

November 3, 2011

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

Loss Costs, Assigned Risk Rates and Miscellaneous Values to be Effective April 1, 2012

The North Carolina Rate Bureau elected to make only a rate review filing on September 1, 2011, as announced in Circular C-11-8. As a result of this review, the only changes to Workers Compensation Loss Costs and Assigned Risk Rates to be effective April 1, 2012, are those approved in other miscellaneous filings made by the North Carolina Rate Bureau. The updated pages for the voluntary and assigned risk markets, respectively, are attached to this circular.

The attached updates are a result of numerous NCCI Item Filings that have been approved by the Department of Insurance, including various class code transition filings as well as R-1402 and R-1403 for changes to Retrospective Rating Plan parameters.

The purpose of this circular is to provide all updates to Workers Compensation loss costs, assigned risk rates, and other miscellaneous values to be effective April 1, 2012.

The attached pages provide details regarding these changes.

Contact the Information Center at 919-582-1056 or via email at [wcinfo@ncrb.org](mailto:wcinfo@ncrb.org), if you require additional information

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

Attachments

C-11-14

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
VOLUNTARY LOSS COSTS**

*Effective April 1, 2012*

<b>CLASS CODE</b>	<b>LOSS COST</b>	<b>ELR</b>	<b>D RATIO</b>
2001	-	1.53	0.14
2812	-	1.82	0.14
4362	-	0.97	0.15
5645	13.21	5.77	0.09
5651	12.00	5.23	0.09
7600	5.81	2.81	0.11
7601	5.81	2.81	0.11
7611	5.81	2.81	0.11
7612	5.81	2.81	0.11
7613	5.81	2.81	0.11
8723	0.21	0.11	0.14
8855	0.21	0.11	0.14
8856	0.21	0.11	0.14

Effective April 1, 2011

ADVISORY MISCELLANEOUS VALUES

Advisory Loss Elimination Ratios - The following percentages represent the portion of total loss eliminated per claim and are applicable by hazard group. They do not include a safety factor.

Advisory Loss Elimination Ratios Effective 4/1/2011 - 3/31/2012*							
Deductible Amount	HAZARD GROUP						
	A	B	C	D	E	F	G
\$100	1.0%	0.7%	0.6%	0.5%	0.4%	0.2%	0.2%
\$200	1.9%	1.3%	1.1%	0.9%	0.7%	0.5%	0.3%
\$300	2.7%	2.0%	1.6%	1.3%	1.1%	0.7%	0.5%
\$400	3.4%	2.5%	2.1%	1.7%	1.4%	0.9%	0.7%
\$500	4.0%	3.0%	2.5%	2.0%	1.7%	1.1%	0.8%
\$1,000	6.3%	4.8%	4.0%	3.3%	2.7%	1.9%	1.4%
\$1,500	7.8%	6.0%	5.1%	4.2%	3.5%	2.4%	1.8%
\$2,000	9.0%	7.0%	5.9%	5.0%	4.1%	2.9%	2.2%
\$2,500	10.0%	7.8%	6.7%	5.6%	4.7%	3.3%	2.5%
\$5,000	14.0%	11.2%	9.7%	8.3%	7.0%	5.2%	4.0%

Advisory Loss Elimination Ratios Effective 4/1/2012*							
Deductible Amount	HAZARD GROUP						
	A	B	C	D	E	F	G
\$100	1.0%	0.7%	0.6%	0.5%	0.4%	0.2%	0.2%
\$200	1.9%	1.4%	1.1%	0.9%	0.8%	0.5%	0.4%
\$300	2.7%	2.0%	1.7%	1.3%	1.1%	0.7%	0.5%
\$400	3.5%	2.6%	2.1%	1.7%	1.4%	0.9%	0.7%
\$500	4.1%	3.1%	2.6%	2.1%	1.7%	1.1%	0.8%
\$1,000	6.5%	5.0%	4.2%	3.4%	2.8%	1.9%	1.5%
\$1,500	8.0%	6.2%	5.3%	4.4%	3.6%	2.5%	1.9%
\$2,000	9.2%	7.2%	6.1%	5.1%	4.3%	3.0%	2.3%
\$2,500	10.2%	8.1%	6.9%	5.8%	4.9%	3.4%	2.6%
\$5,000	14.3%	11.5%	10.0%	8.5%	7.2%	5.3%	4.1%

