



Wisconsin Compensation Rating Bureau

GENERAL CIRCULAR LETTER 663 – SEPTEMBER 1, 2022

TO: Members of the Bureau

FROM: Nancy Kierzek

RE: Wisconsin Workers' Compensation Insurance Pool Fund

Attached is the eleven-year summary for the Wisconsin Workers' Compensation Insurance Pool Fund on a calendar/accident year basis as of 12-31-21. 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 9 are also attached for your reference.

The last report to member companies showed a surplus of \$56,821,029 at year-end 2020.

Year-end 2021 shows a surplus of \$40,194,470. The adjusted value of the fund of \$270,861,889 was 117% of the target fund value of \$230,667,419. If the adjusted value of net assets is less than 90% or greater than 110% of the aggregate amount of the estimated values of outstanding loss claims, the Pool rules require that an assessment be levied and collected or a distribution be declared and distributed, respectively, in an amount sufficient to bring the value of the net assets up or down to the aggregate estimated values of such claims. The amount declared and to be distributed for 2021 to bring the net assets down to the aggregate estimated values of such claims is \$40,194,470. The Pool distributes or assesses excesses and deficits on the basis of insurance activities of current member companies reported over the prior ten years. Each member carrier will be receiving a Pool statement showing its share of the 2021 surplus, allocated to the prior 10 accident years, based on the carrier's market share of written premiums in each respective year. Statements are tentatively scheduled to be processed late October/early November, with distribution scheduled shortly thereafter.

As of December 31, 2021, the total assets of the Pool Fund were \$302,790,843 with liabilities of \$114,495, resulting in a Fund Balance of \$302,676,348.

**Wisconsin Workers' Compensation Insurance Pool
Redetermination of the Pool Net Assets
As of December 31, 2021**

(1) Net Assets at December 31, 2021 ¹		\$302,676,348
(2) Unearned Premium Reserve at December 31, 2021 ¹		<u>31,814,459</u>
(3) Adjusted Value of Net Assets at December 31, 2021; [(1) - (2)]		\$270,861,889
(4) Outstanding Losses Reported by Servicing Carriers at December 31, 2021 ¹	\$143,271,689	
(5) Actuarial Adjustment; [61.0% x (4)] ²	<u>87,395,730</u>	
(6) Actuarially Adjusted Outstanding Losses	\$230,667,419	
(7) Net Assets Surplus at December 31, 2021; [(3) - (6)]		<u>\$40,194,470</u>

¹ Provided by Reilly, Penner & Benton.

² 61.0% based on selection from Exhibit 1

**Wisconsin Workers' Compensation Insurance Pool
Calculation of Assessment by Accident Year
As of December 31, 2021**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			[(2)+(2)-(3)] / 2	0.0287 x (4)		(2)-(3)+(5)+(6)		(8) - (7)
Accident Year	Estimated Assets @12/31/20	CY 2021 Payments	Average Assets 2021	Estimated Investment Income	Cumulative Assessment Levied in 2021	Estimated Assets 12/31/21	Balanced Reserves 12/31/21	1-Year Estimated Assessment
Prior	95,472,312	3,164,208	93,890,208	2,694,649	(12,957,199)	82,045,554	73,617,512	(8,428,042)
2007	4,509,376	130,555	4,444,098	127,546	(729,536)	3,776,831	3,361,380	(415,451)
2008	3,979,923	81,474	3,939,186	113,055	(469,477)	3,542,027	2,920,234	(621,793)
2009	3,790,999	162,320	3,709,839	106,472	(718,037)	3,017,114	2,579,768	(437,346)
2010	3,105,337	37,047	3,086,813	88,592	(544,536)	2,612,346	2,430,639	(181,707)
2011	10,507,347	522,610	10,246,042	294,061	(698,773)	9,580,025	8,877,743	(702,282)
2012	5,878,608	813,191	5,472,012	157,047	(1,104,933)	4,117,530	7,665,048	3,547,518
2013	11,291,342	253,896	11,164,394	320,418	(1,886,758)	9,471,106	8,434,215	(1,036,890)
2014	9,659,188	608,029	9,355,173	268,493	(2,050,573)	7,269,079	6,606,420	(662,660)
2015	9,002,099	549,603	8,727,297	250,473	(1,247,226)	7,455,743	5,645,424	(1,810,319)
2016	33,525,273	2,319,403	32,365,571	928,892	757,897	32,892,659	32,300,555	(592,103)
2017	17,791,150	2,249,454	16,666,423	478,326	(8,189,063)	7,830,959	6,437,922	(1,393,038)
2018	20,993,950	2,900,068	19,543,916	560,910	(5,821,215)	12,833,577	10,035,913	(2,797,664)
2019	41,006,769	4,255,649	38,878,944	1,115,826	(9,698,735)	28,168,210	19,248,338	(8,919,872)
2020	39,279,720	10,539,854	34,009,793	976,081	(11,462,865)	18,253,082	13,977,550	(4,275,532)
2021		<u>15,286,919</u>		<u>1,436,812</u> ¹		<u>37,996,046</u>	<u>26,528,757</u>	<u>(11,467,289)</u> ¹
Total ²	309,793,391	43,874,280	295,499,710	9,917,654 ³	(56,821,029)	270,861,889	230,667,419	(40,194,470) ⁴

