

NORTH CAROLINA RATE BUREAU

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May 9, 1995

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Item R-1316 - 1995 Update to Expected Loss Size Ranges for Entry into the Table of Insurance Charges and Update to Retrospective Rating State and Hazard Group Relativities

The Bureau has adopted and the North Carolina Department of Insurance has approved a proposal to update the Retrospective Rating Plan for the effect of loss size inflation.

The filing updates the Hazard Group Differentials (Exhibit 2.B) and the Table of Expected Loss Ranges (Exhibit 3). The 1994 update (Item R-1304 which was approved for use in North Carolina effective January 1, 1995) amended the Expected Loss Ratio, the Expected Loss and Allocated Expense Ratio, the State Tax Multiplier and introduced state-specific Tables of Expense Ratios and no change in those components was proposed by this filing. However, the North Carolina State Special Rating Values pages of the *Retrospective Rating Plan Manual* have been amended to display the State Tax Multiplier of 1.036 and a Federal classes Tax Multiplier of 1.137 (Exhibit 5).

Changes proposed by the captioned Item have been approved effective July 1, 1995, applicable to new and renewal business.

Reprinted *Retrospective Rating Plan Manual* pages will be distributed in the usual manner.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:lm

C-95-8

(Attachments Not Included)