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September 1, 2000

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Loss Costs Filing

On September 1, 2000 a filing was submitted to the North Carolina Commissioner of Insurance proposing workers compensation insurance prospective advisory loss costs, rating values and miscellaneous values to become effective April 1, 2001, applicable to new and renewal policies.

The filing proposes an average increase of 4.6% from the loss costs approved effective April 1, 2000. By industry group, the changes are: Manufacturing, 6.5% increase; Contracting, 0.4% decrease; Office & Clerical, 6.2% increase, Goods & Services, 3.6% increase; and Miscellaneous, 9.6% increase. Within each industry group the change will vary from the average by classification depending upon the volume and character of the particular classification experience.

There is an average pure premium decrease of 25.0% proposed for classifications which contemplate exposure under the United States Longshore and Harbor Workers' Compensation Act ("F" classifications).

The prospective loss costs are based on historical data that have been developed and trended to their ultimate values and, except for loss adjustment expenses which are specifically authorized to be included in the loss costs by statute, include no provisions for expenses, dividends, profit or contingencies.

Pursuant to North Carolina law, the Commissioner of Insurance has 60 days from the date of the filing to issue a Notice of Hearing. If a hearing is called, the Commissioner's final order in the matter must be issued within 150 days from the date of the filing.

Subsequent to the approval of the Commissioner, a copy of the loss costs reference filing will be provided to each of our member companies.

Very truly yours,

Jerry G. Hamrick

Workers Compensation Manager

JGH:dg
C-00-11