

NORTH CAROLINA RATE BUREAU

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December 1, 1995

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Loss Costs Filing

On December 1, 1995 a filing was submitted to the North Carolina Commissioner of Insurance proposing workers compensation insurance prospective loss costs, rating values and miscellaneous values to become effective April 1, 1996, applicable to new and renewal policies.

The filing proposes an average decrease of 15.4% from the implied loss costs underlying current rates. By industry group, the changes are: Manufacturing, 15.0% decrease; Contracting, 11.3% decrease; Office & Clerical, 11.0% decrease, Goods & Services, 22.0% decrease; and Miscellaneous, 13.3% decrease. Within each industry group the change will vary from the average by classification depending upon the volume and character of the particular classification experience.

There is an average pure premium increase of 10.2% proposed for classifications which contemplate exposure under the United States Longshore and Harbor Workers' Compensation Act ("F" classifications).

The prospective loss costs are based on historical data that have been developed and trended to their ultimate values and, except for (i) loss adjustment expenses and (ii) taxes, licenses, fees and loss-based assessments which are specifically authorized to be included in the loss costs by statute, include no provisions for expenses, dividends, profit or contingencies.

Pursuant to North Carolina law, the Commissioner of Insurance has 60 days from the date of filing to issue a Notice of Hearing. If a hearing is called, the Commissioner's final order in the matter must be issued within 120 days from the date of the filing.

Subsequent to the approval of the loss costs filing, a copy will be provided to each of our member companies.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:lm

