

September 1, 2010

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
2010 Loss Costs Filing

On September 1, 2010, a filing was submitted to the North Carolina Commissioner of Insurance proposing workers compensation insurance prospective advisory loss costs, rating values and miscellaneous values for policies becoming effective on and after April 1, 2011, applicable to new and renewal policies.

The filing proposes an average increase of 1.2% from the loss costs approved effective April 1, 2010. By industry group, the changes are: Manufacturing, 2.2% increase; Contracting, 0.1% decrease; Office & Clerical, 4.0% decrease; Goods & Services, 3.4% increase; and Miscellaneous, 2.0% 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.

For classifications with exposure under the United States Longshore and Harbor Workers' Compensation Act ("F" classifications), the percent will remain at 88%.

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

Subsequent to the approval of the loss costs reference filing, a copy of the approved reference filing (portions corresponding to Part I and Part II of RB-1) will be made available to each member company.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

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NCRI-126793740