

**Wisconsin Compensation Rating Bureau****CIRCULAR LETTER 1204—MARCH 24, 2017****WISCONSIN GOVERNING BOARD MEETING**

Minutes of the Wisconsin Governing Board meeting held in the premises of Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, March 7, 2017. The meeting was called to order immediately following the WWCIP meeting.

A list of attendees at the March 7 Rating Committee, WWCIP and Governing Board meetings follows. The Chair of the Rating and Acting 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.

<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
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X	O
Employers Insurance of Wausau	Steve Ginsburg	X	X	O
Employers Mutual Casualty Co.	Dave Young	O	X	X
	Mike Lester		X	X
Middlesex Insurance Co.	Bev Beigel	O	O	X
Secura Insurance Co.	Steve Miller		O	O
Sentry Insurance A Mutual Co.	Mike Schimke	X	X	O
	Steve Bandy	X	X	O
Society Insurance Co.	Holly Lifke	X	X	X
Travelers Indemnity Co.	Kathy Muedder	X	X	X
United Wisconsin Insurance Co.	Scott Beaver	X	X	O
West Bend Mutual Insurance Co.	Tom Vanderbusch	O	O	X
	Brian McEvoy	O	O	O
Wisconsin Manufacturers & Commerce	Chris Reader	X	X	O
Wisconsin Compensation Rating Bureau	Bernie Rosauer	O	O	O
	Tad Cleveland	O	O	O
	Nancy Kierzek	O	O	O
	Michael Mann	O	O	O
	Beth Nickel	O	O	O
	Jaclyn de Medici	O	O	O
	Donna Knepper	O	O	O
	Kay Higgins	O	O	O

X = Committee member  
O = Non-committee member

Also Present:

<b>ORGANIZATION</b>	<b>REPRESENTATIVE</b>	<b>GOVERNING BOARD</b>	<b>RATING COMMITTEE</b>	<b>WWCIP</b>
Arthur Gallagher	Sherry Rowin	O	O	O
Department of Workforce Development (DWD)	BJ Dernbach	O	O	O
Office of the Commissioner of Insurance (OCI)	Andrew Stoughton	O	O	O
Riegel Law	Paul Riegel	O	O	O
SFM Mutual Insurance Co.	Nick Marino		O	

Member Absent or Excused:

General Casualty Company

Also Present for Part of Meeting:

Skiing Wisconsin	Rick Schmitz
Knight Public Affairs LLC	Eric Knight
G & G Specialized Carriers LCC	Robbie Swan
Diel Insurance Group	Brian Diel
Nicolet College	Jeff Labs
WI Department of Administration	Joe Knilans

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 December 8, 2016 meeting.
- Bureau Operations – Industry Issues
  - Audit Committee Update – There being no additional issues to discuss, this item is removed from the agenda.
  - Budget Update - The Board members were presented with the following budget reports and were given the opportunity to ask questions on the information presented.
    - 2016 Estimated Year-End/2017 Approved Budget
    - 2016 Approved IT Budget/2016 Estimated Year-End Summary
    - Income Report that included years 2014 through Estimated Year-End 2016
    - Notice to Carrier Fine Comparison

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- Unit Stat Fine Comparison
- Hard Copy Fee Comparison
- Information Technology 2017 Approved Budget

The Board voted to levy an assessment in the amount of \$2,015,204 for the general operating expenses for the WCRB for the second quarter of 2017.

- Administrative affairs, occupancy, general expenses, personnel, etc. – The Board was updated on the following:
  - WCRB 100<sup>th</sup> Anniversary. The Board was updated on upcoming anniversary celebrations and changes to the WCRB Web site and logo.
  - WCRB internal worker's compensation insurance education program.
  - Worker's Compensation Professional designation for Jaclyn de Medicci and Michael Mann.
- Rating Committee/Governing Board expansion. The Board adopted a proposal to increase the size of both the Rating Committee and Governing Board to a possible 10 members. A proposed revision to the WCRB Bylaws to allow up to 10 carrier members (5 stock, 5 non-stock) will be sent to the WCRB membership for a vote at the May 11, 2017 Annual Meeting.

WCRB legal counsel will work with the Office of the Commissioner of Insurance to make necessary amendment to Ch. 626, Wis. Stats.

The following Committees will report to the Board:

**RATING COMMITTEE**

**UNFINISHED BUSINESS**

- Audit Noncompliance – Several issues were raised regarding ANC for the Pool and assessment implications. WCRB will continue to research the issues.

