



Wisconsin Compensation Rating Bureau

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CIRCULAR LETTER 1171—JULY 8, 2014

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of the Lake Lawn Resort, 2400 East Geneva Street, Delavan, WI 53115 on Thursday, June 19, 2014. The meeting was called to order at 9:00 AM.

A list of attendees at the June 2014 Rating Committee, WWCIIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIIP Committees was George Busche from General Casualty Company. The Chair of the Governing Board was Nick Saeger from Sentry Insurance A Mutual Company.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIIP
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 Company	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.	Nick Saeger	X	X	O
Society Insurance Co.	Rick Levin	X	X	X
	Dom Weber		X	
Travelers Indemnity Co.	Jessica Mayer	X	X	X
United Wisconsin Insurance Co.	Tom Vanderbusch	X	X	O
	Pat Williams		X	O
	Scott Beaver		X	O
West Bend Mutual Insurance Co.	Paul Hingtgen		O	X
	John Murphy		O	X
	Steve Mueller		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	O

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

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Milliman	Gary Josephson			O
Office of the Commissioner of Insurance	Danielle Rogacki	O		
	Ellen Vigil		O	O
	Jaclyn de Medicci		O	O
Riegel Law	Paul Riegel	O	O	O
SFM	Brian Bent	O	O	O
	Nick Marino		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.”

- Approved Minutes for the March 4, 2014 meeting
- Bureau Operations—Industry Issues
 - Budget Update
 - 2013 Audited Year-End/2014 Approved Budget
 - 2014 Status Report / 5-31-14
 - 2013 Approved IT Budget/2013 IT Audited Year-End Summary
 - Income Report that included years 2012 through 5-31-14
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison
 - 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 third quarter of 2014.

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- Administrative affairs, occupancy, general expenses, personnel, etc.
 - WCRB had an outside vendor review and test the Disaster Recovery Program.
 - The Board discussed additional items in Executive Session.
- PEEP Sunset – The sunset of PEEP has been rescinded. WCRB and other independent bureaus are pursuing replacement products. In the meantime, PEEP will continue to be supported.
- WWCIP Analysis—Rate level adequacy in comparison to voluntary market – This item continues to be on the agenda for the Actuarial Subcommittee.

The Board requested that the WCRB the monitor claims over \$500,000 that are reported on the quarterly reports submitted by the servicing carriers.
- Wisconsin Compensation Rating Bureau Audited Financial Statements Years Ended December 31, 2012 and 2013 - The Board was furnished with a copy of the reports for discussion at the September meeting.

By unanimous consent, the following items were added to the agenda:

- OCI Market Conduct Exam – The Board was furnished with a copy of the final 2011 OCI Market Conduct Exam. The WCRB will submit the signed statement attesting to providing the Board with a copy of the exam results. WCRB will provide their responses to the recommendations for discussion at the September meeting.
- Wisconsin Occupational Health Program Data Request – The WCRB has received a request for data sharing. WCRB has statutory restrictions on redistribution of filed data. The request will be denied.

The following Committees will report to the Board:

RATING COMMITTEE

UNFINISHED BUSINESS

- Excess Insurance Policies – Two Excess insurance policies have been filed and approved by the OCI. WCRB has several additional forms that need slight revisions from the carrier before being filed with the OCI. The WCRB Web site is being enhanced to publish the forms. This item is continued.
- Loss Reimbursement – There has been no activity on this item. This item is removed from the agenda and will be added as warranted.

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- Aggregate Protection Endorsement – WCRB filed this proposed endorsement with the OCI for approval. This filing has been amended and disapproved. The carrier will need to restart the filing process and address the concerns of the OCI. This item is removed from the agenda.
- Supplemental Benefit Reimbursement Program – This issue was included in the Agreed Bill that did not pass the legislature. This item is continued pending further action from the Department of Workforce Development.
- Milwaukee Wave, LLC—Hearing – WCRB is waiting for the formal decision on the appeal of the decision of the Rating Committee at the December 5, 2013 hearing. This item is continued on the agenda.
- Request for Unit Stat Plan Data by County—Schedule Z Enhancement – WCRB has provided the enhanced report to the carrier that had requested the report. The report is available to member carriers upon request. This item is removed from the agenda.
- Code 7709 – Fire Department – Volunteer – The ratemaking methodology for Code 7709 has not been changed for the 2014 rate revision. The Rating Committee and the Actuarial Subcommittee will continue to monitor the underwriting results.

NEW BUSINESS

- NCCI Proposal Item U-1399A – Revisions to Statistical Plan for Workers Compensation and Employers Liability Insurance – Amended Pension Table Value Tables – The Board adopted the recommendation of the Rating Committee to file the amended pension tables with the Office of the Commissioner of Insurance for carrier reference. Pension tables are not published nor maintained in the WI Statistical Manual.

Pending Filings/Actions

- NCCI Proposal Item B-1427 Revisions to Basic Manual Classifications and Appendix E-Classification by Hazard Group – With all business complete, this item is removed from the agenda.

ACTUARIAL SUBCOMMITTEE

- October 1, 2014 Rate Revision – The initial WCRB review of the 2014 rate revision is nearly complete. It is anticipated that the rate revision will be filed with the Office of the Commissioner of Insurance by June 30.

WWCIP COMMITTEE

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- Revised WWCIP Handbook – The Committee was furnished with a draft of the proposed revised Handbook. The Committee will provide feedback for further discussion at the September meetings.
- Baird Advisors – Investment Presentation – Baird Advisors provided the Committee and Board with a presentation which include:
 - Baird Company Overview
 - Philosophy/Process Overview
 - Current Market Environment
 - Update on Pool Portfolio
- Reinsurance – The Governing Board request WCRB to explore obtaining reinsurance for the Pool.
- WWCIP Surplus Report - Milliman provided their annual historical report on premium and loss ratios for the WWCIP.
- Wisconsin Worker's Compensation Insurance Pool Audited Financial Statements Years Ended December 31, 2012 and 2013 - The Committee was furnished with a copy of the reports for discussion at the September meeting.

REPORTS

WWCIP Activity