

GREEN & GOLD

2008-09 WORK COMP RATES UP SLIGHTLY

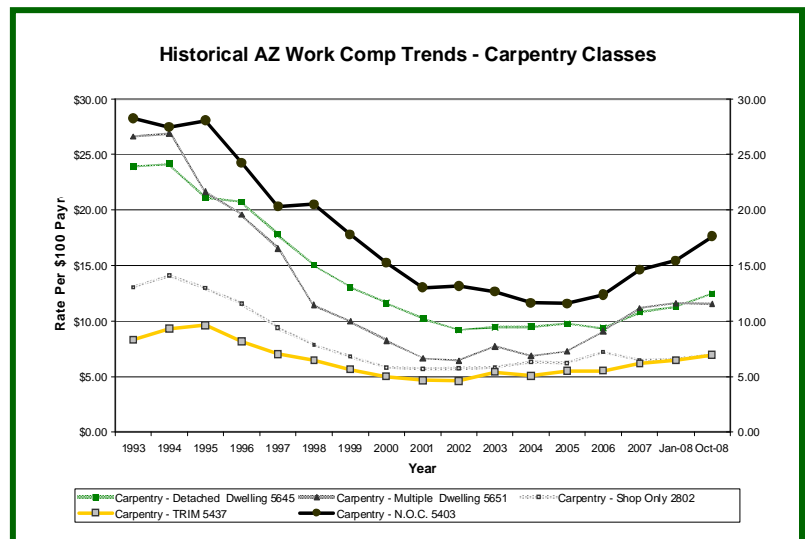
Rate Changes Vary Widely By Class; Carriers Offering More Credits

(Our 11th ANNUAL Workers' Compensation Rate Preview Published on Reverse)

Rates Up Average of 4.25% for Selected Construction Classes

Many Arizona construction firms will see increased Workers Compensation rates for their field personnel effective after October 1, 2008. Rate increases, shown for selected carpentry-related classifications (right panel), follow an upward trend first observed in Arizona in 2005 - following a decade of rate reductions.

From both a historical and relative perspective, Workers Compensation costs for Arizona companies continue to be among the lowest in the country. In today's insurance climate, more private carriers, like those through Hill & Usher, offer policies with significant discounts below the manual rates shown on the reverse side.



Change in Benefit Levels Impacts Rates

The Arizona Workers' Compensation rate increases effective October 1, 2008 directly relate to statutory changes in the formula for disability payments for lost wages and trends in medical benefit costs for injured employees.

Scheduled Increases in Compensation Levels for Injured Arizona Employees

Date of Injury	Maximum Monthly Benefit
Prior to Jan 1, 2008	\$1,600 per month
Jan 1, 08-Dec 31, 08	\$2,000 per month
Jan 1, 09 – Dec 31, 09	\$2,400 per month
Jan 1, 2010 – Forward	Indexed Increases

Quality Workers Compensation Solutions

To lessen the impact of increased rates, contractors are switching to Hill & Usher carriers for additional value, and:

- **Reduced Costs.** Many carriers are offering significant credits for qualifying accounts (with strong training, safety and management)
- **Superior Billing.** No more unusual invoices or unexplainable audits from many years ago.
- **Correct Classifications.** Pay the appropriate rate, based on the work you perform.
- **Availability of Service.** We answer the phone-- today.
- **Claims Management.** Do claims adjusters make mistakes? Without Question. So, we help you manage claims effectively.
- **Safety & Loss Control Services.** Long term savings realized by establishing a safety culture with a responsive broker / carrier.
- **Loss Sensitive and Deductible Programs.**
- **Cash Flow Programs and Low Working Deposits**

General Liability • Automobile • Equipment • Umbrella • Pollution • Workers Compensation

