



NORTH CAROLINA RATE BUREAU
5401 Six Forks Road • Raleigh NC • 27609
(919) 783-9790 • www.ncrb.org

November 20, 2002

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Residual Market Rate Filing

As previously announced, a September 20, 2002 filing was submitted to the North Carolina Commissioner of Insurance that proposed revised workers compensation insurance residual market rates, rating values and miscellaneous values.

The filing proposed an average increase of 2.5% in the overall premium level of the workers compensation insurance residual market in North Carolina. However, as a result of a Settlement Agreement and Consent Order, an average change of 0.0% has been approved. By industry group, the approved changes are: Manufacturing, 1.0% increase; Contracting, 5.4% decrease; Office and Clerical, 7.0% increase; Goods and Services, 2.5% increase; and Miscellaneous, 0.2% 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.

Also approved is an overall premium level increase of 9.9% for the residual market rates applicable to the classifications which contemplate exposure under the United States Longshore and Harbors Workers Compensation Act ("F" classifications).

The filing proposed no change in the \$210 expense constant or the \$850 maximum minimum premium.

Pursuant to the Settlement Agreement and Consent Order, revised rates, rating values and miscellaneous values will become effective in accordance with the following rule of application:

Revised residual market rates shall become effective as of April 1, 2003 and shall be applied to all residual market policies as of the first normal anniversary rating date which is on or after April 1, 2003, but shall not otherwise be available to outstanding policies. No policy may be canceled and rewritten to take advantage of or to avoid the application of this rule.

The enclosed exhibits set forth the rates, rating values and miscellaneous values that have been approved for the workers compensation insurance residual market effective April 1, 2003. Please note that the enclosed rates, rating values and miscellaneous values contain no specific provision for catastrophe or terrorism.

The approved residual market rates and rating values are available as a Microsoft Excel spreadsheet and an Adobe Acrobat pdf file on our web site at www.ncrb.org.

Reprint North Carolina rate pages will be distributed in the usual manner.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:dg

Enclosures

C-02-7

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

NORTH CAROLINA

Page S1
Exhibit III

Effective April 1, 2003

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO
0005	3.81	850	1.23	0.24	0.34	1925	8.07	850	2.71	0.26	0.33
0008	4.74	850	1.47	0.22	0.30	2001	6.52	850	2.26	0.27	0.38
0016	9.55	850	3.16	0.26	0.47	2002	6.85	850	2.28	0.25	0.33
0034	6.55	850	2.11	0.24	0.35	2003	6.57	850	2.01	0.24	0.34
0035	3.83	850	1.32	0.27	0.33	2014	7.11	850	2.05	0.22	0.33
0036	8.15	850	2.65	0.25	0.39	2016	3.72	850	1.02	0.19	0.38
0037	6.52	850	1.91	0.21	0.37	2021	3.55	850	1.17	0.25	0.30
0042	9.23	850	2.82	0.22	0.34	2039	6.85	850	2.27	0.25	0.27
0050	12.45	850	3.47	0.18	0.24	2041	4.45	850	1.50	0.27	0.44
0059D	0.62	—	0.08	0.18	—	2065	5.56	850	1.69	0.22	0.30
0065D	0.11	—	0.02	0.24	—	2070	4.56	850	1.37	0.21	0.28
0066D	0.11	—	0.02	0.26	—	2081	6.81	850	2.41	0.28	0.39
0067D	0.11	—	0.02	0.23	—	2089	8.52	850	2.84	0.26	0.38
0079	4.86	850	1.30	0.20	0.32	2095	6.16	850	1.97	0.24	0.33
0083	7.42	850	2.18	0.21	0.29	2105	6.47	850	2.09	0.24	0.36
0106	42.17	850	10.56	0.18	0.28	2110	4.08	850	1.45	0.28	0.34
0113	6.73	850	2.27	0.26	0.35	2111	3.93	850	1.27	0.24	0.33
0170	6.98	850	2.11	0.22	0.31	2112	2.97	759	1.03	0.27	0.36
0251	6.85	850	2.07	0.22	0.31	2114	5.56	850	1.82	0.25	0.34
0400	11.64	850	3.27	0.19	0.32	2121	6.88	850	2.21	0.24	0.24
0401	21.48	A	5.69	0.19	0.29	2130	6.59	850	1.92	0.20	0.27
0763FN	3.19	—	—	—	—	2131	2.77	722	0.87	0.23	0.29
0771N	0.78	—	—	—	—	2143	5.22	850	1.65	0.23	0.33
0908P	158.00	368	50.74	0.24	0.32	2150	10.25	850	3.41	0.25	0.33
0909P	140.00	350	43.67	0.23	0.35	2156	4.79	850	1.51	0.23	0.31
0912P	649.00	850	197.77	0.22	0.33	2157	4.35	850	1.40	0.24	0.30
0913P	390.00	600	107.82	0.18	0.28	2172	3.11	785	0.97	0.22	0.20
0917	6.98	850	2.48	0.28	0.37	2174	5.49	850	1.67	0.20	0.24
1005*	13.88	850	1.34	0.16	0.21	2211	10.68	850	2.93	0.21	0.33
1164	11.95	850	2.90	0.18	0.26	2220	3.75	850	1.18	0.23	0.30
1165XE	6.18	850	1.37	0.14	0.20	2286	2.48	669	0.81	0.25	0.30
1320	4.86	850	1.22	0.18	0.26	2288	6.75	850	2.11	0.23	0.30
1322	19.76	850	4.84	0.17	0.23	2300	8.82	850	2.57	0.20	0.36
1430	7.40	850	1.96	0.19	0.26	2302	3.16	795	1.01	0.24	0.32
1438	6.67	850	1.60	0.16	0.24	2305	2.64	698	0.74	0.18	0.21
1452	3.68	850	0.99	0.19	0.25	2361	2.74	717	0.89	0.25	0.32
1463	17.49	850	4.14	0.15	0.22	2362	3.21	804	1.02	0.23	0.30
1470	5.97	850	1.50	0.18	0.26	2380	3.36	832	1.12	0.25	0.33
1473X	3.44	846	1.03	0.23	0.31	2386	3.19	800	0.90	0.18	0.32
1474X	4.06	850	1.08	0.19	0.27	2388	3.37	833	1.16	0.26	0.32
1624E	6.50	850	1.74	0.19	0.25	2402	5.13	850	1.43	0.21	0.28
1642	5.54	850	1.54	0.21	0.28	2413	4.21	850	1.32	0.23	0.31
1654	9.37	850	2.36	0.18	0.30	2416	1.81	545	0.61	0.26	0.32
1655	6.42	850	1.77	0.20	0.25	2417	2.97	759	1.04	0.27	0.32
1699	4.99	850	1.51	0.24	0.31	2501	3.08	780	1.02	0.25	0.32
1701	4.86	850	1.32	0.20	0.27	2503	2.22	621	0.78	0.27	0.33
1710	11.52	850	2.88	0.18	0.29	2534	3.18	798	1.12	0.28	0.37
1741D	4.81	850	0.97	0.18	0.26	2570	6.57	850	2.13	0.24	0.35
1747	5.41	850	1.32	0.17	0.24	2576	6.76	850	2.29	0.26	0.32
1748	5.04	850	1.64	0.26	0.34	2578	7.04	850	2.69	0.31	0.33
1803D	11.36	850	2.61	0.20	0.28	2585	4.86	850	1.59	0.25	0.34
1852D	3.99	850	1.26	0.26	0.27	2586	3.29	819	1.07	0.26	0.33
1853	6.65	850	2.10	0.24	0.37	2587	2.87	741	0.93	0.24	0.33
1860	4.32	850	1.33	0.23	0.38	2589	3.23	808	1.08	0.25	0.33
1924	3.60	850	1.15	0.24	0.32	2600	5.62	850	1.81	0.24	0.28

