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June 20, 2001

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Loss Costs and Loss Multipliers

Attached are:

- Excerpts from NCGS §58-36-100, as amended, that outline insurer requirements and options under North Carolina's loss costs rating law.
- A list, by company, of loss multipliers applicable in North Carolina.

The list of loss multipliers includes all filings for which we received acknowledgment from the Commissioner of Insurance.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:dg

Enclosures

C-01-6

Excerpts from NCGS §58-36-100

(a) Except as provided in subsections (k) and (m) of this section, the Bureau shall no longer develop or file any minimum premiums, minimum premium formulas, or expense constants. If an insurer wishes to amend minimum premium formulas or expense constants, it must file the minimum premium rules, formulas, or amounts it proposes to use. A copy of each filing submitted to the Commissioner under subsections (e) and (g) of this section shall also be sent to the Bureau.

(e) Each insurer shall independently and individually determine the final rates it will file and the effective date of any rate changes ... The insurer=s rates shall be the combination of the prospective loss costs and the loss multiplier contained in the reference filing adoption form . . .

(f) . . . Insurers may vary expense loads by individual classification or grouping . . .

(g) An insurer may request to have its loss multiplier remain on file and reference all subsequent prospective loss costs reference filings. Upon receipt of subsequent approved Bureau reference filings, the insurer=s rates shall be the combination of the prospective loss costs and the loss multiplier contained in the reference filing adoption form on file with the Commissioner, and will be effective on or after the effective date of the prospective loss costs . . . If an insurer . . . intends to delay, modify, or not adopt a particular Bureau reference filing, the insurer must make an appropriate filing with the Commissioner. The insurer=s filed loss multiplier shall remain in effect until the insurer withdraws it or files a revised reference filing adoption form . . .

(j) For reference filings filed by the Bureau:

- (1) If the insurer has filed to have its loss multiplier remain on file, applicable to subsequent reference filings, and a new reference filing is filed and approved and if:
 - a. The insurer decides to use the revision of the prospective loss costs and effective date as filed, then the insurer does not file anything with the Commissioner. Rates are the combination of the prospective loss costs and the on-file loss multiplier and become effective on the effective date of the loss costs.
 - b. The insurer decides to use the prospective loss costs as filed but with a different effective date, then the insurer must notify the Commissioner of its effective date before the effective date of the loss costs.
 - c. The insurer decides to use the revision of the prospective loss costs, but wishes to change its loss multiplier, then the insurer must file a revised reference filing adoption form before the effective date of the reference filing.
 - d. The insurer decides not to revise its rates using the prospective loss costs, then the insurer must notify the Commissioner before the effective date of the loss costs.
- (2) If an insurer has not elected to have its loss multiplier remain on file, applicable to future prospective loss costs reference filings, and a new reference filing is filed and approved, and if:
 - a. The insurer decides to use the prospective loss costs to revise its rates, then the insurer must file a reference filing adoption form including its effective date.
 - b. The insurer decides not to use the revisions, then the insurer does not file anything with the Commissioner.