Arizona Construction Industry Workers' Compensation Rate History 1993 to 2008

Class Description	Class Code	Oct 1993	Oct 1994	Oct 1995	Oct 1996	Oct 1997	Oct 1998	Oct 1999	Oct 2000	Oct 2001	Oct 2002	Oct 2003	Oct 2004	Oct 2005	Oct 2006	Oct 2007	*Jan 2008	Oct 2008	Jan - Oct 08 % Change	93-08 % Change
Air Conditioner Systems - AZ only	5537	14.37	13.06	11.59	9.64	7.34	6.83	5.93	5.57	4.78	4.64	4.70	5.13	5.67	5.55	6.08	6.36	6.92	8.81%	-51.84%
Automatic Sprinkler Installation	5188	12.95	11.91	9.89	8.38	6.99	6.29	5.47	5.95	4.78	4.61	4.99	4.47	5.33	4.05	4.00	4.19	4.31	2.86%	-66.72%
Burglar and Fire Alarm	7605	4.35	3.98	4.09	3.47	2.77	2.89	2.51	2.02	1.95	1.47	1.91	1.84	2.34	2.35	2.97	3.09	2.84	-8.09%	-34.71%
Carpentry - Detached Dwelling	5645	23.89	24.15	21.08	20.72	17.77	15.03	13.06	11.63	10.22	9.17	9.43	9.47	9.76	9.36	10.82	11.30	12.47	10.35%	-47.80%
Carpentry - Multiple Dwelling	5651	26.59	26.87	21.64	19.59	16.51	11.45	9.95	8.23	6.63	6.40	7.71	6.88	7.28	9.10	11.17	11.60	11.55	-0.43%	-56.56%
Carpentry - N.O.C.	5403	28.24	27.45	28.05	24.24	20.31	20.47	17.78	15.24	13.00	13.14	12.63	11.62	11.57	12.36	14.58	15.40	17.61	14.35%	-37.64%
Carpentry - Shop Only	2802	13.03	14.11	12.94	11.59	9.39	7.83	6.80	5.81	5.68	5.73	5.82	6.32	6.20	7.20	6.46	6.60	6.92	4.85%	-46.89%
Carpentry - TRIM	5437	8.31	9.30	9.60	8.13	7.01	6.47	5.62	4.99	4.66	4.59	5.37	5.05	5.48	5.52	6.18	6.45	6.95	7.75%	-16.37%
Ceiling Install - Suspended Acoustical	5020	13.27	13.33	13.73	11.22	8.29	7.55	6.56	7.74	8.97	7.08	6.19	6.49	6.31	5.98	5.33	5.79	5.71	-1.38%	-56.97%
Cleaner/ Debris Remover	5610	7.08	8.85	9.15	7.55	7.38	6.48	5.63	4.01	3.19	3.50	3.66	3.56	4.54	5.07	5.87	6.08	8.02	31.91%	13.28%
Clerical & Administrative	8810	0.51	0.50	0.47	0.47	0.41	0.31	0.27	0.27	0.27	0.24	0.21	0.23	0.26	0.24	0.23	0.24	0.23	-4.17%	-54.90%
Concrete Construction - Bridges	5222	20.68	20.47	18.57	13.62	11.04	9.30	8.08	7.65	7.27	6.42	7.01	6.31	8.05	7.43	7.45	7.78	7.64	-1.80%	-63.06%
Concrete Construction - N.O.C.	5213	20.93	23.92	22.16	16.75	12.94	10.53	9.15	7.88	7.70	6.28	6.33	5.56	6.37	6.39	8.27	8.56	9.58	11.92%	-54.23%
Concrete Construction - Private Res.	5215	11.22	10.53	8.85	8.22	7.37	6.75	5.86	5.86	4.75	3.77	3.77	3.16	3.37	2.75	3.82	4.08	3.85	-5.64%	-65.69%
Concrete: Floors/Driveways	5221	11.21	10.46	9.37	10.46	7.63	6.22	5.41	5.26	4.48	3.94	3.44	3.49	3.21	3.34	4.23	4.45	5.16	15.96%	-53.97%
