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Wisconsin Compensation Rating Bureau

GENERAL CIRCULAR LETTER 669 - NOVEMBER 8, 2023

To: Members of the Bureau

From: Laura Vande Hey

Re: Wisconsin Workers' Compensation Fund

Attached is the eleven-year summary for the Wisconsin Workers' Compensation Insurance Pool Fund on a calendar/accident year basis as of 12/31/22. This exhibit reflects an actuarial evaluation of Pool losses including IBNR. This review is intended to present a more complete picture of the Pool so that member carriers can better understand their obligations. Exhibits five, six, and nine are also attached for your reference.

The last report to member companies showed a surplus of \$40,194,470 at the end of 2021.

Year-end 2022 shows a surplus of \$28,220,904. The adjusted value of the fund of \$242,892,815 was 113% of the target fund value of \$214,671,911. 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 net assets down to the aggregate estimated values of such claims. The amount declared and to be distributed for 2022 to bring the net assets down to the aggregate estimated values of such claims \$28,220,904. 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 2022 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 mid-November, with distributions scheduled shortly thereafter.

As of December 31, 2022, the total assets of the Pool Fund were \$276,509,982 with liabilities of \$114,010, resulting in a balance of \$276,395,972.

**Wisconsin Workers' Compensation Insurance Pool
Redetermination of the Pool Net Assets
As of December 31, 2022**

(1) Net Assets at December 31, 2022 ¹		\$276,395,972
(2) Unearned Premium Reserve at December 31, 2022 ¹		<u>33,503,157</u>
(3) Adjusted Value of Net Assets at December 31, 2022; [(1) - (2)]		\$242,892,815
(4) Outstanding Losses Reported by Servicing Carriers at December 31, 2022 ¹	\$131,700,559	
(5) Actuarial Adjustment; [63.0% x (4)] ²	<u>82,971,352</u>	
(6) Actuarially Adjusted Outstanding Losses	\$214,671,911	
(7) Net Assets Surplus at December 31, 2022; [(3) - (6)]		<u>\$28,220,904</u>

¹ Provided by Reilly, Penner & Benton.

² 63.0% based on selection from Exhibit 1

**Wisconsin Workers' Compensation Insurance Pool
Calculation of Assessment by Accident Year
As of December 31, 2022**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			$[(2)+(2)-(3)] / 2$	$-0.0012 \times (4)$		$(2)-(3)+(5)+(6)$		$(8) - (7)$
Accident Year	Estimated Assets @ 12/31/21	CY 2022 Payments	Average Assets 2022	Estimated Investment Income	Cumulative Assessment Levied in 2022	Estimated Assets 12/31/22	Balanced Reserves 12/31/22	1-Year Estimated Assessment
Prior	85,822,385	3,632,749	84,006,011	(100,807)	(8,843,493)	73,245,336	71,832,767	(1,412,569)
2008	3,542,027	59,654	3,512,200	(4,215)	(621,793)	2,856,365	2,460,708	(395,657)
2009	3,017,114	202,992	2,915,618	(3,499)	(437,346)	2,373,278	2,171,816	(201,462)
2010	2,612,346	54,014	2,585,339	(3,102)	(181,707)	2,373,523	2,461,782	88,259
2011	9,580,025	900,000	9,130,025	(10,956)	(702,282)	7,966,787	7,178,412	(788,375)
2012	4,117,530	60,129	4,087,466	(4,905)	3,547,518	7,600,014	7,229,118	(370,896)
2013	9,471,106	133,137	9,404,537	(11,285)	(1,036,890)	8,289,793	8,127,563	(162,230)
2014	7,269,079	770,084	6,884,037	(8,261)	(662,660)	5,828,075	5,533,913	(294,161)
2015	7,455,743	483,193	7,214,147	(8,657)	(1,810,319)	5,153,574	4,906,214	(247,361)
2016	32,892,659	1,437,812	32,173,753	(38,609)	(592,103)	30,824,135	26,934,673	(3,889,462)
2017	7,830,959	1,082,205	7,289,857	(8,748)	(1,393,038)	5,346,969	5,038,800	(308,169)
2018	12,833,577	1,754,071	11,956,541	(14,348)	(2,797,664)	8,267,494	6,891,347	(1,376,147)
2019	28,168,210	406,125	27,965,148	(33,558)	(8,919,872)	18,808,655	7,155,778	(11,652,877)
2020	18,253,082	2,232,027	17,137,069	(20,564)	(4,275,532)	11,724,959	10,880,842	(844,116)
2021	37,996,046	10,194,358	32,898,867	(39,479)	(11,467,289)	16,294,921	15,219,644	(1,075,277)
2022		17,306,406		(52,127) ¹		35,938,938	30,648,534	(5,290,404) ¹
Total ²	270,861,889	40,708,956	259,160,614	(363,120) ³	(40,194,470)	242,892,815	214,671,911	(28,220,904) ⁴

-0.12% = Estimated Portfolio Yield Rate

¹ Calculated by subtracting Prior Years from Total.

² Differences due to rounding.

³ Total 2022 Investment Income from the Annual Report Net Investment Income.

⁴ Indicated Total Assessment using a 63.0% IBNR factor.

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

	As of December 31, 2022										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
1. Gross Invoiced Premium Written	79,679,594	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
2. Gross Invoiced Premium Earned ¹⁾	77,990,896	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
3. Accident Year Losses Incurred ²⁾	47,998,992	40,722,796	37,151,473	44,470,061	50,298,609	48,993,512	84,017,447	58,133,355	75,479,710	61,432,965	54,312,548
4. Accident Year Loss Ratio =[(3) / (2)]	62%	55%	51%	51%	53%	49%	78%	50%	69%	69%	85%
5. Calendar Year Losses Incurred	24,713,448	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
6. Servicing Carrier Expense	22,046,986	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
7. Agents' Commissions	2,006,588	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
8. Amounts Charged Off	637,412	243,209	402,697	334,968	105,158	286,123	111,270	524,811	305,080	165,709	869,336
9. Other Income and Expenses	(2,438)	(3,165)	(2,290)	(5,528)	(569,850)	(23,225)	(446,617)	(26,452)	(422,498)	(29,152)	(99,990)
10. Calendar Year U/W Results ³⁾	28,584,024	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)
11. Net Investment Income	(363,120)	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. Miscellaneous Adjustments	0	0	0	15,268	0	1,908	7,170	(92,932)	(255,730)	(1,144,028)	(616,770)
13. Calendar Year Assess. (Refund) ⁴⁾											
Based on Calculation	(28,220,904)	(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
Based on Examination Report	(28,220,904)	(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
14. Cumulative Assess.(Refund)	(28,220,904)	(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

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 12/31/22 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