



CIRCULAR LETTER 3166—SEPTEMBER 28, 2017

PROCEEDINGS OF THE WISCONSIN RATING COMMITTEE

TO: Members of the Bureau

FROM: Donna Knepper

RE: Proceedings of the Wisconsin Rating Committee
Wisconsin Apprenticeship Credit Program

Pursuant to ch. 626, Wis. Stat., the Office of the Commissioner of Insurance has approved a Wisconsin Apprenticeship Credit 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:

1. Optional for policies written in the voluntary market, mandatory in the Wisconsin Worker's Compensation Insurance Pool. Carriers intending not to participate in the program **must opt out** of participation by completing the carrier election form found on the WCRB web site.

NOTE: The opt out election is effective for at least one year and must be applied uniformly to all worker's compensation policies. Any change to the above election must be filed with the WCRB prior to implementation.

2. Employer directed. The employer must notify their carrier that they are eligible for the credit and provide evidence of participation in a work-based learning program administered by the Wisconsin Bureau of Apprenticeship Standards (WBAS) for a minimum of 6 months. This program is **not** restricted to construction classes.
3. Restricted to work-based learning programs administered by WBAS. No other apprenticeship programs are eligible for the credit.
4. Does not apply to minimum premium policies and cannot reduce premium lower than the applicable minimum premium.
5. Verified at audit. If the employer becomes ineligible for the credit at audit, any credit applied at the inception of the current policy will be removed.
6. Effective with policies with effective dates of 10-1-18 or later.

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Carriers will use stat code 9777 to report the credit on the Unit Statistical Reports (USR).

There is no endorsement for this program. Carriers may report the estimated credit on the policy under Item 4 by reporting the stat code.

Attached is a copy of the WI Apprenticeship Credit Program, the revised premium algorithm and change to the WI Statistical Plan Manual.

WISCONSIN APPRENTICESHIP CREDIT PROGRAM

DEFINITIONS

Apprentice means any person who enters into an apprentice contract with the department and with a sponsor or with an apprenticeship committee acting as the agent of a sponsor.

Apprentice Contract means any contract or agreement of service, express or implied, between an apprentice, the department, and a sponsor or an apprenticeship committee acting as the agent of a sponsor whereby an apprentice is to receive directly from or through the apprentice's employer, in consideration for the apprentice's services in whole or in part, instruction in any trade, craft, or business.

Apprenticeship Program means a program approved by the department providing for the employment and training of apprentices in a trade, craft, or business that includes a plan containing all of the terms and conditions for the qualification, recruitment, selection, employment, and training of apprentices as required under this subchapter, including the apprentice contract requirements under Wis Stats 106.01

WORK-BASED LEARNING PROGRAM PREMIUM CREDIT

1. Employers who participate in the work-based learning program through the Wisconsin Bureau of Apprenticeship Standards (WBAS) may receive a credit of 2%, subject to a maximum credit not to exceed \$2,500.
2. This program is optional and available in both the voluntary and the residual markets. If a carrier is offering the credit program, the credit must be applied to all policyholders enrolled in the WI Apprenticeship Program. **Carriers opting not to participate in the program must file the election with the WCRB.**
3. To receive a credit, the employer must:
 - a. Notify the carrier of their eligibility and request application of the credit
 - b. Provide their carrier with a copy of the fully executed *apprentice contract* for each work-based learning program student
 - c. Meet all provisions required in the *apprentice contract* and *apprenticeship program*
 - d. Provide documentation of participation in the program for at least 6 months per policy year

4. The credit does not apply to minimum premium policies.
5. The credit:
 - a. Is applied to the employer's policy pro rata as of the date the carrier receives the copy of the executed contract. The credit is not applied retroactively to expired policies. The credit factor is applied to total modified premium, after the application of any experience rating modification, and before the application of any premium discount and the expense constant.
 - b. Must not reduce the premium below the approved minimum premium.
 - c. Is verified by the carrier at audit, and the policy premium is adjusted accordingly. There must be compliance with each contract counting towards the credit during the portion of the contract that falls within the policy period. If there is noncompliance with, or early termination prior to six months participation in the program, the credit will be removed. If the credit is eliminated or removed, the employer must reimburse the carrier. The employer's failure to reimburse results in ineligibility for future program credits.
 - d. Is reported using the appropriate statistical code 9777.
 - e. Is effective with policy effective date 10-1-18 and later.

