



Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1135—JUNE 21, 2011**WISCONSIN GOVERNING BOARD MEETING**

Minutes of the Wisconsin Governing Board meeting held in the premises of Blue Harbor Conference Center, 725 Blue Harbor Drive, Sheboygan, WI 53081 on Thursday, June 9, 2011. The meeting was called to order at 8:30 A.M.

A list of attendees at the June 2011 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Rick Levin from Society Insurance Company. The Chair of the Governing Board was Tom Vanderbusch from United Wisconsin 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	O	X	X
General Casualty Insurance Co.	George Busche	X	X	X
Liberty Mutual Insurance Co.	Val Hanks	O	O	X
Middlesex Insurance Co	Bev Beigel	O	O	X
Secura Insurance Co.	Steve Miller	X	O	O
Sentry Insurance A Mutual Co.	Dan Revai	X	X	O
	Ellen Altenburg-Wadel	X	X	O
Society Insurance Co.	Rick Levin	X	X	X
Travelers Indemnity Co.	Kathy Muedder	X	X	X
	Beverly Turner		O	O
Tri State Insurance Co. of MN	Todd Johnson	O	O	X
United Wisconsin Insurance Co.	JoAnne Kline	X	X	O
	Tom Vanderbusch	X	X	O
West Bend Mutual Insurance Co.	Pam Allison	O	O	X
	Joel Christ	O	O	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		
	Donna Knepper	O	O	O

X = Committee member

O= Present (non-committee member)

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
ACE Insurance	Andrew Boron	O	O	O
Department of Workforce Development	Brian Krueger		O	O
Milliman	Gary Josephson	O	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

O= Present (non-committee member)

Also Present For Part of Rating Committee Meeting:

ORGANIZATION	REPRESENTATIVE
Monterey Mills	Daniel Sinykin
	Brent Birkhoff
Krukowski & Costello	Dean Kelley
Security Insurance Services, Inc.	Robert Pronold

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 March 1, 2011 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The Board was provided the following reports:
 - 2010 Audited Year-End/2011 Approved Budget.
 - 2011 Status Report/ 5-31-11.
 - 2010 Approved IT Budget/2010 IT Audited Year-end Summary.
 - An Income Report that included years 2009 through 5-31-11.
 - Notice To Carrier Fine Comparison.

CIRCULAR LETTER 1135—JUNE 21, 2011—PAGE 3

- Unit Stat Fine Comparison.
- Hard Copy Fee Comparison.

The Committee voted to levy an assessment in the amount of \$1,805,836 for the general operating expenses for the WCRB for the third quarter of 2011.

By unanimous consent, this item was added to the agenda:

Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2009 and 2010 – The Committee will review the statements for discussion at the September meeting.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - WCIO meetings – The Board was updated on the current activity of the WCIO.
 - WCRB has a new landlord. There will be no changes to current lease agreements. Remodel of WCRB office space will begin in the near future.
 - Disaster Recovery – WCRB is updating the current Disaster Recovery Plan. Several carriers offered support and space.
 - Wellness Program – WCRB offered health assessments to the employees and their spouses. 20 employees participated in the program. CPR classes have also been offered.

3. The following Committees reported to the Board:

RATING COMMITTEE

- NCCI Proposal Item P-1407(A) – Revised Retrospective Rating Plan Endorsements –8 Endorsements have been filed. 2 have been approved by the Office of the Commissioner of Insurance, 3 are pending approval, 3 have been disapproved. Approved endorsements are posted under the “Forms” link on the WCRB Web site. This item is continued.
- Excess Insurance Policies – WCRB will review current form filing procedures and will meet with a member carrier writing Excess Insurance policies for input. This item is continued.
- Experience Rating Worksheet Distribution – WCRB stopped hard copy distribution of experience rating worksheets to carriers on January 1, 2011. The initiative to discontinue distribution to employers has been delayed due to WCRB resource constraints. This item is continued.

CIRCULAR LETTER 1135—JUNE 21, 2011—PAGE 4

- USL&HW Reporting – The electronic submission of USL&HW data to the Department of Labor (DOL) has been suspended. WCIO is working with the DOL to resolve issues. This item is continued.
- Loss Reimbursement – The loss reimbursement adhoc committee presented a proposed amendment to the Appendix of the Wisconsin Basic Manual outlining a Loss Reimbursement Program for WI. Several WI Statutes have been identified that may require amendments. The Board accepted the recommendation to file the program with the Office of the Commissioner of Insurance upon conclusion of anticipated legislative changes. The draft appendix will be utilized as a tool to address the legislative issues.

