



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1161—OCTOBER 2, 2013

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of West Bend Mutual Insurance Company, 1900 South 18th Avenue, West Bend, WI 53095 on Thursday, September 5, 2013. The meeting was called to order at 8:30 AM.

A list of attendees at the September 5, 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
	Mark Neubauer		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
Travelers Indemnity Co.	Jessica Mayer	X	X	X
United Wisconsin Insurance Co.	Tom Vanderbusch	X	X	O
	Pat Williams		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
	Andy Bremberger	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
	Beth Nickel	O	O	O
	Donna Knepper	O	O	O

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

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Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Liberty Mutual Insurance Company	Val Hanks		O	O
Office of the Commissioner of Insurance	Ellen Vigil	O	O	O
	Jaclyn de Medicci		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

Also Present for Part of Rating Committee

Ace American Insurance Company Brian Powers
Eva Turbyville
J & L Tire, Inc. Lyle Wuestenberg

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 June 6, 2013 meeting.
2. Bureau Operations—Industry Issues
 - Budget Update
 - 2013 Estimated Year-End/2014 Preliminary Budget
 - 2011-2013 Budget Comparison
 - Income Report that included years 2011 through July 2013
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison
 - 2013 Approved IT Budget/2013 IT Estimated Year-End Summary
 - 2014 Preliminary IT Budget

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The Committee voted to levy an assessment in the amount of \$1,658,709 for the general operating expenses for the WCRB for the fourth quarter of 2014. This reflects a 4th quarter estimated budget surplus adjustment.

- Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2011 and 2012 – The Board voted to accept the financial statements for filing with the Office of the Commissioner of Insurance on an informational basis only.
- Administrative affairs, occupancy, general expenses, personnel, etc.
 - WCRB participated in the Medical Data Call conducted by the NCCI. The NCCI and Milliman were asked to provide bids for the development of a database to interpret the results. The Board ratified WCRB's engagement of Milliman.

The Wisconsin Advisory Council is anticipating discussion on fee schedules at their October meeting.

- The contract with Milliman for actuarial services expires December, 2014. The Board was furnished with a copy of the last RFP. Discussion on releasing an RFP will continue in December.
 - WCRB will be introducing an internal training program to employees.
 - WWCIP Analysis – The WWCIP rate adequacy will be discussed at the November 19, 2013 Actuarial Subcommittee meeting to be held at the WCRB.
3. The following Committees will report to the Board:

RATING COMMITTEE

- Excess Insurance Policies – WCRB has completed the review of the excess policy and endorsement forms that have been submitted by member carriers. After review by WCRB legal counsel, the Excess Insurance subgroup will be reconvened.
- Loss Reimbursement – Draft legislation to allow loss reimbursement programs continues to be reviewed.
- WI Basic Manual Changes – Admiralty Law/FELA – Federal class code 7099 – Vessels – Not self-propelled is shown in Rule XIII of the WI Basic Manual. There is no rate developed for the class code. WI Codes 7046 and 7098 for Vessels – not self-propelled were discontinued effective 10-1-03.

The Board concurred with the recommendation of the Rating Committee to amend WI Basic Manual Rule XIII to eliminate code 7099.

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- Non-renewal Notice – WCRB will provide the Committee with a report on the NTC activity related to non-renewal notices. This item is removed from the agenda.
- Aggregate Protection Endorsement – A member carrier presented an Aggregate Protection Endorsement for filing with the OCI. (The Committee did not accept the endorsement for filing at the June meeting.) Discussion that followed pointed out areas of confusion and concern which would need to be addressed prior to filing with the OCI for approval. The member carrier will take the Committee's recommendations into consideration for modification and re-submission.
- NCCI Proposal Item P-1410 Establishment of Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Program Reauthorization -*NEW* The Committee and Board reaffirmed the e-mail vote to file this item with the Office of the Commissioner of Insurance for approval. OCI approved this item with policies effective 1-1-14 and later. This item is removed from the agenda.
- J & L Tire, Inc – Hearing – *NEW*

J & L Tire, Inc. requested a hearing before the Rating Committee of the Wisconsin Compensation Rating Bureau to address the inclusion of the store manager, service manager and services writers working in the store in the phraseology for Class Code 8046, Store Automobile Parts and Accessories NOC & Drivers. The appeal to the Rating Committee requested a change in classification assignment for these individuals from Class Code 8046 to Class Code 8748 Automobile Salespersons.

J & L Tire, Inc. argued that some automobile dealers have been advertising the same services provided by tire dealers. The service writers for a car dealer are classified under Code 8748. The manual rate for Code 8748 is significantly lower than the manual rate for Code 8046. J & L Tire Inc. argued that the classification difference gave the automobile dealerships a competitive advantage.

The classification treatment for service writers on a national basis was also discussed. It was determined that other states include service writers in the governing classification for Automobile or Automobile Truck Dealers and Automobile or Automobile Truck Stations.

The object of the classification system is to group employers into classifications so that the rate for each classification reflects the exposures common to those employers. It is the business of the employer that is classified, not the separate employments, occupations or operations within the business.

Upon motion being made, seconded and carried, the Rating Committee of the Wisconsin Compensation Rating Bureau denies the request from J & L Tire, Inc. to reassign the store manager, service manager and service writers from Code 8046 – Store and Automobile Parts and Accessories NOC & Drivers to Code 8748 – Automobile Salespersons. The Rating Committee also directed that the classification of service writers by automobile dealers to Code 8748 be re-evaluated.

EMC opposed the motion.

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

Supplemental Benefit Reimbursement Payments to Employers and Insurers – Pursuant to s. 102.44(1)(c), Wis. Stats., employers or insurers paying supplemental benefits to injured employees on permanent partial disability claims are able to file for reimbursement with the Work Injury Supplemental Benefit Fund (WISBF). Effective May 14, 2013, all reimbursements have been suspended.

This item has been referred to Milliman for actuarial review and will be discussed at the November 19, 2013 Actuarial Subcommittee Meeting.

Pending Filings/Actions

- Premium Algorithm – Waiver of Subrogation – With all business complete, this item is removed from the agenda.
- Revised ACORD application – With all business complete, this item is removed from the agenda.

WWCIP COMMITTEE

- Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2011 and 2012. The Board voted to accept the financial statements for filing with the Office of the Commissioner of Insurance on an informational basis only.

4. Reports

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity