



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1159—JUNE 17, 2013

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of Lake Lawn Resort, 2400 East Geneva Street, Delavan, WI 53115 on Thursday, June 6, 2013. The meeting was called to order at 9:00 AM.

A list of attendees at the June 2013 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Steve Ginsburg from Employers Insurance of Wausau. The Chair of the Governing Board was George Busche from General Casualty 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.	Dave Young	O	X	X
General Casualty Insurance Co.	George Busche	X	X	X
Middlesex Insurance Co	Bev Beigel	O	O	X
Secura Insurance Company	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
United Wisconsin Insurance Co.	Tom Vanderbusch	X	X	O
	Pat Williams		X	O
	Scott Beaver		X	
Travelers Indemnity Co.	Jessica Mayer	X	X	X
West Bend Mutual Insurance Co.	John Murphy	O	O	X
	Steve Mueller	O	O	X
Wisconsin Compensation Rating Bureau	Bernie Rosauer	O	O	O
	Tad Cleveland	O	O	O
	Nancy Kierzek	O	O	O
	Michael Mann	O	O	O
	Christine Siekierski	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	Danielle Rogacki		O	O
	Ellen Vigil	O	O	O
Riegel Law	Paul Riegel	O	O	O
SFM	Brian Bent	O	O	O

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

Member Absent or Excused:

James Buchen

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 6, 2013 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update
 - 2012 Audited Year-End/2013 Approved Budget
 - 2013 Budget Status Report
 - 2013 Budget History
 - 2013 Budget Adjustments
 - 2012 Budget History
 - 2012 Budget Adjustments
 - Income Report that included years 2011 through May 2013
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison

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- 2012 Approved IT Budget/2012 Audited IT Year-End Summary
- 2013 Approved IT Budget

The Committee voted to levy an assessment in the amount of \$1,908,709 for the general operating expenses for the WCRB for the third quarter of 2013.

- Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2011 and 2012 – The Board was furnished with a copy of the reports for discussion at the September meeting.
- Administrative affairs, occupancy, general expenses, personnel, etc.
 - This was the last Board meeting for Christine Siekierski. Christine's transition into her new role as Vice President of Research and Communication will be complete July 1.
 - WCRB has recently filled two vacant positions.
 - WCRB operating system, Spectrum, has been upgraded to a Web-based system.
 - WCRB will be conducting an internal financial audit.

3. The following Committees will report to the Board:

RATING COMMITTEE

- Excess Insurance Policies – WCRB is reviewing the excess policy and endorsement forms that have been submitted by member carriers. The goal is to create a WI Excess Policy Forms and Endorsements Manual. After WCRB and legal review, the draft Manual will be forwarded, with comment, to the Excess Insurance subgroup for their input.
- Loss Reimbursement – Draft legislation to allow loss reimbursement programs continues to be reviewed.
- Premium Algorithm – Waiver of Subrogation- The Committee concurred with the Operations Subcommittee recommendation to file necessary WI Basic Manual rule changes to require that the aggregate charge for the waiver on a multi-state policy must equal \$50. The Governing Board approved the recommendation.
- Body Shop Estimators Classification –The WCRB has not received a formal hearing request to allow the reclassification of body shop estimators. This item is removed from the agenda.

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- WI Basic Manual Changes – Admiralty Law/FELA – Milliman met with WCRB and provided preliminary information on the development of rates for the classification codes provided under Program II – USL Act in the WI Basic Manual. Research on these rates will continue. Changes will be incorporated into the October 1, 2014 rate filing.

Subsequent to the meeting, issues regarding the Admiralty Law/FLEA were resolved. Rates for Admiralty Law/FELA codes will be included in the October 1, 2013 rate filing.

- Cell Phone Stores – Classification – Cell phone stores are currently being classified under code 8017 – Store Retail NOC countrywide. WCRB was advised that NCCI is not considering reclassification of the cell phone stores. The Committee concurred with the recommendation to maintain the current class code assignment of code 8017. This item is removed from the agenda.
- Dental Associates Family & Specialty Care LLC – Hearing – No appeal of the Rating Committee decision has been filed with the OCI. This item is removed from the agenda.
- Lightner and Lightner – Hearing - No appeal of the Rating Committee decision has been filed with the OCI. This item is removed from the agenda.
- NCCI Proposal Item R-1406 - 2013 Update to Retrospective Rating Plan Parameters – Excess Loss Factors – *NEW* The updated Excess Loss Factors for WI are incorporated into the annual rate filing prepared by Milliman. This item is removed with no action taken.
- Revised ACORD application – *NEW* The Board adopted the proposed changes to the ACORD 130 (2013/09) application for filing with the OCI.
- Non-renewal Notice – WCRB distributed a draft circular to remind carriers of the statutory notification requirements for non-renewing worker's compensation insurance coverage. The Committee suggested several changes to the draft. WCRB will make changes to the circular and redistribute to the Committee and Board for e-mail vote.

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

- Aggregate Protection Endorsement – A member carrier submitted an endorsement for approval for filing with the OCI. The Committee did not accept the endorsement. The carrier can present their arguments for filing the endorsement at the September meeting and request reconsideration of the filing.

Pending Filings/Actions

- Expense Constant Rule – Wisconsin Exception – With all business complete, this item is removed from the agenda.

WWCIP COMMITTEE

- WWCIP Analysis – Milliman presented historical information on premium and loss ratios for the WWCIP. The Board concurred with the recommendation of the Committee to refer the issue of rate adequacy to the Actuarial Subcommittee. The two main areas of focus for the Subcommittee are:
 1. to ensure that the WWCIP is self-sustaining
 2. review the annual evaluation and adjustment of the Wisconsin Worker’s Compensation Insurance Fund

Employers Mutual Casualty Company abstained from voting.

- WWCIP Surplus Report - The Board was furnished with a summary of the Actuarial Analysis of the Wisconsin Workers’ Compensation Insurance Pool as prepared by Milliman, Inc. The net asset balance for calendar year 2012 is a deficit of \$3,728,552. This deficit does not include the deficit of \$3,424,300 from the December 31, 2011 analysis. Combined with the total cumulative assessment collectible as of December 31, 2012 of \$2,968,086, the current cumulative net asset deficit is \$6,696,638.
- Wisconsin Worker’s Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2011 and 2012. 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