



Wisconsin Compensation Rating Bureau

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GENERAL CIRCULAR LETTER 647 - DECEMBER 13, 2017

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 12-31-16. 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 surplus of \$13,148,948 at year-end 2015.

Year-end 2016 shows a surplus of \$14,883,318. The adjusted value of the fund of \$330,502,965 was 105% of the target fund value of \$315,619,647. If the adjusted value of net assets is greater than 90% and less than 110%, the Pool rules require that a distribution be declared but not distributed 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 2016 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, 2016, the total assets of the Pool Fund were \$385,417,849 with liabilities of \$9,886,209, resulting in a Fund Balance of \$375,531,640.

Sincerely,
Bernard Rosauer
President

WISCONSIN WORKERS COMPENSATION INSURANCE POOL

UNDERWRITING RESULTS & COMPUTATION OF CALENDAR YEAR ASSESSMENTS

As of 12-31-16

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
1. Gross Invoiced Premium Written	103,428,981	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
2. Gross Invoiced Premium Earned ¹⁾	107,535,836	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
3. Accid. Year Losses Incurred ²⁾	87,954,227	79,861,327	81,309,491	66,982,346	54,297,932	52,840,846	39,756,539	44,201,859	54,799,315	63,396,045	64,055,152
4. Accident Year Loss Ratio = [(3) / (2)]	82%	68%	74%	75%	85%	98%	79%	78%	78%	78%	62%
5. Cal. Year Losses Incurred	70,788,637	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
6. Servicing Carrier Expense	28,616,329	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
7. Agents' Commissions	2,579,938	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
8. Amounts Charged Off	111,270	524,811	305,080	165,709	869,336	645,287	378,888	149,418	634,267	363,751	205,443
9. Other Income and Expenses	(446,617)	(26,452)	(422,498)	(29,152)	(99,990)	(644)	(8,410)	(72,916)	(325,656)	(224)	2,801
10. Calendar Year Und. Results ³⁾	4,993,044	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)
11. Net Investment Income	9,883,103	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
12. Change in Net Amort. on Inv.	7,170	(92,932)	(255,730)	(1,144,028)	(616,770)	(98,971)	(7,834)	668,948	(427,740)	(577,140)	1,116,947
13. Calendar Year Assess. (Refund) ⁴⁾ Based on Calculation	(14,883,317)	(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)
Based on Examination Report	(14,883,318)	(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)
14. Cumulative Assess. (Refund)	(25,184,678)	(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)

¹⁾ 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.

²⁾ Accident Year Losses Incurred evaluated at 12/31/16 and include IBNR reserves.

³⁾ Calendar Year Und. Results = (2 - 5 - 6 - 7 - 8 + 9)

⁴⁾ Cal. Year Assessment = (10+11+12)*(-1)

Box indicates when disbursements were made

WISCONSIN WORKERS COMPENSATION POOL
CALCULATION OF ASSESSMENT BY ACCIDENT YEAR
AS OF 12/31/16

(1) Accident Year	(2) Estimated Assets @12/31/15	(3) CY 2016 Payments	(4) $((2)+(2)-(3))/2$ Average Assets 2016	(5) $0.0264 \times (4)$ Estimated Investment Income	(6) $(2)-(3)+(5)$ Estimated Assets @12/31/16	(7) Balanced Reserves @12/31/16	(8) $(7)-(6)$ 3-Year Estimated Assessment
Prior	91,370,697	3,360,481	89,690,456	2,367,828	90,378,044	87,409,189	(2,968,855)
2002	5,351,136	364,878	5,168,697	136,454	5,122,711	4,891,067	(231,644)
2003	17,729,721	1,214,775	17,122,334	452,030	16,966,976	12,977,618	(3,989,358)
2004	6,865,077	349,130	6,690,512	176,630	6,692,576	5,393,941	(1,298,635)
2005	6,928,968	334,531	6,761,703	178,509	6,772,946	6,036,504	(736,442)
2006	8,628,190	392,724	8,431,828	222,600	8,458,066	6,029,504	(2,428,562)
2007	9,021,270	885,645	8,578,447	226,471	8,362,096	6,409,840	(1,952,256)
2008	8,923,347	802,846	8,521,924	224,979	8,345,480	6,172,694	(2,172,787)
2009	7,639,202	302,475	7,487,964	197,682	7,534,409	5,574,920	(1,959,489)
2010	6,838,902	1,033,508	6,322,148	166,905	5,972,298	5,552,850	(419,448)
2011	15,325,864	1,414,134	14,618,797	385,936	14,297,666	12,424,853	(1,872,813)
2012	16,790,640	2,286,727	15,647,277	413,088	14,917,001	11,005,404	(3,911,597)
2013	29,441,076	2,483,511	28,199,321	744,462	27,702,027	18,390,611	(9,311,416)
2014	29,158,547	8,345,052	24,986,021	659,631	21,473,126	24,065,343	2,592,216
2015	59,095,576	16,531,239	50,829,956	1,341,911	43,906,247	39,205,271	(4,700,976)
2016		23,874,188		1,987,988	53,902,652	64,080,039	10,177,387 ¹⁾
TOTAL ²⁾	319,108,212	63,975,844	299,057,384	9,883,103 **	340,804,323	315,619,647	(25,184,676) *

0.0264=Estimated Portfolio Yield Rate

*Indicated Total Assessment Using a 84.0% IBNR Factor.

**Total 2016 Investment Income from the Annual Report Net Investment Income.

¹⁾ Calculated By Subtracting Prior Years From Total.

²⁾ Differences due to rounding.

WISCONSIN WORKERS COMPENSATION POOL
CALCULATION OF ASSESSMENT BY ACCIDENT YEAR
AS OF 12/31/16

(1) Accident Year	(2) 3-Year Estimated Assessment @12/31/16	(3) Estimated Assessment Calendar Year 2014	(4) Estimated Assessment Calendar Year 2015	(5) Estimated Assessment Calendar Year 2016
Prior	(2,968,855)	(1,826,221)	1,618,473	(2,761,108)
2002	(231,644)	133,620	(527,237)	161,972
2003	(3,989,358)	(212,704)	949,867	(4,726,521)
2004	(1,298,635)	(57,056)	(954,132)	(287,446)
2005	(736,442)	(92,270)	(400,072)	(244,100)
2006	(2,428,562)	(31,432)	(1,934,836)	(462,295)
2007	(1,952,256)	(799,359)	(1,106,854)	(46,044)
2008	(2,172,787)	(638,946)	(1,350,195)	(183,645)
2009	(1,959,489)	11,482	(1,124,578)	(846,394)
2010	(419,448)	(455,269)	663,369	(627,548)
2011	(1,872,813)	(579,723)	(519,515)	(773,575)
2012	(3,911,597)	(1,089,329)	(2,570,582)	(251,685)
2013	(9,311,416)	(2,396,784)	(4,922,857)	(1,991,775)
2014	2,592,216	10,881,580	(6,098,623)	(2,190,741)
2015	(4,700,976)	0	5,128,823	(9,829,799)
2016	10,177,387	0	0	10,177,387
Total	(25,184,676)	2,847,590	(13,148,948)	(14,883,318)