



Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1126—SEPTEMBER 27, 2010

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of Heidel House Resort, 643 Illinois Avenue, Green Lake, WI 54941 on Thursday, September 9, 2010. The meeting was called to order at 8:30 A.M.

A list of attendees at the September 2010 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Bruce Kaufenberg from Travelers Insurance Company. The Chair of the Governing Board was Steve Miller from Secura Insurance Company.

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		X	X
General Casualty Insurance Co.	Jim Vandenberg	X	X	X
Liberty Mutual Insurance Co.	Val Schmelzer	O	O	X
Middlesex Insurance Co	Bev Beigel	O	O	X
Secura Insurance Co.	Steve Miller	X	O	O
Sentry Insurance A Mutual Co.	Mike Williams	X		
	Marcia Tepp	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	Todd Johnson	O	O	X
United Wisconsin Insurance Co.	Jo Anne Kline		X	O
	Tom Vanderbusch	X		
West Bend Mutual Insurance Co.	Pam Allison	O	O	X
	Joel Christ		X	X
Wisconsin Compensation Rating Bureau	Bernie Rosauer	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)

Member Absent or Excused:

John Metcalf, Wisconsin Manufacturers & Commerce

Also Present:

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

X = Committee member

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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 June 10, 2010 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The budget was discussed in Executive Session.
 - The Committee voted to levy an assessment in the amount of \$1,766,397 for the general operating expenses for the WCRB for the fourth quarter of 2010.
 - The Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2009 and 2008 were accepted for filing with the Office of the Commissioner of Insurance for information only.
 - Administrative affairs, occupancy, general expenses, personnel, etc.
 - WCRB’s current lease expires in December 2011. The lease provides a five year extension option. WCRB staff will explore leasing agreement options.
 - USL&HW Reporting – Several concerns with regard to submitting data through NCCI have been raised by some of the independent bureaus. The Workers Compensation Insurance Organizations (WCIO) is investigating. The project is on hold pending WCIO action.

- ACCCT/CDX – CDX is continuing the review of PEEP and are looking at alternate products developed in other states.

- Medical Data Call –

NCCI will develop reporting procedures for those carriers meeting the 1% premium requirement for WI but not in the NCCI states.

- Silver Springs of Mequon – Hearing

The case has been resolved and the appeal has been withdrawn. With all business complete, this item is removed from the agenda.

3. The following Committees reported to the Board:

RATING COMMITTEE

- NCCI Proposal Item P-1407(A) – Revised Retrospective Rating Plan Endorsements – An Adhoc Committee was formed to develop LRARO endorsement filings and guidelines.
- Lakefront Staffing – Hearing – A resolution has been negotiated and the appeal to the Office of the Commissioner of Insurance has been withdrawn. With all business complete, this item is removed from the agenda.
- Excess Insurance Policies – There are three Excess Insurance policy forms currently approved for use in Wisconsin. The Self Insurers Council is reviewing the current forms on file with the Office of the Commissioner of Insurance.
- Karademas Enterprises II, LLC - Hearing – No appeal of the Rating Committee’s June 10, 2010 decision has been filed with the Office of the Commissioner of Insurance. This item is removed from the agenda.
- NCCI Proposal Item B-1421 Revisions to Basic Manual Part Two Classifications and Part Four – Classifications Pending – This filing proposes changes to the NCCI Basic Manual. The amendment creates a mechanism to track discontinuation of class codes and track status of transitions programs. The Wisconsin Basic Manual does not follow the same format as the NCCI. The Governing Board accepted the recommendation not to adopt this proposal for filing with the Office of the Commissioner of Insurance. This item is removed from the agenda.

- WI Basic Manual Rule VI.E.2. Amount of Expense Constant – The Board adopted the recommendation to file the following amendment to Basic Manual Rule VI.E.2. to clarify the expense constant charge on a multi-state policy:

“2. Amount of Expense Constant

The expense constant is shown on the rate pages. When more than one state is insured on the same policy, the highest expense constant must be charged even if that state is on an “if any” basis. In the event of policy cancellation, *refer to Rule X.* For long-term policies, *refer to Rule III.*”

This filing is proposed to be effective upon approval.

- WI Basic Manual Appendix—WCPAP Rule – WCRB staff is reviewing the WCPAP rule in the Basic Manual.
- Code 7605 - Burglar Alarm Installation or Repair – Industry Group Assignment – Class code 7605 is currently assigned to the goods and services industry group. Because code 7605 is not a contracting class, codes such as 5606 Contractor - Project Manager, Construction Executive, Construction Manager or Construction Superintendent and 8227 Construction or Erection Permanent Yard cannot be added to the policy. Also, the employer is ineligible for the Wisconsin Contractor Premium Adjustment Program.

The Board voted to be consistent with other states and file a reassignment of code 7605 to the contracting industry group. This change will be proposed to be effective with the October 1, 2011 rate revision.

Pending Filings/Action

- NCCI Proposal Item B-1419 Revisions to Basic Manual Classifications and Appendix E – Classification by Hazard Group – With all business complete, this item is removed from the agenda.

ACTUARIAL COMMITTEE

- An error in the formula used in the development of the rates for codes 7309 and 7855 was identified and corrected. The rates for codes 7309 and 7855 in the original rate filing were corrected as follows:

CODE	FILED RATE	CORRECTED RATE
7309	\$49.13	\$48.89
7855	\$6.29	\$10.95

WWCIP COMMITTEE

- Pool Structure—The Governing Board authorized proceeding with the WWCIP Request for Proposal (RFP) without consideration of the proper number of servicing carriers.

WCRB staff will review and redefine current servicing carrier performance standards and audit standards.

- Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2009 and 2008 were accepted for filing with the Office of the Commissioner of Insurance for information only.

4. The following reports were provided:

- WCPAP—Contractor Premium Adjustment Program
- WWCIP Activity

Donna Knepper
Executive Secretary