



Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1166—MARCH 12, 2014**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 Tuesday, March 4, 2014. The meeting was called to order immediately upon adjournment of the WWCIP meeting.

A list of attendees at the March 4, 2014 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 Dan Revai from Sentry Insurance A Mutual 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
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
West Bend Mutual Insurance Co.	Paul Hingtgen	O	O	X
	Brian McEvoy	O	O	X
	Steve Mueller	O	O	X
Wisconsin Manufacturers & Commerce	Chris Reader	X	X	O
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)

Member Absent or Excused:

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General Casualty Insurance Co.

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Liberty Mutual Insurance Co.	Val Hanks	O	O	X
Milliman	Gary Josephson		O	
	Lori Julga	O	O	O
Office of the Commissioner of Insurance	Ellen Vigil	O	O	O
	Jaclyn de Medicci	O	O	O
	Danielle Rogacki (teleconference)	O	O	O
Riegel Law	Paul Riegel	O	O	O
SFM	Brian Bent	O	O	O
	Nick Marino	O	O	O

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

The Chairperson read the following opening statement before convening the meeting:

“This Board 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, 2013 meeting.
2. Bureau Operations—Industry Issues
 - Budget Update
 - 2013 Estimated Year-End/2014 Approved Budget
 - 2013 Approved IT Budget/2013 IT Estimated Year-End Summary
 - Income Report that included years 2011 through estimated year-end 2013
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison
 - 2014 Approved IT Budget
 - 2013 Budget History
 - 2014 Budget History

The Board voted to levy an assessment in the amount of \$1,851,391 for the general operating expenses for the WCRB for the second quarter of 2014.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - Christine Siekierski, Vice President of Research and Communication, officially retired on February 1, 2014.
 - WCRB employees have been requested to examine current procedures and provide ideas and feedback in order to streamline processes and eliminate waste where possible. WCRB is also in the process of identifying manual workarounds related to our core system and working with the developer to automate and resolve these workarounds.
 - An independent financial audit will be completed on the regular annual audit completed by WCRB auditors.
 - The Investment Subcommittee has two vacancies for stock representatives.
 - PEEP Sunset – The program some carriers use to report policy data to the WCRB was scheduled to sunset in 2014. WCRB was contacted by member carriers expressing issues over the sunset. WCRB has worked with other independent bureaus and PEEP will be continued.
- WWCIIP Analysis – The WWCIIP 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 has responded to several carriers that have submitted Excess Insurance policies for review. Once the carriers have addressed the issues identified and resubmit the filing, the forms will be forwarded to OCI for approval. WCRB will publish all approved policy forms under an Excess Policy Manual under the Manuals and Instructions link on the web site.
- Loss Reimbursement – There is no new information to report at this time.
- Aggregate Protection Endorsement – The OCI has disapproved this filing. The carrier submitting the filing has been provided a copy of the disapproval which also contains appeal information.
- Supplemental Benefit Reimbursement Payments to Employers and Insurers –the Work Injury Supplemental Benefit Fund (WISBF). A revised reimbursement program is being addressed in the Agreed Bill.

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- Milwaukee Wave, LLC – Hearing - Milwaukee Wave, LLC appealed the Rating Committee’s December 5, 2013 Hearing decision to the OCI. The OCI hearing was held February 12. Post hearing briefs have been filed by both attorneys. Final decision on the appeal is pending.

- Request for Unit Stat Plan Data by County – Schedule Z Enhancement – The request for Schedule Z enhancement was clarified. If any data element on any row of information contains fewer than five entries, the entire row of information will be removed from the report. The Committee voted 9-1 to provide the enhanced report. EMC opposed.

- Legislative Request – Small Business Review – WCRB has responded to a legislative request to explore small business credits. No response for additional information or research has been received. This item is removed from the agenda.

- Class Code Analogy Corrections – Editorial corrections to the analogy assignments have been filed with the OCI. WCRB will notify membership of the changes by Circular Letter. With all business complete, this item is removed from the agenda.

- Wisconsin Association of Campground Owners (WACO) – Hearing - No further appeal from WACO has been received. This item is removed from the agenda.

- Waiver of Subrogation – The WWCIIP Servicing carriers have been advised on the information required to extend waivers of subrogation to third-party beneficiaries. With all business complete, this item is removed from the agenda.

NEW BUSINESS

- NCCI Proposal Item B-1427 Revisions to Basic Manual Classifications and Appendix E-Classification by Hazard Group – This proposal affects two industries, metal scrap dealers and sheet metal.

The Governing Board adopted the recommendation to file the following amendments to metal scrap dealer codes to be effective October 1, 2014.

	CURRENT	PROPOSED
8263	<p>JUNK DEALER & DRIVERS (Applicable only to those risks engaged in collecting or handling a miscellaneous line of secondhand materials, such as bottles, rags, paper, bones, rubber, nonferrous scrap metals and, in addition, ferrous scrap metals. Risks primarily engaged in collecting or handling ferrous scrap metals shall be assigned to Code 8265. Wrecking or salvaging to be separately rated. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8263 are</p>	<p>JUNK DEALER & DRIVERS (Applicable only to those risks engaged in collecting or handling a miscellaneous line of secondhand materials, such as bottles, rags, paper, bones, rubber, nonferrous scrap metals and, in addition, ferrous scrap metals. Risks primarily engaged in collecting or handling <u>When a dealer's principal type of merchandise sold is ferrous scrap metals, shall the business must</u> be assigned to Code 8265. <u>When a dealer's principal type of merchandise sold is nonferrous scrap metals, the business must be assigned to Code 8500.</u> Wrecking or salvaging to be separately rated. Shall <u>Must</u> not</p>

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	conducted as a separate and distinct business.)	be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8263 are conducted as a separate and distinct business.)
8500	<p>METAL SCRAP DEALER & DRIVERS - NONFERROUS (Includes the collection and reduction of nonferrous scrap metals. No collecting or handling of scrap iron or steel. Shall not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8500 are conducted as a separate and distinct business.) BATTERY SALVAGE FLORESCENT LIGHT FIXTURE BALLAST REMOVAL CONTAINING PCB'S BEVERAGE CONTAINER RECYCLERS - METAL NONFERROUS - USED & DRIVERS (Collection or handling of scrap iron, bottles, etc., must be separately rated.)</p>	<p>METAL SCRAP DEALER & DRIVERS - NONFERROUS (Includes the collection and reduction of nonferrous scrap metals. No collecting or handling of scrap iron or steel. <u>Shall Must</u> not be assigned to a risk engaged in operations described by another classification unless the operations subject to Code 8500 are conducted as a separate and distinct business.) BATTERY SALVAGE FLORESCENT LIGHT FIXTURE BALLAST REMOVAL CONTAINING PCB'S BEVERAGE CONTAINER RECYCLERS - METAL NONFERROUS - USED & DRIVERS (Collection or handling of scrap iron, bottles, etc., must be separately rated.)</p>

The changes proposed to the sheet metal classes do not apply as prior changes to those class codes were not adopted in WI.

Pending Filings/Actions

- 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. - With all business complete, this item is removed from the agenda.
- NCCI Proposal Item P-1411 Revisions to Forms Manual of Workers Compensation and Employers Liability Insurance. - With all business complete, this item is removed from the agenda.
- NCCI Proposal Item R-1407 – Update to Retrospective Rating Plan Parameters – State Hazard Group Differentials - With all business complete, this item is removed from the agenda.

ACTUARIAL SUBCOMMITTEE

The Actuarial Subcommittee met on February 13, 2014. Milliman provided data and reports on the following items:

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- Volunteer Fire Fighters – Class 7709 – The Actuarial Subcommittee advised that changing the methodology is actuarially sound.
- Wisconsin Workers' Compensation Insurance Pool Rate Structure
- Profit and Contingency Provision – A small study group was formed to study the issues.

With the impact of the pending Agreed Bill, no strong recommendations for the above issues are being contemplated.

WWCIP COMMITTEE

- The WWCIP Handbook - The draft revision will be forwarded to the Pool Technical Group for review and comment before the Pool Technical Meeting scheduled for April 30, 2014.

4. Reports

- WCPAP – Contractor Premium Adjustment Program – The Board was provided a WCPAP Analysis Report. This analysis is provided on a biennial basis.
- WWCIP Activity