



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1163—DECEMBER 26, 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 Thursday, December 5, 2013. The meeting was called to order immediately upon adjournment of the WWCIP meeting.

A list of attendees at the December 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
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
	John Murphy	O	O	X
	Jennifer Michalak	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
	Kay Higgins		O	

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

Also Present:

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ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Chubb	Mark Hilgart		O	
Office of the Commissioner of Insurance	Ellen Vigil	O	O	O
	Jaclyn de Medicci	O	O	O
Riegel Law	Paul Riegel	O	O	O
SFM	Brian Bent	O	O	O
	Mike Happe	O	O	O
	Nick Marino	O	O	O

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

Also Present for Part of Rating Committee

HNI
 Lippert Tile Company, Inc.

Matt Bucher
 Kevin Henrichs

Wisconsin Association of Campground Owners (WACO)

Bud Styer
 Randy Sondalle
 Lori Severson

Ansay& Associates, Inc.

Tim Patterson
 Tony Matera
 Sue Black
 Laura Sprinkel
 Keith Tozer

Milwaukee Wave

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 September 5, 2013 meeting.
2. Bureau Operations—Industry Issues
 - Budget Update
 - 2013 Estimated Year-End/2014 Proposed Budget
 - 2014 Budget History
 - Income Report that included years 2011 through estimated year-end 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 Proposed IT Budget
- 2014 Budget Adjustments

The Committee voted to levy an assessment in the amount of \$1,891,391 for the general operating expenses for the WCRB for the first quarter of 2014.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - WCRB HR personnel met with other independent bureaus to discuss current benefit packages and other human resource matters.
 - Report on the strategic reserve fund established in 2012.
 - Mr. James Buchen, Governor appointed employer representative has resigned. WCRB appreciates Mr. Buchen's service on the Committee. WCRB has contacted Governor Walker's office to request a replacement on both the Rating Committee and Governing Board.
- WWCIP Analysis – The WWCIP rate adequacy continues to be a topic of conversation and analysis.

3. The following Committees will report to the Board:

RATING COMMITTEE

UNFINISHED BUSINESS

- Excess Insurance Policies – WCRB legal counsel has completed his review of the excess policy and endorsement forms. Additional forms have been submitted. WCRB will meet to finalize a proposal.
- Loss Reimbursement – Opposition to the program has been submitted to the OCI. Discussion within the industry will continue.
- Aggregate Protection Endorsement – The Board concurred with the recommendation of the Rating Committee to accept the proposed Aggregate Protection Endorsement for filing with the OCI. The filing will be submitted as a LRARO form.

EMC opposed the motion.

- J & L Tire, Inc – Hearing

The Rating Committee discussed the 2005 action to classify service writers by automobile dealers under Class Code 8748 – Automobile Salespersons. The

Committee concurred that there is enough difference in exposure between a service writer for an automobile dealer and other service writers that no change will be made in the class code assignment.

No further appeal from J & L Tire, Inc. has been received. This item is removed from the agenda.

- Supplemental Benefit Reimbursement Payments to Employers and Insurers –the Work Injury Supplemental Benefit Fund (WISBF). Effective January 1, 2014, all reimbursements from the Work Injury Supplemental Benefit Fund (WISBF) will no longer be available. DWD will budget for reimbursement and look to expand the assessment definition.

NEW BUSINESS

- Milwaukee Wave, LLC – Hearing - Milwaukee Wave, LLC requested a hearing before the Rating Committee of the Wisconsin Compensation Rating Bureau to address the current assignment of classification code 9178 – Athletic Team or Park: Non-Contact Sports to their indoor soccer team. The appeal to the Rating Committee requested that the Milwaukee Wave, LLC be reclassified to classification code 9179 – Athletic Team or Park: Contact Sports. NCCI describes code 9178 as follows:

“Code 9178 is applied to professional and semiprofessional athletes, athletic teams and sports clubs engaged in non-contact sports including, but not limited to, baseball, basketball, jai-alai, soccer, and volleyball. Noncontact sports refers to a sport where the player is penalized for contact with another player, while contact sports refers to a sport where the player is not penalized for making contact with another player. Code 9178 applies to players, coaches, managers, trainers, or sports officials and includes all players on the salary list of the insured whether they actually play or not.”

The Rating Committee of the Wisconsin Compensation Rating Bureau denies the request from the Milwaukee Wave, LLC to reclassify indoor soccer from classification code 9178 Athletic Team or Park: Non-Contact Sports to classification code 9179 – Athletic Team or Park: Contact Sports. A change in classification to contact sports should come as a change to the national classification language.

