

**Wisconsin Compensation Rating Bureau****CIRCULAR LETTER 1210—SEPTEMBER 22, 2017****WISCONSIN GOVERNING BOARD MEETING**

Minutes of the Wisconsin Governing Board meeting held in the premises of the Wisconsin Compensation Rating Bureau, 20700 Swenson Drive, Waukesha, WI 53186 on Wednesday, September 6, 2017. The meeting was called to order at 8:30 AM.

A list of attendees at the September Rating Committee and Governing Board meetings follows. The Chair of the Rating was Mike Lester from Employers Mutual Casualty Co. Chair of the Governing Board was Ira Feuerlicht from American Home Assurance Company.

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
American Home Assurance (Teleconference)	Ira Feuerlicht	X	X
Associated General Contractors of Greater Milwaukee	Dan Burazin	X	X
Employers Insurance of Wausau	Steve Ginsburg	X	X
Employers Mutual Casualty Co.	Mike Lester	O	X
General Casualty Co	George Busche	X	X
Middlesex Insurance Co.	Bev Beigel	O	O
SFM Mutual Insurance Co.	Brian Bent	X	X
	Nick Marino		X
Secura Insurance Co.	Colleen Martenson	X	O
Sentry Insurance A Mutual Co.	Steve Bandy	X	X
Society Insurance Co.	Holly Lifke	X	X
Travelers Indemnity Co.	Matt Massaro	X	X
United Wisconsin Insurance Co.	Scott Beaver	X	X
	Pat Williams	X	X
West Bend Mutual Insurance Co.	Tom Vanderbusch	X	X
	Brian McEvoy	O	O
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 de Medicci	O	O
	Donna Knepper	O	O
	Kay Higgins	O	O

X = Committee member

O = Non-committee member

Member Absent or Excused

Wisconsin Manufacturers & Commerce

Chris Reader

Also Present:

ORGANIZATION	REPRESENTATIVE	GOVERNING BOARD	RATING COMMITTEE
Department of Workforce Development (DWD)	BJ Dernbach	O	O
Office of the Commissioner of Insurance (OCI)	Andrew Stoughton	O	O
Riegel Law	Paul Riegel	O	O
The Hartford	Wendy Bernard	O	O

Also Present for Part of Meeting:

John Beres Builders, Inc.
 Aaron Lawn Service
 Ansay & Associates

Steve Beres
 Aaron Schwid
 Alan Neva
 Mike Anderson
 David R. Frank
 Gary Oberfoell
 Kyle Kranzusch
 Barbara Scheibe

David J. Frank Landscape Contracting, Inc.
 LakeCounty Lawncare
 Lang Landscape LLC
 Wisconsin Landscape Contractors Association

The Chairperson read the following opening statement before convening the meeting:

“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.”

- Approved the Minutes for the June 15, 2017 meeting.
- Bureau Operations – Industry Issues
 - Budget Update - The Board members were presented with the following budget reports and were given the opportunity to ask questions on the information presented.
 - 2017 Estimated Year-End/2018 Preliminary Budget
 - 2017 Approved IT Budget/2017 Estimated Year-End Summary
 - Income Report that included years 2015 through July 2017
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison
 - Information Technology 2018 Proposed Budget

The Board voted to levy an assessment in the amount of \$2,015,203 for the general operating expenses for the WCRB for the fourth quarter of 2017.

CIRCULAR LETTER 1210—SEPTEMBER 22, 2017—PAGE 3

- Administrative affairs, occupancy, general expenses, personnel, etc. – The Board was updated on the following:
 - Update on WCRB’s internal education program. In addition to this program, the AMCOMP Workers’ Compensation Professional (WCP) certification course was offered to WCRB staff.
 - New, web site with mobile capability.
 - WCRB is recruiting for two new hires to fill vacancies that will occur due to retirement. Current employee count is 44.
 - Update on the WCRB Pension fund.
 - WCRB had its 100th anniversary celebration with an employee lunch and a donation to the Make A Wish Foundation.
 - WCRB will be scheduling member carrier visits to discuss current issues and request feedback.
- Rating Committee/Governing Board expansion. The Rating Committee and Governing Board were furnished with a proposed revision to s. 626.31(b), Wis Stat which expands the number of member carriers represented on the Rating Committee. If the proposed revision becomes law, the changes to the Rating Committee and Governing Board will be made to the WCRB by-laws. WCRB will then send a copy of the revised by-laws to all member companies for signature.
- Rating Committee/Governing Board meeting schedule. There will be no change to the current meeting schedule for the Rating Committee and Governing Board. Regular quarterly meetings will be held in March, June, September and December. The Annual Meeting and meeting to discuss the annual rate filing will be held in May.
- ANC Reporting Issues – The Governing Board approved a revision to the quarterly servicing carrier reports to allow a separate line item for the reporting of ANC charges.
- WWCIP Reports – WCRB provided the quarterly WWCIP summary reports.
- WWCIP Basic Manual Appendix Change – The Board adopted several changes to the “Rules Governing The Insuring Of Risks As Required By Section 619.01, Wis, Stats” found in the Appendix of the WI Basic Manual. The changes included the elimination of the WWCIP Committee, changes to the servicing carrier allowance and updates to the Wisconsin Worker’s Compensation Insurance Fund.

The following Committees will report to the Board:

RATING COMMITTEE

UNFINISHED BUSINESS

- Bryce's Lawn Service – Hearing - No appeal of the committee's decision has been filed with the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Wisconsin Apprenticeship Credit Program. – The WCRB and Operations Subcommittee proposed a WI Apprentice Program. The program provides for a 2% premium credit for employers participating in the work-based learning program through the Wisconsin Bureau of Apprenticeship Standards (WBAS). Maximum credit allowed is \$2,500. The program is optional for carriers in the voluntary market, mandatory for the Wisconsin Workers Compensation Insurance Pool. This program is proposed to be effective 10-1-18.