The Apprenticeship Credit Program will be analyzed in conjunction with the annual rate revision. Any off-set corrections to the class rates will be included in the rate filing.

WISCONSIN WORKERS COMPENSATION PREMIUM ALGORITHM

The following algorithm provides the framework for premium charges and credits. Where not specified, the premium base would be the result from the prior line.

	PREMIUM ELEMENTS	EXPLANATORY NOTES
	MANUAL PREMIUM	$[(\text{PAYROLL} / 100) * \text{RATE}]^1$
+	USL&H Exposure for non-F classification codes	$[(\text{SUBJECT PAYROLL} / 100) * (\text{RATE} * \text{USL\&H FACTOR})]$
	TOTAL MANUAL PREMIUM	
+	Employers Liability (E/L) increased limits factor	[% applied to Total Manual Premium]
+	Employers Liability increased limits charge	[Balance to E/L increased limits minimum premium]
+	Employers Liability increased limits factor (Admiralty, FELA)	[Factor applied to the portion of Manual Premium where Admiralty/FELA coverage is applicable]
+	Waiver of Subrogation (Option 2)	2% of total premium for a blanket waiver, 5% of the total premium applicable for each person or organization requesting a specific waiver
	TOTAL SUBJECT PREMIUM	
x	Experience Modification (Exp Mod)	
	TOTAL MODIFIED PREMIUM	
x	Contractors Premium Adjustment Program factor (1-CPAP credit %) ²	
	Apprenticeship Program Credit	2%, not to exceed \$2,500
+	Atomic Energy Radiation Exposure NOC†	
+	Charge for nonratable catastrophe loading†	
+	Waiver of Subrogation (Option 1)	[\$50.00 flat charge per signed contract]
+	Work Study Program	\$350 flat charge for secondary schools \$1,000 flat charge for post-secondary schools
+	Balance to Minimum Premium (State Act) ³	[Balance to minimum premium at Standard Limits]
+	Balance to Minimum Premium (Admiralty, FELA) ³	
	TOTAL STANDARD PREMIUM‡	
-	Premium Discount §	[% applied to Standard Premium]
+	Expense Constant*	
+	Foreign Terrorism	$[(\text{PAYROLL} / 100) * \text{FOREIGN TERRORISM RATE}]$
+	Domestic Terrorism, Earthquakes and Catastrophic Industrial Accident (DTEC)	$[(\text{PAYROLL} / 100) * \text{DTEC RATE}]$
	ESTIMATED ANNUAL PREMIUM	
+	Audit Noncompliance Charge	
	TOTAL AMOUNT DUE	

* Applies only when earned premium is greater than the minimum premium.

† Nonratable Element Premiums generated by nonratable portion of manual rate are subject to all applicable premium elements applied to the policy, however, not subject to experience rating or retrospective rating.

‡ Statistical calls for ratemaking data contain a different definition of "Standard Premium." Refer to **Reporting Guidebook for the Annual Calls for Experience**.

§ For policies subject to premium adjustments under a retrospective rating plan, premium discount does not apply.

1. Non-payroll class premium is computed differently. Refer to **Basic Manual** and **Wisconsin Statistical Plan Manual** for exceptions.
2. CPAP credit is established by the Wisconsin Compensation Rating Bureau.
3. Reported only when Total Manual Premium is less than minimum premium for the highest rated class reported on the policy.

NOC = Not Otherwise Classified

Note: For short rate cancellations, short rate percentage/short rate penalty premium factor is subject to experience rating, included in Total Subject Premium, and applied prior to Experience Modification.

II. WISCONSIN REPORTING REQUIREMENTS

Apprenticeship Credit Program - **Statistical Code 9777**- Effective 10-1-18 applicable to new and renewal policies. Does not apply to policies cancelled or expired prior to 10-1-18. Refer to Circular Letter 3166

- c. **Non-Standard Premium Codes—not included in the Total Standard Premium Premium Discount—Statistical Code 0063 or 0064.** If premium discount is applied, the total amount of the discount shall be assigned to **Statistical Code 0063** for Type A carrier discount plan or **Statistical Code 0064** for Type B carrier discount plan. Do not include the premium discount in the Standard Premium Total.

