

December 21, 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Residual Market Rate Filing

As previously announced, a September 1, 2005 filing was submitted to the North Carolina Commissioner of Insurance that proposed revised workers compensation insurance residual market rates, rating values and miscellaneous values.

The filing proposed an average increase of 11.4% in the overall premium level of the workers compensation insurance residual market in North Carolina. However, as a result of a Settlement Agreement and Consent Order, an average change of 8.7% has been approved. By industry group, the approved changes are: Manufacturing, 4.8% increase; Contracting, 9.9% increase; Office and Clerical, 14.8% increase; Goods and Services, 7.2% increase; and Miscellaneous, 11.1% 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 proposed no change in the \$210 expense constant or the \$850 maximum minimum premium.

The enclosed exhibits set forth the rates, rating values and miscellaneous values that have been approved for the workers compensation insurance residual market effective April 1, 2006.

The approved residual market rates and rating values are available as a Microsoft Excel spreadsheet and an Adobe Acrobat PDF file on our web site at www.ncrb.org.

Sincerely,

Sue M. Taylor

Director of Workers Compensation

SMT:dg

C-05-18