

COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN
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October 3, 2005

CIRCULAR LETTER #204 TO ALL MEMBERS
RE: 2006 EXPERIENCE RATINGS

Dear Member:

The Compensation Advisory Organization of Michigan is preparing to promulgate year 2006 experience modifications beginning October 17, 2005. If you wish to have new rating values used in the promulgation of your January 2006 modifications, we would need to be notified by October 14, 2005. 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 2006 Data Collection Agency Pure Premium Publication (CAOM Circular Letter #201 dated September 15, 2005) outlines in Part III, Section A, the choices which should be considered when filing or updating your company's rating plan values. Since classification relativities based upon prior years' experience have an impact on rating values, i.e., expected loss rates, just as they impact manual rate relativities, consideration should be given to updating rating factors when new manual rates are filed.

The Michigan Workers' Compensation Placement Facility (MWCPF) has filed with the Office of Financial and Insurance Services (OFIS) its January 1, 2006 rates (Facility Circular #200) which include the same rating values as the Data Collection Agency's 2006 rates. The 2006 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 2006 ratings with the same factors currently in use. January 2006 renewal modifications will begin to be distributed the week of October 17th and nonrenewal mod quotes will be distributed the week of November 1st. If you have any questions regarding which rating values CAOM is currently using for your company's modifications, please contact our office.

Very truly yours,



Jon D. Heikkinen