**Basis of premium applicable in accordance with Basic Manual footnote instructions for**

Code 7370 -- "Taxicab Co.":

Employee operated vehicle effective 4/1/2011 - 3/31/2012^.....	\$55,758.00
Employee operated vehicle effective 4/1/2012^.....	\$59,300.00
Leased or rented vehicle effective 4/1/2011 - 3/31/2012^.....	\$37,172.00
Leased or rented vehicle effective 4/1/2012^.....	\$39,500.00

**Catastrophe (other than Certified Acts of Terrorism) - (Advisory Loss Cost).....** \$0.01

**Maximum Payroll applicable in accordance with Basic Manual footnote instructions for Code 9178 --**

"Athletic Sports or Park: Non-Contact Sports," Code 9179 -- "Athletic Sports or Park: Contact Sports," and Code 9186 -- "Carnival--Traveling" (Effective 4/1/2011 - 3/31/2012^) ..... \$1,400.00

**Maximum Payroll applicable in accordance with Basic Manual footnote instructions for Code 9178 --**

"Athletic Sports or Park: Non-Contact Sports" and Code 9179 -- "Athletic Sports or Park: Contact Sports." Effective 4/1/2012^ ..... \$1,500.00

**Maximum Payroll applicable in accordance with Basic Manual Rule 2-E-1 -- "Executive Officers".....** \$1,600.00

**Minimum Payroll applicable in accordance with Basic Manual Rule 2-E-1 -- "Executive Officers" .....** \$800.00

**Per Passenger Seat Surcharge - In accordance with Basic Manual footnote instructions for Code 7421,**

*Effective April 1, 2011*

**ADVISORY MISCELLANEOUS VALUES**

**the surcharge is:**

Maximum surcharge per aircraft.....	\$1,000
Per passenger seat.....	\$100

**Premium Determination for Partners and Sole Proprietors in accordance with Basic Manual**

Rule 2-E-3 .....	\$40,400.00
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<b>Terrorism - (Advisory Loss Cost) .....</b>	<b>\$0.01</b>
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**United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable**

only in connection with Basic Manual Rule 3-A-4.....	88%
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(Multiply a Non-F classification loss cost by a factor of 1.88 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.76) and the adjustment for differences in loss-based expenses (1.068).)

**Experience Rating Eligibility**

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$8,000. If more than two years, an average annual premium of at least \$4,000 is required. Page R-4 of the Experience Rating Plan Manual should be referenced for the latest approved eligibility amounts by state.

\* Per Item R-1402

^ Per Item B-1422

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

**NORTH CAROLINA  
RR 1**

*Effective April 1, 2012*

**Original Printing**

**1. Hazard Group Differentials**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
1.37	1.03	0.92	0.82	0.71	0.57	0.44

