



Wisconsin Compensation Rating Bureau

CIRCULAR LETTER 1196—JUNE 29, 2016

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board held in the premises of Lake Lawn Resort, 2400 East Geneva Street, Delevan, WI 53115 on Thursday, June 16, 2016. The meeting was called to order immediately following the WWCIP meeting.

A list of attendees at the June 15<sup>th</sup> and 16<sup>th</sup> Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and Chair of the WWCIP Committees was Ira Feuerlicht from American Home Assurance. The Chair of the Governing Board was Holly Lifke from Society Insurance Company. In the physical absence of Ira Feuerlicht, Holly Lifke presided over the Rating and WWCIP meetings.

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:

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<b>ORGANIZATION</b>	<b>REPRESENTATIVE</b>	<b>GOVERNING BOARD</b>	<b>RATING COMMITTEE</b>	<b>WWCIP</b>
Arthur Gallagher	Sherry Rowin		O	O
Office of the Commissioner of Insurance (OCI)	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
Twin City Fire Insurance	Wendy Bernard	O	O	O

Also Present Via Teleconference:

<b>ORGANIZATION</b>	<b>REPRESENTATIVE</b>	<b>GOVERNING BOARD</b>	<b>RATING COMMITTEE</b>	<b>WWCIP</b>
American Home Assurance	Ira Feuerlicht	X	X	O
Travelers Indemnity Co.	Kathy Muedder	X	X	X
Employers Insurance of Wausau	Val Hanks		X	X

Member Absent or Excused:

Tri State of MN

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 the Minutes for the March 2, 2016 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.
    - 2015 Audited Year-End/2016 Approved Budget
    - 2015 Approved IT Budget/2015 Audited Year-End Summary
    - Income Report that included years 2014 through 05-31-16
    - Notice to Carrier Fine Comparison
    - Unit Stat Fine Comparison
    - Hard Copy Fee Comparison
    - Information Technology 2016 Approved Budget
    - 2016 Status Report

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The Board voted to levy an assessment in the amount of \$2,042,450 for the general operating expenses for the WCRB for the third quarter of 2016.

- Administrative affairs, occupancy, general expenses, personnel, etc. – The Board was updated on the following:
  - Personnel changes
  - New automated phone service
  - Internal staff training
  - Audit Committee- discussion in Executive session
- WWCIP Servicing Carrier Reimbursement Request – Under the indemnification clause of the servicing carrier agreement, Society Insurance Company requested reimbursement for extraordinary legal expenses. Society defended the Pool on two points: out of state coverage and the role of the agent on Pool policies. After discussion, the Governing Board approved reimbursement of \$390,818.16 for legal expenses.

Society Insurance Company abstained from voting.

The following Committees will report to the Board:

### RATING COMMITTEE

#### UNFINISHED BUSINESS

- Wisconsin Class Code Exceptions Review – The second phase of the WI Class Code review is complete and has been filed with and approved by the Office of the Commissioner of Insurance.

Subsequent to the filing of phase two, the committee discussed Class Codes 8037 Store-Superstores And Warehouse Clubs And 8039 Store Department-Retail. The committee reaffirmed their email vote to file changes to these codes. The changes were approved by the Office of the Commissioner of Insurance. This item is continued on the agenda.

The work group will meet to discuss the third phase of the Class Code Exceptions Review.

- Clearview Window Washing, LLC– No appeal of the committee's decision has been received. This item is removed from the agenda.
- Nicolet Hardwoods Corporation- No appeal of the committee's decision has been received. This item is removed from the agenda.
- Apex Enterprises, Inc.- The findings of the hearing were provided to Apex. This item is continued as the time for appeal has not expired.

Pending Filings/Actions

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- NCCI Proposal Item B-1431 Revisions to Basic Manual Classifications and Appendix E- Classifications by Hazard Group- Business complete and this item is removed from the agenda.
- NCCI Proposal Item B-1429 – Establishment of Audit Noncompliance Charge – Business is complete and this item is removed from the agenda.
- NCCI Proposal Item B-1430 – Elimination of Anniversary Rating Date (ARD) – Disapproval of this item was received from OCI. A work group was formed to address OCI's objections.
- Wisconsin Employee Leasing Company Client Mailing Address Endorsement – WC 48 03 18 – Business complete and this item is removed from the agenda.
- Wisconsin Real Estate Salespersons Endorsement WC 48 03 04 – Business complete and this item is removed from the agenda.

### NEW BUSINESS

- WCPAP Analysis- Milliman provided a summary of the of the WCPAP analysis. This analysis is provided on a biennial basis. This item was informational only and is removed from the agenda.

### ACTUARIAL SUBCOMMITTEE

The first part of the October 1, 2016 rate filing was submitted to the OCI on May 27, 2016.

### WWCIP COMMITTEE

- Servicing Carrier RFP – The RFPs have been forwarded to the OCI. A decision is expected by August 31, 2016.
- WWCIP Actuarial Analysis- Milliman provided their annual actuarial analysis of the WWCIP.
- WWCIP Activity Report