**NEW BUSINESS**

- NCCI Proposal Item P-1413 – Establishment of Experience Rating Modification Factor Revision Endorsement – The Committee reaffirmed their e-mail vote to adopt this endorsement. This item has been approved by the Office of the Commissioner of Insurance and is removed from the agenda.
- NCCI Proposal Item B-1435 – Revisions to Basic Manual Classifications and Appendix E – Classifications by Hazard Group, Including Trucking and Towing. There were several components to this proposal. The Board adopted the following for filing with the Office of the Commissioner of Insurance effective 10-1-17.

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The reassignment of eleven small class codes. Three of the eleven will be subject to a transition program.

**CODES REASSIGNED EFFECTIVE 10-1-17**

CURRENT CODE	DESCRIPTION	REASSIGNED CODE	DESCRIPTION
1655	QUARRY LIMESTONE-SURFACE & DRIVERS	1642	LIME MFG 7380
1860	ABRASIVE PAPER OR CLOTH PREPARATION	4279	PAPER GOODS MFG NOC
3223	LAMP OR PORTABLE LANTERN MFG	3180	ELECTRIC OR GAS LIGHTING FIXTURES MFG
4053	POTTERY MFG CHINA OR TABLEWARE	4062	POTTERY MFG PORCELAIN WARE-MECHANICAL PRESS FORMING
4061	POTTERY MFG EARTHENWARE-GLAZED OR PORCELAIN-HAND MOLDED OR CAST	4062	POTTERY MFG PORCELAIN WARE-MECHANICAL PRESS FORMING
4113	GLASS MFG-CUT	4111	GLASSWARE MFG NO AUTOMATIC BLOWING MACHINES
4282	DRESS PATTERN MFG-PAPER	4279	PAPER GOODS MFG NOC
4439	LACQUER OR VARNISH MANUFACTURING	4558	PAINT MFG

**CODES REASSIGNED SUBJECT TO TRANSITION PROGRAM**

CURRENT CODE	DESCRIPTION	REASSIGNED CODE	DESCRIPTION
2534	FEATHER OR FLOWER MFG-ARTIFICIAL	2501	CLOTH, CANVAS AND RELATED PRODUCTS MFG NOC
3175	RADIATOR OR HEATER MFG	3169	STOVE MFG
5069	IRON OR STEEL ERECTION CONSTRUCTION OF DWELLINGS NOT OVER TWO STORIES IN HEIGHT	5059	IRON OR STEEL ERECTION FRAME STRUCTURES NOT OVER TWO STORIES IN HEIGHT

**NOTE:** When the transition for code 5069 is completed, the phraseology for codes 5215, 5223, and 5403 will be amended to reflect the change to code 5059.

Elimination of trucking codes 7228 and 7229 and reestablish the trucking code 7219.

CODE	DESCRIPTION
7219	<b><u>TRUCKING NOC – ALL EMPLOYEES &amp; DRIVERS – Truckers engaged in hauling under contract, whether for one or more individuals or concerns, must under no</u></b>

