



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1147—JUNE 27, 2012

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board meeting held in the premises of Lake Lawn Resort, 2400 East Geneva Street, Delavan, WI 53115 on Thursday, June 7, 2012. The meeting was called to order at 9:00 A.M.

A list of attendees at the June 2012 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Pat Williams from United Wisconsin Insurance Company. The Chair of the Governing Board was Steve Ginsburg from Employers Insurance of Wausau.

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.	Dave Young		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.	Ed Peck	X	X	O
	Ellen Altenburg-Wadel	X	X	O
Society Insurance Co.	Rick Levin	X	X	X
Travelers Indemnity Co.	Jessica Mayer	X	X	X
United Wisconsin Insurance Co.	Pat Williams		X	O
	Tom Vanderbusch	X	X	O
West Bend Mutual Insurance Co.	Pam Allison		O	X
	Paul Hingtgen	O	O	X
	John Murphy	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	O	O
	Beth Nickel	O	O	O
	Donna Knepper	O	O	O

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

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Milliman	Gary Josephson		O	O
Office of the Commissioner of Insurance	Pam Johnson	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 Meeting:

ORGANIZATION	REPRESENTATIVE
Workers Compensation Research Institute	Rick Victor
	Sharon Belton

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 13, 2011 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update. The Board was provided the following reports:
 - 2011 Audited Year-End/2012 Adjusted Approved Budget.
 - 2012 Status Report / 5-31-12
 - 2012 Budget History
 - 2011 IT Approved Budget/2011 IT Audited Year-End Summary
 - Income Report that included years 2010 through May 2012
 - Notice to Carrier Fine Comparison.
 - Unit Stat Fine Comparison.
 - Hard Copy Fee Comparison.

CIRCULAR LETTER 1147—JUNE 27, 2012—PAGE 3

The Committee voted to levy an assessment in the amount of \$1,870,205 for the general operating expenses for the WCRB for the third quarter of 2012.

- - Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2010 and 2011 – The Board was furnished with a copy of the reports for discussion at the September meeting.
 - Administrative affairs, occupancy, general expenses, personnel, etc.
 - PEEP (Policy Entry and Edit Package) will sunset in 2014 as the program is cost prohibitive to maintain.
 - Update on changes to CDX
 - DWD is exploring ways to fund the Uninsured Employers Fund (UEF) Excess Insurance policy.
 - 2020 WCRB employee development plan
 - WCRB Voting Process – WCRB reviewed the revised voting process used for the 2012 Annual Meeting with regard to the filling of Rating Committee and Governing Board vacancies. No additional revisions to the process were recommended.
 - WCRI Presentation – Dr. Rick Victor from WCRI presented the Board with information gathered for a new study on narcotic drug prescription and worker's compensation insurance claims.
 - WCRB Disaster Recovery Plan – WCRB updated the Board on progress of the Disaster Recovery Plan enhancements.
 - WWCIP Charge-off Requests
 - Julio Alvarez DBA JPRS - \$26,342 - Tri-State Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.
 - Pay Source, Inc. - \$148,149 – Liberty Mutual Insurance Company. The Governing Board approved the recommendation to charge-off the uncollectible balance.

Employers Insurance of Wausau abstained from voting.

The Board approved a motion to increase the threshold for charge-offs requiring Governing Board approval from \$25,000 to \$50,000.

3. The following Committees will report to the Board:

RATING COMMITTEE

- Excess Insurance Policies – WCRB had formed a subgroup to address policy and endorsement forms issues. The subgroup has scheduled a meeting for August 7, 2012 in the WCRB office.
- Experience Rating Worksheet Distribution – WCRB continues to receive feedback from employers regarding various options for the distribution of the worksheets. WCRB will provide an update in September.
- Loss Reimbursement – The independent review of the 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 accepted the recommendation of both the Rating Committee and the Actuarial Subcommittee not to adopt NCCI filing Item U-1398.

WCRB staff recommended a couple of changes to the Wisconsin Unit Statistical Plan clarifying the reporting of non-compensable claims. These changes were also adopted by the Governing Board for filing with the Office of the Commissioner of Insurance.

- October 1, 2012 Rate Revision – The rate revision filing is being prepared by Milliman.
- Wisconsin Work-Study Coverage Endorsement – *NEW* - Several questions have been raised with the application and charge for the work-study endorsement. An ad hoc committee has been formed. The group will meet prior to the September meeting.

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

NCCI Proposal item R-1405 -2012 Update to Retrospective Rating Plan Parameters – Expected Loss Ratings and State Hazard Group Differentials – The Board adopted the recommendation of the Rating Committee to file the proposed changes to the Expected Loss Ranges with the Office of the Commissioner of Insurance to be effective 1-1-13.

Pending Filings/Actions

Mt. Calvary Ambulance Service, Inc. – Hearing – On May 10, 2007, OCI approved the reclassification of paid, for-profit ambulance providers from class code 7380 – Drivers, Chauffeurs, Messengers, And Their Helpers Non-Commercial to newly created classification code 7705 - Ambulance Service Companies And EMS (Emergency Medical Service) Providers & Drivers. The rate for code 7705 was keyed to class code 7380 until the class developed sufficient experience to develop its own rate. Code 7705 was also assigned to the hazard group “D”, which tracks with code 7380.

Volunteer ambulance services are currently assigned to classification code 7710 - Civil Defense Workers And Volunteer Rescue Squads - Including Members Serving As Auxiliary Police Officers At Emergencies. Code 7710 is assigned to hazard group “G”.

Since the exposure for code 7705 more directly relates to that of code 7710, the Governing Board is recommending that code 7705 also be assigned to hazard group “G”. This change will be filed with the OCI to be implemented in conjunction with the October 1, 2012 rate filing.

WWCIP COMMITTEE

- WWCIP Investment Guidelines – The Board discussed the current guidelines in Executive Session.
- Issues Log – WCRB staff has developed a formal process for documenting issues related to WWCIP.
- Pool Structure – The transition to the four servicing carriers is almost complete. No major issues have been identified.
- Pool Technical Meeting – The WCRB hosted a meeting with the individuals from the servicing carriers directly involved in the processing and servicing of Pool policies. Issues such as fiscal agents, charge-offs, certificates of insurance were discussed.
- 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 2011 is a deficit of \$3,424,299. This deficit does not include the unreimbursed surplus of \$456,213 from the December 31, 2010 analysis. Combined with the previous surplus of \$456,213, the current accumulated net asset deficit is \$2,968,086.

- Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2010 and 2011. The Board was furnished with a copy of the reports for discussion at the September meeting.

4. Reports

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity