



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 637—DECEMBER 28, 2015

TO: Members of the Bureau

RE: Wisconsin Worker's Compensation Insurance Pool Fund

Attached is the eleven-year summary for the Wisconsin Worker's Compensation Insurance Pool Fund on a calendar/accident year basis as of 12-31-14. 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. Also attached is Exhibit 6, the Calculation of Assessment by Accident Year.

The last report to member companies showed a surplus of \$10,558,443 at year-end 2013. Since 2013 was the fifth year since the last actual distribution, the net credit balance of \$3,861,808, (which takes into consideration the charges, credits and write-offs previously recorded), was distributed by the Pool.

Year-end 2014 shows a deficit of \$2,847,590. The adjusted value of the fund of \$297,662,858 was 99% of the target fund value of \$300,510,448. 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.

Each member carrier will be receiving a Pool statement showing its share of the 2014 deficit, allocated to the prior 10 accident years, and based on the carrier's market share of written premiums in each respective year.

As of December 31, 2014, the total assets of the Pool Fund were \$353,288,397 with liabilities of \$3,327,593, resulting in a Fund Balance of \$349,960,804.

Sincerely,
Bernard Rosauer
President

WISCONSIN WORKERS COMPENSATION POOL
CALCULATION OF ASSESSMENT BY ACCIDENT YEAR
AS OF 12/31/14

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Estimated Assets @12/31/13	CY 2014 Payments	$((2)+(2)-(3))/2$ Average Assets 2014	$0.0244 \times (4)$ Estimated Investment Income	Cumulative Assessment Levied 12/31/14	$(2)-(3)+(5)+(6)$ Estimated Assets @12/31/14	Balanced Reserves @12/31/14	$(8)-(7)$ 1-Year Estimated Assessment
Prior	116,629,764	4,284,894	114,487,317	2,793,491	(26,976,659)	88,161,702	86,509,035	(1,652,667)
2000	3,899,588	165,058	3,817,059	93,136	(1,168,387)	2,659,279	2,749,127	89,848
2001	3,108,247	83,777	3,066,358	74,819	(624,476)	2,474,812	2,211,410	(263,402)
2002	7,420,331	283,554	7,278,554	177,597	(1,822,439)	5,491,935	5,625,556	133,620
2003	26,712,968	1,191,943	26,116,997	637,255	(7,334,041)	18,824,239	18,611,535	(212,704)
2004	11,416,428	1,017,910	10,907,473	266,142	(3,528,454)	7,136,206	7,079,150	(57,056)
2005	13,011,122	511,792	12,755,226	311,228	(5,454,826)	7,355,731	7,263,462	(92,270)
2006	14,490,471	757,030	14,111,956	344,332	(5,110,146)	8,967,626	8,936,195	(31,432)
2007	10,279,058	838,994	9,859,561	240,573	(414,614)	9,266,023	8,466,664	(799,359)
2008	11,295,676	1,036,582	10,777,385	262,968	(749,320)	9,772,743	9,133,796	(638,946)
2009	8,356,047	1,591,088	7,560,503	184,476	1,331,190	8,280,626	8,292,108	11,482
2010	6,832,303	1,028,141	6,318,232	154,165	2,299,995	8,258,322	7,803,053	(455,269)
2011	2,290,860	2,547,387	1,017,167	24,819	17,381,999	17,150,291	16,570,568	(579,723)
2012	9,342,185	4,932,095	6,876,138	167,778	14,626,020	19,203,887	18,114,558	(1,089,329)
2013	<u>39,447,377</u>	19,164,208	<u>29,865,273</u>	728,713	13,682,350	34,694,232	32,297,448	(2,396,784)
2014		<u>27,142,999</u>		<u>1,831,251</u>	<u>0</u>	<u>49,965,204</u>	<u>60,846,784</u>	<u>10,881,580</u> #
TOTAL##	284,532,426	66,577,453	264,815,199	8,292,742 **	(3,861,808)	297,662,858	300,510,448	2,847,590 *

0.0244=Estimated Portfolio Yield Rate

*Indicated Total Assessment Using a 91.0% IBNR Factor.

**Total 2014 Investment Income from the Annual Report Net Investment Income.

#Calculated By Subtracting Prior Years From Total.

##Differences due to rounding.

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-14

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
1. Gross Invoiced Premium Written	111,420,997	98,277,038	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
2. Gross Invoiced Premium Earned*	109,617,659	88,889,053	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
3. Accid. Year Losses Incurred**	87,989,783	72,398,319	56,284,124	53,367,360	39,376,676	45,788,299	55,887,838	64,108,119	66,023,593	65,828,723	68,765,919
4. Accident Year Loss Ratio	80%	81%	89%	99%	78%	81%	79%	79%	64%	66%	70%
5. Cal. Year Losses Incurred =[(3) / (2)]	86,417,283	58,516,467	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
6. Servicing Carrier Expense	30,805,420	27,141,723	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
7. Agents' Commissions	2,551,977	2,193,475	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
8. Amounts Charged Off	305,080	165,709	869,336	645,287	378,888	149,418	634,267	363,751	205,443	391,997	513,815
9. Other Income and Expenses	(422,498)	(29,152)	(99,990)	(644)	(8,410)	(72,916)	(325,656)	(224)	2,801	(17,338)	(52,205)
10. Calendar Year Und. Results***	(10,884,599)	842,527	(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)
11. Net Investment Income	8,292,742	10,859,944	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
12. Change in Net Amort. on Inv.	(255,730)	(1,144,028)	(616,770)	(98,971)	(7,834)	668,948	(427,740)	(577,140)	1,116,947	351,264	(1,029,403)
13. Calendar Year Assess. (Refund)#											
Based on Calculation	2,847,587	(10,558,443)	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
Based on Examination Report	2,847,590	(10,558,444)	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
14. Cumulative Assess.(Refund)	2,847,587	(3,861,805)	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

* 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 12/31/14 and include IBNR reserves.

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

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