



Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1113—DECEMBER 18, 2009

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, December 1, 2009. The meeting was called to order at 8:30 A.M.

A list of attendees at the December 1, 2009 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Jim Pousha from Employers Mutual Casualty Company. The Chair of the Governing Board was Ira Feuerlicht from American Home Assurance.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
American Home Assurance	Ira Feuerlicht	X	X	O
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X	O
Employers Insurance of Wausau	Steve Ginsburg	X	X	O
Employers Mutual Casualty Co.	Jim Pousha	O	X	X
	Mike Lester	O	X	X
General Casualty Insurance Co.	Jim Vandenberg	X	X	X
	Mike Schimke		X	X
	Scott Lange		X	X
Liberty Mutual Insurance Co.	Val Schmelzer	O	O	X
Secura Insurance Co.	Steve Miller	X	O	O
Sentry Insurance A Mutual Co / Middlesex Insurance Co.	Christine Kienbaum	X	X	O
Society Insurance Co.	Rick Levin	X	X	X
Travelers Insurance Co.	Bruce Kaufenberg	X	X	X
Tri State Insurance Co. of MN	Al Utzig	O	O	X
United Wisconsin Insurance Co.	Emil Pfenninger	X	X	O
	Tom Vanderbusch		X	O
West Bend Mutual Insurance Co.	Joel Christ	O	O	X
	Pam Allison	O	O	X
Wisconsin Manufacturers & Commerce	John Metcalf	X	X	O
Wisconsin Compensation Rating Bureau	Ralph Herrmann	O	O	O
	Tad Cleveland	O	O	O
	Nancy Kierzek	O	O	O
	Christine Siekierski	O	O	O
	Michael Mann	O	O	O
	Donna Knepper	O	O	O

X = Committee member

O= Present (non-committee member)

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Badger Mutual Insurance Co.	Terry Falls	O	O	O
Office of the Commissioner of Insurance	Ronnie Demergian	O	O	O
Riegel Law, S.C.	Paul Riegel	O	O	O
SFM	Brian Bent	O	O	O

X = Committee member

O = Present (non-committee member)

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. Approval of Minutes for the September 10, 2009 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The Board was provided the following reports:
 - 2009 Estimated Year-End/2010 Proposed Budget.
 - 2009 Approved IT Budget/2009 IT Estimated Year-end Summary.
 - 2010 Proposed IT Budget.
 - An Income Report that included years 2007 through estimated year-end 2009.
 - Approved Quarterly Budget Reference Chart.
 - Notice To Carrier Fine Comparison.
 - Unit Stat Fine Comparison.
 - Hard Copy Fee Comparison.

The Committee voted to levy an assessment for the first quarter of 2010 in the amount of \$1,766,395.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - IIAW biennial presentation held September 29 and 30
 - WCRI draft report
 - ACCCT/CDX – With other DCOs developing their own products, WCRB will research the feasibility of continuing to update and maintaining the current common systems (BEEP and PEEP)
- Medical Data Call – The results of the Medical Data Call sponsored by the Wisconsin Insurance Alliance were presented to the Wisconsin Advisory Council. While a medical fee schedule was not included in the 2010 Agreed Bill, discussions are continuing and it is possible that a fee schedule could be considered prior to the next Agreed Bill process.

WCRB collected the data used in the study and will contact the carriers who participated in the last Medical Data Call to see if there is interest in continuing to collect the data. Participation in the call will continue to be on a voluntary basis.

NCCI will start a separate medical data call in July, 2010, and will be collecting the data on WCRB's behalf.

- Request to increase the number of member companies on the Rating Committee and Governing Board from eight to ten. - The OCI has stated that eight Committee/Board members seems appropriate and that the current statutes should not be changed. WCRB will continue discussions with the OCI.
- WWCIP Charge-offs
 - Lakewood Express LLC- \$27,038 – Middlesex Insurance Company
 - All Construction LLC - \$36,572 – Liberty Mutual Insurance Company

The Board approved the charge-offs recommended by the WCRB.