Conduit Construction	6325	12.71	15.88	13.24	10.41	8.25	6.26	5.44	5.70	5.69	5.27	4.70	4.75	4.14	4.48	5.42	5.61	6.03	7.49%	-52.56%
Construction Superintendent	5606	4.01	3.39	3.44	2.93	2.83	2.15	1.87	1.66	1.92	1.74	2.02	1.93	1.98	1.62	1.97	2.06	1.83	-11.17%	-54.36%
Contractor's Permanent Yard	8227	7.43	8.29	7.70	8.77	6.39	5.80	5.04	5.88	4.72	5.47	5.62	5.44	5.27	6.14	6.58	6.89	8.28	20.17%	11.44%
Door or Sash Erection	5102	20.00	15.70	17.74	13.23	11.06	7.71	6.70	6.47	7.50	7.79	7.92	9.50	8.80	9.60	10.28	10.66	9.96	-6.57%	-50.20%
Drywall - Wallboard Install	5445	18.08	19.11	15.52	13.94	11.59	10.63	9.24	7.82	7.03	6.53	6.20	5.50	5.27	5.43	5.70	6.00	5.78	-3.67%	-68.03%
Electrical Wiring	5190	11.40	10.78	8.96	7.75	6.26	4.83	4.20	4.57	3.94	3.56	4.18	3.85	4.05	4.01	4.38	4.59	4.96	8.06%	-56.49%
Excavation - N.O.C.	6217	12.31	11.21	11.13	9.83	7.67	6.66	5.79	5.19	5.17	5.17	4.83	4.74	4.56	4.22	4.68	4.90	5.32	8.57%	-56.78%
Gas Main or Conn. Construction	6319	9.28	7.29	7.51	6.90	6.42	5.15	4.48	4.89	4.44	3.86	4.11	4.49	5.72	5.35	5.44	5.73	6.00	4.71%	-35.34%
House Furnishings N.O.C.	9521	12.81	13.82	13.69	11.65	10.10	7.47	6.49	5.16	4.01	3.68	3.37	3.69	3.64	3.38	3.45	3.61	4.72	30.75%	-63.15%
Insulation Work N.O.C.	5479	29.05	29.67	24.43	23.53	18.71	12.02	10.44	12.31	12.32	9.71	9.87	7.69	9.82	10.29	11.94	12.48	14.50	16.19%	-50.09%
Iron Steel Erection	5059	53.99	63.15	45.92	41.16	44.04	47.44	41.22	28.03	32.51	24.84	32.30	32.75	31.07	25.09	34.87	35.93	35.94	0.03%	-33.43%
Iron Steel Erection - Frame Structure	5040	44.75	55.93	47.21	45.71	38.70	28.17	24.47	16.64	14.97	12.75	16.58	18.98	24.22	22.01	20.29	21.10	17.31	-17.96%	-61.32%
Iron Steel Erection, 2 stories or less	5069	75.30	67.76	57.11	54.85	43.98	45.61	39.63	34.34	28.20	30.48	33.11	28.64	25.76	20.51	20.59	22.31	29.44	31.96%	-60.90%
Iron Steel Fab - Decorative	3040	21.11	15.62	13.28	12.11	11.54	8.66	7.52	8.08	6.52	5.74	6.65	6.57	6.72	6.22	5.74	5.99	6.04	0.83%	-71.39%
Iron Steel Fab - Structural	3030	21.67	19.74	17.67	15.14	10.61	7.98	6.94	8.25	8.55	10.52	8.72	8.33	8.24	10.46	10.44	10.77	10.03	-6.87%	-53.71%
Irrigation/Drainage Const.	6229	8.75	10.93	12.34	8.72	7.45	4.94	4.29	4.69	4.58	5.21	6.77	6.10	5.04	6.30	5.61	6.11	5.53	-9.49%	-36.80%
Landscaping	0042	10.30	9.30	8.97	8.00	7.10	6.77	5.88	5.32	4.74	4.33	4.63	4.07	4.29	4.73	5.80	6.01	6.73	11.98%	-34.66%
