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**Wisconsin Compensation Rating Bureau**

**GENERAL CIRCULAR LETTER 644 - DECEMBER 14, 2016**

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 12-31-15. 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. Exhibits 6 and 7 are also attached for your reference.

The last report to member companies showed a deficit of \$2,847,590 at year-end 2014.

Year-end 2015 shows a surplus of \$13,148,948. The adjusted value of the fund of \$321,955,802 was 104% of the target fund value of \$308,806,854. 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 2015 surplus, 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, 2015, the total assets of the Pool Fund were \$375,424,621 with liabilities of \$125,464, resulting in a Fund Balance of \$375,299,157.

Sincerely,  
Bernard Rosauer  
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-15

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
1. Gross Invoiced Premium Written	117,989,040	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
2. Gross Invoiced Premium Earned*	117,036,563	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
3. Accid. Year Losses Incurred**	88,337,235	82,840,600	68,229,659	54,136,529	53,228,485	40,217,182	44,850,570	54,757,981	63,215,617	64,294,847	65,596,225
4. Accident Year Loss Ratio	75%	76%	77%	85%	99%	80%	80%	78%	78%	63%	66%
= [(3) / (2)]											
5. Cal. Year Losses Incurred	76,590,525	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
6. Servicing Carrier Expense	32,632,297	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
7. Agents' Commissions	2,468,035	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
8. Amounts Charged Off	524,811	305,080	165,709	869,336	645,287	378,888	149,418	634,267	363,751	205,443	391,997
9. Other Income and Expenses	(26,452)	(422,498)	(29,152)	(99,990)	(644)	(8,410)	(72,916)	(325,656)	(224)	2,801	(17,338)
10. Calendar Year Und. Results***	4,794,443	(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)
11. Net Investment Income	8,447,437	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. Change in Net Amort. on Inv.	(92,932)	(255,730)	(1,144,028)	(616,770)	(98,971)	(7,834)	688,948	(427,740)	(577,140)	1,116,947	351,264
13. Calendar Year Assess. (Refund)#	(13,148,948)	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
Based on Calculation	(13,148,948)	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
Based on Examination Report	(10,301,361)	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
14. Cumulative Assess.(Refund)											

\* 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 12/31/15 and include IBNR reserves.

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

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

**WISCONSIN WORKERS COMPENSATION POOL**  
**CALCULATION OF ASSESSMENT BY ACCIDENT YEAR**  
**AS OF 12/31/15**

(1) Accident Year	(2) Estimated Assets @12/31/14	(3) CY 2015 Payments	(4) $((2)+(2)-(3))/2$ Average Assets 2015	(5) 0.0237 x (4) Estimated Investment Income	(6) $(2)-(3)+(5)$ Estimated Assets @12/31/15	(7) Balanced Reserves @12/31/15	(8) $(7)-(6)$ 2-Year Estimated Assessment
Prior	90,820,981	3,915,738	88,863,112	2,106,056	89,011,298	89,172,970	161,671
2001	2,474,812	172,029	2,388,798	56,615	2,359,398	1,989,979	(369,419)
2002	5,491,935	267,785	5,358,043	126,986	5,351,136	4,957,519	(393,616)
2003	18,824,239	1,522,609	18,062,934	428,092	17,729,721	18,466,885	737,163
2004	7,136,206	435,102	6,918,655	163,972	6,865,077	5,853,888	(1,011,189)
2005	7,355,731	594,054	7,058,704	167,291	6,928,968	6,436,626	(492,342)
2006	8,967,626	545,505	8,694,874	206,069	8,628,190	6,661,923	(1,966,267)
2007	9,266,023	458,920	9,036,563	214,167	9,021,270	7,115,057	(1,906,212)
2008	9,772,743	1,068,349	9,238,568	218,954	8,923,347	6,934,206	(1,989,141)
2009	8,280,626	827,865	7,866,693	186,441	7,639,202	6,526,106	(1,113,096)
2010	8,258,322	1,596,227	7,460,208	176,807	6,838,902	7,047,001	208,100
2011	17,150,291	2,204,763	16,047,910	380,335	15,325,864	14,226,626	(1,099,238)
2012	19,203,887	2,834,787	17,786,494	421,540	16,790,640	13,130,728	(3,659,912)
2013	34,694,232	6,004,258	31,692,102	751,103	29,441,076	22,121,435	(7,319,641)
2014	49,965,204	21,733,293	39,098,558	926,636	29,158,547	33,941,504	4,782,957
2015		<u>24,112,836</u>		<u>1,916,375</u>	<u>59,095,576</u>	<u>64,224,399</u>	<u>5,128,823</u> #
TOTAL##	297,662,858	68,294,119	275,572,216	8,447,437 **	319,108,212	308,806,854	(10,301,359) *

0.0237=Estimated Portfolio Yield Rate

\*Indicated Total Assessment Using a 97.0% IBNR Factor.

\*\*Total 2015 Investment Income from the Annual Report Net Investment Income.

#Calculated By Subtracting Prior Years From Total.

##Differences due to rounding.

**WISCONSIN WORKERS COMPENSATION POOL**  
**CALCULATION OF ASSESSMENT BY ACCIDENT YEAR**  
**AS OF 12/31/15**

(1) Accident Year	(2) 2-Year Estimated Assessment @12/31/15	(3) Estimated Assessment Calendar Year <u>2014</u>	(4) Estimated Assessment Calendar Year <u>2015</u>
Prior	161,671	(1,562,819)	1,724,490
2001	(369,419)	(263,402)	(106,017)
2002	(393,616)	133,620	(527,237)
2003	737,163	(212,704)	949,867
2004	(1,011,189)	(57,056)	(954,132)
2005	(492,342)	(92,270)	(400,072)
2006	(1,966,267)	(31,432)	(1,934,836)
2007	(1,906,212)	(799,359)	(1,106,854)
2008	(1,989,141)	(638,946)	(1,350,195)
2009	(1,113,096)	11,482	(1,124,578)
2010	208,100	(455,269)	663,369
2011	(1,099,238)	(579,723)	(519,515)
2012	(3,659,912)	(1,089,329)	(2,570,582)
2013	(7,319,641)	(2,396,784)	(4,922,857)
2014	4,782,957	10,881,580	(6,098,623)
2015	<u>5,128,823</u>	<u>0</u>	<u>5,128,823</u>
Total	(10,301,359)	2,847,590	(13,148,948)