

MICHIGAN WORKERS' COMPENSATION PLACEMENT FACILITY
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**CIRCULAR LETTER #200 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 1/1/2006
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, 2006. 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 6.4%** 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	5.6% decrease
Contracting	3.1% decrease
Office & Clerical	2.0% increase
Goods & Services	11.2% decrease
Miscellaneous	10.1% decrease

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, 2005 rates.

Manufacturing	from 19.4% above to 30.6% below
Contracting	from 21.9% above to 28.1% below
Office & Clerical	from 27.0% above to 23.0% below
Goods & Services	from 13.8% above to 36.2% below
Miscellaneous	from 14.9% above to 35.1% below

The classifications which have been limited are:

List of Classifications Limited by Upper Swing

2702 3114 3132 3241 3581
 4207 4253 5192 5610 7215
 7216

List of Classifications Limited by Lower Swing

7024 7047 7220 8748

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 73%, applicable to new and renewal business. As a multiplier, the percentage increase is 1.73 (rate multiplied by 1.73).

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	1.086

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 \$25,700.

4. Remuneration for Executive Officers

The weekly payroll amount for corporate officers and active members of limited liability companies is \$382 for the minimum weekly payroll assumption and \$1,500 is the maximum.

5. Minimum Premiums

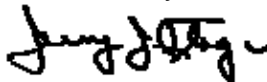
The Maximum Minimum Premium is \$750. The Minimum Premium multiplier is 125.

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

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

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, 2006 or later.

Yours truly,



Jerry J. Stage
President

Special Note: In the absence of any action taken by the Federal Government to extend the Terrorism Risk Insurance Act (TRIA), it will cease December 31, 2005. The \$0.01 per \$100.00 of payroll fee charged by the Michigan Workers' Compensation Placement Facility will no longer be collected as of January 1, 2006.