Chairman Vanderbusch recognized the individuals and carriers involved in the research and development of the proposed Loss Reimbursement Program.

This item is continued.

- NCCI Proposal Item B-1422 Revisions to Miscellaneous Values Payroll Determination Formula for Codes 7370, 9178, 9179 and 9186 and Revisions to Basic Manual Appendix F – The Item Proposal contained three proposed amendments for premium determination. The proposals were:
 1. Revise the average weekly wage used in the payroll determination formula for Code 7370 - Taxicab Company for employee-operated vehicles and leased or rented vehicles. Payroll is currently based on the latest Current Population Survey (CPS). The Board concurred with the recommendation to amend the payroll determination formula from CPS to State Average Weekly Wage. This change will be filed with the Office of the Commissioner of Insurance for approval with a proposed effective date of October 1, 2011.
 2. Revise the average weekly wage used in the payroll determination formula for Code 9178 – Athletic Sports or Park: Noncontact Sports, and Code 9179 – Athletic Sports or Park Contact Sports. – The change would replace CPS with State Average Weekly Wage. Wisconsin does not currently have a wage limitation for these classes. Rather, a minimum payroll of \$500 is used per employee for these classes. Therefore, NCCI's current rule does not apply in WI. This change was not adopted.
 3. Eliminate the weekly maximum payroll limitation for Code 9186 – Carnival, Circus or Amusement Operator – Traveling – All Employees & Drivers. – WI eliminated the special rating rule for Code 9186 in 1997. Premium is determined by using actual payroll. This change was not adopted.

CIRCULAR LETTER 1135—JUNE 21, 2011—PAGE 5

- Employers Liability Insurance – Without Workers Compensation Insurance – Form Filing – This item was continued pending additional review.

By unanimous consent of all members present, this item was added to the agenda:

- Siny Corporation dba Monterey Mills - Hearing - Attorney Dean F. Kelley, acting as legal counsel for Siny Corporation dba Monterey Mills, the aggrieved party, requested a hearing before the Rating Committee of the Wisconsin Compensation Rating Bureau (WCRB) to address the prospective elimination of Class Code 2211 and reassignment of risks to Code 2300, and the retroactive elimination of Class Code 2211 or in the alternative, recalculation of the rate for Class Code 2211 for the calendar year 2011. Class Code 2211, Cotton Batting, Wadding and Waste Manufacturing applies to a portion of the operations for Monterey Mills. Class Code 2300 Pile Fabric Manufacturing, is the governing classification for Monterey Mills.

The Rating Committee of the WCRB voted unanimously to grant the following relief to the aggrieved party, Monterey Mills, and instructed the WCRB to make the following filings with the Office of the Commissioner of Insurance:

1. A filing to eliminate Class Code 2211 for use in Wisconsin and reassign exposure to code 2300 effective 10-1-11 for new and renewal business.
2. A filing to correct the current rate for Class Code 2211 taking the rate back to the rate filed and approved effective October 1, 2009.

The Rating Committee did confirm that Class Code 2211 was appropriately assigned to the operations of the aggrieved party Monterey Mills. However, it was the opinion of the Rating Committee that the application of the current rate for Class Code 2211 created an inequity which required correction on behalf of all employers in the State of Wisconsin.

Pending Filings/Actions

- October 1, 2011 Rate Revision. Filing is being prepared by Milliman.

ACTUARIAL COMMITTEE

- There was no new activity to report.

WWCIP COMMITTEE

- Pool Structure – The RFPs for servicing carrier positions have been received. WCRB will forward the RFPs to the Office of the Commissioner of Insurance prior to June 30.

By unanimous consent, this item was added to the agenda:

- WWCIP Surplus Report - The Board was furnished with a copy of the Actuarial Analysis of the Wisconsin Workers' Compensation Insurance Pool as prepared by Milliman, Inc. The net asset balance for calendar year 2010 is a surplus of \$2,223,442. Combined with the previous deficit of approximately \$1.8 million, the current accumulated net surplus balance is approximately \$456,000.
- Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2009 and 2010 – The Committee will review the statements for discussion at the September meeting.

4. The following reports were provided:

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity

Donna Knepper
Executive Secretary