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

NORTH CAROLINA

Page S2
Exhibit III

Effective April 1, 2003

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO
2623	5.23	850	1.67	0.24	0.31	3145	2.74	717	0.91	0.25	0.34
2651	2.92	750	1.02	0.28	0.39	3146	3.55	850	1.19	0.26	0.35
2660	4.04	850	1.40	0.27	0.40	3169	5.59	850	1.87	0.26	0.35
2670	3.08	780	1.06	0.26	0.37	3175	2.20	617	0.70	0.23	0.33
2683	4.29	850	1.49	0.28	0.42	3179	3.26	813	1.07	0.25	0.32
2688	3.52	850	1.18	0.27	0.33	3180	3.90	850	1.33	0.26	0.32
2705X*	73.37	850	20.85	0.21	0.25	3188	2.20	617	0.73	0.25	0.37
2706X	25.33	850	6.65	0.19	0.30	3220	5.59	850	1.53	0.18	0.24
2710	9.93	850	2.87	0.22	0.32	3223	2.95	756	1.05	0.28	0.37
2714	6.00	850	1.92	0.24	0.34	3224	6.42	850	2.13	0.24	0.29
2727X	13.89	850	3.34	0.16	0.20	3227	6.41	850	2.03	0.24	0.38
2731	7.22	850	2.33	0.24	0.32	3240	4.87	850	1.72	0.28	0.36
2735	6.83	850	2.40	0.28	0.36	3241	6.75	850	2.30	0.26	0.33
2759	9.62	850	3.16	0.25	0.35	3255	7.11	850	2.41	0.26	0.43
2790	5.61	850	1.93	0.27	0.34	3257	3.83	850	1.27	0.25	0.33
2791X	2.71	711	0.90	0.25	0.41	3270	3.78	850	1.35	0.28	0.30
2797X	5.92	850	2.02	0.26	0.36	3300	8.75	850	3.09	0.27	0.37
2802	8.02	850	2.56	0.24	0.36	3303	6.45	850	2.19	0.26	0.37
2812	6.88	850	2.21	0.24	0.34	3307	5.97	850	1.89	0.24	0.34
2835	3.41	841	1.20	0.27	0.40	3315	4.58	850	1.52	0.25	0.36
2836	2.77	722	1.02	0.29	0.36	3334	5.40	850	1.56	0.20	0.30
2841	6.21	850	2.32	0.30	0.36	3336	3.41	841	1.15	0.26	0.35
2881	4.35	850	1.54	0.28	0.34	3365	26.34	850	6.94	0.19	0.32
2883	5.09	850	1.64	0.24	0.33	3372	4.94	850	1.50	0.24	0.32
2913	5.23	850	2.00	0.31	0.32	3373	8.66	850	2.76	0.24	0.37
2915	8.66	850	2.68	0.23	0.31	3383	2.07	593	0.72	0.27	0.33
2916	5.49	850	1.98	0.29	0.36	3385	2.69	708	0.89	0.25	0.34
2923	5.95	850	2.02	0.27	0.42	3400	5.31	850	1.66	0.23	0.33
2942	4.47	850	1.63	0.29	0.37	3507	4.45	850	1.44	0.24	0.32
2960	9.86	850	2.85	0.20	0.30	3515	4.34	850	1.32	0.22	0.30
3004	3.31	822	0.91	0.20	0.28	3516X	2.77	722	0.79	0.20	0.29
3018	7.19	850	2.23	0.22	0.30	3548	4.14	850	1.29	0.23	0.31
3022	5.17	850	1.76	0.26	0.34	3559	4.87	850	1.48	0.22	0.31
3027	5.77	850	2.03	0.28	0.36	3574	1.65	515	0.56	0.26	0.33
3028	6.21	850	2.11	0.26	0.36	3581	2.36	647	0.85	0.29	0.36
3030	10.07	850	2.67	0.19	0.24	3612	4.04	850	1.27	0.23	0.31
3040	9.91	850	2.76	0.21	0.30	3620	7.09	850	1.93	0.20	0.28
3041	6.83	850	2.27	0.25	0.30	3629	2.79	726	0.87	0.23	0.32
3042	4.43	850	1.36	0.22	0.31	3632	5.17	850	1.58	0.22	0.30
3064	4.52	850	1.44	0.24	0.33	3634	4.25	850	1.45	0.26	0.34
3066	7.07	850	2.25	0.24	0.34	3635	3.33	826	1.10	0.25	0.32
3076	4.86	850	1.62	0.26	0.33	3638	2.80	728	0.96	0.26	0.31
3081D	6.09	850	1.75	0.23	0.30	3642	1.63	512	0.51	0.23	0.30
3082D	7.36	850	2.23	0.24	0.34	3643	3.90	850	1.11	0.20	0.27
3085D	4.68	850	1.46	0.26	0.33	3647	3.83	850	1.35	0.28	0.35
3110	8.48	850	2.78	0.25	0.32	3648	3.75	850	1.27	0.26	0.34
3111	5.97	850	1.74	0.20	0.30	3681	2.05	589	0.70	0.26	0.35
3113	4.14	850	1.30	0.23	0.33	3685	2.27	630	0.70	0.22	0.33
3114	3.06	776	0.96	0.23	0.32	3719	7.29	850	1.81	0.17	0.26
3118	5.05	850	1.68	0.25	0.31	3724	8.92	850	2.45	0.20	0.26
3119	1.34	458	0.49	0.29	0.39	3726	12.76	850	3.07	0.18	0.24
3122	3.46	850	1.15	0.26	0.39	3803	8.56	850	2.56	0.21	0.26
3126	4.38	850	1.40	0.24	0.30	3807	4.84	850	1.62	0.26	0.31
3131	2.64	698	0.81	0.22	0.31	3808	3.63	850	1.15	0.23	0.31
3132	5.64	850	1.81	0.26	0.33	3821	7.78	850	2.25	0.22	0.32

