



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 602—DECEMBER 11, 2012

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 surplus of \$2,223,442.

Year-end 2011 shows a deficit of \$3,424,298. The adjusted value of the fund of \$270,888,506 was 99% of the target fund value of \$274,312,805. If the adjusted value of net assets is greater than 90% and less than 110%, the Pool rules require that an assessment be declared but not levied in an amount sufficient to bring the fund to the target fund value.

Exhibit 7, "Calculation of Assessment by Accident Year", as attached, reflects the cumulative (three-year) deficit of \$2,968,083.

Each member carrier will be receiving a Pool statement showing its share of the 2011 deficit, allocated to the prior 10 accident years, based on the carrier's market share of written premiums in each respective year.

As of December 31, 2011, the total assets of the Pool Fund were \$303,092,658 with liabilities of \$2,430,884, resulting in a Fund Balance of \$300,661,774.

Sincerely,
Bernard Rosauer
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-11

	<u>2011</u>	<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>
1. Gross Invoiced Premium Written	58,075,413	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
2. Gross Invoiced Premium Earned*	53,871,474	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
3. Accid. Year Losses Incurred**	51,132,411	42,508,799	44,425,121	56,532,904	66,187,625	66,943,268	66,295,677	69,521,685	87,757,495	45,146,848	28,289,340
4. Accident Year Loss Ratio = [(3) / (2)]	95%	84%	79%	80%	82%	65%	67%	71%	114%	76%	73%
5. Cal. Year Losses Incurred	50,246,747	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
6. Servicing Carrier Expense	17,422,624	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
7. Agents' Commissions	1,588,766	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
8. Amounts Charged Off	645,287	378,888	149,418	634,267	363,751	205,443	391,997	513,815	546,472	398,813	945,349
9. Other Income and Expenses	(644)	(8,410)	(72,916)	(325,656)	(224)	2,801	(17,338)	(52,205)	(60,115)	(25,129)	(26,931)
10. Calendar Year Und. Results***	(16,032,594)	(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)
11. Net Investment Income	12,707,265	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
12. Change in Net Amort. on Inv.	(98,971)	(7,834)	668,948	(427,740)	(577,140)	1,116,947	351,264	(1,029,403)	(421,672)	(2,569,583)	1,656,366
13. Calendar Year Assess. (Refund)#											
Based on Calculation	3,424,300	(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)
Based on Examination Report	3,424,299	(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. Cumulative Assess.(Refund)	2,968,086	(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)

* 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 12/31/11 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 12/31/11

(1) Accident Year	(2) 3-Year Estimated Assessment @12/31/11	(3) Estimated Assessment Calendar Year 2009	(4) Estimated Assessment Calendar Year 2010	(5) Estimated Assessment Calendar Year 2011
Prior	(7,229,344)	968,647	(3,792,782)	(4,405,209)
1997	(412,310)	(431,315)	223,054	(204,050)
1998	(644,968)	(153,536)	(373,495)	(117,937)
1999	(482,692)	(24,280)	(211,168)	(247,244)
2000	(764,470)	(351,361)	(395,326)	(17,783)
2001	69,984	(439,475)	1,748,294	(1,238,835)
2002	(808,087)	(10,334)	(405,882)	(391,871)
2003	(3,812,271)	(581,195)	(1,895,620)	(1,335,456)
2004	(1,615,998)	(277,260)	(1,088,870)	(249,868)
2005	(3,671,802)	(1,847,789)	(968,096)	(855,917)
2006	(2,660,734)	373,053	(549,569)	(2,484,218)
2007	2,054,386	2,686,735	(79,846)	(552,502)
2008	594,563	(691,924)	(435,961)	1,722,448
2009	1,077,356	2,547,260	(1,162,714)	(307,191)
2010	5,860,318	0	7,164,541	(1,304,222)
2011	<u>15,414,153</u>	<u>0</u>	<u>0</u>	<u>15,414,153</u>
Total	2,968,083	1,767,227	(2,223,441)	3,424,298