NEW BUSINESS

- John Beres Builders, Inc. – Hearing - John Beres Builders, Inc. requested the Rating Committee of the Wisconsin Compensation Rating Bureau grant relief for its failure to timely file the application for the Wisconsin Contractors Premium Adjustment Program (hereinafter "WCPAP"). In particular, Beres Builders requested the Rating Committee accept the late filing of the application for the WCPAP as they were experiencing computer issues when attempting to submit the application.

After due consideration of the appeal filed by Beres Builders, the Rating Committee determined there was sufficient notice provided to Beres Builders of the pending deadline for the application to participate in the WCPAP. Further, the Rating Committee determined the computer problems experienced by Beres Builders were on their system, and not the WCRB's system. While the Rating Committee did recommend the WCRB institute an email verification of receipt of the application, they noted this would not have assisted Beres Builders because their computer was not properly functioning. Finally, the Rating Committee determined they could not explain the delay in seeking verification of receipt of the application once Beres Builders realized it had a computer problem and that it had received neither the verification screen nor the correspondence from the WCRB notifying them of the credit until after the deadline for the application.

Accordingly, the Rating Committee unanimously determined the untimely receipt of the WCPAP application from Beres Builders could not be justified in this case, and that the credit should not be granted nor should the late application be accepted.

The Rating Committee denied the request of Beres Builders to accept their late application for the 2017 WCPAP credit.

Dan Burazin, Associated General Contractors of Greater Milwaukee, abstained from voting.

- Wisconsin Landscape Contractors Association – Hearing - The employer, Wisconsin Landscape Contractors Assn. (hereinafter “WLCA”) is an Association of Wisconsin landscape contractors. The WLCA requested the Rating Committee of the Wisconsin Compensation Rating Bureau (“WCRB”) allow for the inclusion of Class Code 9102 on all policies utilizing Class Code 0042. It is the WLCA’s position that both Class Code 0042 – Landscape, Gardening and Drivers and Class Code 9102 – Park NOC – All employees and drivers be allowed on all policies of worker’s compensation insurance issued to Wisconsin landscape contractors and other employers classified in Class Code 0042. As stated succinctly in their appeal, the relief they are seeking is as follows:

“... allow Wisconsin landscapers that either perform lawn maintenance services only or for the landscapers that have a completely separate lawn maintenance department [to] utilize Workers Compensation Code 9102.”

The WCRB has classified lawn maintenance services as part of Class Code 0042, landscape, gardening and drivers. Lawn mowing services have never been separately classified in Wisconsin, and Wisconsin does not allow both Class Code 0042 and Class Code 9102 on the same worker’s compensation policy. The Wisconsin Workers Compensation Class Code Manual contains an analogy under Code 0042 for lawn cutting, commercial and domestic and drivers. Lawn maintenance contractors in Wisconsin are assigned to Class Code 0042, not Class Code 9102

As pointed out by the Rating Committee members at the hearing, removing the lawn mowing activities from Class Code 0042 will likely increase the rate for that classification. Additionally, placing lawn mowers in Class Code 9102 will likely increase the rate for that classification. The Rating Committee pointed out that the experience modification system in the State of Wisconsin was designed to differentiate losses between employers classified under the same classifications. However, by reassigning payroll to a different classification, the experience modification program could be significantly affected for employers in both Class Codes.

Additionally, the Rating Committee noted the payroll reported under Class Code 9102 was less than \$10m. The payroll reported under Class Code 0042 was over \$180m. Moving a significant portion of the payroll from Class Code 0042 into Class Code 9102 would necessarily increase rates for all other employers already classified under Class Code 9102 and would destabilize the rate for Class Code 0042.

Finally, the Rating Committee could not identify any specific factors supporting the NCCI’s policy of including lawn mowing activities under Class Code 9102

The Rating Committee denied the request of the WLCA to allow Wisconsin landscapers that performed lawn maintenance services only to be classified under Class Code 9102 or to allow landscapers that have separate lawn maintenance

departments to utilize both Class Code 0042 and Class Code 9102 on their policies.

Dan Burazin, Associated General Contractors of Greater Milwaukee and Matt Massaro from Travelers Indemnity Company, abstained from voting.

- Notice to Government Entity of Cancellation or Material Change Endorsement – The Committee reviewed a new proposed endorsement to be used with employers who have contracted with government entities and are required to provide notice of cancellation of the worker's compensation insurance policy to the government entity. WCRB will create a WI endorsement and provide the draft to the Rating Committee and Governing Board. WCRB will request an e-mail vote for approval for filing with the OCI.
- Class Code Phraseology Changes – The Rating Committee adopted amendments to Class Code 3821 – Automobile Dismantling & Drivers. The adopted changes track with NCCI phraseology. The following change will be filed to be effective upon approval:

AUTOMOBILE DISMANTLING RECYCLING & DRIVERS – Includes the dismantling, salvaging or junking of parts. store operations and buyers. Garages and body shops to be separately rated when operated at separate locations only. Store employees who do not engage in other operations and have no yard exposure are assigned to Code 8046.

- Miscellaneous Forms Filing – The Rating Committee discussed a proposed miscellaneous forms filing submitted by a member carrier. After discussion, the Committee requested that the WCRB invite the carrier to the December meetings to present the filing and answer questions on the application of these forms.

Pending Filings/Actions

- Recent Class Code Review Changes – Clarification - This item was approved by the Office of the Commissioner of Insurance effective 7-10-17. This item is removed from the agenda.

ACTUARIAL SUBCOMMITTEE

There were no issues identified with the 10-1-17 rate filing. The 2017 rate filing is removed from the agenda.

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