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

NORTH CAROLINA

Page S3

Exhibit III

Effective April 1, 2003

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO
3822X	6.28	850	2.17	0.27	0.36	4452	4.04	850	1.33	0.25	0.34
3824X	6.00	850	2.07	0.27	0.31	4459	4.73	850	1.47	0.23	0.33
3826	1.14	421	0.34	0.21	0.27	4470	2.05	589	0.63	0.25	0.34
3827	3.16	795	1.04	0.25	0.33	4484	3.63	850	1.18	0.24	0.33
3830	3.88	850	1.07	0.20	0.28	4493	8.44	850	2.63	0.23	0.40
3851	5.77	850	1.69	0.20	0.31	4511	0.99	393	0.29	0.22	0.27
3865	5.31	850	1.84	0.26	0.40	4557	3.72	850	1.22	0.25	0.34
3881	6.28	850	2.10	0.25	0.26	4558	2.20	617	0.67	0.22	0.27
4000	8.28	850	2.24	0.20	0.25	4561	4.32	850	1.02	0.15	0.20
4021	5.35	850	1.70	0.24	0.33	4568	2.89	745	0.78	0.20	0.31
4024E	7.78	850	2.33	0.24	0.39	4581	1.94	569	0.49	0.18	0.30
4034	10.24	850	2.90	0.21	0.30	4583	5.46	850	1.52	0.21	0.32
4036	5.57	850	1.46	0.19	0.30	4611	1.27	445	0.41	0.24	0.32
4038	5.90	850	2.22	0.30	0.40	4635	3.28	817	0.84	0.20	0.28
4053	2.79	726	0.89	0.24	0.39	4653	4.61	850	1.32	0.20	0.31
4061	7.03	850	2.37	0.26	0.33	4665	6.88	850	1.90	0.21	0.30
4062	3.19	800	1.02	0.24	0.33	4670	10.89	850	2.91	0.20	0.30
4101	4.43	850	1.46	0.27	0.38	4683	3.75	850	1.27	0.26	0.30
4111	2.84	735	0.98	0.27	0.36	4686	3.72	850	0.97	0.19	0.29
4112	1.71	526	0.57	0.25	0.31	4692	0.83	364	0.25	0.22	0.32
4113	3.73	850	1.01	0.20	0.25	4693	2.27	630	0.77	0.26	0.33
4114	6.34	850	2.02	0.23	0.29	4703	1.73	530	0.57	0.25	0.32
4130	7.82	850	2.53	0.24	0.33	4717	4.61	850	1.54	0.24	0.28
4131	5.51	850	2.00	0.29	0.37	4720	3.72	850	1.10	0.21	0.38
4133	6.05	850	1.98	0.24	0.27	4740	3.33	826	0.85	0.18	0.30
4150	1.58	502	0.52	0.24	0.35	4741	3.91	850	1.14	0.21	0.32
4206	6.72	850	1.94	0.20	0.33	4751	4.94	850	1.47	0.23	0.35
4207	1.79	541	0.62	0.27	0.32	4771N	4.43	850	1.18	0.21	0.29
4239	3.60	850	1.04	0.22	0.26	4777	8.87	850	2.64	0.23	0.28
4240	3.80	850	1.33	0.27	0.33	4825	1.73	530	0.54	0.25	0.30
4243	3.33	826	1.10	0.25	0.36	4828	2.35	645	0.64	0.20	0.29
4244	4.71	850	1.46	0.22	0.29	4829	2.67	704	0.65	0.17	0.17
4250	1.99	578	0.61	0.22	0.31	4902	6.11	850	1.95	0.24	0.30
4251	2.95	756	0.95	0.24	0.33	4923	1.56	499	0.48	0.22	0.29
4263	4.84	850	1.54	0.24	0.31	5020	10.06	850	2.92	0.22	0.25
4273	3.63	850	1.23	0.26	0.36	5022	9.44	850	2.59	0.21	0.30
4279	5.36	850	1.81	0.26	0.35	5037	41.34	850	9.76	0.18	0.25
4282	2.67	704	0.96	0.28	0.32	5040	41.99	850	8.78	0.14	0.20
4283	9.91	850	2.49	0.15	0.22	5057	18.79	850	4.37	0.17	0.22
4299	2.64	698	0.86	0.25	0.32	5059	38.57	850	9.28	0.18	0.23
4301X	2.07	593	0.57	0.18	0.26	5069	55.09	850	13.76	0.17	0.25
4304	5.20	850	1.69	0.25	0.36	5102	8.00	850	2.19	0.20	0.24
4307	3.26	813	1.19	0.29	0.38	5146	5.77	850	1.54	0.19	0.25
4308	2.23	623	0.84	0.30	0.34	5160	6.80	850	1.69	0.17	0.22
4351	1.35	460	0.44	0.25	0.33	5183	8.08	850	2.18	0.20	0.26
4352	2.58	687	0.80	0.23	0.34	5188	7.35	850	2.20	0.23	0.27
4360	1.87	556	0.62	0.25	0.36	5190	7.71	850	2.18	0.21	0.29
4361	1.74	532	0.57	0.25	0.34	5191	1.39	467	0.38	0.20	0.25
4362	1.68	521	0.56	0.28	0.44	5192	6.93	850	2.08	0.21	0.31
4410	6.67	850	2.03	0.22	0.30	5213	13.14	850	3.52	0.20	0.28
4417X	1.42	473	0.50	0.28	0.36	5215	8.90	850	2.73	0.22	0.27
4420	7.09	850	1.94	0.20	0.21	5221	6.63	850	1.89	0.22	0.30
4431	2.48	669	0.79	0.23	0.34	5222	20.47	850	4.87	0.18	0.29
4432	2.38	650	0.82	0.26	0.35	5223	14.78	850	3.96	0.20	0.32
4439	3.50	850	0.98	0.21	0.34	5348	6.28	850	1.73	0.20	0.24

