



REVISED- CIRCULAR LETTER 1233—December 31, 2019

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 Thursday, December 5, 2019. The meeting was called to order at 8:30 AM.

A list of attendees at the December Rating Committee and Governing Board meetings follows. The Chair of the Rating Committee was Tim Riedl from Society Insurance A Mutual Company. Chair of the Governing Board was Pat Williams from United Wisconsin Insurance Company.

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	Steve Ginsburg	X	X
Employers Mutual Casualty Co.	Mike Lester	O	X
	Craig Sanford	O	X
	Mark Neubauer	O	X
General Casualty Co	George Busche	X	X
SFM Mutual Insurance Co.	Brian Bent	X	X
	Nick Marino	X	X
Secura Insurance Co.	Steve Miller	X	O
Sentry Insurance A Mutual Co.	Scott Lange	X	X
Society Insurance Co.	Tim Riedl	X	X
Travelers Indemnity Co.	Eric Belk	X	X
United Wisconsin Insurance Co.	Pat Williams	X	X
	Emily Brooks	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 de Medicci	O	O
	Donna Knepper	O	O
	Stephanie Staring	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
Acuity, A Mutual Insurance Company	Craig Snyder	O	O
Badger Mutual Insurance Co.	Tyler Protz	O	O
Department of Workforce Development-Workers Comp Division	Joe Moreth	O	O
Hartford Casualty Ins Co	Wendy Bernard	O	O
Independent Insurance Agents of Wisconsin (IIAW)	Jeff Thiel		O
Independent Insurance Agents of Wisconsin (IIAW)	Matt Banaszynski		O
Office of the Commissioner of Insurance (OCI)	David Haushalter	O	O
Riegel Law	Paul Riegel	O	O
Rural Mutual Insurance Company	Sara Grade	O	O

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 September 4, 2019 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.
 - 2019 Estimated Year-End/2020 Proposed Budget
 - 2019 Approved IT Budget/2019 Estimated Year-End Summary
 - 2020 IT Proposed Budget
 - Income Report that included years 2017 through October 2019
 - Notice to Carrier Fine Comparison
 - Unit Stat Fine Comparison
 - Hard Copy Fee Comparison

The Board voted to levy an assessment in the amount of \$2,150,141 for the general operating expenses for the WCRB for the first quarter of 2020.

- Administrative affairs, occupancy, general expenses, personnel, etc. – The Board was updated on the following:

- WCRB's Lean initiatives continue to improve processes internally and benefit all stakeholders.
- The Board was updated on the proposed Agreed Bill which included provisions of ALJ movement, PEO changes, the PTSD Bill, Chapter 102 definitions of employers, and the UEF Fund.
- Nominating Committee- after discussion, the Board voted to remove Nominating Committee language from the by-laws. This item will be distributed to the membership for voting. This item is continued on the agenda.
- Mega Loss Study- the Governing Board concurred with the WCRB recommendation not to move forward with the proposed participation in the Mega Loss Study. No further action is needed. This item is removed from the agenda.
- WWCIP Activity Reports

The following Committees will report to the Board:

RATING COMMITTEE

UNFINISHED BUSINESS

- K'nG Mechanical, Inc – Hearing- the employer did not appeal the decision of the Committee within 30 days to the Office of the Commissioner of Insurance. This item is removed from the agenda.
- Karthaus & Sons, Inc – Hearing - the employer did not appeal the decision of the Committee within 30 days to the Office of the Commissioner of Insurance. This item is removed from the agenda.
- NCCI Item R-1414-LRARO Endorsements- - the Committee approved the filing of a revised endorsement previously filed and approved. The filing was approved by the Office of the Commissioner of Insurance. This item is removed from the agenda
- Schedule Rating- after discussion, the issue was sent back to the subcommittee for further research. This item is continued on the agenda.
- Basic Manual Rewrite – this Rewrite was filed and is pending approval from the Office of the Commissioner of Insurance. This item is continued on the agenda.

NEW BUSINESS

- Klich Electric Inc – Hearing - The employer, Klich Electric Inc. requested the Rating Committee of the Wisconsin Compensation Rating Bureau (“WCRB”) grant relief for the employer’s failure to timely file the application for the Wisconsin Contractors Premium Adjustment Program (hereinafter “WCPAP”). In particular, Klich Electric, Inc. requested the Rating Committee accept the late filing of the application for the WCPAP. The Rating Committee noted that many such requests had been received since 2003 when the WCPAP converted to standard enforcement of the date on which all applications must be received. The request to accept a late filing was denied.
- NCCI Item B-1439 Revisions to Basic Manual Classifications- this proposal reassigns class codes with low credibility. The Committee approved the following changes and it will be filed with the Office of the Commissioner of Insurance with a 10/1/20 effective date. This item is continued on the agenda.

