

MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

P.O. BOX 3337 • LIVONIA, MI 48151-3337

PHONE: (734) 462-9600 • FAX: (734) 462-9721

Internet Web Site: www.caom.com • E-Mail: caom@caom.com

October 2, 2006

**CIRCULAR LETTER #209 TO ALL PARTICIPANTS IN
THE MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY**

**Regarding Assigned Risk Rates and Rating Values for the Michigan Workers'
Compensation Placement Facility - Effective 1/1/2007
Applicable to New and Renewal Policies Only**

Dear Member:

Attached are copies of the rate sheets and rating values which will be applicable to new and renewal Assigned Risk policies having effective dates on or after January 1, 2007. There is no application to outstanding policies.

Please share this rate information with agents representing your firm. **These rates are now available via the Internet on our web site @ www.caom.com.** The revision represents an average **increase of 8.1%** in overall rate level for the residual market. The rate changes are determined by using weighted averages of 80% statewide experience and 20% Facility experience.

By industry group, the changes are as follows:

Manufacturing	6.2% increase
Contracting	4.0% increase
Office & Clerical	8.3% increase
Goods & Services	9.7% increase
Miscellaneous	15.6% increase

Specific classifications within each industry class may vary from the average depending upon the volume and character of the particular classification experience.

Swing limits have been applied which operate to hold individual class rates to the following maximum movement from January 1, 2006 rates.

Manufacturing	from 31.2% above to 18.8% below
Contracting	from 29.0% above to 21.0% below
Office & Clerical	from 33.3% above to 16.7% below
Goods & Services	from 34.7% above to 15.3% below
Miscellaneous	from 40.6% above to 9.4% below

The classifications which have been limited are:

List of Classifications Limited by Upper Swing

1005 1164 1322 1748 2380 2683
 3114 3372 3507 3559 3581 4024
 4243 5462 7050 7215 7904 8050
 8235 8720 8901 9559

List of Classifications Limited by Lower Swing

3612 5215 7024 7047 7220 7394
 7398 9220

Miscellaneous Values

1. United States Longshoremen's and Harbor Workers' Compensation Coverage Percentage

Due to the benefit provisions of federal and state laws, the United States Longshoremen's and Harbor Workers' Compensation coverage percentage applicable only in connection with Rule XI - D-3 "*United States Longshoremen's and Harbor Workers' Act*" of the Basic Manual for Michigan Workers' Compensation Placement Facility is 77%, applicable to new and renewal business. As a multiplier, the percentage increase is 1.77 (rate multiplied by 1.77).

2. Retrospective Rating Plan Tax Multiplier

Due to the change in the Miscellaneous Tax and in the Secondary Injury Fund, the Silicosis and Dust Disease Fund, and the Occupational Safety Fund Assessment, the tax multipliers used in connection with retrospective ratings are:

A. State (Non-F Classes)	1.025
B. Federal Classes, or Non-F classes where rate is increased by the USL & HW Act percentage	1.079

These factors are applicable to new and renewal policies.

3. Basis of Premium

Basis of Premium applicable in accordance with the footnote instructions for Code 7220 "Taxicab Company - Drivers" is \$26,300.

4. Remuneration for Executive Officers

The weekly payroll amount for corporate officers and active members of limited liability companies is \$392 for the minimum weekly payroll assumption and \$1,500 is the maximum.

5. Minimum Premiums

The Maximum Minimum Premium is \$750. The Minimum Premium multiplier is 125.

Example: Manual Rate = $\$4.56 \times 125 = \$570 + \$200 = \770

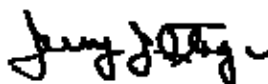
$(\text{Manual Rate}) \times (\text{Multiplier}) + (\text{Expense Constant}) = \text{Minimum Premium}$

6. Terrorism Premium

Endorsement WC 21 04 02 (Michigan Terrorism Risk Insurance Extension Act of 2005) has been filed for use in the Michigan Residual Market. This allows an extension of the collection or \$0.01/\$100.00 of payroll originally established by the Terrorism Risk Insurance Act Endorsement.

The revision of rates and rating values was approved for use in the Facility and is applicable to all Facility policies with new or renewal dates of January 1, 2007 or later.

Yours truly,



Jerry J. Stage
President