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	<p><u>circumstances be classified and rated except in accordance with the appropriate "Trucking" classification. Exception: When trucking operations are a secondary business and conducted as a separate undertaking or enterprise, the payroll of an individual employee may be divided and allocated to other than a "Trucking" classification. Each classification includes miscellaneous employees such as terminal employees, garage employees, and repairers. Storage warehouse employees to be separately rated.</u></p> <p><b>AUTOMOBILE HAULAWAY OR DRIVEAWAY--ALL EMPLOYEES &amp; DRIVERS-- SCAFFOLDING DELIVERY OF MATERIALS ONLY NO INSTALLATION, REPAIR OR REMOVAL-ALL EMPLOYEES &amp; DRIVERS</b></p> <p><b>SNOW REMOVAL HAULING SNOW UNDER CONTRACT- NO SNOW CLEARING-ALL EMPLOYEES &amp; DRIVERS</b></p> <p><b>HAULING EXPLOSIVES OR AMMUNITION- -ALL EMPLOYEES &amp; DRIVERS</b></p> <p><b>LOG SCALERS-TRUCKERS</b></p>
2702	<p><b>LOGGING OR LUMBERING</b> - Non-mechanized Equipment Operations and Drivers - Code 2702 is applicable to the operations at any logging site which does not meet the qualifications for Code 2709. Equipment used in non-mechanized logging operations include, but is not limited to, chain saws, buck saws, axes, horses, farm tractors, cable skidders, winches and other home made equipment that requires the operator to be in physical contact with trees and raw forest products while harvesting them. Code 2702 is available for division of payroll with Code 2709 Logging or Lumbering: Mechanized Equipment Operations and Drivers provided proper payroll records are kept for those employees when operating qualifying equipment. If a separate legal entity is established for haulers of raw forest products, assign to <u>the appropriate trucking classification. Code 7228 or 7229.</u> Assign Code 8602 to timber cruisers. When a logging contractor engages employees who furnish trucks, tractors or horses, the following percentage of payments to such employees shall constitute payroll for premium determination. Contracted Work % of Gross Payment: Skid only - 40%; Cut and skid logs or pulpwood - 55%; Mechanized felling or processor - 33 1/3%; Slashing operations - 33 1/3%; Haul logs or pulpwood - 33 1/3%; Cut, skid and haul logs or pulpwood - 60%.</p>
2709	<p><b>LOGGING OR LUMBERING</b> - Mechanized Equipment Operations and Drivers - Code 2709 is restricted to only those employees who operate equipment that includes, but is not limited to, feller-bunchers, harvesters, processors, grapple skidders, forwarders, de-limbers, slashers and loaders where the operator does not leave the cab of the machine in the performance of his/her duties in the logging operations except for repair and maintenance of equipment. Code 2709 is available for division of payroll with Code 2702 Logging or Lumbering: Non-mechanized Equipment Operations and Drivers provided proper payroll records are kept for those employees when operating qualifying equipment. If a separate legal entity is established for haulers of raw forest products, assign to <u>the appropriate trucking classification. Code 7228 or 7229.</u> Assign Code 8602 to timber cruisers.</p>
7309	<p><b>STEVEDORING FREIGHT HANDLING NOC</b> - These classifications include freight checkers. Stevedoring to be separately rated; drivers to be separately rated <u>to the appropriate trucking classification as Codes 7228 and 7229-Trucking NOC</u></p>
7327	<p><b>STEVEDORING CONTAINERIZED FREIGHT &amp; DRIVERS</b> - Applies to ships designed for freight carrying containers. No work in holds. Over-the-road trucking operations to be separately rated <u>to the appropriate trucking classification as Codes 7228 and 7229-Trucking.</u> Code 7327F shall not be assigned to the same risk in connection with a single vessel unless the operations described by this classification are conducted as a separate and distinct business.</p>

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7350	<p><b>FREIGHT HANDLING NOC COVERAGE UNDER U.S. ACT</b> - These classifications include freight checkers. Stevedoring to be separately rated; drivers to be separately rated <del>to the appropriate trucking classification.as Codes 7228 and 7229-Trucking-NOC.</del></p> <p><b>FREIGHT HANDLING-PACKING, HANDLING, OR SHIPPING EXPLOSIVES OR AMMUNITION-UNDER CONTRACT COVERAGE UNDER U.S. ACT</b> - These classifications include freight checkers. Stevedoring of explosives or ammunition to be separately rated to the appropriate stevedoring classification. Drivers to be separately rated <del>to the appropriate trucking classification.as Codes 7228 and 7229-Trucking-hauling explosives</del></p>
7360	<p><b>REFRIGERATOR CAR LOADING OR UNLOADING</b> - Includes caring for freight in cars during transit. Stevedoring to be separately rated. Drivers to be separately rated <del>to the appropriate trucking classification.as Codes 7228 and 7229-Trucking</del></p>
7380	<p><b>DRIVERS, CHAUFFEURS, MESSENGERS, AND THEIR HELPERS NOC-COMMERCIAL</b> - Applies to employees engaged in such duties on or in connection with a vehicle. This classification also includes garage employees and employees using bicycles in their operations. Duties include, but are not limited to, delivering products owned by the employer. Code 7380 does not apply when the basic classification wording includes drivers, chauffeurs and their helpers. If a separate legal entity is established for delivery of products owned by the employer, assign exposure to <del>the appropriate trucking classification.Code 7228 or Code 7229.</del> Subject to Rule IV.B. Messenger and courier deliveries of owned documents or goods made by foot or public transportation are assigned to the governing class code.</p>
8232	<p><b>CONCRETE READY-MIX DEALER &amp; YARD EMPLOYEES, DRIVERS</b> - Delivery of concrete not owned by the <del>insured employer,</del> either in storage or while in transit, including all operations incidental to the loading of trucks and delivery of such concrete, <del>shall must</del> be assigned to <del>Codes 7228 and 7229-Trucking</del> <u>the appropriate trucking classification.</u></p>
8292	<p><b>STORAGE WAREHOUSE NOC</b> - Applies to general merchandise. Drivers to be separately rated <del>as Codes 7228 and 7229-Trucking</del> <u>to the appropriate trucking classification.</u></p>

Establish code 7225 for Towing Companies. This change creates changes in phraseology for additional codes. (Only phraseologies with language changes are identified below.)