CODE	CURRENT PHRASEOLOGY	CODE	PROPOSED REASSIGNMENT
2683	LUGGAGE MFG – Applies to the MFG of traveling bags and hand luggage. Trunk MFG to be separately rated as Code 2883. SUITCASE MFG	2501	CLOTH, CANVAS AND RELATED PRODUCTS MFG NOC (Analogies not included)
3240	CABLE OR WIRE ROPE MFG-IRON OR STEEL - No wire drawing. Mfg of insulated electrical cable to be separately rated as Code 4470-Cable Mfg.	3257	WIRE GOODS MFG NOC - Wire drawing to be separately rated as Code 1924 or 3241. (Analogies not included)

Code 8720	CONSTRUCTION – JOB SITE SALESPERSONS AND ESTIMATORS Applies to employees who perform job site measurements or inspections to prepare bids for a job for a construction contractor. Employees who work for contractors and provide sales estimates, but do not conduct the actual construction, are also assigned to Code 8720. Employees may perform these measurements or inspections from ground level, in crawl spaces, on ladders, or on roofs. Code 8720 does not apply when the employee also performs construction duties or supervises construction workers at the same job site. In those cases, the employee’s payroll at that job site must be assigned to the appropriate construction classification. A division of payroll is not permitted between Code 8720 and a construction classification on any single job site. (Analogies not included)
-----------	--

RULE IV – CLASSIFICATIONS (Rule IV.D.8.c.)

c. Construction – Job Site Salespersons and Estimators

Construction job site salespersons and estimators are separately rated to Code 8720, a nonconstruction code. A division of payroll is not permitted between Code 8720 and a construction classification at any single job site. If the construction job site salesperson or estimator also performs construction duties at the same job site or supervises construction workers at the same job site, the employee’s payroll at that job site must be assigned to the appropriate construction classification

- Class Code Cleanup- this proposal amends phraseology language in the class codes to comply with previously approved filings. The Committee approved the proposal and it will be filed with the Office of the Commissioner of Insurance with a 10/1/20 effective date. This item is continued on the agenda

**WCRB PROPOSED CLASS CODE CORRECTIONS
ONLY PROPOSED CHANGES ARE IDENTIFIED – ALL OTHER PHRASEOLOGIES FOR THESE
CODE REMAIN UNCHANGED**

2501	<ul style="list-style-type: none"> • CLOTH STENCILING AND CUTTING (SILK SCREENING) • CLOTH PRINTING – SILK SCREEN PROCESS – HAND PRINTING - Includes drying.
------	--

Code 4352 – Engraving - \$1.21 has the following analogies. Employers who are printing on materials not owned by the insured are assigned to this classification

CLOTH PRINTING SILK SCREEN PROCESS: MACHINERY OPERATED – Applies to operations preliminary to or following the hand printing process.

SILK SCREEN PROCESS-CLOTH PRINTING – The hand printing of cloth by the silk screen process together with the subsequent drying.

Code 8032 – Store Clothing, Wearing Apparel, or Dry Goods – Wholesale - \$2.97 is assigned if the insured owns the product.

3632	DEBURRING – METAL
------	------------------------------

Insured engaged in single-piece parts machining are assigned to code 3629 – Machined Parts Mfg NOC - \$2.57

8001	<ul style="list-style-type: none"> • STORE FLORIST & DRIVERS - Includes service away from store premises. Cultivating or gardening to be separately rated as Code 0035-Farm florist <u>The “cultivating or gardening” operations, which are to be separately rated to Code 0035 Farm Florist & Drivers, are only for those operations located away from the store location. Wholesale or retail sales conducted from the farm location are assigned to Code 0035.</u>
------	--

This recommended change clarifies the classification of the sale of freshcut flowers on the farm to Code 0035.

8380	• TRUCK BED LINER INSTALLATION & DRIVERS
------	---

NCCI uses code #9505 – Painting – Automobile or Carriage Bodies - \$3.86 for spray on bed liners. They also use this code for the application of undercoating as well.

8601	<ul style="list-style-type: none"> • UNDERGROUND UTILITY LOCATING CONTRACTORS
8602	<ul style="list-style-type: none"> • <u>UNDERGROUND UTILITY LOCATING CONTRACTORS</u>

Code 8602 was established in 2010. WCRB has been assigning underground utility locating to code 8602 since.

- **Franchisor/Franchisee** – per previous changes made to Wis. Stat. 102.04(2r), the Franchisor/Franchisee endorsements were proposed to the Committee. The Committee approved the proposal and the endorsements will be filed with the Office of the Commissioner of Insurance with an upon approval effective date. This item is continued on the agenda.
- WCPAP Analysis- the actuarial data was not available at the time of the meeting. This item will be discussed at the next Rating Committee. This item is continued on the agenda.

Pending Filings/Actions

ACTUARIAL SUBCOMMITTEE

The next meeting of the Actuarial Subcommittee will be held February 4, 2020.

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