

COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN
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October 3, 2007

CIRCULAR LETTER #220 TO ALL MEMBERS
RE: 2008 EXPERIENCE RATINGS

Dear Member:

The Compensation Advisory Organization of Michigan is preparing to promulgate year 2008 experience modifications beginning October 15, 2007. If you wish to have new rating values used in the promulgation of your January 2008 modifications, we would need to be notified by October 12, 2007. Changes received after that date may result in revisions. **Carriers contracting with CAOM for production of experience ratings must notify CAOM of rating plan changes 60 days prior to their effective date. Notification of filings received less than 60 days prior to the effective date will result in a \$10 charge for each revised experience modification promulgated.**

Michigan Law requires that each workers' compensation insurer file an Experience/Merit Rating Plan with the Michigan Office of Financial Insurance Services. **CAOM must be notified separately of your company's filing.** The 2008 Data Collection Agency Pure Premium Publication (CAOM Circular Letter #219 dated September 7, 2007) outlines in Part III, Section A, the choices which should be considered when filing or updating your company's rating plan values.

The Michigan Workers' Compensation Placement Facility (MWCPF) uses the same rating values as the Data Collection Agency. The 2008 DCA and Facility rating values are available on our web site: www.caom.com.

Unless we receive direction to the contrary, we will produce each carrier's 2008 ratings with the same factors currently in use. January 2008 renewal modifications will begin to be distributed the week of October 15 and non-renewal mod quotes will be distributed November 1st.

Beginning with the release of the January 2008 Mods, CAOM will be introducing a new Mod form. The form corresponds to a major change in CAOM's computer programs. An example of the new Mod form is attached to this circular. Please be aware that printed mod forms are now twice the cost of receiving mods via the internet. Refer to CAOM circular letter # 192 for more information on mod charges.

Very truly yours,



Jon D. Heikkinen

Attachments

Michigan Experience Rating Form

Risk Name: COMPENSATION ADVISORY ORGANIZA

Carrier: 15660 - AMERISURE MUTUAL INS

RiskCity: LIVONIA

Carrier Zip: 48331

Risk #: 006-686-9-A

Policy #: WC130913608

Eff Date: 01-01-2007

Exp Date: 01-01-2008

Prom Date: 10-16-2006

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Experience Modification (G/H): **0.90**

Summary Information

<u>Actual Incurred Losses (A)</u>	<u>Primary Actual Losses (B)</u>	<u>Expected Losses (D)</u>	<u>Primary Expected Losses (E)</u>
0	0	6,943	1,655
Actual Excess (C):	0 (A-B)	W Factor:	.06
Expected Excess (F):	5,288 (D-E)	Ballast:	13,000

	Actual	Expected
Primary Losses: (B)	0	1,655 (E)
Average Ballast: $\frac{[(D-E)*(1-W)]}{+Ballast}$	17,971	17,971
Ratable Excess: (A-B)*W	0	317 (D-E)*W
Totals: (G)	17,971	19,943 (H)

Messages

Risk Number
006-686-9-A

Risk Name
COMPENSATION ADVISORY
ORGANIZA

Risk City
LIVONIA

Policy Number: WC130913608

Losses: Total by year all claims < \$2001 and individual cases > \$2,000

Exhibit of Actual Losses

Exhibit of Expected Losses

Class Code	Policy MM-YYYY	Payroll	Expected Loss Rate	Expected Losses	"D" Ratio	Primary Expected Losses
8720	01-2003	57,093				
8720	01-2004	55,708				
8720	01-2005	58,475				
	Total	171,276	.64	1,096	.23	252
8810	01-2003	2,014,763				
8810	01-2004	1,868,297				
8810	01-2005	1,963,663				
	Total	5,846,723	.10	5,847	.24	1,403
			Total:	6,943		1,655

OUT-DATED FORM

MICHIGAN EXPERIENCE RATING FORM

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CARRIER CODE
15660
CARRIER ZIP
48331

RISK NAME	RISK NUMBER
COMPENSATION ADVISORY ORGANIZA	006-686-9-A
POLICY NUMBER	CITY
WC130913608	LIVONIA

RATING DATE	
EFFECTIVE	EXPIRATION
01-01-07	01-01-08

Total by year of all cases \$2,000.00 and under and individual cases over \$2,000.00						PART II EXHIBIT OF EXPECTED LOSSES						
(1) LOSS CODE	(2) CLAIM NUMBER	(3) INJ O/F	(4) POLICY MO YR	(5) ACTUAL INCURRED LOSSES	(6) PRIMARY ACTUAL LOSSES	(7) CLASS	(8) POLICY MO YR	(9) PAYROLL	(10) EXPECTED LOSS RATE	(11) EXPECTED LOSSES	(12) D RATIO	(13) PRIMARY EXPECTED LOSSES
						8720	01 03	57,093				
						8720	01 04	55,708				
						8720	01 05	58,475				
						TOTAL		171,276	.64	1,096	.23	252
						8810	01 03	2,014,763				
						8810	01 04	1,868,297				
						8810	01 05	1,963,663				
						TOTAL		5,846,723	.10	5,847	.24	1,403
						EXPO-TOTAL				6,943		1,655
				(A) 0	(B) 0					(D) 6,943	(E) 1,655	

ACTUAL EXCESS (C)	0	(A) - (B)
EXPECTED EXCESS (F)	5,288	(D) - (E)
"W" FACTOR	.06	
BALLAST	13,000	
10-16-06		

	ACTUAL	EXPECTED
PRIMARY LOSSES (B)	0	(E) 1,655
AVERAGE BALLAST	[(D - E) x (1 - W) + BALLAST]	
	17,971	17,971
RATABLE EXCESS (A - B) x W	0	(D - E) x W 317
TOTALS (G)	17,971	(H) 19,943

(G)/(H) 0.90

EXPERIENCE MODIFICATION