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

NORTH CAROLINA

Page S4
Exhibit III

Effective April 1, 2003

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO
5402	7.09	850	2.05	0.20	0.26	6824F	7.45	850	1.93	0.19	0.28
5403	18.04	850	4.73	0.19	0.27	6826F	18.34	850	4.53	0.17	0.30
5437	10.74	850	3.13	0.22	0.28	6834	6.75	850	2.20	0.27	0.42
5443	7.68	850	2.10	0.18	0.24	6836	6.05	850	1.78	0.23	0.33
5445	10.20	850	2.95	0.22	0.27	6843F	28.48	850	6.88	0.18	0.31
5462	10.19	850	2.90	0.21	0.24	6845F	22.12	850	5.75	0.19	0.30
5472	7.09	850	2.04	0.22	0.29	6854	7.73	850	2.01	0.20	0.25
5473	8.33	850	2.19	0.19	0.25	6872F	35.65	850	8.71	0.18	0.30
5474	9.58	850	2.60	0.20	0.29	6874F	44.96	850	11.31	0.17	0.27
5478	7.79	850	2.09	0.19	0.23	6882	8.66	850	2.03	0.17	0.22
5479	11.90	850	3.31	0.21	0.28	6884	18.24	850	4.35	0.15	0.17
5480	15.16	850	4.36	0.21	0.25	7016M	29.45	850	6.80	0.17	0.27
5491	3.90	850	1.08	0.20	0.23	7024M	32.73	850	7.56	0.17	0.27
5506	8.30	850	2.19	0.19	0.24	7038M	14.03	850	3.32	0.17	0.21
5507	5.95	850	1.56	0.19	0.25	7046M	12.71	850	4.08	0.26	0.35
5508	18.35	850	4.42	0.16	0.25	7047M	50.27	850	10.43	0.17	0.27
5536	9.63	850	2.63	0.20	0.28	7050M	23.96	850	5.09	0.17	0.21
5538	10.77	850	3.04	0.21	0.30	7090M	15.60	850	3.69	0.17	0.21
5551	25.69	850	6.98	0.20	0.32	7098M	14.13	850	4.54	0.26	0.35
5606	3.94	850	1.05	0.19	0.26	7099M	21.71	850	6.26	0.26	0.35
5610	6.24	850	1.94	0.22	0.28	7133	5.26	850	1.41	0.20	0.28
5645	18.50	850	5.08	0.20	0.31	7151M	6.39	850	1.71	0.20	0.28
5651	13.68	850	3.96	0.22	0.29	7152M	10.92	850	2.62	0.20	0.28
5703	38.47	850	9.82	0.18	0.24	7153M	7.11	850	1.90	0.20	0.28
5705	7.55	850	1.98	0.19	0.28	7222	18.97	850	3.93	0.12	0.15
5951	0.57	315	0.19	0.24	0.31	7228	11.21	850	3.04	0.19	0.23
6003	15.60	850	4.35	0.21	0.29	7229	14.23	850	3.78	0.19	0.21
6005	10.84	850	2.90	0.19	0.26	7230	11.44	850	3.19	0.20	0.22
6017X	9.01	850	2.40	0.19	0.19	7231	13.17	850	4.00	0.24	0.31
6018X	5.49	850	1.60	0.22	0.25	7232	9.68	850	2.73	0.21	0.22
6045	8.80	850	2.01	0.15	0.25	7309F	37.83	850	9.33	0.16	0.22
6204	16.69	850	4.55	0.20	0.28	7313F	8.12	850	1.92	0.15	0.24
6206	4.92	850	1.16	0.17	0.24	7317F	18.92	850	4.66	0.18	0.28
6213	8.12	850	1.99	0.17	0.25	7323FN	7.47	850	1.74	0.10	0.09
6214	5.49	850	1.42	0.18	0.26	7327F	27.58	850	6.79	0.16	0.21
6216	7.94	850	2.06	0.19	0.28	7333M	10.32	850	2.07	0.13	0.18
6217	8.44	850	2.29	0.20	0.27	7335M	11.46	850	2.30	0.13	0.18
6229	8.23	850	2.19	0.17	0.25	7337M	17.60	850	3.17	0.13	0.18
6233	14.87	850	3.45	0.15	0.21	7350F	22.46	850	5.68	0.19	0.30
6235	19.30	850	4.70	0.16	0.23	7360	7.24	850	2.18	0.24	0.31
6236	44.61	850	10.76	0.16	0.27	7370	7.17	850	2.28	0.24	0.34
6237	4.89	850	1.23	0.17	0.23	7380	7.38	850	2.08	0.21	0.29
6251D	17.59	850	3.69	0.14	0.20	7382	7.14	850	2.21	0.25	0.33
6252D	9.99	850	2.13	0.15	0.19	7390	7.22	850	2.12	0.23	0.30
6260	11.59	850	2.46	0.15	0.20	7394M	27.79	850	5.81	0.15	0.24
6306	12.44	850	3.31	0.20	0.31	7395M	30.87	850	6.45	0.15	0.24
6319	8.12	850	2.21	0.20	0.28	7398M	47.42	850	8.89	0.15	0.24
6325	15.71	850	4.39	0.21	0.33	7403	2.89	745	0.93	0.24	0.33
6400	11.54	850	3.61	0.23	0.31	7405N	0.90	430	0.25	0.21	0.26
6504	3.31	822	1.07	0.24	0.34	7409	30.56	850	5.01	0.08	0.12
6702M*	17.20	850	4.45	0.19	0.28	7420	26.42	850	4.36	0.08	0.11
6703M*	29.34	850	6.81	0.19	0.28	7421	4.25	850	1.03	0.16	0.20
6704M*	19.10	850	4.94	0.19	0.28	7422	6.19	850	1.19	0.12	0.14
6801F	5.18	850	1.50	0.26	0.33	7423	4.21	850	1.20	0.22	0.28
6811	4.58	850	1.20	0.18	0.23	7425	23.10	850	3.93	0.09	0.14