CODE	PROPOSED PHRASEOLOGY
7225	<p><b><u>AUTOMOBILE TOWING &amp; DRIVERS</u></b> – Includes towing or wrecker companies, road rangers, or freeway patrol companies providing towing, roadside service, or repairs, and automobile recovery or repossession companies. Includes mechanics and the operation of an impound lot operated by a towing company.</p> <p><b><u>ROADSIDE ASSISTANCE &amp; DRIVERS</u></b> – Includes operations such as road rangers or freeway patrol companies providing roadside service, repairs, or assistance regardless of whether or not towing services are offered.</p>

<p>8380</p>	<p><b>AUTOMOBILE SERVICE OR REPAIR CENTER &amp; DRIVERS – <u>Includes parts department employees.</u></b> Automobile salespersons and service writers of automobile sales agencies to be separately rated as Code 8748. <u>Codes 8380 and 8392 – Automobile storage garage must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.</u></p> <p><b>AIR CONDITIONING SYSTEM - AUTOMOBILE - <u>Towing for others and roadside assistance to be separately rated.</u></b></p> <p><b>AUTOMOBILE - AIR CONDITIONING INSTALLATION - <u>Towing for others and roadside assistance to be separately rated.</u></b></p> <p><b>AUTOMOBILE - MUFFLER INSTALLATION - <u>Towing for others and roadside assistance to be separately rated.</u></b></p> <p><b>AUTOMOBILE CAR WASH &amp; DRIVERS -</b> Includes incidental greasing, polishing, and servicing. - <u>Towing for others and roadside assistance to be separately rated.</u></p> <p><b>AUTOMOBILE LEASING COMPANY - LONG TERM: ALL OTHER EMPLOYEES &amp; DRIVERS - <u>Towing for others and roadside assistance to be separately rated.</u></b></p> <p><b>AUTOMOBILE SALES OR SERVICE AGENCY &amp; PARTS DEPARTMENT</b> Automobile salespersons and service writers to be separately rated as Code 8748. <u>Towing for others and roadside assistance to be separately rated.</u></p> <p><b>GASOLINE STATION - RETAIL &amp; DRIVERS NOC -</b> Includes retail diesel stations <u>and gasoline stations providing full services such as, but not limited to, pumping gasoline, checking fluid levels, attended car washing series, and automobile maintenance or repair. Codes 8380 and 8392 must not be assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.</u></p> <p><b>MUFFLER INSTALLATION OR REPAIR &amp; DRIVERS - <u>Towing for others and roadside assistance to be separately rated.</u></b></p> <p><b>RUBBER TIRE DEALER - RETAIL &amp; DRIVERS -</b> Includes repairing, vulcanizing, and the adjustment of tires to vehicles away from the premises of <u>insured-employer. Codes 3380 and 8392 – Automobile storage garage must not assigned to the same employer unless the operations described by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.</u> . Store employees to be separately rated under code 8046.</p> <p><b>STORAGE BATTERY SERVICE STATION &amp; DRIVERS <u>Codes 8380 and 9392 must not be assigned to the same employer unless the operations describe by these classifications are conducted as separate and distinct businesses. Towing for others and roadside assistance to be separately rated.</u></b></p> <p><b>TRUCK LEASING COMPANY-LONG-TERM -</b> All other employees &amp; drivers. <u>Towing for others and roadside assistance to be separately rated.</u></p>
<p>8393</p>	<p><b>AUTOMOBILE BODY REPAIR &amp; DRIVERS -</b> Applies to the repair of metal, fiberglass, and plastic automobile bodies and includes upholstering and painting. Codes 8393, 3822, and 3824, <del>Automobile Body Mfg, Code 3808, Automobile Mfg,</del> and <del>Code 8380- Automobile service or repair center shall</del> <u>must</u> not be assigned to the same <u>risk employer</u> unless the operations described by these classifications are conducted as separate and distinct businesses. <u>Towing for others and roadside assistance to be separately rated.</u></p>

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- Revised ACORD Form 130 2017-05 – The Board accepted the recommendation to adopt ACORD Form 130 2017-05. The changes included:
  - Policy Information Section – Added “Rating Effective Date (if applicable)”; added “(if applicable)” to Normal Anniversary Rating Date field
  - Premium Section- Added “Terrorism” and “Catastrophe” rows and eliminated blank rows
- Skiing Wisconsin – Hearing

Skiing Wisconsin, Inc. is an association of WI ski hill owners and requested the Rating Committee of the Wisconsin Compensation Rating Bureau grant relief for the assignment of Class Code 9180 for a portion of their workforce. In particular, Skiing Wisconsin, Inc. requested two things:

1. That the employees they designated as ticket sellers be removed from Class Code 9180.
2. That the employees they designated as ticket sellers be assigned to Class Code 8815.