3. The following Committees reported to the Board:

RATING COMMITTEE

- NCCI Proposal Item B-1414 – Revisions to Basic Manual Rules – WCRB staff identified the rules in the WI Basic Manual that were affected by the anniversary rating date proposals. The proposed rule changes have been filed with the Office of the Commissioner of Insurance.
- NCCI Proposal Item P-1407(A) – Revised Retrospective Rating Plan Endorsements – The following endorsements have been approved by the Office of the Commissioner of Insurance effective January 1, 2010.
 - WC 00 05 03 B replaces WC 00 05 03 A
 - WC 00 05 04 B replaces WC 00 05 04 A
 - WC 00 05 05 B replaces WC 00 05 05 A
 - WC 00 05 10 A replaces WC 00 05 10
 - WC 00 05 12 B replaces WC 00 05 12 A
 - WC 00 05 13 B replaces WC 00 05 13 A
 - WC 00 05 14 B replaces WC 00 05 14 A
 - WC 00 05 15 A replaces WC 00 05 15

The Retrospective Rating Plan Premium Endorsement – Large Risk Alternative Rating Option (LRARO) WC 00 05 16 was not adopted as the endorsement would be in violation of Wisconsin Statutes. There definitely is a need for carriers to be able to create and apply a LRARO endorsement that is account specific. WCRB was requested to research WI Statutes, WCRB By-Laws, and the current Retrospective Rating Plan to determine what can be developed.

- NCCI Proposal Item B-1417 - Revisions to Basic Manual Classifications and Rules – This item impacts three industries and multiple classification codes. Most of the proposed changes involve language modification only.

1. Construction Yard

- Revise the phraseology for code 8227 Construction or Erection Permanent Yard to include incidental pickup or delivery of parts and to provide clarification regarding the division of payroll of an individual employee's payroll during a single day.
- Amend Basic Manual rules which cite key employees, including superintendents, construction executives, etc.

2. Wallboard Installation & Plastering

- Revise the main phraseology for code 5445 Wallboard Installation-Within Buildings & Drivers to include various other terms for this type of work. Examples include sheetrock, drywall, etc.
- Add a phraseology to code 5445 to clarify that the class includes taping, sanding and other finishing operations, as well as being applicable to specialist contractors involved in only certain aspects of drywall work.
- Discontinue various phraseologies under code 5445 to remove redundant analogies.

3. Painting

- Revise the phraseology for code 9505 Painting: Automobile or Carriage Bodies to clarify that this class cannot be assigned to the same location which is assigned to code 8393 Automobile Body Repair.

The following proposals were **NOT** adopted:

- Revise code 5474 Painting or Paperhanging NOC & Shop Operations to allow paperhanging to be separately rated under code 5491 Paperhanging & Drivers when both operations are performed at the same job or location.
- Revise the language under code 5491 to allow paperhanging to be separately rated when conducted at the same job or location where code 5474 applies as well.
- Revise language included in codes 9501 Sign Painting or Lettering-Inside of Buildings & Drivers and 5037 Painting-Metal Structures-Over Two Stories in Height & Drivers to remove the reference to the term paperhanging when citing code 5474.

Pending Filings/Actions

With all business complete, the following items were removed from the agenda:

- NCCI Proposal Item B-1412 – Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group

CIRCULAR LETTER 1113—DECEMBER 18, 2009—PAGE 6

- NCCI Proposal Item B-1413 – Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group
- NCCI Proposal Item R-1399 – 2009 Edition – Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance
- NCCI Proposal Item B-1415 – Revision to Basic Manual Classification, Rules and Appendix E – Classifications by Hazard Group
- NCCI Proposed Item B-1418-Revisions to the Basic Manual Classifications for Air Traffic Controllers

ACTUARIAL COMMITTEE

- 11-10-09 meeting update - The Board was advised that the Actuarial Subcommittee met to discuss the 2009 rate filing, current methodology and other related issues. Input for new reports which may be helpful for the February 2010 meeting was also solicited. The Subcommittee also discussed the proposed new methodology for the 2010 rate revision. The new methodology will focus on body parts injured to determine claims that are likely or not likely to develop. The decline in D-ratios and claims cap will also be reviewed.

WCRB will continue to monitor activity of the NCCI's experience rating study group.

WWCIP COMMITTEE

- Non-renewal options for non-compliance – The servicing carriers have been advised that the changes to the Pool Handbook have been approved. This item is removed from the agenda.
- Quarterly Servicing Carrier Reports – Monthly True-Up – The servicing carriers are currently submitting their Pool reports on a quarterly basis. Due to the decline in Pool premium and the new electronic reporting format, it was suggested that the carriers submit reports monthly. The Committee members will discuss this change at the company level and provide feedback to WCRB by December 11.
- Survey update – WCRB continues to encourage agents and employers to complete surveys.

INVESTMENT COMMITTEE

- Custodial RFP – The Investment Committee met on October 26, 2009 and were presented proposals for financial services from three financial institutions. The Board accepted the recommendation of the Investment Committee to retain the current financial custodian.

CIRCULAR LETTER 1113—DECEMBER 18, 2009—PAGE 7

- Annual Investment Advisors Review – The Investment Advisors are meeting overall performance benchmarks.

4. The following reports were provided:

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity

*Following adjournment of the Governing Board meeting, the Board met in Executive Session.

Donna Knepper
Executive Secretary