



**MINUTES OF THE THIRTY-THIRD ANNUAL MEETING OF THE NORTH CAROLINA RATE BUREAU  
HELD AT THE GRANDOVER RESORT AND CONFERENCE CENTER, ONE  
THOUSAND CLUB ROAD, GREENSBORO, NORTH CAROLINA, OCTOBER 13, 2010**

MEMBERS PRESENTREPRESENTED BY

Accident Fund Insurance Company of America Accident Fund National Insurance Company United Wisconsin Insurance Company	Dana Pierce
Allstate Insurance Company Allstate Indemnity Company Allstate Property & Casualty Insurance Company Encompass Indemnity Company First Colonial Insurance Company Northbrook Indemnity Company	Bob Blystone
Amguard Insurance Company Eastguard Insurance Company Norguard Insurance Company	Wayne McOwen
Amica Mutual Insurance Company Atlantic Casualty Insurance Company Coastal Casualty Insurance Company	Thomas Goodale Mark Caughron
Chartis Casualty Company AIU Insurance Company American General Property Insurance Company American Home Assurance Company Chartis Property Casualty Company Commerce & Industry Insurance Company Granite State Insurance Company Insurance Company of the State of Pennsylvania National Union Fire Insurance Company New Hampshire Insurance Company Yosemite Insurance Company	Ira Feuerlicht Wavel Howell
Cincinnati Insurance Company Cincinnati Casualty Company Cincinnati Indemnity Company	Dave Foster Jim Gron
Companion Property & Casualty Insurance Company Companion Commercial Insurance Company	Rex Boylston
Erie Insurance Exchange Erie Insurance Company Erie Insurance Company of New York Erie Insurance Property & Casualty Company Flagship City insurance Company	Ronnie Chamberlain
GEICO Casualty Company American Centennial Insurance Company Atlanta International Insurance Company	Kirk La Rusty Ward

California Insurance Company	
Central States Indemnity Company of Omaha	
Commercial Casualty Insurance Company	
Continental Indemnity Company	
Cornhusker Casualty Company	
Fairfield Insurance Company	
GEICO General Insurance Company	
GEICO Indemnity Company	
General Reinsurance Corporation	
General Star National Insurance Company	
Genesis Insurance Company	
Government Employees Insurance Company	
National Indemnity Company	
National Liability & Fire Insurance Company	
National Reinsurance Corporation	
Stonewall Insurance Company	
United States Liability Insurance Company	
Hartford Fire Insurance Company	Mike Apanowitch
Hartford Accident & Indemnity Company	Rajiv Iyer
Hartford Casualty Insurance Company	
Hartford Insurance Company of the Midwest	
Hartford Underwriters Insurance Company	
New England Insurance Company	
Property & Casualty Insurance Company of Hartford	
Sentinel Insurance Company Ltd	
Trumbull Insurance Company	
Twin City Fire Insurance Company	
Horace Mann Insurance Company	Reid McClintock
Horace Mann Property & Casualty Insurance Company	
Teachers Insurance Company	
Integon General Insurance Corporation	Art Lyon
GMAC Insurance Company Online Inc	
Integon Casualty Insurance Company	
Integon Indemnity Corporation	
Integon National Insurance Company	
Integon Preferred Insurance Company	
MIC General Insurance Corporation	
MIC Property & Casualty Insurance Corporation	
Motors Insurance Corporation	
National General Assurance Company	
National General Insurance Company	
New South Insurance Company	
Kemper Independence Insurance Company	Kimberly Burns
Alpha Property & Casualty Insurance Company	Anthony Tornatore
Merastar Insurance Company	
Response Insurance Company	
Response Worldwide Insurance Company	
United Casualty Insurance Company of America	
Unitrin Auto & Home Insurance Company	
Unitrin Direct Property & Casualty Company	
Unitrin Safeguard Insurance Company	
Key Risk Insurance Company	John Elwonger
Acadia Insurance Company	
Admiral Indemnity Company	
Berkley Insurance Company	

Berkley National Insurance Company  
Berkley Regional Insurance Company  
Carolina Casualty Insurance Company  
Continental Western Insurance Company  
Firemens Insurance Company of Washington District of Columbia  
Great Divide Insurance Company  
Midwest Employers Casualty Company  
Riverport Insurance Company  
StarNet Insurance Company  
Tri-State Insurance Company of Minnesota  
Union Insurance Company

