

November 1, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Loss Costs Filing

The North Carolina Rate Bureau submitted a workers compensation loss costs filing to the North Carolina Commissioner of Insurance on September 1, 2006. The filing proposed an average rate level change of 12.4% from loss costs approved effective April 1, 2006.

As a result of negotiations with the North Carolina Commissioner of Insurance, a Settlement Agreement and Consent Order has been signed and entered which modifies the loss costs change for the industrial classifications to +7.3% relative to the advisory loss costs currently in effect. The filed advisory loss costs for the industrial classifications shall be adjusted by industry group and shall be effective April 1, 2007, for new and renewal policies. Exhibits reflecting this change will be available in the next few weeks on the NCRB website (www.ncrb.org).

We will provide a copy of the approved loss costs reference filing to the Home Office of each member insurance company or insurance company group in the manner previously requested by each company or group.

Sincerely,

Susan M. Taylor

Director, Workers Compensation

SMT:dg

C-06-24