



Wisconsin Compensation Rating Bureau

262-796-4540 ▲ Fax 262-796-4400 ▲ www.wcrb.org

P.O. Box 3080 ▲ Milwaukee, WI 53201-3080

Located at 20700 Swenson Drive, Suite 100, Waukesha, WI 53186

CIRCULAR LETTER 1155—MARCH 22, 2013

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Wednesday, March 6, 2013. The meeting was called to order at 8:30 AM:

A list of attendees at the March 2013 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
James A Buchen Public Affairs	James Buchen	X		O
Middlesex Insurance Co	Bev Beigel	O	O	X
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.	Pat Williams		X	O
	Tom Vanderbusch	X	X	O
West Bend Mutual Insurance Co.	Pam Allison	O	O	X
	Paul Hingtgen	O	O	X
	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
	Donna Knepper	O	O	O

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

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Present by Teleconference:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
General Casualty Insurance Co.	George Busche	X	X	X
Travelers Indemnity Co.	Jessica Mayer	X	X	X

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Badger Mutual Insurance Co.	Terry Falls	O	O	O
Office of the Commissioner of Insurance	Pam Johnson	O	O	O
	Danielle Rogacki			
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:

Secura Insurance Company

Also Present For Part of Rating Committee Meeting:

ORGANIZATION	REPRESENTATIVE
Dental Associates Family & Specialty Care LLC	Paul A Seubert
Laurus Strategies	Tracy Holbomb
Lightner & Lightner	Tim Lightner
	Dustin Olson
Michael, Best & Friedrich, LLP	Chuck Palmer
Wisconsin Compensation Rating Bureau	Melanie Lindseth

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 December 5, 2012 meeting.
2. Bureau Operations – Industry Issues
 - Budget Update

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- 2012 Estimated Year-End/2013 Approved Budget
- 2012 Budget History
- 2013 Budget History
- 2012 IT Approved Budget/2012 IT Estimated Year-End Summary
- 2013 IT Approved Budget
- Income Report that included years 2011 through February 2013
- Notice to Carrier Fine Comparison
- Unit Stat Fine Comparison
- Hard Copy Fee Comparison

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

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - The Board approved \$40,000 to cover participation in the NCCI medical data call. A sample report was provided to the WCRB. WCRB has asked for clarification on several items. A final report for WI will cost an additional \$30,000. WCRB will provide more detail at the June meeting.
 - The Governing Board was updated on the WCRB health insurance program.
 - WCRB has filled a vacancy in the policy processing department. WCRB received an impressive response to the job posting.
 - Rossville Metals Recyclers LLC - The member of Rossville Metals Recycling and Auto Salvage LLC has been advised that all inquires for information from the WCRB must be made in writing and submitted through WCRB legal counsel.

This item is removed from the agenda.

3. The following Committees will report to the Board:

RATING COMMITTEE

- Excess Insurance Policies – WCRB has received six policy and form submissions from carriers currently writing Excess Insurance in WI. The subgroup will be reconvened to begin developing a WI Excess Insurance Policy and Endorsement Forms Manual.

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- Experience Rating Worksheet Distribution – WCRB has discontinued direct distribution of the Experience Rating Worksheets to the employers. Employers are able to access the worksheets via the WCRB Web site. There have been very few issues.

This item is removed from the agenda.

- Loss Reimbursement – Draft legislation to allow loss reimbursement programs continues to be reviewed and will be proposed for the 2014 Agreed Bill.
- Wisconsin Work-Study Coverage Endorsement – The revised WI Work-Study Coverage Endorsement and charges have been approved effective 10-1-13. Changes to Ch. 102, Wis Stats are being discussed for incorporation into the 2014 Agreed Bill.

The Board reaffirmed that the work-study charges are not subject to pro-rata adjustments.

This item is removed from the agenda.

