



September 1, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
2016 Residual Market Rate Filing

On September 1, 2016, a filing was submitted to the North Carolina Commissioner of Insurance proposing residual market workers compensation insurance rates, rating values and miscellaneous values to become effective April 1, 2017.

The filing proposes an average change of -8.3% in the overall premium level of the workers compensation insurance residual market in North Carolina. This change includes a -14.4% decrease in loss costs, and +7.1% increase in the loss cost multiplier.

Within each industry group the change will vary from the average by classification depending upon the volume and character of the particular classification experience. By industry group, the changes are:

- Manufacturing -7.6%
- Contracting -5.4%
- Office & Clerical -13.6%
- Goods & Services -8.6%
- Miscellaneous -8.3%

For residual market rates for classifications which contemplate exposure under the United States Longshore and Harbor Workers' Compensation Act ("F" classifications), the filing proposes an average change of +11.0%.

The filing proposes an increase in the Primary/Excess Loss Split Point from \$16,000 to \$16,500.

The general explanation for the filed decrease which follows a decrease last year as well, is insurance carriers have had fewer workers compensation claims and are paying less for these claims. This is evidenced by a change of -10.1% in loss experience and a change of -4.8% in trend.

A copy of the complete filing can be found on our website.

Sincerely,

Joanna Biliouris

Chief Operating Officer
NC Rate Bureau

JB:dms
C-16-19