The Committee deliberated on what classification the ski hill wished to place the ticket sellers into. Class Code 8815 is described as clerical office employees under FELA. Ticket sellers were included specifically in the definition of Class Code 9180. Accordingly, they could not be broken out separately and assigned to a clerical classification if they were included in Class Code 9180. To grant the relief sought by the employer, the Rating Committee would have to deviate from the National Rating system and remove ticket sellers from the definition of Class Code 9180 or add ticket sellers to another classification.

The Rating Committee denied the request from Skiing Wisconsin, Inc. to remove ticket sellers from Class Code 9180 for ski hill operations. The Rating Committee also affirms that Class Code 9180 is the correct code and is not excessive or unfairly discriminatory to the employer.

- G&G Specialized Carriers, LLC – Hearing

G&G Specialized Carriers, Inc. requested the Rating Committee of the Wisconsin Compensation Rating Bureau grant relief for the assignment of Class Code 7229, Trucking Long Haul Distance Hauling all employees and drivers. In particular, G&G requested two things:

1. That three mechanics and three wash boy positions be reassigned to Classification 8391; and
2. That the long haul trucking and short haul trucking classifications be combined

Accordingly, at the conclusion of the deliberation, the Rating Committee determined they could not grant the first request from the employer for removal of his mechanics and wash boys from the trucking classification and assigning them to a different classification. However, the Rating Committee did grant the employer’s request for



combining the long haul and short haul trucking classifications, subject to approval by the Commissioner of Insurance.

The following hearing request was submitted within the proper timeframe and was added to the agenda.

- Mike Hartmann Construction, Inc.

Agent representative, Brian A. Diel, on behalf of Mike Hartman Construction, Inc. requested the Rating Committee of the Wisconsin Compensation Rating Bureau divide payroll for employees engaged in the apprenticeship programs and assign a portion of that payroll to Class Code 8810. In particular, Mr. Diel asked for two things:

1. That the Rating Committee establish a program for separation of “classroom hours” for carpentry apprenticeship programs and other such programs; and
2. That the assignment of the classroom hours and all apprenticeship programs be given a separate classification for the employees, placing a portion of that payroll into Classification Code 8810.

The Rating Committee engaged in substantial deliberations regarding the employer’s request. The Rating Committee noted the apprenticeship programs were desirable programs in the State of Wisconsin and that employers hiring apprentice employees might be obtaining better trained and better motivated employees. However, the Committee noted the purpose of the classification system was to group employers into classifications so the rate for each classification reflects the exposures common among those employers. What was requested of the Rating Committee was to classify and separate out the employments, occupations and operations within the business. In particular, the employer was asking for the ability to shift a portion of the payroll assignable to an individual employee from one classification to another classification. The other classification which the employer requested was a classification which did not allow for division of payroll. The Rating Committee determined it could not grant the relief sought by the employer. However, the Rating Committee recognized the value of apprenticeship programs, and instructed the Wisconsin Compensation Rating Bureau to engage in further investigation with the employer’s representative in an effort to identify other potential mechanisms to support apprenticeship programs.

#### Pending Filings/Actions

- NCCI Proposal Item B-1433 Revisions to Basic Manual Rules – Classification Assignment and Premium Basis and Payroll Allocation - This item was approved by the Office of the Commissioner of Insurance effective 10-1-17.

This item is removed from the agenda.

#### ACTUARIAL SUBCOMMITTEE

The Actuarial Subcommittee met on February 14, 2017 at the Office of the Commissioner of Insurance. The ratemaking methodology for the October 1, 2017 rate revision was discussed. There will be no changes to methodology used for the 2017 rate revision.

WWCIP COMMITTEE

- ANC Reporting Issues - The Board adopted a recommendation to amend the WWCIP Handbook to clarify that commissions shall not be paid on ANC charges.
- WWCIP Activity Report

***All votes taken at the Rating Committee and Governing Board meetings were unanimous.***