

February 1, 2004

**CIRCULAR LETTER #188 TO ALL MEMBERS
OF THE COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN
FINANCIAL CALLS FOR THE STATE OF MICHIGAN**

The Compensation Advisory Organization of Michigan will be collecting all Michigan financial call data for the 2004 reporting year. All forms and instructions for reporting Michigan aggregate financial experience can be found on CAOM's website www.caom.com. **All data providers are encouraged to submit the calls electronically using the Excel spreadsheets available on our website.** If you need a printed copy of the forms and instructions please email, fax or mail a request for such to our office.

Financial call data is collected annually, with the calls applicable to Michigan due in March and April. The data is valued as of December 31, 2003 and collected in the following calls. Calls are crucial for providing the source data that is used in the development of Michigan rate and loss cost filings.

The instructions have been amended to provide reporting requirements for premium collected to provide coverage under the Terrorism Risk Insurance Act (TRIA). Earned premium reported on Calls 3, 3A, 5 and 5A should be reported net of (i.e., excluding) charges for coverage under TRIA. Hence TRIA premium should be included as a write-in reconciliation item on Call 8.

2004 Call Year Reporting Schedule

| Call # | Financial Call | Due Date if Submitted Via | |
|--------|--------------------------------------|---------------------------|----------|
| | | Hard Copy | E-Mail |
| # 3 | Policy Year | 03/15/04 | 04/01/04 |
| # 3A | Assigned Risk Policy Year | 03/15/04 | 04/01/04 |
| # 5 | Calendar-Accident Year | 04/01/04 | 04/01/04 |
| #5A | Assigned Risk Calendar-Accident Year | 04/01/04 | 04/01/04 |
| # 8 | Reconciliation Report | 04/01/04 | 04/01/04 |
| # 19 | Countrywide Loss Adjustment Expense | 04/01/04 | 04/15/04 |

Acknowledgement Form

The acknowledgement form enclosed in the packet provides verification that your company received this information. If you indicate “no experience to report” for any given call, you are required to submit a No Experience to Report Verification Form. This acknowledgement form must be received by CAOM.

No Experience to Report Verification Form

Fill in the No Experience to Report Verification Form showing each call in which you have no experience for Michigan and for all years as required on the call. This allows CAOM to positively verify those carriers who will not be submitting data for each particular call. A single form showing all calls with no experience may be submitted. The submission of this form with an “X” in the appropriate box and an authorized signature precludes the filing of the indicated call. Once the form is completed, attach the Acknowledgement Form and return to the CAOM, the No Experience to Report Verification Form is treated as compliance with the reporting requirements.

If you have any questions, please contact Jon Heikkinen at (734) 462-9600 ext 225, or via e-mail at fcalls@caom.com

ANNUAL CALLS FOR EXPERIENCE – ACKNOWLEDGEMENT FORM
(Please sign and return immediately)

CAOM
Jon Heikkinen
P.O. Box 3337
Livonia, MI 48151-3337

RE: Annual Calls For Compensation Experience

This form acknowledges receipt of your package dated February 1, 2004 for the 2004 Annual Calls for Experience required by CAOM. Please indicate on the enclosed form by check mark (✓ or X) the disposition of each call for experience enclosed with the circular.

Carrier Name(s)* _____

NCCI Carrier Code(s)* _____

Submitted by _____ **Signature** _____

Title _____ **Telephone Number** _____

Fax Number _____ **Date Submitted** _____

* If this acknowledgement is submitted on a group basis, list all carriers and NCCI codes individually.

ANNUAL CALLS FOR EXPERIENCE - ACKNOWLEDGEMENT FORM

| Call Number | Financial Call | | Received | Not Received | No Experience To Report |
|-------------|--|--------------|----------|--------------|-------------------------|
| 3 | Policy Year Due Date: 03/15/04 via hard copy; 04/01/04 via e-mail | Instructions | | | |
| | | Forms | | | |
| 3A | Policy Year - Assigned Risk Due Date: 03/15/04 via hard copy; 04/01/04 via e-mail | Instructions | | | |
| | | Forms | | | |
| 5 | Calendar-Accident Year Due Date: 04/01/04 | Instructions | | | |
| | | Forms | | | |
| 5A | Calendar-Accident Year - Assigned Risk Due Date: 04/01/04 | Instructions | | | |
| | | Forms | | | |
| 8 | Reconciliation Due Date: 04/01/04 | Instructions | | | |
| | | Forms | | | |
| 19 | Countrywide Loss Adjustment Expense Due Date: 04/01/04 via hard copy; 04/15/04 via e-mail | Instructions | | | |
| | | Forms | | | |

COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN

NO EXPERIENCE TO REPORT VERIFICATION FORM

This form is to provide CAOM with positive confirmation that a carrier has no experience to report under a given call(s). Return the form with the "Acknowledgement Form". Submit ONE of these forms showing all calls in which you indicate no experience to report on the "Acknowledgement Form".

Carrier(s)* _____

Carrier Code _____ Date _____

Submitted by _____

Title _____ Phone Number _____

| Call Number | Financial Call | No Experience |
|-------------|-------------------------------------|--------------------------|
| 3 | Policy Year | <input type="checkbox"/> |
| 3A | Assigned Risk Policy Year | <input type="checkbox"/> |
| 5 | Accident Year | <input type="checkbox"/> |
| 5A | Assigned Risk Accident Year | <input type="checkbox"/> |
| 8 | Reconciliation Report | <input type="checkbox"/> |
| 19 | Countrywide Loss Adjustment Expense | <input type="checkbox"/> |

* List all carrier names and carrier codes for group reporting

ANNUAL CALLS FOR EXPERIENCE

There are three financial aggregate calls that are to be submitted to CAOM. These calls are used directly for ratemaking in determining the overall rate level. The Policy Year and Accident Year Calls are the major ratemaking calls. They provide historical information on earned premium and aggregate claim data enabling CAOM to analyze loss ratios and emerging claim patterns. Since rates for federal classes are calculated separately, this experience is not included in the two calls. By collecting historical data on both calls valued as of year-end, CAOM is able to compare the current call with calls from past years in order to calculate loss development factors and trend factors necessary in determining an overall rate level change.

General Edits

Following are descriptions of basic edits for general reference. These descriptions are intended to assist you in identifying common types of edit failures. These edit descriptions are not all-inclusive.

1. A Transmittal Letter must be included with each submission.
2. The Transmittal Letter must be complete. All required information must be provided.
3. Individual company name or names must appear in the space provided on each reporting form.
4. A single five-digit NCCI carrier code number corresponding to the company must appear in the space provided on each call form.
5. The reported data must be legible.
6. Amounts must be reported in whole dollars only.
7. Negative amounts must be enclosed with parentheses.
8. If company designed forms are going to be used, sample forms must be submitted and approved by CAOM.