Liberty Mutual Insurance Company

Brian Levy

American Economy Insurance Company  
American Fire & Casualty Company  
American States Insurance Company  
American States Preferred Insurance Company  
Bridgefield Casualty Insurance Company  
Bridgefield Employers Insurance Company  
Colorado Casualty Insurance Company  
Employers Insurance Company of Wausau  
Excelsior Insurance Company  
First Liberty Insurance Corporation  
First National Insurance Company of America  
General Insurance Company of America  
Liberty Insurance Corporation  
Liberty Insurance Underwriters Inc  
Liberty Mutual Fire Insurance Company  
Liberty Mutual Mid-Atlantic Insurance Company  
LM General Insurance Company  
LM Insurance Corporation  
LM Personal Insurance Company  
LM Property & Casualty Insurance Company  
Midwestern Indemnity Company  
Montgomery Mutual Insurance Company  
Netherlands Insurance Company  
Ohio Casualty Insurance Company  
Ohio Security Insurance Company  
Peerless Indemnity Insurance Company  
Peerless Insurance Company  
SAFECO Insurance Company of America  
SAFECO Insurance Company of Indiana  
Wausau Business Insurance Company  
Wausau Underwriters Insurance Company  
West American Insurance Company

Nationwide Mutual Insurance Company

Joe Buck

Allied Property & Casualty Insurance Company  
AMCO Insurance Company  
Depositors Insurance Company  
Farmland Mutual Insurance Company  
Freedom Specialty Insurance Company  
National Casualty Company  
Nationwide Affinity Insurance Company  
Nationwide Agribusiness Insurance Company  
Nationwide Insurance Company of America  
Nationwide Mutual Fire Insurance Company

Amy Powell

Nationwide Property & Casualty Insurance Company	
Scottsdale Indemnity Company	
Titan Indemnity Company	
Victoria Fire & Casualty Company	
North Carolina Farm Bureau Mutual Insurance Company	Roger Batdorff
Farm Bureau Insurance Company of North Carolina	
Penn National Security Company	Pat Lovell
Pennsylvania National Mutual Casualty Insurance Company	Alan Stowe
Progressive Casualty Insurance Company	Kevin McGee
National Continental Insurance Company	
Progressive Advanced Insurance Company	
Progressive American Insurance Company	
Progressive Direct Insurance Company	
Progressive Max Insurance Company	
Progressive Northern Insurance Company	
Progressive Northwestern Insurance Company	
Progressive Preferred Insurance Company	
Progressive Premier Insurance Company of Illinois	
Progressive Southeastern Insurance Company	
Progressive Universal Insurance Company	
United Financial Casualty Company	
State Farm Mutual Automobile Insurance Company	Alan Bentley
State Farm Fire & Casualty Company	
State Farm General Insurance Company	
The Members Insurance Company	Mike Cole
Travelers Indemnity Company	Kriss Barronton
Athena Assurance Company	
Automobile Insurance Company of Hartford	
Charter Oak Fire Insurance Company	
Commercial Guaranty Insurance Company	
Discover Property & Casualty Insurance Company	
Farmington Casualty Company	
Fidelity & Guaranty Insurance Company	
Fidelity & Guaranty Insurance Underwriters Inc	
Northland Casualty Company	
Northland Insurance Company	
Phoenix Insurance Company	
Select Insurance Company	
St Paul Fire & Marine Insurance Company	
St Paul Guardian Insurance Company	
St Paul Medical Liability Insurance Company	
St Paul Mercury Insurance Company	
St Paul Protective Insurance Company	
Standard Fire Insurance Company	
Travco Insurance Company	
Travelers Casualty & Surety Company	
Travelers Casualty & Surety Company of America	
Travelers Casualty Company of Connecticut	
Travelers Casualty Insurance Company of America	
Travelers Commercial Casualty Company	
Travelers Commercial Insurance Company	
Travelers Home & Marine Insurance Company	
Travelers Indemnity Company of America	
Travelers Indemnity Company of Connecticut	
Travelers Personal Insurance Company	

Travelers Personal Security Insurance Company  
Travelers Property Casualty Company of America  
Travelers Property Casualty Insurance Company  
United States Fidelity & Guaranty Company  
United Services Automobile Association  
Garrison Property & Casualty Insurance Company  
USAA Casualty Insurance Company  
USAA General Indemnity Company

Dan Pickens

OTHERS PRESENT

Young, Moore and Henderson

Insurance Services Office

Independent Insurance Agents of North Carolina  
Staff

REPRESENTED BY

Mickey Spivey  
Mike Strickland  
Bill Trott  
Robert Curry  
Patrick Woods  
David Walker  
Shelley Chandler  
Edith Davis  
Ray Evans  
Vicki Godbold  
Fred Hoerl  
Tim Lucas  
Lois Murphey  
Mike Newton  
David Sink  
Sue Taylor

187 other companies voted by proxy.

