MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY

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CIRCULAR LETTER #195 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 1/1/2005
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, 2005. 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 **decrease of 11.3%** 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	7.8% decrease
Contracting	11.6% decrease
Office & Clerical	13.6% decrease
Goods & Services	14.0% decrease
Miscellaneous	10.8% decrease

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

Special Note: Effective January 1, 2005, the Assigned Risk Expense Constant has been increased from $180 to $200.

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Swing limits have been applied which operate to hold individual class rates to the following maximum movement from January 1, 2004 rates.

Manufacturing	from 17% above to 33% below
Contracting	from 13% above to 37% below
Office & Clerical	from 11% above to 39% below
Goods & Services	from 11% above to 39% below
Miscellaneous	from 14% above to 36% below

The classifications which have been limited are:

List of Classifications Limited by Upper Swing

0128	2065	2688	3028	3114
4207	4568	7215	7216	7230
7515	7520	8046	8050	

List of Classifications Limited by Lower Swing

4825 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 81%, applicable to new and renewal business. As a multiplier, the percentage increase is 1.81 (rate multiplied by 1.81).

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)	1.026
B.	Federal Classes, or Non-F classes where rate is increased by the USL & HW Act percentage	1.110

   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 $25,000.

4. Remuneration for Executive Officers

The weekly payroll amount for corporate officers and active members of limited liability companies is $372 for the minimum weekly payroll assumption and $1,500 is the maximum.

5. **Expense Constant**

The Expense Constant applicable in accordance with Basic Manual Rule VI-D-2 is increased to $200.

6. Minimum Premiums

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

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

(Manual Rate) x (Multiplier) + (Expense Constant) = 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, 2005 or later.

Yours truly,

Jerry J. Stage
President