

September 1, 2010

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
2010 Residual Market Rate Filing

On September 1, 2010, a filing was submitted to the North Carolina Commissioner of Insurance proposing residual market workers compensation insurance rates, rating values and miscellaneous values to become effective April 1, 2011.

The filing proposes an average increase of 5.5% in the overall premium level of the workers compensation insurance residual market in North Carolina. This change is comprised of a 1.2% increase in loss costs and an increase of +4.2% in the loss cost multiplier.

By industry group, the changes are: Manufacturing, 6.6% increase; Contracting, 4.1% increase; Office & Clerical, 0.1% increase; Goods & Services, 7.8% increase; and Miscellaneous, 6.3% increase. Within each industry group the change will vary from the average by classification depending upon the volume and character of the particular classification experience.

The filing proposes no changes to the maximum minimum premium of \$1000, the minimum premium multiplier of 200, or the \$250 expense constant.

For residual market rates for classifications which contemplate exposure under the United States Longshore and Harbor Workers' Compensation Act ("F" classifications), the percent proposed is the same as the last filing at 88%.

Residual market rates and rating values were filed for policies becoming effective April 1, 2011, applicable to policies as of the first normal anniversary rating date which is on or after April 1, 2011.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

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NCRI-126793739
NCRI-126793740