

July 11, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

- (1) Clarification – Premium Charge for Use of WC 00 03 13, Waiver of Our Right to Recover from Others
- (2) Reminder – Copies of Company Filings Must be Provided to Rate Bureau

- (1) CLARIFICATION – PREMIUM CHARGE FOR USE OF WC 00 03 13, WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS – Various questions have arisen regarding the premium charge filed and approved for the use of endorsement WC 00 03 13, Waiver of Our Right to Recover from Others, which was announced via Circular Letter C-06-13 dated May 31, 2006. That circular letter announced that a uniform premium charge for use of said endorsement has been adopted and approved, and that circular also stated in substance that “all member companies are required to use the uniform premium charge” when using said endorsement. Some companies have inquired as to whether they are permitted to deviate from or modify the approved premium charge. The Rate Bureau is advised by the Department of Insurance that member companies can deviate from or modify the uniform premium charge in accordance with the provisions of §58-36-100 (and/or §58-36-30 if applicable) and the applicable regulations promulgated by the North Carolina Department of Insurance.

DEPARTMENT OF INSURANCE REQUEST – The North Carolina Department of Insurance (“Department”) has requested that the Rate Bureau include the following information with this clarification. The Department advises that each company that already has an approved charge for the use of said endorsement on file with the Department that is effective prior to September 1, 2006 must send notification to the Department on or before September 1, 2006 acknowledging the Rate Bureau’s approved charge for use of said endorsement and indicating what the company desires to do with respect to its own filed and approved charge (i.e., continue using its own filed and approved charge, use the Rate Bureau’s filed and approved charge, or file a new deviation/modification). Any questions concerning this information should be directed to the Department.

- (2) REMINDER – COPIES OF COMPANY FILINGS MUST BE PROVIDED TO THE RATE BUREAU – Pursuant to N.C.G.S. §58-36-100, the Rate Bureau has been making loss cost reference filings for voluntary workers compensation insurance for a number of years. Subsections (e) and (g) of N.C.G.S. §58-36-100 provide for the various filings individual companies must make with the North Carolina Commissioner and Department of Insurance with respect to the final rates they charge for workers compensation insurance. Subsection (a) of N.C.G.S. §58-36-100 provides that “[a] copy of each filing submitted to the Commissioner under subsections (e) and (g) of this section shall also be sent to the Bureau.”

Furthermore, for those situations where an individual company wishes to deviate from a rate (as opposed to a loss cost) promulgated by the Rate Bureau, N.C.G.S. §58-36-30(a) requires that the proposed deviation be filed with the Bureau as well as with the Commissioner.

Member companies are reminded that they must provide copies of their filings regarding workers compensation insurance to the Rate Bureau. Such filings include not only initial filings with the Commissioner and Department but also all subsequent revisions or amendments and all correspondence pertaining to the filings.

Please see to it that both of these important matters are brought to the attention of all interested personnel in your company.

Sincerely,

Sue Taylor

Director of Workers Compensation

ST:dg

C-06-17