



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 587—DECEMBER 15, 2011

TO: Members of the Bureau

RE: Wisconsin Worker's Compensation Insurance Pool Fund

Enclosed is an eleven-year summary for the Wisconsin Worker's Compensation Insurance Pool Fund on a calendar/accident year basis. This exhibit reflects an actuarial evaluation of Pool losses including IBNR. This review is intended to present a more complete picture of the Wisconsin Pool so that member carriers can better understand their obligations.

The last report to member companies showed a deficit of \$1,767,227 at year-end 2009, which was declared but not levied.

Year-end 2010 indicates a surplus of \$2,223,442. The adjusted value of the fund of \$272,711,775 was 101% of the target fund value of \$270,488,333. If the adjusted value of net assets is greater than 90% and less than 110%, the Pool rules require that a disbursement be declared but not paid in an amount sufficient to bring the value of the net assets down to the target fund value.

Exhibit 7, "Calculation of Assessment by Accident Year", as attached, reflects the cumulative (two-year) surplus of \$456,215.

Each member carrier will be receiving a Pool statement showing its share of the 2010 surplus, allocated to the prior 10 accident years, and based on the carrier's market share of written premiums in each respective year.

As of December 31, 2010, the total assets of the Pool Fund were \$302,063,248 with liabilities of \$3,881,115, resulting in a Fund Balance of \$298,182,133.

Sincerely,
Bernard Rosauer
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-10

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
1. Gross Invoiced Premium Written	49,026,408	53,457,773	65,821,732	75,686,750	100,225,119	92,822,355	99,690,298	91,292,416	71,242,192	44,642,731	31,729,124
2. Gross Invoiced Premium Earned*	50,446,321	56,338,653	70,533,603	80,854,408	102,837,270	99,333,505	98,007,256	77,204,401	59,150,260	38,534,332	29,390,628
3. Accid. Year Losses Incurred**	43,096,889	44,076,511	54,089,154	66,150,634	68,770,129	66,560,348	69,238,668	87,928,721	45,217,278	29,371,438	22,598,111
4. Accident Year Loss Ratio =[(3) / (2)]	85%	78%	77%	82%	67%	67%	71%	114%	76%	76%	77%
5. Cal. Year Losses Incurred	47,269,940	58,009,268	53,304,121	58,040,748	73,889,376	80,954,543	82,284,145	85,266,309	53,647,505	28,887,457	12,947,776
6. Servicing Carrier Expense	14,707,923	16,037,332	19,746,519	22,706,026	30,067,536	27,846,708	29,907,089	27,387,730	21,372,654	13,504,539	9,518,739
7. Agents' Commissions	1,374,367	1,486,998	1,702,828	1,993,652	2,239,362	2,379,590	2,450,582	2,343,044	1,843,100	1,277,125	888,896
8. Amounts Charged Off	378,888	149,418	634,267	363,751	205,443	391,997	513,815	546,472	398,813	945,349	650,742
9. Other Income and Expenses	(8,410)	(72,916)	(325,656)	(224)	2,801	(17,338)	(52,205)	(60,115)	(25,129)	(26,931)	(87,407)
10. Calendar Year Und. Results***	(13,293,206)	(19,417,279)	(5,179,789)	(2,249,993)	(3,561,647)	(12,256,671)	(17,200,580)	(38,399,269)	(18,136,941)	(6,107,069)	5,297,068
11. Net Investment Income	15,524,482	16,981,103	15,534,802	15,962,431	11,639,801	11,832,638	12,505,425	14,366,108	12,471,172	14,324,824	9,576,604
12. Change in Net Amort. on Inv.	(7,834)	668,948	(427,740)	(577,140)	1,116,947	351,264	(1,029,403)	(421,672)	(2,569,583)	1,656,366	(5,601)
13. Calendar Year Assess. (Refund)#											
Based on Calculation	(2,223,442)	1,767,228	(9,927,273)	(13,135,298)	(9,195,101)	72,769	5,724,558	24,454,833	8,235,352	(9,874,121)	(14,868,071)
Based on Examination Report	(2,223,442)	1,767,227	(9,927,274)	(13,135,298)	(9,195,101)	72,769	5,724,557	24,454,838	8,235,349	(9,874,121)	(14,869,848)
14. Cumulative Assess.(Refund)	(456,214)	1,767,228	(26,460,345)	(16,533,072)	(3,397,774)	5,797,327	5,724,558	(5,404,972)	(29,859,805)	(38,095,157)	(28,221,036)

* Invoiced Premium Earned is based on the Pool's Invoiced Premium and the Pool's Unearned Premium Reserves which differ from the Financial Call premium data.

** Accident Year Losses Incurred evaluated at 12/31/10 and include IBNR reserves.

*** Calendar Year Und. Results = (2 - 5 - 6 - 7 - 8 + 9)

Cal. Year Assessment = (10+11+12)*(-1)

WISCONSIN WORKERS COMPENSATION POOL
CALCULATION OF ASSESSMENT BY ACCIDENT YEAR
AS OF 12/31/10

(1)	(2)	(3)	(4)
Accident Year	2-Year Estimated Assessment @12/31/10	Estimated Assessment Calendar Year 2009	Estimated Assessment Calendar Year 2010
Prior	(2,681,967)	936,844	(3,618,810)
1996	(142,168)	31,804	(173,972)
1997	(208,260)	(431,315)	223,054
1998	(527,032)	(153,536)	(373,495)
1999	(235,447)	(24,280)	(211,168)
2000	(746,688)	(351,361)	(395,326)
2001	1,308,819	(439,475)	1,748,294
2002	(416,216)	(10,334)	(405,882)
2003	(2,476,815)	(581,195)	(1,895,620)
2004	(1,366,131)	(277,260)	(1,088,870)
2005	(2,815,885)	(1,847,789)	(968,096)
2006	(176,516)	373,053	(549,569)
2007	2,606,888	2,686,735	(79,846)
2008	(1,127,885)	(691,924)	(435,961)
2009	1,384,547	2,547,260	(1,162,714)
2010	<u>7,164,541</u>	<u>0</u>	<u>7,164,541</u>
Total	(456,214)	1,767,227	(2,223,441)