

September 4, 2012

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
2012 Residual Market Rate Filing

On August 31, 2012, 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, 2013.

The filing proposes an average increase of 9.7% in the overall premium level of the workers compensation insurance residual market in North Carolina. This change is comprised of a -0.5% decrease in loss costs and an increase of 10.3% in the loss cost multiplier.

By industry group, the changes are: Manufacturing, 10.2% increase; Contracting, 8.7% increase; Office & Clerical, 4.9% increase; Goods & Services, 12.1% increase; and Miscellaneous, 9.3% 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 change in the expense constant of \$250 or the minimum premium multiplier of 200. The filing proposes an increase in the maximum minimum premium from the current \$1,000 to \$1,250.

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 90%.

Residual market rates and rating values were filed for policies becoming effective April 1, 2013, applicable to policies as of the first normal anniversary rating date which is on or after April 1, 2013.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

C-12-7