



MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

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CIRCULAR LETTER #179 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 1/1/2003 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, 2003. There is no application to outstanding policies.

It is imperative that the agents throughout the state have this rating information, so please arrange to place copies 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 5.2%** 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	2.4% increase
Contracting	3.8% increase
Office & Clerical	4.1% increase
Goods & Services	12.4% increase
Miscellaneous	1.7% 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, 2002 rates.

Manufacturing	from 27% above to 23% below
Contracting	from 29% above to 21% below
Office & Clerical	from 29% above to 21% below
Goods & Services	from 37% above to 13% below
Miscellaneous	from 27% above to 23% below

The classifications which have been limited are:

List of Classifications Limited by Upper Swing

0908 0909 2021 2157 3018 4000 4361 4568
4720 6836 7540 8050 8748 9156 9220 9402

List of Classifications Limited by Lower Swing

1164 3581 3726 4240 5192 7016 7024
7038 7047 7050 7090 7220 7390 7394
7395 7398 8015 8045 9530

The Facility has filed two new codes for use in Michigan.

Code 8869 - Child Care Center
Code 9102 - Lawn Maintenance

Both of these codes will use the rate and rating factors for existing codes until such time as sufficient statistical information is available to generate a statistically valid pure premium on their own (Code 8869 will use the factors of Code 8868; Code 9102 will use the factors of Code 0042).

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 86%, applicable to new and renewal business. As a multiplier, the percentage increase is 1.86 (rate multiplied by 1.86).

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)	1.023
B.	Federal Classes, or Non-F classes where rate is increased by the USL & HW Act percentage	1.077

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 \$24,000.

4. Remuneration for Executive Officers

The weekly payroll amount for corporate officers and active members of limited liability companies is \$357 for the minimum weekly payroll assumption and \$1,400 is the maximum.

5. Expense Constant

The Expense Constant applicable in accordance with Basic Manual Rule VI-D-2 remains at \$180.

6. Minimum Premiums

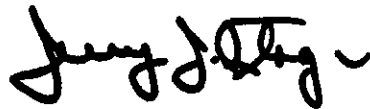
The Maximum Minimum Premium is \$750. The Minimum Premium multiplier is 125.

Example: Manual Rate = $\$4.56 \times 125 = \$570 + \$180 = \750

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

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, 2003 or later.

Yours truly,



Jerry J. Stage
President