



Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1142—MARCH 26, 2012

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53196 on Tuesday, March 13, 2012. The meeting was called to order at 8:30 A.M.

A list of attendees at the March 2012 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.

Table with 5 columns: ORGANIZATION, REPRESENTATIVE, GOVERNING BOARD, RATING COMMITTEE, WWCIP. Rows list various insurance companies and the WCRB Bureau with attendance markers (X or O).

X = Committee member
O = Present (non-committee member)

Member Absent or Excused:

Employers Insurance of Wausau

Also Present:

| ORGANIZATION | REPRESENTATIVE | GOVERNING BOARD | RATING COMMITTEE | WWCIP |
|---|-----------------------|------------------------|-------------------------|--------------|
| Badger Mutual | Terry Falls | | O | O |
| State of Wisconsin, Department of Workforce Development | Brian Krueger | | O | o |
| Office of the Commissioner of Insurance | Ronnie Demergian | O | O | O |
| | Pam Johnson | O | O | O |
| Riegel Law | Paul Riegel | O | O | O |
| SFM | Brian Bent | O | O | O |
| Tri-State of MN | Judy Baldus | | O | O |

X = Committee member
 O= Present (non-committee member)

Also Present for Part of Meeting:

| ORGANIZATION | REPRESENTATIVE |
|-------------------------------------|-----------------------|
| Mt. Calvary Ambulance Service, Inc. | Jeffrey Stenz |
| Madden Law Firm, S.C. | Patrick Madden |
| Rural Mutual Insurance | Mike Immel |

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. The December 2011 minutes were revised to reflect that the discussion of NCCI Proposal NCCI Proposal Item U-1398 – Revisions to Statistical Plan for Workers Compensation and Employers Liability Insurance was continued. The minutes were approved as amended.
2. Bureau Operations – Industry Issues

Budget Update. The Board was provided the following reports:

- o 2011 Estimated Year-End/2012 Adjusted Approved Budget.
- o 2012 IT Approved Budget/2011 IT Estimated Year-End Summary
- o 2012 IT Approved Budget - Detail
- o 2011 Budget History
- o 2012 Budget History

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- Income Report that included years 2010 through February 2012
- Notice to Carrier Fine Comparison.
- Unit Stat Fine Comparison.
- Hard Copy Fee Comparison.

The Board approved an adjustment to the 2012 Annual budget to include an additional \$40,000 to cover expenses for the NCCI medical data call. New annual budget for 2012 is \$7,488,070. An assessment in the amount of \$1,885,642 for the general operating expenses for the WCRB for the second quarter of 2012 was also approved.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - The Governor's office has appointed James Buchen, Senior Vice President of the Wisconsin Manufacturers and Commerce, to serve as the employer representative on the Governing Board.
 - Dr. Richard Victor from Workers Compensation Research Institute (WCRI) will provide a presentation to the Board at the June meeting.
 - WCRB will provide information for the 2012 Oregon Study. DWD and WCRB will conduct an informal other states rates comparison.
 - WCRB will provide the Board more detail on the proposed enhancement to the WCRB Disaster Recovery Plan in June.
- WCRB Voting Process – The Committee and Board were provided with a draft Circular Letter announcing the May 18, 2012 WCRB Annual Meeting. The Circular will identify all carriers that have notified WCRB that they were interested in filling a vacancy on either the Rating Committee and/or the Governing Board. A brief profile for the representative from each candidate will also be attached.
- WWCIP Charge-off Requests
 - Roofing Specialists - \$98,935 – Middlesex Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.
 - ICS Personnel Group, Inc. - \$25,121 – Middlesex Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.
 - Pennebaker Enterprises LLC. - \$69,623.50 – Tri-State Insurance Company of MN. The Governing Board approved the recommendation to charge-off the uncollectible balance.

Sentry Insurance abstained from voting.

3. The following Committees reported to the Board:

RATING COMMITTEE

- Excess Insurance Policies – WCRB is forming a subgroup to address policy and endorsement forms issues.
- Experience Rating Worksheet Distribution – WCRB is conducting a survey of experience rated employers regarding several options for providing rating worksheets to employers. The results so far show a preference for electronic transmission. This survey will continue throughout 2012.
- USL&HW Reporting – The electronic submission of USL&HW data to the Department of Labor (DOL) issues have been resolved. WCRB issued Circular Letter 588 announcing the Federal Coverage Compliance Electronic Reporting requirements. With all business complete, this item is removed from the agenda.
- Loss Reimbursement –Independent review of WI Statutes continues with state agencies and government affairs representatives of several member carriers.
- NCCI Proposal Item U-1398 – Revisions to Statistical Plan for Workers Compensation and Employers Liability Insurance – The Board voted to continue discussion of this item at the June meeting.
- Mt. Calvary Ambulance Service, Inc. – Hearing – NEW - Attorney Patrick H. Madden acting as legal counsel for Mount Calvary Ambulance Service, Inc. (“MCASI”) requested a hearing before the Rating Committee of the Wisconsin Compensation Rating Bureau to address the classification of the employer. The appeal to the Rating Committee requested a review of Class Code 7705 – Ambulance Service Companies and EMS Providers and Drivers and Class Code 7710 – Civil Defense Workers and Volunteer Rescue Squads – including members serving as auxiliary police officers at emergencies. The appeal requested classification of MCASI under Class Code 7705.
- Class Code 7710 and 7705 both appeared on the policy for MCASI. Additional investigation conducted by the WCRB revealed that only one other employer in Wisconsin had both class codes on their policy. The Rating Committee concluded that the existence of both classifications on the single policy created confusion and uncertainty as to the appropriate classification for the business of the employer for the years 2010 and 2011. Accordingly, the Rating Committee agreed that the classification for

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the policy years 2010 and 2011 should be 7705 as that was the classification the employer had been assigned to in the voluntary market.

Employers Mutual Casualty Insurance Company abstained from voting.

Pending Filings/Actions

- NCCI Proposal Item E-1402 – Revisions to the Experience Rating Plan Primary/Excess Split Point Value and Maximum Debit Modification Factor. With all business complete, this item is removed from the agenda.
- Reassignment of Lightning Rod Erection and Installation. With all business complete, this item is removed from the agenda.
- WCRB Proposal – Experience Modification Effective Date/Rate Effective Date. With all business complete, this item is removed from the agenda.
- NCCI Proposal item B-1425 Revisions to Employers Liability and Admiralty or FELA Coverage Increased Limits Percentages and Factors. With all business complete, this item is removed from the agenda.

WWCIP COMMITTEE

- Pool Structure – The file transfer of Pool business to the four servicing carriers is going well. WCRB staff has completed an internal review of the RFP process and issues/questions that were raised. The main focus for WCRB for future RFPs will be to better define terms and what information is needed.
- Pool Technical Meeting – WCRB will host the WWCIP Technical meeting on April 4, 2012. This meeting will address issues common to all servicing carriers. The goal is to ensure that all Pool business is being treated the same, regardless of carrier assignment.

4. The following reports were provided:

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity

Donna Knepper
Executive Secretary