



CIRCULAR LETTER 1248—JUNE 29, 2021

WISCONSIN GOVERNING BOARD MEETING

Minutes of the Wisconsin Governing Board meeting held virtually and in-person from the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Tuesday, June 15, 2021. The meeting was called to order at 8:30 AM.

A list of attendees at the June Rating Committee and Governing Board meetings follows. The Chair of the Rating Committee was Scott Beaver from West Bend Mutual Insurance Company. Chair of the Governing Board was Diana Trent from Employers Insurance of Wausau.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
American Home Assurance	Ira Feuerlicht	X	X
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X
Employers Insurance of Wausau	Diana Trent	X	X
Employers Mutual Casualty Co.	Mike Lester	O	X
	Gail Ostaszewski	O	X
General Casualty Co	George Busche	X	X
SFM Mutual Insurance Co.	Brian Bent	X	X
Secura Insurance Co.	Steve Miller	X	O
	Jill Uitenbroek	X	O
Sentry Insurance A Mutual Co.	Scott Lange	X	X
	Bev Beigel	X	X
Society Insurance Co.	Tim Riedl	X	X
	Ken Stephani	X	X
Travelers Indemnity Co.	Eric Belk	X	X
United Wisconsin Insurance Co.	Pat Williams	X	X
West Bend Mutual Insurance Co.	Scott Beaver	X	X
	Brian McEvoy	X	X
Wisconsin Manufacturers & Commerce	Chris Reader	X	X
Wisconsin Compensation Rating Bureau	Bernie Rosauer	O	O
	Tad Cleveland	O	O
	Nancy Kierzek	O	O
	Michael Mann	O	O
	Beth Nickel	O	O
	Jaclyn Medici-Bruneau	O	O
	Donna Knepper	O	O
	Stephanie Staring	O	O
	Mark Rohde	O	O

X = Committee member
O = Non-committee member

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
Acuity, A Mutual Insurance Company	Jeff Brey	O	O
	Paul Emerick	O	O
Aegis	Terry Falls	O	O
Badger Mutual Insurance Co	Tyler Protz	O	O
DBI Insurance Services	Rick Debe	O	O
Emergent Holdings, Inc	Michael Sekoni	O	O
Milliman	Lori Julga		O
Office of the Commissioner of Insurance (OCI)	David Haushalter	O	O
	Eric Schoene	O	O
Riegel Law	Paul Riegel	O	O
Rural Mutual Insurance Company	Sara Grade	O	O
	Sara Leach	O	O
Western National Insurance Co	Kevin Christy	O	O

WCRB Rating Committee Meeting

Antitrust Statement - "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."

UNFINISHED BUSINESS

- COVID-19 Amendments – General discussion of the current state and potential impact of COVID-19. This item continues on the agenda.
- WCPAP Postcard Notifications – The Committee was updated on the status of the postcard notification cessation and public information efforts by the WCRB. This item continues on the agenda.
- NCCI Filing Review Process – WCRB updated the Committee on the discussion between other state independent bureaus and the NCCI on the filing review process. This item is removed from the agenda.

Pending Filings

- NCCI Item B-1442 - Revisions to Basic Manual Appendix E- Classifications by Hazard Group- the proposal was filed with and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.

- Contractor Fraud Presentation/Cindy Buchko, General Counsel- Construction Business Group associated filing- the proposed Basic Manual language changes were filed with and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Class Code Cleanup – this was filed with and approved by the Office of the Commissioner of Insurance. This item is removed from the agenda.

NEW BUSINESS

- AIM Cleaning Services LLC - Hearing - Richard Debe of DBI Insurance Services appeared on behalf of the aggrieved party, AIM, and requested the Rating Committee of the Wisconsin Compensation Rating Bureau (“WCRB”) grant relief for application of the Wisconsin Minimum Premium Rule as applied to AIM’s 2020-2021 policy. In particular, Mr. Debe requested the Rating Committee either refund all unearned premium to AIM or amend the Basic Manual Rule regarding the minimum premium (Rule VI.F.5).