- Premium Algorithm – Waiver of Subrogation- The Committee discussed blanket waiver charges on multi-state policies. WCRB requires that a minimum of \$50 be shown as a charge specific to WI regardless of the WI exposure. This item was referred to the operations subcommittee to determine if the charge is appropriate when the aggregate charge for the multi-state policy exceeds the \$50.
- Expense Constant Rule – Wisconsin Exception –Wisconsin requires that, at a minimum, the WI expense constant must be charged on a policy that includes WI under Item 3A, regardless of when WI is added. NCCI's expense constant rule includes the following language: "The expense constant charged at the inception of the policy will not change when a state is added or deleted during the policy term." The Governing Board concurred with the recommendation of both the Rating Committee and the Operations Subcommittee to file an amendment to the WI Expense Constant Rule to include the NCCI language, to be effective 10-1-13.
- Body Shop Estimators Classification –WCRB had communicated to the parties requesting that body shop estimators be reclassified from classification code 8393 – Automobile Body Repair to code 8748 – Automobile Salespersons, which includes service writers, that the request was denied. The WCRB was informed that a request for a formal hearing before the Rating Committee may be forthcoming.

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- WI Basic Manual Changes – Admiralty Law/FELA - WI Basic Manual Rule XIII (page R-64) shows classification codes under Program II – USL Act. These codes provide federal coverage, but no rates nor code descriptions are filed for these codes. The Committee accepted the recommendation of the Operations Subcommittee to request WCRB to contact Milliman to develop rates for these codes. The rates and descriptions will be developed for incorporation into the 10-1-14 rate revision. Amendments to WI Basic Manual and Pool Handbook rules will be proposed to clarify that Admiralty and FELA coverage is not available in the Pool.

- Notice of Cancellation to Others Endorsement – Several carriers have either submitted or inquired about a Notice of Cancellation to Others Endorsement. The endorsement would provide individuals or entities not named on the policy with notice of cancellation. These entities are usually certificate holders. Certificates are not considered part of the worker's compensation insurance policy and are not regulated by the Office of the Commissioner of Insurance. The Operations Subcommittee reviewed the endorsement and expressed concern on enforcement and possible unintended extension of coverage if all entities listed on the endorsement were not notified within the stated timeframe. The Rating Committee concurred with the recommendation of the Operations Subcommittee to not adopt this proposed endorsement.

- Wisconsin Workers Win / W³ – WCRB had notified member carriers that the WI Basic Manual Rule V.B.4. Implied Employment should be used when determining premium for individuals involved in the program.

This item is removed from the agenda

- Cell Phone Stores – Classification – WCRB received a request to consider classifying cell phone stores under classification code 8013 – Store Jewelry rather than the current code of 8017 –Store Retail NOC. The Committee inquired as to whether or not this issue had been discussed on a national level. WCRB will research for the June meeting.

- Dental Associates Family & Specialty Care LLC – Hearing – Dental Associates Family & Specialty Care LLC requested a hearing before the Rating Committee to suggest a change in the phraseology for classification code 8832 – Physician & Clerical to eliminate the inclusion of clerical personnel.

The Rating Committee denied the request from Dental Associates Family & Specialty Care LLC to eliminate clerical from code 8832. Clerical employees are included under classification code 8832 on a national level. Many of the employers classified under code 8832 will have an unclear division between the clerical and professional duties. Removing the clerical operations from the code

may result in an adverse change in rate for those entities not able to keep the segregation.

By unanimous consent of all members present, the following items were added to the agenda:

- Lightner and Lightner – Hearing

Lightner & Lightner requested a hearing before the Rating Committee of the Wisconsin Compensation Rating Bureau (“WCRB”) to address the transfer of loss history based on the purchase of certain assets from another entity. This was a partial sale and revised unit statistical reports were filed with the WCRB. Based on the information submitted, losses, by location, were transferred from the seller to Lightner & Lightner and the experience rating modification for Lightner & Lightner was amended accordingly.

The Rating Committee determined the information provided by The Accident Fund in the form of Unit Statistical Reports, was not sufficiently reliable or verifiable to allow for any portion of the loss experience to transfer from the seller to Lightner & Lightner. The request of Lightner & Lightner to reverse the combinability determination was granted and WCRB was directed to remove the loss history of the seller from the calculation of the experience modification factor for Lightner & Lightner.

United Wisconsin Insurance Company abstained from voting.

- Unintentional Failure To Disclose Hazards Endorsement – The Committee discussed the endorsement and determined that this was unacceptable for several reasons. In addition to being too subjective, it was determined that it may be contrary to State statute. The endorsement was not approved for filing.

General Casualty Insurance Company abstained from voting.

Pending Filings/Actions

WWCIP COMMITTEE

- WWCIP Analysis – Milliman presented a rate level analysis for the Pool, in comparison with the voluntary market. Additional information was requested. Milliman will provide the additional analysis at the June meeting.

4. Reports

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity