



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 3052 – JANUARY 19, 2010

FROM: Donna Knepper

RE: NCCI Proposal Item B-1414 – Revisions to Basic Manual Rules

Pursuant to ch 626, Wis. Stats., the State of Wisconsin, Office of the Commissioner of Insurance has advised that the action taken by the Governing Board has been approved. The following amendments to the Wisconsin Basic Manual are effective 1-1-10, applicable to new and renewal business only.

RULE VI – RATES & PREMIUM DETERMINATION

I. PREMIUM DETERMINATION FOR FEDERAL AND MARITIME INSURANCE

Additional rating procedures are in Rules XII and XIII for insurance for employers subject to the U. S. Longshore and Harbor Workers' Act, the Federal Employers' Liability Act and admiralty law.

J. SHORT-TERM POLICIES – PRORATING OF MINIMUM PREMIUMS AND EXPENSE CONSTANTS

The full minimum premiums and full expense constants shall be charged for short-term policies, except that prorating of these items shall be permitted where the following conditions exist:

1. Where the short-term policy is issued to replace a binder.
2. Where the short-term policy is issued solely to establish concurrency with other policies of insurance.
3. Where the short-term policy is issued to reinstate coverage with a lapse.
4. Where the amount changes due to a change in anniversary rating date.

The pro rata portion of the expense constant shall not be less than \$15.

RULE VII - PREMIUM DISCOUNT

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A. EXPLANATION

Premium discount recognizes that the relative expense of issuing and servicing larger premium policies is less than for smaller premium policies. Premium discount is a percentage discount that is based on the size of the total standard premium. A policy qualifies for premium discount when the standard premium exceeds the eligibility amount filed with the OCI by the WCRB. Premium discount is applied in accordance with the anniversary date.