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

NORTH CAROLINA

Page S5
Exhibit III

Effective April 1, 2003

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO
7431N	5.41	850	1.01	0.11	0.15	8227	5.95	850	1.58	0.19	0.24
7445N	0.29	—	—	—	—	8232	7.30	850	2.06	0.21	0.31
7453N	1.81	—	—	—	—	8233	12.58	850	2.97	0.15	0.20
7502	5.18	850	1.34	0.18	0.28	8235	4.47	850	1.47	0.25	0.31
7515	2.48	669	0.60	0.20	0.35	8236X	8.18	850	2.12	0.18	0.25
7520	4.35	850	1.34	0.24	0.32	8263	9.36	850	3.00	0.24	0.36
7529X	14.69	850	3.16	0.15	0.21	8264	6.65	850	2.12	0.24	0.32
7538	16.28	850	3.65	0.16	0.20	8265	7.50	850	2.21	0.23	0.30
7539	4.65	850	1.28	0.21	0.33	8279	10.22	850	3.29	0.24	0.40
7540	5.40	850	1.37	0.20	0.28	8288	8.05	850	2.51	0.23	0.36
7580	3.57	850	1.03	0.22	0.30	8291	6.49	850	2.20	0.26	0.35
7590	7.73	850	2.27	0.21	0.30	8292	5.23	850	1.67	0.24	0.31
7600	3.55	850	1.05	0.23	0.29	8293	11.36	850	3.48	0.22	0.27
7601	8.69	850	2.32	0.19	0.25	8304	8.74	850	2.18	0.17	0.27
7605	5.13	850	1.42	0.21	0.33	8350	7.29	850	1.90	0.18	0.25
7610	0.77	352	0.25	0.26	0.32	8380	4.89	850	1.42	0.22	0.30
7611	10.64	850	2.78	0.19	0.26	8381	2.30	636	0.73	0.23	0.32
7612	18.03	850	4.29	0.16	0.27	8385	3.57	850	1.04	0.22	0.29
7613	5.88	850	1.62	0.20	0.26	8392	4.09	850	1.37	0.26	0.30
7704	13.14	850	3.53	0.19	0.26	8393	3.11	785	0.86	0.20	0.26
7720X	3.70	850	1.08	0.22	0.30	8500	19.04	850	5.53	0.24	0.52
7723X	3.16	795	0.90	0.24	0.32	8601	1.26	443	0.36	0.22	0.28
7855	14.15	850	3.66	0.19	0.28	8606	7.45	850	2.01	0.20	0.27
8001	2.56	684	0.89	0.26	0.34	8709F	8.10	850	2.08	0.19	0.26
8002	2.87	741	0.96	0.26	0.39	8710	4.04	850	0.92	0.15	0.31
8006	3.91	850	1.18	0.21	0.30	8719	4.58	850	1.17	0.18	0.24
8008	2.17	611	0.72	0.26	0.36	8720	1.99	578	0.56	0.21	0.26
8010	2.46	665	0.83	0.26	0.36	8721	0.73	345	0.21	0.23	0.37
8013	0.70	340	0.22	0.23	0.32	8726F	7.76	850	1.93	0.16	0.26
8015	0.88	373	0.30	0.27	0.33	8734M	1.14	421	0.34	0.21	0.29
8017	2.46	665	0.81	0.25	0.37	8737M	1.03	401	0.31	0.21	0.29
8018	3.70	850	1.20	0.24	0.33	8738M	1.76	536	0.45	0.21	0.29
8021	2.97	759	0.89	0.21	0.31	8742	0.85	367	0.24	0.21	0.29
8031	3.41	841	1.06	0.24	0.31	8745	8.38	850	2.34	0.19	0.31
8032	2.25	626	0.79	0.28	0.37	8748	0.93	382	0.25	0.20	0.27
8033	3.28	817	1.09	0.25	0.35	8755	0.67	334	0.17	0.18	0.23
8039	2.61	693	0.88	0.26	0.36	8800	1.74	532	0.58	0.25	0.35
8044	4.16	850	1.32	0.24	0.34	8803	0.18	243	0.05	0.22	0.35
8045	1.39	467	0.41	0.21	0.30	8805M	0.57	315	0.18	0.23	0.31
8046	2.61	693	0.86	0.25	0.36	8810	0.42	288	0.13	0.23	0.31
8047	1.60	506	0.56	0.28	0.37	8814M	0.52	306	0.16	0.23	0.31
8050	1.42	473	0.48	0.26	0.31	8815M	0.88	373	0.24	0.23	0.31
8058	2.95	756	0.97	0.25	0.35	8820	0.39	282	0.12	0.23	0.30
8072	2.22	621	0.73	0.25	0.37	8824	4.08	850	1.36	0.26	0.35
8102	2.58	687	0.85	0.25	0.33	8825	2.22	621	0.79	0.29	0.38
8103	3.26	813	1.12	0.27	0.36	8826	2.93	752	0.99	0.26	0.35
8105	5.59	850	1.55	0.18	0.27	8831	1.68	521	0.57	0.26	0.41
8106	8.04	850	2.42	0.24	0.33	8832	0.51	304	0.15	0.23	0.31
8107	6.45	850	1.80	0.21	0.29	8833*	1.50	488	0.49	0.24	0.31
8111	3.93	850	1.25	0.24	0.32	8835	3.50	850	1.09	0.23	0.30
8116	4.09	850	1.30	0.23	0.29	8837Xa	a	a	a	a	a
8203	7.51	850	2.34	0.23	0.32	8848X	3.52	850	1.16	0.25	0.35
8204	14.44	850	3.41	0.16	0.24	8849X	3.44	846	1.12	0.24	0.34
8209	4.27	850	1.38	0.24	0.34	8868	0.70	340	0.24	0.26	0.39
8215	3.90	850	1.13	0.22	0.31	8869	1.11	415	0.39	0.29	0.42

* Refer to the Footnotes Page for additional information on this class code.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

