

NORTH CAROLINA RATE BUREAU

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March 31, 1995

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: North Carolina Workers Compensation Insurance Plan
Policy Year 1995 Servicing Carrier Allowance**

The North Carolina Rate Bureau, Plan Administrator of the North Carolina Workers Compensation Insurance Plan, has established for servicing carriers of the National Workers Compensation Reinsurance Pool, a North Carolina servicing carrier allowance of 20.7%, applicable to policies with effective dates of January 1, 1995 through December 31, 1995.

The derivation of the Policy Year 1995 servicing carrier allowance is based upon (i) the expense analysis that was conducted in connection with the Bureau's 1994 rate review, (ii) North Carolina's premium size distribution and (iii) determination of an appropriate servicing carrier allowance profit factor. The servicing carrier allowance includes a specific provision for North Carolina Rate Bureau assessments.

The Policy Year 1995 servicing carrier allowance will apply to ceded premium, net of uncollectible premiums, commencing with the report for First Quarter 1995.

A medical cost containment expense component has been excluded from the servicing carrier allowance, since specific medical costs containment expenditures are separately reimbursed to the servicing carriers.

Will you please see that appropriate Company personnel are made aware of the Policy Year 1995 servicing carrier allowance.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

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