Masonry - Plastering - Stucco	5022	23.90	22.22	19.13	15.15	13.11	10.53	9.15	8.41	7.34	6.18	6.40	5.37	5.46	5.79	6.18	6.51	7.35	12.90%	-69.25%
Millwright - N. O. C.	3724	13.28	12.81	12.66	9.28	8.41	6.81	5.91	6.54	5.63	4.92	4.39	3.37	3.59	4.21	4.92	5.16	5.55	7.56%	-58.21%
Outside Salespeople - Messenger	8742	0.79	0.87	0.74	0.66	0.53	0.40	0.35	0.33	0.34	0.38	0.42	0.43	0.44	0.42	0.36	0.37	0.38	2.70%	-51.90%
Painting - Paperhanging - Taping	5474	17.03	16.44	14.43	13.28	9.73	7.87	6.84	5.81	4.48	4.25	5.23	4.87	4.99	5.94	6.06	6.33	6.53	3.16%	-61.66%
Park NOC/Lawn Maintenance	9102	7.57	8.79	7.48	7.02	5.56	4.61	4.00	3.10	2.60	2.56	2.04	2.29	2.78	2.94	2.92	3.01	3.39	12.62%	-55.22%
Plastering - N. O. C.	5480	21.50	20.56	15.38	12.52	10.58	9.44	8.20	8.25	6.73	5.21	5.76	5.20	4.83	5.06	5.43	5.78	5.24	-9.34%	-75.63%
Plumbing - Heating	5183	10.09	10.87	9.52	8.38	7.10	5.88	5.19	4.36	4.39	3.64	3.77	3.90	4.15	3.97	5.00	5.24	5.77	10.11%	-42.81%
Refrigeration - Domestic	9519	5.38	5.24	3.70	3.18	5.85	2.31	2.01	1.50	1.72	2.09	2.31	2.69	3.31	3.40	3.28	3.45	3.45	0.00%	-35.87%
Roofing	5551	28.94	29.22	23.34	19.74	15.75	15.13	13.15	13.11	12.09	11.20	11.96	12.19	12.64	12.30	12.62	13.38	15.08	12.71%	-47.89%
Sewer Construction	6306	19.07	18.80	13.88	9.97	9.84	6.93	6.02	6.66	6.11	6.87	8.93	8.65	9.03	6.80	6.06	6.43	5.32	-17.26%	-72.10%
Street or Road Constr. - Paving	5506	12.77	15.91	12.50	12.01	10.09	9.38	8.15	8.78	8.89	6.34	6.92	6.18	6.10	6.84	8.32	8.75	8.89	1.60%	-30.38%
Street or Road Constr. - Subsurface	5507	14.99	17.34	14.46	13.29	12.32	10.96	9.53	7.16	6.71	5.95	6.49	6.49	6.04	6.46	7.25	7.55	7.09	-6.09%	-52.70%
Stucco/ Plastering	5443	11.37	10.43	8.04	8.09	6.79	6.02	5.23	5.25	5.03	4.46	4.70	4.27	4.94	4.56	6.33	6.61	5.56	-15.89%	-51.10%
Tree Pruning, Spraying, Repairing	0106	63.52	85.75	56.12	51.71	58.43	37.98	33.00	22.44	14.14	17.25	19.51	21.61	19.65	22.72	17.30	18.13	21.77	20.08%	-65.73%
Wrecking Iron/Steel Struc. N.O.C.	5057	27.02	31.27	29.05	31.76	21.40	17.93	15.57	11.72	8.76	6.86	7.75	8.11	10.03	11.91	14.56	15.34	14.27	-6.98%	-47.19%

Provisional Rates, effective 10-01-08, as published by NCCI. Manual rates before experience modification factor, increased limits, deviation, scheduled credit and other applicable charges/credits.

*NOTE: Midterm rate change applies to most policies effective January 1, 2008 due to AZ Legislative maximum wage benefit increase for lost wages from 2/3 of \$2400 to 2/3 of \$3000 per month.