NORTH CAROLINA

Page S6

Exhibit III

Effective April 1, 2003

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	EX-MED RATIO
8871	0.54	310	0.18	0.26	0.34						
8901	0.36	277	0.11	0.24	0.33						
9012	1.79	541	0.56	0.25	0.32						
9014	4.14	850	1.27	0.22	0.29						
9015	4.14	850	1.21	0.23	0.32						
9016	4.38	850	1.44	0.25	0.40						
9019	2.93	752	0.97	0.27	0.33						
9033	2.46	665	0.82	0.25	0.29						
9040*	4.19	850	1.33	0.24	0.32						
9044	4.08	850	1.45	0.29	0.42						
9052	3.63	850	1.19	0.25	0.36						
9058	2.14	606	0.70	0.25	0.35						
9059	3.57	850	1.28	0.29	0.38						
9060	2.18	613	0.73	0.26	0.36						
9061	2.43	660	0.81	0.25	0.34						
9062	2.30	636	0.76	0.25	0.35						
9063	1.55	497	0.50	0.27	0.41						
9077F	2.12	602	0.60	0.23	0.32						
9082	2.66	702	0.91	0.27	0.39						
9083	2.61	693	0.90	0.27	0.38						
9084	3.59	850	1.21	0.26	0.42						
9089	1.87	556	0.55	0.21	0.32						
9093	2.00	580	0.66	0.24	0.37						
9101	3.83	850	1.28	0.26	0.36						
9102	5.71	850	1.77	0.23	0.37						
9154	2.48	669	0.76	0.24	0.35						
9156	2.53	678	0.78	0.23	0.34						
9178	18.78	850	6.83	0.30	0.46						
9179	40.23	850	12.04	0.22	0.38						
9180	8.08	850	2.45	0.22	0.35						
9182	2.38	650	0.83	0.28	0.43						
9186	24.24	850	6.63	0.20	0.24						
9220	9.06	850	2.94	0.25	0.44						
9402	10.33	850	2.64	0.18	0.22						
9403	13.14	850	3.64	0.21	0.33						
9410	4.34	850	1.27	0.21	0.36						
9501	3.93	850	1.19	0.22	0.33						
9505	4.81	850	1.52	0.23	0.27						
9516	3.36	832	0.99	0.23	0.29						
9519	4.43	850	1.22	0.20	0.27						
9521	7.73	850	2.13	0.20	0.26						
9522	2.22	621	0.70	0.23	0.29						
9534	8.57	850	2.13	0.17	0.24						
9554	17.18	850	4.24	0.17	0.27						
9586	1.04	402	0.34	0.24	0.30						
9600	3.11	785	0.86	0.18	0.32						
9620	1.37	463	0.40	0.23	0.30						

* Refer to the Footnotes Page for additional information on this class code.

Effective April 1, 2003

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

FOOTNOTES

- a Rate for each individual risk must be obtained by Home Office from Rating Organization having jurisdiction.
- A Minimum Premium \$100 per ginning location for policy minimum premium computation.
- D Special disease rule for the classification—See Rule 3-A-7.
- E Classification involving specific disease loading. Refer to Home Office for amount.

		Asb=Asbestos			
		S=Silica			
Code No.	Specific Disease Loadings	Disease Symbol	Code No.	Specific Disease Loadings	Disease Symbol
0059D	0.62	S	1852D	0.13	S
0065D	0.11	S	3081D	0.11	S
0066D	0.11	S	3082D	0.11	S
0067D	0.11	S	3085D	0.08	S
1165XE	0.07	S	4024E	0.07	S
1624E	0.05	S	6251D	0.10	S
1741E	0.65	S	6252D	0.08	S
1803D	0.96	Asb			

- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate includes a provision for federal assessment.
- M Rate provides for coverage under Admiralty Law and Federal Employers' Liability Act (FELA). A provision for the USL&HW assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

<u>Class Code</u>	<u>Non-Ratable Element Code</u>	<u>Class Code</u>	<u>Non-Ratable Element Code</u>
4771	0771	7405	7445
7323F	0763F	7431	7453

- P Classification is computed on a per capita basis.
- X Refer to special classification phraseology in these pages which is applicable in this state.

Class Codes with Specific Footnotes

- 1005 Rate includes a non-ratable disease element of \$7.90. (For coverage written separately for federal benefits only, \$3.06. For coverage written separately for state benefits only, \$4.84).
- 2705 An upset payroll of \$4.00 per cord shall be used for premium computation purposes in all instances.
- 6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.
- 6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.074 and elr x 1.862.
- 6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.
- 8833 The ex-medical rate for this classification is \$1.04.
- 9040 The ex-medical rate for this classification is \$2.85.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY**NORTH CAROLINA****Effective April 1, 2003****EXHIBIT III****APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

MISCELLANEOUS VALUES

Basis of premium applicable in accordance with the footnote instructions for Code 7370 -- "Taxicab Co.":		
Basis of premium applicable in accordance with the footnote instructions for Code 7370 -- "Taxicab Co.":		
Employee operated vehicle		\$44,535.00
Leased or rented vehicle		\$29,690.00
Expense Constant applicable in accordance with Basic Manual Rule 3-A-11		\$210.00
Loss Sensitive Rating Plan (LSRP) - The factors which are used in the calculation of the LSRP are as follows:		
Minimum Premium Factor	0.75	
Maximum Premium Factor	1.75	
Loss Conversion Factor	1.155	
Tax Multiplier	1.031	
LSRP Development Factors		
1st Adjustment	0.23	
2nd Adjustment	0.16	
3rd Adjustment	0.11	
4th Adjustment	0.00	
Maximum Payroll applicable in accordance with Basic Manual Rule 2-E-1 -- "Executive Officers of a corporation" and the footnote instructions for Code 9178 -- "Athletic Team: Non-Contact Sports," Code 9179 -- "Athletic Team: Contact Sports," and Code 9186 -- "Carnival--Traveling"		\$1,100.00
Minimum Payroll applicable in accordance with Basic Manual Rule 2-E-1 -- "Executive Officers"		\$285.00
Per Passenger Seat Surcharge - In accordance with the footnote instructions for classification Code 7421, the surcharge is		
maximum surcharge per aircraft		\$1,000.00
per passenger seat		\$100.00

MISCELLANEOUS VALUES

Premium Determination for Partners and Sole Proprietors in accordance with Basic Manual Rule 2-E-3 \$30,000.00

Premium Reduction Percentages - The following percentages are applicable by deductible amount and hazard group for total losses on a per claim basis:

	HAZARD GROUP			
	I	II	III	IV
Percentage premium reduction for employers electing a \$100 deductible	0.8%	0.8%	0.3%	0.2%
Percentage premium reduction for employers electing a \$200 deductible	1.4%	1.4%	0.8%	0.6%
Percentage premium reduction for employers electing a \$300 deductible	2.1%	2.1%	1.1%	0.8%
Percentage premium reduction for employers electing a \$400 deductible	2.5%	2.5%	1.5%	1.1%
Percentage premium reduction for employers electing a \$500 deductible	3.0%	3.0%	1.7%	1.2%
Percentage premium reduction for employers electing a \$1,000 deductible	4.1%	4.1%	2.6%	1.8%
Percentage premium reduction for employers electing a \$1,500 deductible	4.9%	4.9%	3.0%	2.2%
Percentage premium reduction for employers electing a \$2,000 deductible	5.7%	5.7%	3.4%	2.5%
Percentage premium reduction for employers electing a \$2,500 deductible	6.2%	6.2%	3.7%	2.7%
Percentage premium reduction for employers electing a \$5,000 deductible	8.9%	8.5%	5.4%	3.8%

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with Basic Manual Rule 3-A-4 92%

(Multiply a Non-"F" classification rate by a factor of 1.92 to adjust for differences in benefits (1.63) and differences in loss-based expenses (1.175)).