**2. 2012 Table of Expected Loss Ranges**

Effective January 1, 2012

**3. Excess Loss Pure Premium Factors**  
(Applicable to New and Renewal Policies)

<b>Per Accident Limitation</b>	<b>Hazard Groups</b>						
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
\$10,000 †	0.684	0.717	0.734	0.749	0.765	0.787	0.802
\$15,000 †	0.643	0.682	0.701	0.720	0.739	0.765	0.785
\$20,000 †	0.609	0.652	0.673	0.694	0.716	0.745	0.769
\$25,000	0.580	0.625	0.649	0.671	0.695	0.727	0.754
\$30,000	0.554	0.602	0.626	0.650	0.676	0.711	0.740
\$35,000	0.531	0.580	0.606	0.631	0.658	0.695	0.728
\$40,000	0.510	0.560	0.587	0.613	0.642	0.681	0.716
\$50,000	0.474	0.525	0.554	0.581	0.613	0.655	0.693
\$75,000	0.404	0.457	0.487	0.516	0.552	0.600	0.646
\$100,000	0.354	0.405	0.437	0.467	0.505	0.555	0.607
\$125,000	0.315	0.365	0.397	0.427	0.466	0.519	0.574
\$150,000	0.284	0.333	0.365	0.395	0.435	0.489	0.546
\$175,000	0.258	0.305	0.337	0.367	0.407	0.462	0.521
\$200,000	0.236	0.282	0.313	0.343	0.382	0.438	0.499
\$225,000	0.217	0.261	0.292	0.321	0.361	0.416	0.479
\$250,000	0.202	0.244	0.275	0.303	0.342	0.398	0.461
\$275,000	0.188	0.228	0.258	0.286	0.325	0.380	0.445
\$300,000	0.176	0.214	0.244	0.271	0.309	0.364	0.429
\$325,000	0.165	0.202	0.231	0.257	0.294	0.349	0.414
\$350,000	0.155	0.191	0.219	0.245	0.281	0.335	0.401
\$375,000	0.146	0.181	0.209	0.233	0.269	0.322	0.388
\$400,000	0.138	0.171	0.199	0.223	0.258	0.310	0.376
\$425,000	0.131	0.163	0.190	0.213	0.247	0.299	0.365
\$450,000	0.125	0.156	0.182	0.204	0.238	0.289	0.354
\$475,000	0.119	0.149	0.174	0.196	0.229	0.279	0.344
\$500,000	0.113	0.142	0.167	0.189	0.221	0.270	0.335
\$600,000	0.096	0.121	0.144	0.163	0.193	0.239	0.302
\$700,000	0.082	0.105	0.126	0.144	0.171	0.214	0.276
\$800,000	0.073	0.093	0.113	0.129	0.154	0.195	0.254
\$900,000	0.065	0.083	0.102	0.116	0.140	0.178	0.235
\$1,000,000	0.059	0.075	0.093	0.106	0.128	0.163	0.219
\$2,000,000	0.028	0.037	0.048	0.055	0.067	0.089	0.130
\$3,000,000	0.018	0.024	0.032	0.037	0.045	0.061	0.093
\$4,000,000	0.013	0.018	0.023	0.027	0.034	0.046	0.072
\$5,000,000	0.011	0.014	0.019	0.022	0.027	0.037	0.058
\$6,000,000	0.009	0.011	0.015	0.017	0.021	0.030	0.048
\$7,000,000	0.008	0.010	0.013	0.015	0.018	0.025	0.041
\$8,000,000	0.007	0.009	0.011	0.013	0.016	0.022	0.036
\$9,000,000	0.006	0.008	0.010	0.012	0.014	0.020	0.032
\$10,000,000	0.006	0.007	0.009	0.011	0.013	0.018	0.029

† This loss limit is not applicable for retrospective rating in this state.

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

**NORTH CAROLINA  
RR 2  
Original Printing**

*Effective April 1, 2012*

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

Per Accident Limitation	Hazard Groups						
	A	B	C	D	E	F	G
\$10,000 †	0.756	0.790	0.807	0.823	0.839	0.861	0.877
\$15,000 †	0.714	0.754	0.774	0.793	0.813	0.839	0.859
\$20,000 †	0.679	0.723	0.746	0.767	0.789	0.819	0.843
\$25,000	0.649	0.696	0.720	0.743	0.768	0.801	0.828
\$30,000	0.622	0.672	0.697	0.722	0.749	0.784	0.815
\$35,000	0.598	0.649	0.676	0.702	0.731	0.769	0.802
\$40,000	0.576	0.629	0.657	0.683	0.714	0.754	0.789
\$50,000	0.537	0.592	0.622	0.650	0.683	0.727	0.767
\$75,000	0.463	0.519	0.552	0.582	0.620	0.670	0.718
\$100,000	0.408	0.464	0.498	0.530	0.570	0.624	0.677
\$125,000	0.366	0.421	0.455	0.488	0.529	0.585	0.642
\$150,000	0.332	0.386	0.420	0.453	0.495	0.553	0.613
\$175,000	0.303	0.355	0.390	0.423	0.465	0.524	0.587
\$200,000	0.278	0.329	0.364	0.396	0.439	0.498	0.563
\$225,000	0.257	0.306	0.340	0.372	0.415	0.475	0.542
\$250,000	0.239	0.287	0.321	0.352	0.395	0.455	0.523
\$275,000	0.223	0.269	0.303	0.333	0.376	0.436	0.505
\$300,000	0.209	0.253	0.286	0.316	0.358	0.418	0.488
\$325,000	0.197	0.239	0.271	0.301	0.342	0.402	0.472
\$350,000	0.185	0.226	0.258	0.287	0.327	0.387	0.457
\$375,000	0.175	0.215	0.246	0.274	0.314	0.372	0.443
\$400,000	0.166	0.204	0.235	0.262	0.301	0.359	0.430
\$425,000	0.157	0.194	0.225	0.251	0.289	0.347	0.418
\$450,000	0.150	0.186	0.215	0.241	0.279	0.335	0.407
\$475,000	0.143	0.177	0.207	0.232	0.268	0.324	0.396
\$500,000	0.136	0.170	0.199	0.223	0.259	0.314	0.385
\$600,000	0.115	0.145	0.172	0.194	0.227	0.279	0.349
\$700,000	0.100	0.126	0.151	0.171	0.202	0.251	0.319
\$800,000	0.089	0.112	0.135	0.154	0.183	0.229	0.295
\$900,000	0.079	0.101	0.122	0.139	0.166	0.209	0.274
\$1,000,000	0.071	0.091	0.111	0.127	0.152	0.193	0.255
\$2,000,000	0.034	0.045	0.058	0.066	0.081	0.107	0.153
\$3,000,000	0.022	0.029	0.038	0.044	0.055	0.073	0.110
\$4,000,000	0.016	0.021	0.028	0.033	0.041	0.055	0.085
\$5,000,000	0.013	0.017	0.023	0.026	0.032	0.044	0.070
\$6,000,000	0.010	0.013	0.018	0.021	0.026	0.036	0.058
\$7,000,000	0.009	0.012	0.016	0.018	0.022	0.030	0.050
\$8,000,000	0.008	0.010	0.014	0.016	0.019	0.026	0.044
\$9,000,000	0.007	0.009	0.012	0.014	0.017	0.023	0.039
\$10,000,000	0.007	0.008	0.011	0.013	0.016	0.021	0.035

† This loss limit is not applicable for retrospective rating in this state.

**4. Retrospective Pure Premium Development Factors**

<u>With Loss Limit</u>				<u>Without Loss Limit</u>			
1st	2nd	3rd	4th	1st	2nd	3rd	4th
<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>	<u>Adj.</u>
0.08	0.06	0.04	0.03	0.36	0.25	0.18	0.14

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY  
NORTH CAROLINA  
ASSIGNED RISK RATES**

*Effective April 1, 2012*

<b>CLASS CODE</b>	<b>RATE</b>	<b>MIN PREM</b>	<b>ELR</b>	<b>D RATIO</b>
2001	-	-	1.53	0.14
2812	-	-	1.82	0.14
4362	-	-	0.97	0.15
5645	27.42	1000	5.77	0.09
5651	24.91	1000	5.23	0.09
7600	12.06	1000	2.81	0.11
7601	12.06	1000	2.81	0.11
7611	12.06	1000	2.81	0.11
7612	12.06	1000	2.81	0.11
7613	12.06	1000	2.81	0.11
8723	0.44	338	0.11	0.14
8855	0.44	338	0.11	0.14
8856	0.44	338	0.11	0.14

Effective April 1, 2011  
 APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES

<b>Basis of premium applicable in accordance with Basic Manual footnote instructions for Code 7370 --</b>	
"Taxicab Co.":	
Employee operated vehicle effective 4/1/2011 - 3/31/3012^.....	\$55,758.00
Effective 4/1/2012^	\$59,300.00
Leased or rented vehicle effective 4/1/2011 - 3/31/2012^.....	\$37,172.00
Effective 4/1/2012^	\$39,500.00

Catastrophe (other than Certified Acts of Terrorism) - (Assigned Risk)..... \$0.01

Expense Constant applicable in accordance with Basic Manual Rule 3-A-11..... \$250.00

Loss Sensitive Rating Plan (LSRP) - The factors which are used in the calculation of the LSRP are as follows:

Basic Premium Factor (eff 4/1/2011-12/31/2011*)	0.30
Basic Premium Factor (eff 1/1/2012)*	0.40
Minimum Premium Factor	0.75
Maximum Premium Factor	1.75
Loss Conversion Factor	1.165
Tax Multiplier	1.030

Loss Development Factors	Effective:	
	4/1/2011 - 3/31/2012#	4/1/2012#
1st Adjustment	0.23	0.22
2nd Adjustment	0.16	0.15
3rd Adjustment	0.12	0.11
4th Adjustment	0	0.09

