



Wisconsin Compensation Rating Bureau

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## GENERAL CIRCULAR LETTER 614—DECEMBER 18, 2013

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 deficit of \$3,424,298.

Year-end 2012 shows a deficit of \$3,728,552. The adjusted value of the fund of \$276,978,293 was 99% of the target fund value of \$280,706,846. 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 (four-year) deficit of \$6,696,635.

Each member carrier will be receiving a Pool statement showing its share of the 2012 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, 2012, the total assets of the Pool Fund were \$317,404,819 with liabilities of \$719,661, resulting in a Fund Balance of \$316,685,158.

Sincerely,  
Bernard Rosauer  
President

**WISCONSIN WORKERS COMPENSATION POOL**  
**CALCULATION OF ASSESSMENT BY ACCIDENT YEAR**  
**AS OF 12/31/12**

(1)	(2)	(3)	(4)	(5)	(6)
Accident Year	4-Year Estimated Assessment @12/31/12	Estimated Assessment Calendar Year 2009	Estimated Assessment Calendar Year 2010	Estimated Assessment Calendar Year 2011	Estimated Assessment Calendar Year 2012
Prior	(12,014,757)	537,333	(3,569,728)	(4,609,259)	(4,373,102)
1998	(725,267)	(153,536)	(373,495)	(117,937)	(80,298)
1999	(756,687)	(24,280)	(211,168)	(247,244)	(273,996)
2000	(961,945)	(351,361)	(395,326)	(17,783)	(197,475)
2001	(309,242)	(439,475)	1,748,294	(1,238,835)	(379,227)
2002	(1,288,978)	(10,334)	(405,882)	(391,871)	(480,890)
2003	(6,207,753)	(581,195)	(1,895,620)	(1,335,456)	(2,395,482)
2004	(2,122,495)	(277,260)	(1,088,870)	(249,868)	(506,496)
2005	(4,746,459)	(1,847,789)	(968,096)	(855,917)	(1,074,657)
2006	(4,078,815)	373,053	(549,569)	(2,484,218)	(1,418,081)
2007	613,444	2,686,735	(79,846)	(552,502)	(1,440,942)
2008	(341,184)	(691,924)	(435,961)	1,722,448	(935,748)
2009	938,078	2,547,260	(1,162,714)	(307,191)	(139,278)
2010	3,497,391	0	7,164,541	(1,304,222)	(2,362,927)
2011	20,087,744	0	0	15,414,153	4,673,591
2012	<u>15,113,559</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,113,559</u>
Total	6,696,635	1,767,227	(2,223,441)	3,424,298	3,728,552

**WISCONSIN WORKERS COMPENSATION INSURANCE POOL**

**UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS**

As of 12-31-12

	<u>2012</u>	<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>
1. Gross Invoiced Premium Written	72,902,198	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
2. Gross Invoiced Premium Earned*	63,585,371	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
3. Accid. Year Losses Incurred**	57,159,993	56,466,019	40,619,608	44,870,578	56,265,559	65,327,962	66,247,028	65,870,036	69,576,279	86,641,361	45,023,264
4. Accident Year Loss Ratio = [(3) / (2)]	90%	105%	81%	80%	80%	81%	64%	66%	71%	112%	76%
5. Cal. Year Losses Incurred	58,134,389	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
6. Servicing Carrier Expense	20,350,527	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
7. Agents' Commissions	1,790,658	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
8. Amounts Charged Off	869,336	645,287	378,888	149,418	634,267	363,751	205,443	391,997	513,815	546,472	398,813
9. Other Income and Expenses	(99,990)	(644)	(8,410)	(72,916)	(325,656)	(224)	2,801	(17,338)	(52,205)	(60,115)	(25,129)
10. Calendar Year Und. Results***	(17,659,529)	(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)
11. Net Investment Income	14,547,747	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
12. Change in Net Amort. on Inv.	(616,770)	(98,971)	(7,834)	668,948	(427,740)	(577,140)	1,116,947	351,264	(1,029,403)	(421,672)	(2,569,583)
13. Calendar Year Assess. (Refund)#											
Based on Calculation	3,728,552	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
Based on Examination Report	3,728,553	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
14. Cumulative Assess.(Refund)	6,696,638	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)

\* 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 12/31/12 and include IBNR reserves.

\*\*\* Calendar Year Und. Results = (2 - 5 - 6 - 7 - 8 + 9)

# Cal. Year Assessment = (10+11+12)\*(-1)