Effective April 1, 2003

Exhibit III

TABLE OF WEIGHTING VALUES
APPLICABLE TO ALL POLICIES

Expected Losses	Weighting Values	Expected Losses	Weighting Values	
0 --	963	0.04	543,210 -- 573,172	0.44
964 --	3,894	0.05	573,173 -- 604,870	0.45
3,895 --	6,887	0.06	604,871 -- 638,458	0.46
6,888 --	9,945	0.07	638,459 -- 674,112	0.47
9,946 --	13,071	0.08	674,113 -- 712,026	0.48
13,072 --	21,862	0.09	712,027 -- 752,426	0.49
21,863 --	32,542	0.10	752,427 -- 795,562	0.50
32,543 --	42,043	0.11	795,563 -- 841,723	0.51
42,044 --	51,293	0.12	841,724 -- 891,240	0.52
51,294 --	60,544	0.13	891,241 -- 944,492	0.53
60,545 --	69,910	0.14	944,493 -- 1,001,919	0.54
69,911 --	79,452	0.15	1,001,920 -- 1,064,033	0.55
79,453 --	89,216	0.16	1,064,034 -- 1,131,431	0.56
89,217 --	99,232	0.17	1,131,432 -- 1,204,818	0.57
99,233 --	109,528	0.18	1,204,819 -- 1,285,031	0.58
109,529 --	120,128	0.19	1,285,032 -- 1,373,068	0.59
120,129 --	131,055	0.20	1,373,069 -- 1,470,132	0.60
131,056 --	142,332	0.21	1,470,133 -- 1,577,689	0.61
142,333 --	153,981	0.22	1,577,690 -- 1,697,536	0.62
153,982 --	166,026	0.23	1,697,537 -- 1,831,908	0.63
166,027 --	178,490	0.24	1,831,909 -- 1,983,617	0.64
178,491 --	191,399	0.25	1,983,618 -- 2,156,250	0.65
191,400 --	204,780	0.26	2,156,251 -- 2,354,457	0.66
204,781 --	218,661	0.27	2,354,458 -- 2,584,375	0.67
218,662 --	233,073	0.28	2,584,376 -- 2,854,277	0.68
233,074 --	248,048	0.29	2,854,278 -- 3,175,587	0.69
248,049 --	263,620	0.30	3,175,588 -- 3,564,540	0.70
263,621 --	279,829	0.31	3,564,541 -- 4,045,008	0.71
279,830 --	296,715	0.32	4,045,009 -- 4,653,600	0.72
296,716 --	314,322	0.33	4,653,601 -- 5,449,447	0.73
314,323 --	332,698	0.34	5,449,448 -- 6,534,692	0.74
332,699 --	351,896	0.35	6,534,693 -- 8,102,263	0.75
351,897 --	371,973	0.36	8,102,264 -- 10,565,587	0.76
371,974 --	392,990	0.37	10,565,588 -- 14,999,563	0.77
392,991 --	415,017	0.38	14,999,564 -- 25,345,499	0.78
415,018 --	438,129	0.39	25,345,500 -- 77,075,153	0.79
438,130 --	462,408	0.40	77,075,154 AND OVER	0.80
462,409 --	487,945	0.41		
487,946 --	514,841	0.42		
514,842 --	543,209	0.43		

(a) State Per Claim Accident Limitation	\$115,500
(b) State Multiple Claim Accident Limitation	\$231,000
(c) USL&HW Per Claim Accident Limitation	\$314,500
(d) USL&HW Multiple Claim Accident Limitation	\$629,000
(e) Employers Liability Accident Limitation	\$55,000
(f) USL&HW Act -- Expected Loss Factor -- Non-F Classes	65%

Cap on Modifications = 1 + (0.00005)((Expected Losses) + (2)(Expected Losses)/(4.60))

