

NORTH CAROLINA RATE BUREAU

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May 26, 1995

CIRCULAR LETTER TO ALL MEMBER COMPANIES

(Home Office Only)

Re: Workers Compensation Insurance

NC Workers Compensation Insurance Plan
Servicing Carrier Bid Process

The North Carolina Rate Bureau, Plan Administrator for the North Carolina Workers Compensation Insurance Plan, is evaluating a competitive bid procedure to select carriers to provide service to residual market insureds on behalf of the reinsurance pooling mechanism.

A bid process, tentatively scheduled to be implemented effective January 1, 1996, would have the following objectives:

- Provide objective means to select and remunerate servicing carriers who will provide quality service in a cost effective manner
- Ensure proper alignment of servicing carrier capacity and assignment volume
- Enhance competition
- Reduce Plan expenses

The Rate Bureau is responsible for establishment of eligibility criteria, performance standards and the selection of the servicing carriers. It is anticipated that the Rate Bureau will contract with the National Council on Compensation Insurance, Inc., which has conducted bid procedures in other states, to assist in the administration of the servicing carrier bid/selection process.

To assist us in an overall evaluation of servicing carrier selection procedures, we would like to have any comments or recommendations which your Company believes would improve the bid/selection processes. Since the timetable for proposals, bids, selection and notification must soon be established to accommodate our proposed implementation date, it is necessary that all comments and suggestions be received by the Bureau no later than Monday, June 12, 1995.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:lm

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