The meeting convened as scheduled, Mr. Bentley of State Farm Mutual Automobile Insurance Company, Chairman of the Governing Committee, presiding.

Attention was directed to the Rate Bureau's Antitrust and Conflict of Interest Statements.

Mrs. Taylor announced that there was a quorum.

1. Annual Report

Mr. Evans reviewed and commented on the 2010 Annual Report, a copy of which is attached hereto. The Annual Report was approved by the members.

2. Staff Recap of 2010

Mr. Sink discussed specifics of the financial position of the Rate Bureau. Mrs. Taylor discussed the highlights of the year and the goals for 2011 for Insurance Operations.

3. Governing Committee Election

Mr. Evans reported that the Nominating Committee (comprised of Allstate Insurance Company, Nationwide Mutual Insurance Company and State Farm Mutual Automobile Insurance Company) recommended the following slate of companies for election to the Governing Committee: Travelers Indemnity Company and Chartis Insurance Company for the two stock positions and Nationwide Mutual and Auto-Owners Insurance Company for the two non-stock positions. The floor was opened for additional nominations and there were none. Following motions to close the nominations and to elect the recommended slate, the companies recommended by the Nominating Committee were elected to three-year positions on the Governing Committee. Mr. Evans thanked Progressive Insurance and Erie Insurance Exchange for their service on the Governing Committee.

4. Comments from the Chairman

Mr. Bentley thanked members of the Governing Committee for their service to the industry. He also thanked counsel and staff for their work.

5. Adjournment

There was no further business, and the meeting was adjourned.

Respectfully submitted,

Raymond F. Evans, Jr. CPCU

General Manager

G-10-4

12/15/10

2020

North Carolina Rate Bureau

# Annual Report

## Core Values

### **Commitment**

Faithfully and diligently fulfill the obligations of our Organization as set forth in the statutes.

### **Integrity**

Perform each task as efficiently as possible with absolute honesty and integrity.

### **Respect**

Treat your fellow associates and those you serve on behalf of the Organization with dignity and respect.

### **Talents**

Continually strive to improve the Organization through the use of every associate's talents and creativity.

### **Ownership**

Encourage participation and a sense of ownership from the members of our Organization.

### **Consistency**

Demonstrate fairness and consistency among all associates and encourage personal development.



# North Carolina Rate Bureau

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## General Organizational Information

NCRB Main Phone Number . . . . .919-783-9790

Website Address . . . . . www.ncrb.org

Physical Address . . . . .5401 Six Forks Road  
Raleigh, NC 27609



## Management Contacts

### NCRB Staff

Ray Evans . . . . . General Manager  
919-783-9790 rfe@ncrb.org

Sue Taylor . . . . . Director, Insurance Operations  
919-582-1050 smt@ncrb.org

Karen Byrd . . . . . Manager, Workers Compensation  
Underwriting Services  
919-582-1075 khb@ncrb.org

Delisa Fairley . . . . . Manager, Insurance Data Operations  
919-582-1060 ddf@ncrb.org

Betty Hurst . . . . . Manager, Workers Compensation  
919-582-1070 bgh@ncrb.org

Tim Lucas . . . . . Manager, Personal Lines  
919-582-1021 ftl@ncrb.org

Lynne Mays . . . . . Supervisor, Workers Compensation  
Data Quality  
919-582-1080 lwm@ncrb.org

Rebecca Williams . . . . . Manager, Data Analysis  
919-582-1055 rrw@ncrb.org

### Organizational Shared Resources Staff

Shelley Chandler . . . . . Director, Information Services  
919-582-1057 src@ncrb.org

David Sink . . . . . Director, Finance  
919-582-1012 des@ncrb.org

Vicki Godbold . . . . . Director, Human Resources &  
Administrative Services  
919-645-3170 vcg@ncrb.org

## 2010 Annual Meeting

The annual meeting of the member companies of the North Carolina Rate Bureau will be held October 13, 2010, at the Grandover Resort and Conference Center, Greensboro, North Carolina.