Effective April 1, 2003

Exhibit III

**TABLE OF BALLAST VALUES
APPLICABLE TO ALL POLICIES**

Expected Losses		Ballast Values	Expected Losses		Ballast Values	Expected Losses		Ballast Values
0 --	24,742	11,500	793,965 --	816,951	92,000	1,598,732 --	1,621,727	172,500
24,743 --	42,584	13,800	816,952 --	839,939	94,300	1,621,728 --	1,644,724	174,800
42,585 --	63,084	16,100	839,940 --	862,927	96,600	1,644,725 --	1,667,721	177,100
63,085 --	84,711	18,400	862,928 --	885,916	98,900	1,667,722 --	1,690,718	179,400
84,712 --	106,863	20,700	885,917 --	908,905	101,200	1,690,719 --	1,713,715	181,700
106,864 --	129,294	23,000	908,906 --	931,895	103,500	1,713,716 --	1,736,712	184,000
129,295 --	151,887	25,300	931,896 --	954,886	105,800	1,736,713 --	1,759,710	186,300
151,888 --	174,582	27,600	954,887 --	977,877	108,100	1,759,711 --	1,782,707	188,600
174,583 --	197,346	29,900	977,878 --	1,000,868	110,400	1,782,708 --	1,805,704	190,900
197,347 --	220,157	32,200	1,000,869 --	1,023,860	112,700	1,805,705 --	1,828,702	193,200
220,158 --	243,003	34,500	1,023,861 --	1,046,852	115,000	1,828,703 --	1,851,699	195,500
243,004 --	265,876	36,800	1,046,853 --	1,069,845	117,300	1,851,700 --	1,874,697	197,800
265,877 --	288,768	39,100	1,069,846 --	1,092,837	119,600	1,874,698 --	1,897,694	200,100
288,769 --	311,675	41,400	1,092,838 --	1,115,830	121,900	1,897,695 --	1,920,692	202,400
311,676 --	334,596	43,700	1,115,831 --	1,138,824	124,200	1,920,693 --	1,943,690	204,700
334,597 --	357,526	46,000	1,138,825 --	1,161,817	126,500	1,943,691 --	1,966,687	207,000
357,527 --	380,465	48,300	1,161,818 --	1,184,811	128,800	1,966,688 --	1,989,685	209,300
380,466 --	403,410	50,600	1,184,812 --	1,207,805	131,100	1,989,686 --	2,012,683	211,600
403,411 --	426,362	52,900	1,207,806 --	1,230,800	133,400	2,012,684 --	2,035,681	213,900
426,363 --	449,318	55,200	1,230,801 --	1,253,794	135,700	2,035,682 --	2,058,679	216,200
449,319 --	472,278	57,500	1,253,795 --	1,276,789	138,000	2,058,680 --	2,081,677	218,500
472,279 --	495,242	59,800	1,276,790 --	1,299,784	140,300	2,081,678 --	2,104,675	220,800
495,243 --	518,210	62,100	1,299,785 --	1,322,779	142,600	2,104,676 --	2,127,673	223,100
518,211 --	541,180	64,400	1,322,780 --	1,345,774	144,900	2,127,674 --	2,150,671	225,400
541,181 --	564,152	66,700	1,345,775 --	1,368,769	147,200	2,150,672 --	2,173,670	227,700
564,153 --	587,127	69,000	1,368,770 --	1,391,765	149,500	2,173,671 --	2,196,500	230,000
587,128 --	610,103	71,300	1,391,766 --	1,414,761	151,800			
610,104 --	633,081	73,600	1,414,762 --	1,437,756	154,100			
633,082 --	656,061	75,900	1,437,757 --	1,460,752	156,400			
656,062 --	679,042	78,200	1,460,753 --	1,483,749	158,700			
679,043 --	702,025	80,500	1,483,750 --	1,506,745	161,000			
702,026 --	725,008	82,800	1,506,746 --	1,529,741	163,300			
725,009 --	747,992	85,100	1,529,742 --	1,552,737	165,600			
747,993 --	770,978	87,400	1,552,738 --	1,575,734	167,900			
770,979 --	793,964	89,700	1,575,735 --	1,598,731	170,200			

For Expected Losses greater than \$2,196,500, the Ballast Value can be calculated using the following formula (rounded to the nearest 1):

$$\text{Ballast} = (0.10)(\text{Expected Losses}) + 2500(\text{Expected Losses})(4.60) / (\text{Expected Losses} + (700)(4.60))$$

$$\text{Cap on Modifications} = 1 + (0.00005)((\text{Expected Losses}) + (2)(\text{Expected Losses})(4.60))$$

**RETROSPECTIVE RATING PLAN MANUAL
STATE SPECIAL RATING VALUES**

**NORTH CAROLINA
RR 1
Exhibit III**

**Effective April 1, 2003
APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

1. Hazard Group Differentials

<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
1.040	0.930	0.580	0.390

2. Tax Multipliers

a. State (non-F Classes)	1.031
b. Federal Classes, or non-F classes where rate is increased by the USL&HW Act Percentage	1.123

3. Expected Loss Ratio
0.6905

Expected Loss and Allocated Expense Ratio
0.7464

4. Expense Ratio
0.279

Expense Ratio Loaded for ALAE Option
0.224

5. 2001 Table of Expected Loss Ranges
Effective July 1, 2001

6. Excess Loss Factors
(Applicable to New and Renewal Policies)

Excess Loss and Allocated Expense Factors
(Applicable to New and Renewal Policies)

**Per Accident
Limitation**

	<u>Hazard Groups</u>			
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
\$25,000	0.427	0.444	0.521	0.566
\$30,000	0.403	0.423	0.503	0.552
\$35,000	0.380	0.401	0.489	0.539
\$40,000	0.360	0.386	0.472	0.522
\$50,000	0.330	0.357	0.448	0.501
\$75,000	0.276	0.302	0.396	0.454
\$100,000	0.237	0.264	0.359	0.416
\$125,000	0.211	0.239	0.327	0.384
\$150,000	0.191	0.217	0.300	0.357
\$175,000	0.176	0.202	0.280	0.333
\$200,000	0.162	0.186	0.262	0.313
\$250,000	0.143	0.165	0.233	0.280
\$300,000	0.128	0.148	0.211	0.253
\$500,000	0.095	0.110	0.156	0.186
\$1,000,000	0.064	0.073	0.103	0.121
\$2,000,000	0.042	0.049	0.068	0.079
\$5,000,000	0.026	0.028	0.039	0.046

Hazard Groups

	<u>Hazard Groups</u>			
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
	0.480	0.497	0.579	0.625
	0.452	0.476	0.561	0.611
	0.433	0.458	0.546	0.597
	0.412	0.437	0.533	0.585
	0.380	0.410	0.504	0.559
	0.325	0.355	0.458	0.514
	0.282	0.316	0.417	0.477
	0.256	0.288	0.384	0.446
	0.234	0.265	0.356	0.414
	0.216	0.244	0.333	0.391
	0.202	0.231	0.315	0.369
	0.178	0.204	0.281	0.332
	0.160	0.184	0.255	0.304
	0.119	0.137	0.190	0.226
	0.079	0.091	0.125	0.147
	0.053	0.060	0.083	0.096
	0.031	0.035	0.049	0.056

7. Retrospective Development Factors

<u>With Loss Limit</u>			<u>Without Loss Limit</u>			4th & Subsequent <u>Adjustment</u>
1st <u>Adj.</u>	2nd <u>Adj.</u>	3rd <u>Adj.</u>	1st <u>Adj.</u>	2nd <u>Adj.</u>	3rd <u>Adj.</u>	
0.08	0.06	0.04	0.23	0.16	0.11	0.00

8. State Special Classifications by Hazard Group

<u>Code No.</u>	<u>HG</u>	<u>Code No.</u>	<u>HG</u>	<u>Code No.</u>	<u>HG</u>	<u>Code No.</u>	<u>HG</u>
1473	III	2727	III	4301	II	8236	III
1474	III	2791	I	4417	II	8837	II
2705	III	2797	II	7529	IV	8848	II
2706	III	3516	II	7723	IV	8849	II