



Wisconsin Compensation Rating Bureau

GENERAL CIRCULAR LETTER 649 - DECEMBER 12, 2018

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 12-31-17. 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 5, 6 and 7 are also attached for your reference.

The last report to member companies showed a surplus of \$14,883,318 at year-end 2016.

Year-end 2017 shows a surplus of \$9,755,136. The adjusted value of the fund of \$332,047,511 was 103% of the target fund value of \$322,292,375. 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 2017 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, 2017, the total assets of the Pool Fund were \$399,032,916 with liabilities of \$26,237,762, resulting in a Fund Balance of \$372,795,154.

Sincerely,
Bernard Rosauer
President

Wisconsin Workers' Compensation Insurance Pool
Underwriting Results & Computation of Calendar Year Assessments

As of December 31, 2017

	<u>2017</u>	<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>
1. Gross Invoiced Premium Written	95,017,581	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
2. Gross Invoiced Premium Earned ¹⁾	99,298,614	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
3. Accid. Year Losses Incurred ²⁾	70,981,331	91,211,320	68,510,006	83,629,219	66,580,785	54,172,081	54,352,337	39,313,796	43,443,088	54,426,843	63,149,624
4. Accident Year Loss Ratio = [(3) / (2)]	71%	85%	59%	76%	75%	85%	101%	78%	77%	77%	78%
5. Cal. Year Losses Incurred	69,428,809	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
6. Servicing Carrier Expense	25,993,574	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
7. Agents' Commissions	2,366,143	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
8. Amounts Charged Off	286,123	111,270	524,811	305,080	165,709	869,336	645,287	378,888	149,418	634,267	363,751
9. Other Income and Expenses	(23,225)	(446,617)	(26,452)	(422,498)	(29,152)	(99,990)	(644)	(8,410)	(72,916)	(325,656)	(224)
10. Calendar Year Und. Results ³⁾	1,200,739	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)
11. Net Investment Income	8,552,490	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
12. Miscellaneous Adjustments	1,908	7,170	(92,932)	(255,730)	(1,144,028)	(616,770)	(98,971)	(7,834)	668,948	(427,740)	(577,140)
13. Calendar Year Assess. (Refund) ⁴⁾ Based on Calculation	(9,755,137)	(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)
Based on Examination Report	(9,755,136)	(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)
14. Cumulative Assess. (Refund)	(34,939,816)	(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)

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 12/31/17 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 Insurance Pool

Redetermination of the Pool Net Assets

As of December 31, 2017

1) Net Assets a)		\$372,795,154
Deduct:		
2) Unearned premium reserve at December 31, 2017 a)		<u>40,747,643</u>
3) Adjusted value of Net Assets, December 31, 2017 a)		\$332,047,511
4) Outstanding losses reported by servicing carriers at December 31, 2017 a)	\$175,158,899	
5) Actuarial adjustment [84.0% of 4)]	<u>147,133,475</u>	
6) Actuarially adjusted outstanding losses	\$322,292,375	
7) Net Assets Surplus, December 31, 2017		<u>\$9,755,136</u>

a) Provided by Reilly, Penner & Benton.

**Wisconsin Workers' Compensation Insurance Pool
Calculation of Assessment by Accident Year
As of December 31, 2017**

(1) Accident Year	(2) Estimated Assets @12/31/16	(3) CY 2017 Payments	(4) $((2)+(2)-(3))/2$ Average Assets 2017	(5) 0.0221 x (4) Estimated Investment Income	(6) $(2)-(3)+(5)$ Estimated Assets @12/31/17	(7) Balanced Reserves @12/31/17	(8) $(7)-(6)$ 4-Year Estimated Assessment
Prior	95,500,755	3,534,927	93,733,292	2,071,506	94,037,334	92,591,070	(1,446,264)
2003	16,966,976	1,067,457	16,433,247	363,175	16,262,694	13,275,310	(2,987,384)
2004	6,692,576	136,165	6,624,494	146,401	6,702,813	5,073,560	(1,629,252)
2005	6,772,946	386,943	6,579,475	145,406	6,531,410	5,727,527	(803,883)
2006	8,458,066	418,556	8,248,788	182,298	8,221,808	5,584,615	(2,637,193)
2007	8,362,096	520,985	8,101,603	179,045	8,020,156	5,642,434	(2,377,722)
2008	8,345,480	563,226	8,063,867	178,211	7,960,466	5,236,996	(2,723,470)
2009	7,534,409	118,892	7,474,963	165,197	7,580,714	4,697,257	(2,883,457)
2010	5,972,298	226,919	5,858,839	129,480	5,874,860	4,883,188	(991,671)
2011	14,297,666	1,692,239	13,451,547	297,279	12,902,706	12,244,105	(658,602)
2012	14,917,001	958,624	14,437,689	319,073	14,277,450	9,920,929	(4,356,521)
2013	27,702,027	2,518,797	26,442,629	584,382	25,767,612	15,470,253	(10,297,360)
2014	21,473,126	6,049,033	18,448,610	407,714	15,831,807	20,336,038	4,504,230
2015	43,906,247	5,110,930	41,350,782	913,852	39,709,170	22,743,020	(16,966,150)
2016	53,902,652	18,880,270	44,462,517	982,622	36,005,004	48,456,862	12,451,858
2017		20,572,119		1,486,847	51,546,184	50,409,212	(1,136,972) ¹⁾
TOTAL ²⁾	340,804,323	62,756,082	319,712,342	8,552,490 **	357,232,187	322,292,375	(34,939,813) *

0.0221=Estimated Portfolio Yield Rate

*Indicated Total Assessment Using a 84.0% IBNR Factor.

**Total 2017 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 Insurance Pool
Calculation of Assessment by Accident Year
As of December 31, 2017

(1) Accident Year	(2) 4-Year Estimated Assessment @12/31/17	(3) Estimated Assessment Calendar Year 2014	(4) Estimated Assessment Calendar Year 2015	(5) Estimated Assessment Calendar Year 2016	(6) Estimated Assessment Calendar Year 2017
Prior	(1,446,264)	(1,692,600)	1,091,237	(2,599,136)	1,754,235
2003	(2,987,384)	(212,704)	949,867	(4,726,521)	1,001,974
2004	(1,629,252)	(57,056)	(954,132)	(287,446)	(330,617)
2005	(803,883)	(92,270)	(400,072)	(244,100)	(67,441)
2006	(2,637,193)	(31,432)	(1,934,836)	(462,295)	(208,631)
2007	(2,377,722)	(799,359)	(1,106,854)	(46,044)	(425,466)
2008	(2,723,470)	(638,946)	(1,350,195)	(183,645)	(550,683)
2009	(2,883,457)	11,482	(1,124,578)	(846,394)	(923,968)
2010	(991,671)	(455,269)	663,369	(627,548)	(572,223)
2011	(658,602)	(579,723)	(519,515)	(773,575)	1,214,211
2012	(4,356,521)	(1,089,329)	(2,570,582)	(251,685)	(444,924)
2013	(10,297,360)	(2,396,784)	(4,922,857)	(1,991,775)	(985,944)
2014	4,504,230	10,881,580	(6,098,623)	(2,190,741)	1,912,014
2015	(16,966,150)	0	5,128,823	(9,829,799)	(12,265,174)
2016	12,451,858	0	0	10,177,387	2,274,472
2017	(1,136,972)	0	0	0	(1,136,972)
Total	(34,939,813)	2,847,590	(13,148,948)	(14,883,318)	(9,755,136)