Committee members present. The minimum notice period of ten (10) days may be waived by unanimous consent of all Board or Committee members present.

ARTICLE XI **VOTING AND QUORUMS**

1. For the Annual Meeting, each member carrier shall be entitled to one vote. Voting by proxy shall be permitted at the Annual Meeting. A majority vote of the member carriers shall determine all issues brought before the Bureau membership. In case of a tie vote the Commissioner of Insurance shall decide the matter.
2. Except as otherwise herein provided, all motions and resolutions of the Board and of all Committees shall be deemed adopted when assented to by a majority of the members present and voting. Voting by proxy is not permitted at meetings of the Governing Board and Rating Committee. In case of a tie vote, the Commissioner of Insurance shall decide the matter.

3. Twenty (20) members of the Bureau shall constitute a quorum at any regular or special meeting of the Bureau. A majority of the members of any committee shall constitute a quorum for that committee.

ARTICLE XII COMPLIANCE

Except as otherwise provided by law, all filings made by the President on behalf of the members as provided for herein shall be binding upon the membership; and every member shall comply with the provisions of these By-Laws and any regulation or other Bureau action hereunder; except when a final order to act otherwise has been issued by a public governmental authority, duly empowered by law to issue such order.

ARTICLE XIII CHANGE IN OR ADDITION TO FILINGS

A member may request a change or addition to a Bureau filing currently on file with the Commissioner of Insurance in the State of Wisconsin. The member shall make such requests in writing to the President and such requests will be placed on the agenda for the next available meeting of the Governing Board or Rating Committee. The Board or Committee shall consider and vote on the member's request, and the vote shall be final on whether to file the change or revision to the existing filing.

ARTICLE XIV INDEMNIFICATION

1. Any person or insurer made, or threatened to be made, a party to any action, suit or proceeding, because such person or insurer was a member or served on a Board or Committee or was an officer or employee of the Bureau shall be indemnified against all judgments, fines, amounts paid in settlement, reasonable costs and expenses including attorney's fees and any other liabilities that may be incurred as a result of such action, suit, proceeding or threatened action, suit or proceeding. Such indemnification shall be provided whether or not such person or insurer is a member or is holding office or is employed at the time of such action, suit or proceeding and whether or not any such liability is incurred prior to the adoption of this Article. Such indemnification shall not be exclusive of other rights such person or insurer may have and shall pass to the successors, heirs, executors or administrators of such person or insurer. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such person or insurer was liable by reason of willful misconduct or that they or it had reasonable cause to believe that their or its conduct was unlawful. If any such action,

suit or proceeding is compromised, it must be with the approval of the Governing Board of the Bureau.

2. The Bureau shall not be liable for indemnification of any person or insurer who is made party to a legal action, lawsuit, or proceeding, in which they or it has been adjudged to be liable by reason of willful misconduct in the performance of their or its duties or obligations to the Bureau, and with respect to any criminal actions or proceedings, except when such person or insurer had reasonable cause to believe that his or its conduct was lawful.
3. In each instance in which a question of indemnification arises, entitlement thereto, pursuant to the conditions set forth in Section 1 of this Article, shall be determined by the Governing Board which shall also determine the time and manner of payment of such indemnification; provided, however, that a person or insurer who or which had been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action, suit or proceeding of the character described in Section 1 of this Article shall be entitled to indemnification as authorized in such section. Nothing herein shall be deemed to bind a person or insurer who or which the Governing Board has determined not to be entitled to indemnification, or to preclude such person or insurer from asserting the right to such indemnification by legal proceedings. Such indemnification as is herein provided shall be apportioned among all members and subscribers, including any named in any such action, suit or proceeding pursuant to Article V of the By-Laws of the Bureau.

ARTICLE XV EFFECTIVE DATE

These By-Laws shall become effective when adopted by the members and approved by the Commissioner of Insurance.

ARTICLE XVI AMENDMENTS

These By-Laws may be amended or repealed at any regular meeting of the Bureau or at any special meeting called for that purpose, by a two-thirds vote of all members of each class (stock and non-stock) voting. Notice of such proposed amendment or repeal shall be mailed to all members not less than twenty (20) days prior to the meeting at which said amendment or repeal is to be considered. Such amendments shall become effective when approved by the Commissioner of Insurance.

The _____

Company hereby accepts the obligations of membership in the Wisconsin Compensation Rating Bureau as defined in the By-Laws;

(Signed) _____

(Company)

(Name)

(Title)

2008 DRAFT