- NCCI Proposal Item B-1426 Update Federal Mine Safety and Health Act References; Discontinue Per Passenger Seat Surcharge; Exclude Fraudulent and/or Noncompensable Losses from Incurred Losses. For WI, this filing proposes the following:
 - Revises reference to the Federal Coal Mine Safety and Health Act
 - Eliminates the aircraft seat surcharge and associated code
 - Excludes fully fraudulent and/or noncompensable claims from the definition of incurred losses in the retrospective rating plan formula

The Board concurred with the recommendation of the Rating Committee to adopt this proposal for filing with the OCI to be effective January 1, 2015 applicable to new

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and renewal business. WCRB will file amendments to all rules, manuals and forms affected by the changes.

- NCCI Proposal Item P-1411 Revisions to Forms Manual of Workers Compensation and Employers Liability Insurance. This item is the sister filing to Item B-1426 and proposes amendments to the NCCI forms manual. This proposal was adopted for filing with the OCI in conjunction with Item B-1426.
- NCCI Proposal Item R-1407 – Update to Retrospective Rating Plan Parameters – State Hazard Group Differentials - The Board adopted the recommendation of the Rating Committee to file the proposed changes to the Retrospective Rating Plan Manual with the Office of the Commissioner of Insurance to be effective 1-1-14.
- Request for Unit Stat Plan Data by County – Schedule Z Enhancement – WCRB will send the Schedule Z enhancement parameters to the Governing Board for review. WCRB will ensure that proprietary information is not provided in any enhanced reports. If adopted, the enhanced report will be available on the WCRB web site and available to all carrier members. An e-mail vote will be made before any revisions are made.
- Legislative Request – Small Business Review – WCRB has been asked to explore small business credits. The Rating Committee directed WCRB to send a reply letter to the legislature addressing the issues pertaining to small business credits. The letter will also ask if the issue should be pursued.
- Class Code Analogy Corrections – WCRB staff identified several editorial corrections needed to the Class Code analogy descriptions. The corrections included spelling errors, duplicate language, etc. The Board concurred with the recommendation to file the corrections with the OCI. Future editorial corrections can be filed with the OCI as they are identified and do not require prior approval. Changes to the main phraseology of the individual class codes or substantive changes to the analogy descriptions will need prior approval.

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

- Wisconsin Association of Campground Owners (WACO) – Hearing - WACO requested a hearing before the Rating Committee of the Wisconsin Compensation Rating Bureau to address the current assignment of classification code 9015 to campground operations. The appeal to the Rating Committee requested that separate classification codes be allowed for various exposures within the campground operations such as housekeeping, store, and restaurant.

The Committee discussed the implications of separately classifying various duties performed by the campground employees. The classification currently used for the campground is a blending of all operations including more hazardous duties such as roofing and wood cutting. Separately classifying each operation may result in an overall increase in premium.

The classification treatment for campgrounds on a national basis was also discussed. It was determined that other states contemplate campground exposures

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within the scope of Code 9015 just as is done in Wisconsin. The classification changes were denied.

- Waiver of Subrogation – Waivers of Subrogation allow a carrier to waive the right of subrogation against a specific party. Historically, the Wisconsin Workers Compensation Insurance Pool (Pool) has required that a requested waiver only be allowed for a direct party in a contract with a Pool policyholder. In most cases, this meant a subcontractor with a Pool policy could request the right to waive subrogation against a general contractor with whom they have a direct contract. The Pool could not provide the same waiver to “third-party beneficiaries” to the contract, such as project owners, architects or engineers.

The Rating Committee discussed the scope of the Waiver of our Right to Recover From Others Endorsement (WC 00 03 13) and determined that it would now be permissible for the Pool to extend the waivers to third-party beneficiaries. It is important to note that a \$50 charge per policy term should be assessed for each party requesting the waiver, whether a direct party to the contract or a third-party beneficiary.

Employer Representative Burazin abstained from voting.

ACTUARIAL SUBCOMMITTEE

The Actuarial Subcommittee met on November 19, 2013. Milliman provided data and reports on the following items:

Volunteer Fire Fighters – Class 7709
Wisconsin Workers' Compensation Insurance Pool
Work Injury Supplemental Benefit Fund
Profit and Contingency Provision

The Subcommittee accepted the reports and recommended presentation to the Rating Committee.

Pending Filings/Actions

WI Basic Manual Changes – Admiralty Law/FELA – With all business complete, this item is removed from the agenda.

WWCIP COMMITTEE

- The WWCIP Handbook has been revised incorporating changes that have been suggested by servicing carriers, agents, and recommendations as a result of the OCI Market Conduct Exam. The draft revision will be forwarded to the Pool Technical Group for review and comment.

4. Reports

- WCPAP – Contractor Premium Adjustment Program
- WWCIP Activity