



Wisconsin Compensation Rating Bureau

262-796-4540 ▲ Fax 262-796-4400 ▲ www.wcrb.org

P.O. Box 3080 ▲ Milwaukee, WI 53201-3080

Located at 20700 Swenson Drive, Suite 100, Waukesha, WI 53186

CIRCULAR LETTER 1184—JULY 10, 2015

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 18, 2015. The meeting was called to order at 8:30 AM.

A list of attendees at the June 18, 2015 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and acting Chair of the WWCIP Committees was Nick Saeger from Sentry Insurance A Mutual Company. The Chair of the Governing Board was Jessica Mayer from Travelers Indemnity Company.

Table with 5 columns: ORGANIZATION, REPRESENTATIVE, GOVERNING BOARD, RATING COMMITTEE, WWCIP. Rows list various insurance and contractor organizations and their representatives.

X = Committee member
O= Non-committee member

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE	WWCIP
Office of the Commissioner of Insurance (OCI)	Jaclyn de Medicci	O	O	O
	Andrew Stoughton	O	O	O
Riegel Law	Paul Riegel	O	O	O
SFM Mutual Insurance Company	Brian Bent	O	O	O
	Nick Marino		O	O
Zurich Insurance Company	Ken Blake	O		

Member Absent or Excused:

Tri State of MN	Scott Dahlager	O	O	X
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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 3, 2015 meeting
- Bureau Operations—Industry Issues
 - Budget Update—The Board members were presented with the following budget reports and were given the opportunity to ask questions on the information presented.
 - 2014 Audited Year-End/2015 Approved Budget
 - 2014 Approved IT Budget/2014 IT Audited Year-End Summary
 - Income Report that included years 2013 and 2014 audited year end and through May 31, 2015
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison
 - Information Technology 2015 Approved Budget
 - 2015 Status Report / 5-31-15

The Board voted to levy an assessment in the amount of \$1,937,691 for the general operating expenses for the WCRB for the third quarter of 2015.

- Administrative affairs, occupancy, general expenses, personnel, etc.
 - Water damage caused by burst water heater above WCRB offices.

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- WCRB job descriptions are being re-evaluated for combinability and efficiencies.
 - WCRB's presentation at the Independent Insurance Agents of Wisconsin's annual convention.
 - Development of a state-of-the-state type report.
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- WCRB Web Enhancement—Data Requests—Work continues on the Class Code Historical Performance product enhancement to allow users to conduct regional search of the data. This item is removed from the agenda.
 - Worker's Compensation Insurance Issues—The proposal to merge the Department of Workforce Development with the OCI was not adopted. The worker's compensation insurance Judges were moved to the Department of Hearings and Appeals. This item is removed from the agenda.
 - Legislative Issues – There has been discussion on proposed revisions to Ch 102, Wis Stats, and Ch 626, Wis Stats. No formal proposals have been presented.

The Agreed Bill process continues with anticipation of a new Bill to be effective in 2016.

This item is continued.

The following Committees will report to the Board:

RATING COMMITTEE

UNFINISHED BUSINESS

- Supplemental Benefit Reimbursement Program—The discussion of this item continues with the WI State Budget. This item is removed from the agenda.
- Milwaukee Wave, LLC—Hearing – With all business complete, this item is removed from the agenda.
- Code 7709—Fire Department—Volunteer—WCRB did not propose any amendments to the rate making methodology but will continue to monitor rates and potential law changes to municipal operations.
- Wisconsin Class Code Exceptions Review. WCRB provided a report on current WI exceptions. WCRB identified three types of exceptions which will be reviewed in three phases.

Phase 1 - WI only codes that NCCI does not utilize. The WI codes were mapped to the NCCI code that would be a likely reassignment.

Phase 2 - NCCI only codes WCRB does not utilize.

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Phase 3 - Codes used by both WCRB and NCCI but WI has an exception to the application of the code or the phraseology.

Phase 1 review resulted in the adoption of the recommendation of the Rating Committee. The following changes will be filed with the Office of the Commissioner of Insurance for approval.

The proposal would eliminate the following codes subject to a transition program beginning with the 10-1-16 rate revision.

CURRENT CODE	REASSIGNED CODE
2101 Fish Curing	Reassign to 2095 Meat Products Mfg
3086 Foundry – Malleable Iron	3081 Foundry Ferrous-NOC
4417 Boot or Shore Mfg – Rubber	4410 Rubber Goods Mfg NOC

Propose the following codes be eliminated and reassigned effective 10-1-16.

CURRENT CODE	REASSIGNED CODE
5000 Chimney Construction – Not Metal	5222 - Concrete Construction In Connection With Bridges Or Culverts
5211 Bridge Construction – All Operations & Drivers	Appropriate contracting code
5469 Cleaning or Renovating Building Exteriors & Drivers	5213 Concrete Construction NOC

Also discussed:

Code 0108 Country Forestry Horticultural Operations – All Operations and Drivers. NCCI has one municipal class code and WI has three. Therefore, the exception will remain.

Code 3565 Typewriter Mfg – Proposal to eliminate the class. No payroll has been reported under 3565 for several years.

Code 9894 Orchestra – Contracting or Jobbing. The current rate is \$0.97. The comparable NCCI code is 9156 Theater NOC with a rate of \$4.76. While it met the threshold of discussion, the payroll is over \$10 million and no change will be proposed at this time.

- Porchlight, Inc.—Hearing—Porchlight, Inc. appealed the Rating Committee's March 3, 2015 Hearing decision to the OCI. The Committee denied the request of Porchlight, Inc. to classify their social workers and case managers to Classification Code 8742.
- Future Retirement, Inc. DBA Weed Man Lawn—Hearing. With all business complete, this item is removed from the agenda.

- Sartori Company – Hearing. The final decision on the May 21, 2015 hearing has been suspended pending the results of a new WCRB inspection.

NEW BUSINESS

- Modern Crane Service, Inc. Mr. Cole Swanson, representative for Modern Crane Service, Inc., submitted an informal hearing request asking that the WCRB accept a late application submitted for the Wisconsin Contractors Premium Adjustment Program (WCPAP) credit. The Committee voted to uphold the decision made in past hearings on this matter and denied the petition.

General Casualty Company abstained.

- NCCI Item B-1429 Establishment of Audit Noncompliance Charge – The Governing Board adopted the Rating Committee’s recommendation to file Item B-1429 with the Office of the Commissioner of Insurance. This filing establishes rules, an endorsement and statistical code related to auditing and reporting of noncompliant accounts. Premiums charges for noncompliance will not be used in the calculation of the experience modification nor be used in ratemaking. Additional premium charges would only be applied if the Audit Noncompliance Charge Endorsement is attached to the policy. This filing is proposed to be effective January 1, 2017.

Pending Filings/Actions

- NCCI Item B-1428 – Revision to Basic Manual Classifications and Appendix E Classification by Hazard Group – With all business complete, this item is removed from the agenda.

ACTUARIAL SUBCOMMITTEE

The first part of the October 1, 2015 rate filing was submitted to the OCI on May 28, 2015.

WWCIP COMMITTEE

- Reinsurance—The presentation by the reinsurance carrier is postponed until the September 2015 meeting.
- WWCIP Commissions—WCRB provided a report on varying commission levels based on current Pool volume. The Committee requested that additional information be provided at the September meeting.

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- Revised WWCIP Handbook – This item was reintroduced. The Governing Board adopted a recommendation to amend the Pool Handbook to include renewals in the entire Billings and Delinquent Premium Procedures:

REPORTS

WWCIP Activity