## About NCRB

The North Carolina Rate Bureau was created by the General Assembly of North Carolina in 1977 with the statutory mandate to establish and administer classifications, rules, rates, loss costs, rating plans and policy forms for Private Passenger Nonfleet Automobile, Residential Property and Workers Compensation Insurance. Every insurance carrier that is authorized to write these lines of insurance in the State of North Carolina is required to be a member of the Bureau.

The mission of the Rate Bureau is to fulfill its statutory mandate with extraordinary service to its members.

## Message from the Chairman

The Rate Bureau has had another busy year since our last annual meeting. The insurance industry continued to face important issues which required a lot of thought, discussion and hard work on the part of the Governing Committee; Rate Bureau staff; our counsel, Young, Moore & Henderson and various Rate Bureau committees and subcommittees. The results of this hard work were beneficial to the citizens of North Carolina and our industry. I thank you all for your good work.

The main focus this year continued to be House Bill 1305, which was enacted in August of 2009. It introduced many new provisions for coastal properties. Countless meetings took place with every property committee and task force at the Bureau to implement the bill provisions on schedule. The committees and the industry can be proud of the product. As attention continues to be directed to coastal issues, this group of dedicated individuals may be called upon again for further discussion on coastal issues. This brief recap does not come close to conveying the amount of time and effort that was necessary to complete the tasks involved. The work exemplified the team effort that all of the Rate Bureau employees and others who are involved with the Rate Bureau put forth on a daily basis.

This year the Bureau worked to develop a good relationship with Commissioner of Insurance, Wayne Goodwin, and his staff. The efforts of Ray Evans, our General Manager, to create an atmosphere of good communications and consistent contact are greatly appreciated.

During the past two years as Chair of the Governing Committee, I have benefited from the support I have received from the members of the Governing Committee, Rate Bureau staff, counsel and all the committees and subcommittees that make the Bureau work. You have my heartfelt thanks. Your dedication and willingness to serve are greatly appreciated.

Sincerely,

**Alan Bentley, State Farm Mutual Automobile Ins Co**  
Chairman, NCRB Governing Committee

Nominating Committee	
Members	Representative
Allstate Ins Co	Bob Blystone
State Farm Mutual Automobile Ins Co	Alan Bentley
Nationwide Mutual Ins Co	Amy Powell

## Governing Committee

The Constitution of the Rate Bureau provides for 14 members of the Governing Committee. Of the members, six shall be non-stock members of the Rate Bureau, six shall be stock members and two shall be non-voting members appointed by the Governor.

Members of the Governing Committee are elected at the annual meeting. The term is for three years, although members may be elected for a second consecutive term. Terms are staggered so that two stock and two non-stock members are elected each year.

Governing Committee	
Members	Representative
Allstate Ins Co	Bob Blystone
Cincinnati Ins Co	Jim Gron
Erie Insurance Exchange	Ronnie Chamberlain
Hartford Fire Ins Co	Rajiv Iyer
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Ins Co	Brian Levy
Nationwide Mutual Ins Co	Amy Powell
NC Farm Bureau Mutual Ins Co	Roger Batdorff
Progressive Casualty Ins Co	Kevin McGee
State Farm Mutual Automobile Ins Co	Alan Bentley*
Travelers Indemnity Co	Kristina Barronton
United Services Automobile Association	Eric Vaith
Non-voting Members	
Public Member	Max Offerman
Public Member	John Wei
*chair	

## General Manager's Report

The best word to describe this past year may be “normal” — and that’s a word you haven’t seen me use in any previous annual report. After working so hard for so many years on fundamentals, and being pulled in so many different directions the previous year, I very nearly missed the fact that last year is how a “normal” year is supposed to be. We still had and have heavy work loads (a topic we will explore later in this report), but it may be that we became so accustomed to all the extra drama, the challenges actually came to seem routine. In any case, it all prepared us to be better able to manage whatever comes our way.

In the Workers Compensation arena, where we have our largest electronic systems, we are making great progress in behind-the-scenes processing. In fact, a processing piece enabling carriers to make electronic corrections to WC reporting data, developed in partnership with the Massachusetts WC Bureau, is so good that it is in the running to be used more widely by the industry. The tri-annual Request For Proposal for servicing carriers is proceeding smoothly, the annual loss costs and rate review easily met target completion dates and of the many changes filed and approved, only one — Aggravated Inequity — caused even the slightest stir.