0.0287 = Estimated Portfolio Yield Rate

¹ Calculated by subtracting Prior Years from Total.

² Differences due to rounding.

³ Total 2021 Investment Income from the Annual Report Net Investment Income.

⁴ Indicated Total Assessment using a 61.0% IBNR factor.

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

As of December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
1. Gross Invoiced Premium Written	74,888,563	71,329,668	83,152,158	90,088,639	95,017,581	103,428,981	117,989,040	111,420,997	98,277,038	72,902,198	58,075,413
2. Gross Invoiced Premium Earned ¹⁾	74,575,661	72,666,428	87,086,276	94,063,847	99,298,614	107,535,836	117,036,563	109,617,659	88,889,053	63,585,371	53,871,474
3. Accident Year Losses Incurred ²⁾	41,815,676	38,000,514	56,146,211	51,679,199	49,303,187	87,906,803	58,382,321	75,774,179	61,594,798	54,677,958	53,985,592
4. Accident Year Loss Ratio = [(3) / (2)]	56%	52%	64%	55%	50%	82%	50%	69%	69%	86%	100%
5. Calendar Year Losses Incurred	21,569,337	8,238,267	28,821,581	41,664,862	69,428,809	70,788,637	76,590,525	86,417,283	58,516,467	58,134,389	50,246,747
6. Servicing Carrier Expense	20,512,094	19,548,481	22,737,106	24,653,808	25,993,574	28,616,329	32,632,297	30,805,420	27,141,723	20,350,527	17,422,624
7. Agents' Commissions	1,971,040	1,906,215	2,106,132	2,285,590	2,366,143	2,579,938	2,468,035	2,551,977	2,193,475	1,790,658	1,588,766
8. Amounts Charged Off	243,209	402,697	334,968	105,158	286,123	111,270	524,811	305,080	165,709	869,336	645,287
9. Other Income and Expenses	(3,165)	(2,290)	(5,528)	(569,850)	(23,225)	(446,617)	(26,452)	(422,498)	(29,152)	(99,990)	(644)
10. Calendar Year U/W Results ³⁾	30,276,816	42,568,478	33,080,961	24,784,579	1,200,739	4,993,044	4,794,443	(10,884,599)	842,527	(17,659,529)	(16,032,594)
11. Net Investment Income	9,917,654	14,252,551	13,144,294	8,032,865	8,552,490	9,883,103	8,447,437	8,292,742	10,859,944	14,547,747	12,707,265
12. Miscellaneous Adjustments	0	0	15,268	0	1,908	7,170	(92,932)	(255,730)	(1,144,028)	(616,770)	(98,971)
13. Calendar Year Assess. (Refund) ⁴⁾											
Based on Calculation	(40,194,470)	(56,821,029)	(46,240,523)	(32,817,444)	(9,755,137)	(14,883,317)	(13,148,948)	2,847,587	(10,558,443)	3,728,552	3,424,300
Based on Examination Report	(40,194,470)	(56,821,029)	(46,240,523)	(32,817,443)	(9,755,136)	(14,883,318)	(13,148,948)	2,847,590	(10,558,444)	3,728,553	3,424,299
14. Cumulative Assess.(Refund)	(40,194,470)	(56,821,029)	(46,240,523)	(67,757,259)	(34,939,816)	(25,184,678)	(10,301,361)	2,847,587	(3,861,805)	6,696,638	2,968,086

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⁾ Discounted Accident year losses incurred evaluated at 12/31/21 including IBNR reserves.

³⁾ Calendar year U/W results = (2) - (5) - (6) - (7) - (8) + (9)

⁴⁾ Calendar Year Assessment = [(10) + (11) + (12)] x -1

☐ Box indicates when disbursements were made