

December 16, 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Residual Market Rate Filing

The North Carolina Rate Bureau submitted a workers compensation residual market rate filing to the North Carolina Commissioner of Insurance on September 1, 2005.

The filing proposed an average change of 11.4% from rates effective April 1, 2005. By industry group, the proposed changes were: Manufacturing, 7.4% increase; Contracting, 12.6% increase; Office & Clerical, 17.6% increase; Goods & Services, 9.8% increase; and Miscellaneous, 13.9% increase.

As a result of negotiations with the North Carolina Commissioner of Insurance, a Settlement Agreement and Consent Order has been approved modifying the rate change to 8.7% relative to the rates currently in effect. The rates will be adjusted by industry group and shall be effective April 1, 2006, for new and renewal policies. Exhibits reflecting this change will be available in the next few weeks on the NCRB website (www.ncrb.org).

We will provide a copy of the approved filing to the Home Office of each member insurance company or insurance company group in the manner previously requested by each company or group.

Sincerely,

Susan M. Taylor

Director, Workers Compensation

SMT:dg

C-05-16