It’s hard to imagine, I know, but private passenger auto was our least controversial line. As a result of settling three years of rate changes last year, this was a review-only year. The only major issue was the possibility of a change in tort responsibility from contributory to comparative, but that did not move forward in the short session of the Legislature.

Residential property is still contentious, to say the least, with ongoing litigation and rate changes pending. During the year, however, we did comply with all the provisions of last summer’s H1305 requirements. Successfully pricing risks appropriately remains our challenge for the coming year.

For other than insurance operations, two key projects for more efficient operations are nearing completion; one is to create a process environment for all our work, and the other is to move us to a virtual technology environment.

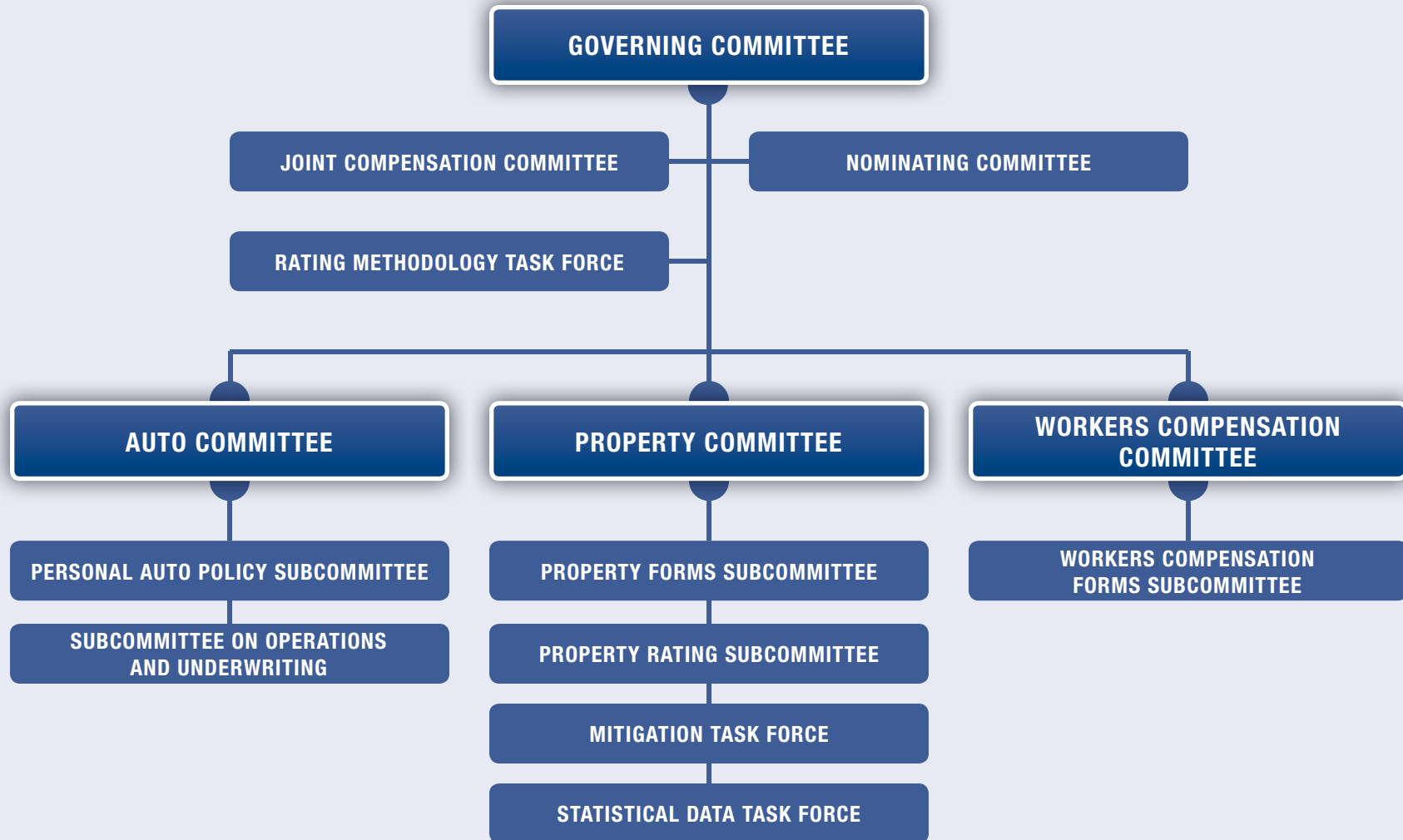
While I think this has been a normal year, “normal” to our many Committee members means more meetings. Thank you to all of you who participate — and please know that though there are indeed more meetings, we strive to make each one meaningful, and we appreciate the preparation and participation of each member.

