



+ Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1194—JUNE 2, 2016

PROCEEDINGS OF THE WISCONSIN GOVERNING BOARD

TO: MEMBERS OF THE BUREAU

Minutes of the Wisconsin Governing Board meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Thursday, May 19, 2016. The meeting was called to order immediately following the Annual Meeting with the following members present:

The Chair of the Governing Board, Kathy Muedder, Travelers Indemnity Company, presided.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
American Home Assurance	Jerry Korbel	X	X
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X
Employers Insurance of Wausau	Steve Ginsburg	X	X
Employers Mutual Casualty Co.	Dave Young	O	X
	Mike Lester		
General Casualty Insurance Co.	George Busche	X	X
Secura Insurance A Mutual Co.	Steve Miller	X	O
Sentry Insurance A Mutual Co.	Nick Saeger	X	X
Society Insurance Co.	D'Ana Williams	X	X
Travelers Insurance Co.	Kathy Muedder	X	X
United Wisconsin Insurance Co.	Pat Williams	X	X
	Scott Beaver	X	X
Wisconsin Manufacturers & Commerce	Chris Reader	X	X
Wisconsin Compensation Rating Bureau	Bernie Rosauer	O	O
	Tad Cleveland	O	O
	Nancy Kierzek	O	O
	Donna Knepper	O	O
	Jaclyn de Medicci	O	O
	Kay Higgins	O	O

X = Committee member

O= Present (non-committee member)

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Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
AJ Gallagher	Sherry Rowin	O	O
Department of Workforce Development	BJ Dernbach		
Milliman	Lori Julga	O	O
Office of the Commissioner of Insurance	Andrew Stoughton	O	O
Riegel Law, SC	Paul Riegel	O	O
SFM	Brian Bent	O	O
	Nick Marino	O	O
Twin City Fire Insurance Co	Wendy Bernard	O	O
West Bend Mutual	Tom Vanderbusch	O	O
	Brian McEvoy	O	O

X = Committee member

O= Present (non-committee member)

Also Present for Part of Meeting:

Apex Enterprises, Inc

Bruce Bosben

Joan Chase

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

“This Committee 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.”

A Special Rating Committee meeting was called to discuss the October 1, 2016 rate filing. The following items were recommended by the Rating Committee:

- Adopt trend factors recommended by the Actuarial Subcommittee.
- An overall decrease in rate level of 3.19%.
- No change to the current Expense Constant of \$220.
- No change to the current Maximum Minimum Premium of \$900.

The Governing Board accepted the recommendation for filing with the Office of the Commissioner of Insurance.

The Rating Committee also conducted a formal hearing.

Bruce Bosben, President of Apex Enterprises, Inc. (hereinafter “Apex”), appeared on behalf of Apex requesting the Wisconsin Compensation Rating Bureau (“WCRB”) change the process for calculating experience modification factors under their Rules. In particular, Mr. Bosben requested the Rules be modified to exclude from the experience modification calculation the amount held in reserve by the workers compensation carrier.

After Mr. Bosben’s presentation, the Rating Committee debated whether a change to the experience modification calculation formula was warranted in Wisconsin. The Rating Committee was advised that the National system was almost identical to the experience modification system used by Wisconsin. The Rating Committee decided not to change the experience modification calculation to exclude the reserves established by the insurance carrier. The Rating Committee noted several reasons for its decision including, but not limited to the following:

1. The reserve is the carrier’s best estimate of the potential exposure created by the loss.
2. There was no incentive for carriers to include more potential exposure in the reserve than was absolutely necessary.
3. The Wisconsin system follows the National system for calculation of experience modification factors.
4. The current system is the insurance industry’s best option for a fair and equitable assessment of the impact of the loss history for a particular employer.

Accordingly, the Rating Committee declined the request made by Apex to change the experience modification calculation to exclude reserves from the calculation process.

Employers Insurance of Wausau abstained from voting.

Donna Knepper
Executive Secretary