

**NORTH CAROLINA RATE BUREAU**

**POST OFFICE BOX 176010  
RALEIGH, NORTH CAROLINA 27619-6010**

JOHN W. WATKINS  
General Manager

3401 SIX FORKS ROAD  
RALEIGH, NORTH CAROLINA 27609-4435

TELEPHONE (919) 783-9790  
FAC SIMILE (919) 783-7447

JERRY G. HAMRICK  
Workers Compensation Manager

DAVID E. STOK, JR.  
Accounting Manager

CHARLES B. TAYLOR  
Personal Lines Manager

**October 12, 1994**

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

**Re: Workers Compensation Insurance  
Item 01-NC-94 - Loss Sensitive Rating Plan**

The Bureau has adopted and the North Carolina Department of Insurance has approved a proposal to implement a mandatory assigned risk retrospective rating program for employers having residual market premium equal to or exceeding \$200,000. The Loss Sensitive Rating Plan (LSRP) has been designed to provide large employers with added financial incentive to promote safety and reduce losses by requiring them to accept great financial responsibility for losses they incur.

The LSRP has been introduced with a minimum premium factor of .75, a maximum premium factor of 1.75, a basic premium factor of .30, a loss conversion factor of 1.125 and the North Carolina tax multiplier of 1.036. Currently approved retrospective development factors will apply. The state tax multiplier and retrospective development factors will change with subsequent revisions in rates and rating values and the factors will be published in the North Carolina State Pages.

Enclosed are a copy of the Filing Memorandum and the approved Assigned Risk Mandatory Loss Sensitive Rating Plan. Additionally, the Assigned Risk Loss Sensitive Rating Plan Notification Endorsement (WC 00 04 17) and the Mandatory Assigned Risk Loss Sensitive Rating Plan Endorsement (WC 00 04 18) have been approved.

The LSRP will apply to each eligible assigned risk employer with a policy effective date on or after April 1, 1995.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:lm

C-94-14

**(Attachments Not Included)**