



MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

JERRY J. STAGE
President
CEO
Ext. 211

JON D. HEIKKINEN
Senior Vice President
CAOM Operations
Ext. 225

GARY L. THOMPSON
Vice President
MWCPF Operations
Ext. 224

October 8, 2003

CIRCULAR LETTER #190 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 1/1/2004 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, 2004. 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 2.9%** 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	5.3% increase
Contracting	1.0% increase
Office & Clerical	2.2% decrease
Goods & Services	3.1% increase
Miscellaneous	5.2% 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, 2003 rates.

Manufacturing	from 30% above to 20% below
Contracting	from 26% above to 24% below
Office & Clerical	from 23% above to 27% below
Goods & Services	from 28% above to 22% below
Miscellaneous	from 30% above to 20% below

The classifications which have been limited are:

List of Classifications Limited by Upper Swing

0130	0912	1463	2021	2131	2157
3018	3027	3028	3114	3827	4250
4568	4611	6229	7215	7230	7515
7540	8050	8107	8116	8279	8291
8392	9403	9519			

List of Classifications Limited by Lower Swing

1164	3111	3620	7220	8045
------	------	------	------	------

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 78%, applicable to new and renewal business. As a multiplier, the percentage increase is 1.78 (rate multiplied by 1.78).

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)	1.031
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 \$362 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

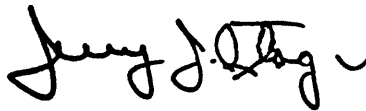
The Maximum Minimum Premium is \$750. The Minimum Premium multiplier is 125.

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, 2004 or later.

Yours truly,



Jerry J. Stage
President