Mr. Debe explained that based on his experience, the Rule discriminated against small employers whose payroll was less than the minimum premium, but who reported payroll subject to premium. Mr. Debe argued that the application of the Rule favored not reporting premium so that the small employer could receive a premium refund of all but the expense constant (\$220). Further, Mr. Debe argued that the application of the Rule created a windfall as it was not based on actual payroll, but rather on an exception to the standard calculation of premium. Finally, Mr. Debe argued that the Rule was only being applied in the assigned risk business.

The Rule has been in effect since at least 1987, when the WCRB proposed the elimination of the Rule to the Commissioner of Insurance. The Commissioner of Insurance strongly encouraged the WCRB to keep the Rule. Accordingly, in 1987 the Rule was reinstated.

By General Circular Letter 361 in 1993, the WCRB provided further guidance to all carriers in both the voluntary and involuntary market on how the Rule should be applied in each situation. General Circular Letter 361 is the basis for the FAQ’s found on the WCRB’s website.

The Rating Committee considered the arguments made by Mr. Debe on behalf of AIM and compared the Wisconsin Rule to the NCCI Rule. The Committee determined that under either Rule, AIM would be charged \$901 in premium for coverage provided. Both the NCCI Rule and WCRB Rule would charge no less than the minimum premium to provide coverage for AIM’s reported payroll during the 2020-2021 policy year. Further, the Rating Committee noted that the request provided by Mr. Debe on behalf of his client suggested there was a difference in how the Rule is applied in the Assigned Risk Pool and the voluntary market. The Rating Committee wished Mr. Debe and his client to know that there is no difference in how the voluntary market and the assigned risk business handles the Rule. The Rule is applied to all employers as described in the FAQ’s from the WCRB’s website.

Finally, the Rating Committee acknowledged that even if the Wisconsin specific Rule found in the Basic Manual was eliminated, the majority of the states have adopted the NCCI Rule. The application of the NCCI Rule results in the same charge for the

coverage provided to AIM through the Wisconsin Pool. There would be no reduction in the overall premium charge for the coverage provided.

Based on the position of the Office of the Commissioner of Insurance, the application of the Rule for the last three decades and the absence of an alternative which would present a different result, the Rating Committee determined that Basic Manual Rule VI.F.5 should not be amended and has been properly applied to the premium charged to AIM for the policy year ending February 15, 2021.

The Rating Committee denied the request, Employers Mutual Casualty Company abstaining, made by Mr. Debe on behalf of AIM to amend the Minimum MPR. The Rating Committee also found the Rule had been properly applied to the payroll for AIM.

- “Other States” Discussion- General discussion as to the ramifications of the shift to work-from-home and the effects on Other States coverage and proper policy reporting under sections 3A and 3C of the Worker’s Compensation Policy. It was determined to be a carrier issue to track and not under the jurisdictional authority of the WCRB. This item is removed from the agenda.

WCRB Governing Board Meeting

Antitrust Statement - “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.”

- Approval of the Minutes for the March 2, 2021 meeting.
- Bureau Operations – Industry Issues
 - A. Budget Update - The Board members were presented with the following budget reports and were given the opportunity to ask questions on the information presented.
 - 2020 Audited Year-End/2021 Approved Budget
 - 2020 Approved IT Budget/2020 Audited Year-End Summary
 - 2021 IT Approved Budget
 - Income Report that included years 2019 through 5/31/2021
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison

The Board voted to levy an assessment in the amount of \$2,064,380 for the general operating expenses for the WCRB for the third quarter of 2021.

- B. Administrative affairs, occupancy, general expenses, personnel, etc.
 - The Board was updated in Executive Session immediately upon adjournment of the Governing Board.
- Legislative Update - general discussion among the Board over pending and potential upcoming legislative issues.

- WWCIP Activity – The usual Pool activity reports were provided.
 - WWCIP Actuarial Analysis-Milliman provided copies of the actuarial analysis as of 12-31-20. In accordance with the rules of the WWCIP, a disbursement of excess funds will be distributed to WCRB member carriers at year end.

All votes taken at the Rating Committee and Governing Board meetings were unanimous unless otherwise noted.