**Maximum Payroll applicable in accordance with Basic Manual footnote instructions for Code 9178 --**  
 "Athletic Sports or Park: Non-Contact Sports," Code 9179 -- "Athletic Sports or Park: Contact Sports,"  
 and Code 9186 -- "Carnival--Traveling" (Effective 4/1/2011 - 3/31/2012^) ..... \$1,400.00

**Maximum Payroll applicable in accordance with Basic Manual footnote instructions for Code 9178 --**  
 "Athletic Sports or Park: Non-Contact Sports" and Code 9179 -- "Athletic Sports or Park: Contact Sports."  
 Effective 4/1/2012^ ..... \$1,500.00

Maximum Payroll applicable in accordance with Basic Manual Rule 2-E-1 -- "Executive Officers"..... \$1,600.00

Minimum Payroll applicable in accordance with Basic Manual Rule 2-E-1 -- "Executive Officers" ..... \$800.00

Per Passenger Seat Surcharge - In accordance with Basic Manual footnote instructions for Code 7421,  
 the surcharge is:  
 Maximum surcharge per aircraft..... \$1,000  
 Per passenger seat..... \$100

Premium Determination for Partners and Sole Proprietors in accordance with Basic Manual  
 Rule 2-E-3..... \$40,400.00



Effective April 1, 2011

APPLICABLE TO ASSIGNED RISK POLICIES ONLY

MISCELLANEOUS VALUES

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

Total Losses Effective 4/1/2011-3/31/2012#							
Deductible Amount	HAZARD GROUP						
	A	B	C	D	E	F	G
\$100	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.1%
\$200	1.1%	0.8%	0.6%	0.5%	0.4%	0.3%	0.2%
\$300	1.5%	1.1%	0.9%	0.7%	0.6%	0.4%	0.3%
\$400	1.9%	1.4%	1.2%	1.0%	0.8%	0.5%	0.4%
\$500	2.3%	1.7%	1.4%	1.2%	0.9%	0.6%	0.5%
\$1,000	3.6%	2.8%	2.3%	1.9%	1.6%	1.1%	0.8%
\$1,500	4.4%	3.4%	2.9%	2.4%	2.0%	1.4%	1.0%
\$2,000	5.1%	4.0%	3.4%	2.8%	2.4%	1.7%	1.3%
\$2,500	5.7%	4.5%	3.8%	3.2%	2.7%	1.9%	1.4%
\$5,000	8.0%	6.4%	5.5%	4.7%	4.0%	3.0%	2.3%

Total Losses Effective 4/1/2012#							
Deductible Amount	HAZARD GROUP						
	A	B	C	D	E	F	G
\$100	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.1%
\$200	1.1%	0.8%	0.6%	0.5%	0.4%	0.3%	0.2%
\$300	1.5%	1.1%	0.9%	0.8%	0.6%	0.4%	0.3%
\$400	2.0%	1.5%	1.2%	1.0%	0.8%	0.5%	0.4%
\$500	2.3%	1.7%	1.5%	1.2%	1.0%	0.6%	0.5%
\$1,000	3.7%	2.8%	2.4%	1.9%	1.6%	1.1%	0.8%
\$1,500	4.5%	3.5%	3.0%	2.5%	2.1%	1.4%	1.1%
\$2,000	5.2%	4.1%	3.5%	2.9%	2.4%	1.7%	1.3%
\$2,500	5.8%	4.6%	3.9%	3.3%	2.7%	1.9%	1.5%
\$5,000	8.1%	6.5%	5.6%	4.8%	4.1%	3.0%	2.3%

Terrorism - (Assigned Risk)..... \$0.02

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with Basic Manual Rule 3-A-4..... 88%

(Multiply a Non-F classification rate by a factor of 1.88 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.76) and the adjustment for differences in loss-based expenses (1.068).)

**Experience Rating Eligibility**

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$8,000. If more than two years, an average annual premium of at least \$4,000 is required. Page R-4 of the Experience Rating Plan Manual should be referenced for the latest approved eligibility amounts by state.

^ Per Item B-1422.  
 \* Per RM-W-8040.  
 # Per Item R-1402.