Expense Constant—**Statistical Code 0900.** On each policy where an expense constant has been charged, the amount so charged shall be assigned to **Statistical Code 0900** for all industry groups. Do not include the expense constant in the Standard Premium Total.

Terrorism Risk Insurance Act (TRIA)—**Statistical Code 9740.** On each policy where a premium is charged for TRIA, the amount charged shall be assigned to **Statistical Code 9740.** Do not include the premium in the Standard Premium Total Amount.

Code 9740 Catastrophe Provisions for Terrorism—Not Part of Standard Premium (TRIPRA). Refer to [Circular Letter 3031—July 22, 2008](#).

Domestic Terrorism and Earthquake Coverage (DTEC)—**Statistical Code 9741.**

On each policy where a premium is charged for DTEC, the amount charged shall be assigned to **Statistical Code 9741.** Do not include the premium in the Total Standard Premium. Code 9741 Catastrophe Provisions for Catastrophe (other than Certified Acts of Terrorism). Refer to [Circular Letter 3031—July 22, 2008](#).

[Code 9757 Audit Non-Compliance Charge](#)
[Refer to Circular Letter 3134—March 18, 2016.](#)

F. Loss Record Data Elements and Definitions

Accident Date

Report the month, day and year on which the injury occurred.

In cases involving disease, the claim shall be assigned to the policy in force at the time the data provider became aware of the claim. In the event the data provider no longer insures the risk, the claim shall be assigned to the last policy issued by the data provider. The selected and indicated date of accident shall fall within the policy period, and not beyond the last full date of coverage.

Catastrophe Number

Any accident resulting in two or more reported claims must be reported as a catastrophe. In reporting catastrophes, all claims (compensable as well as non-compensable) resulting from this accident shall be designated by placing the numeral "01" in the field captioned Catastrophe Number. If there is more than one catastrophe under the policy, each succeeding catastrophe should be designated by means of a separate serial number "02", "03", etc. A separate series of catastrophe numbers shall be used for each policy. Catastrophe codes 01-10 have been reserved for reporting all non-Extraordinary Loss Event (ELE) catastrophes.

III. CODES APPLICABLE IN WISCONSIN

- (3) Amount Required to Balance Increased Limits Minimum Premium—**Code 9848**
- (4) Additional Premium from Flat Increase on Outstanding Policies—**Code 0998**
- (5) Premium Credit Resulting From Flat Decrease on Outstanding Policies—**Code 0994**
- (6) Short rate penalty premium—**Code 0931**
- (7) Waiver of Subrogation—**Code 0930**
- (8) Work Study Programs—**Code 9428**

b. Premium Not Subject to Experience Modification Factor

- (1) Aircraft Seat Surcharge—**Code 9108**
NOTE: The passenger seat surcharge is not applicable for policies effective January 1, 2015 and subsequent.
- (2) Risk Minimum Premium—**Code 0990**
See Basic Manual for instructions when applying **Code 0990**.
- (3) Contractors Premium Credit—**Code 9046**
- (4) Optional Supplemental Loadings
For Radiation Experience—**Code 9985**
- (5) Non-Ratable Statistical Codes:
 - For Class 4771—**Code 0771**
 - For Class 7405—**Code 7445**
 - For Class 7431—**Code 7453**
- (6) Waiver of Subrogation—**Code 9115**
- (7) Additional premium required to balance to minimum for Admiralty and/or FELA increased limits—**Code 9849**
- (8) Work Study Programs
For policies effective 10-1-13 and subsequent:
 - Secondary Schools—**Code 9428**
 - Post Secondary Schools—**Code 9447**
- (9) Apprenticeship Credit Program—**Code 9777**

c. Non-Standard Premium Codes:

- Expense Constant **Code 0900**
- Premium Discount—Type A **Code 0063**
- Premium Discount—Type B **Code 0064**
- TRIA **Code 9740**
- Catastrophe Provisions for Terrorism-Not Part of Standard Premium

- DTEC **Code 9741**
- Catastrophe Provisions for Catastrophe (other than Certified Acts of Terrorism)
- Audit Non-Compliance Charge **Code 9757**

C. Loss Information Codes

1. Update Type

<u>Code</u>	<u>Description</u>
P	Previously Reported
R	Revised