Thank you.



**Ray Evans**  
General Manager

A special **thank you** to all who served on the committees, subcommittees and task forces for the North Carolina Rate Bureau that met during 2010.



As the North Carolina Rate Bureau marked its 33rd year, never has the spirit of collaboration been more evident than in the work of the committees, subcommittees and task forces that met in 2010. 2010 saw more committee meetings conducted than ever before in the history of the Bureau. More than 100 volunteer members attended over 70

committee meetings during the year. The success of the Bureau is attributed to the hard work and commitment to service and collaboration by the committees. The staff of the Bureau thanks the many volunteers who have contributed to the Bureau's success.

# Insurance Operations

**The Bureau Staff remains committed to:**

- Ensuring excellence in managing day-to-day tasks
- Being flexible and agile to respond effectively to changes in the business landscape
- Working to improve skills, tools and processes to create a sound foundation for the future

In 2009 and 2010, Insurance Operations spent considerable effort working with the Process Documentation Team to document all critical processes. To date, 276 processes have been documented in Personal Lines and Workers Compensation. This process documentation will be utilized for initiating process improvements, establishing the costs of processes and associate training.

Statistical Data Task Force	
Members	Representative
Allstate Insurance Company	Shantelle Thomas
	Dawna Koterman
American Bankers Ins Co of Fla	Catherine Hudson
Horace Mann Insurance Company	Reid McClintock*
Nationwide Mutual Insurance Co	Sara Behrend
State Farm Mutual Automobile Ins Co	Kathy Popejoy
	Sarah Stenger
Travelers Indemnity Company	Gary Hummel
*chair	

The North Carolina Rate Bureau continues to work closely with the North Carolina Department of Insurance (DOI) on filings of forms, rules and rates. This year the Bureau began using the System for Electronic Rate and Form Filing (SERFF), a tool that is currently used by the industry. This tool allows the Bureau to make filings promptly and efficiently with the DOI.



**Sue Taylor**  
Director, Insurance Operations

Subcommittee on Operations and Underwriting	
Members	Representative
Allstate Insurance Company	Stacey Bailey
Government Employees Insurance Co	Laura Reilly
Integon Indemnity Corporation	Art Lyon*
Liberty Mutual Insurance Company	Margie Williams
Nationwide Mutual Insurance Co	Isaac Adams
NC Farm Bureau Mutual Insurance Co	Roger Batdorff
Progressive Casualty Insurance Co	Kevin McGee
State Farm Mutual Automobile Ins Co	Suzie Noel
Travelers Indemnity Company	Annette Whitaker
United Services Automobile Assoc	Mark Davis
Unitrin Auto and Home Ins Co	Donna Emery
*chair	

# Personal Lines

## Property

This year has been a very busy year at the Bureau, especially for property insurance. The property work began on September 29, 2009, when the Bureau filed revisions to the Windstorm and Hail rating rule in the Dwelling Policy Program related to unoccupied dwellings. This filing was approved by the Department and became effective April 1, 2010.

Property Forms Subcommittee	
Members	Representative
Allstate Insurance Company	Christy Hradek
American Bankers Ins Co of Florida	Dina Olsen
American Modern Home Ins Co	Angela Morrow
	Heather White
Foremost Ins Co	Dave Kelly
Nationwide Mutual Ins Co	Daniel Meister*
NC Farm Bureau Mutual Ins Co	Bob Tart
Unitrin Auto and Home Ins Co	Susan Fiorentino
*chair	

With the enactment of House Bill 1305 in August 2009, the Bureau was required to do the following to meet the requirements of the bill:

- File a Named Storm Deductible for Homeowners, Dwelling and Mobile Homeowners
- File Hurricane Mitigation Credits
- Begin Review of Coastal Territory Definitions

The Bill required the Bureau to file, by February 1, 2010, a Named Storm Deductible for the property lines of business under the Bureau's jurisdiction. On January 26, 2010, the Bureau filed a Named Storm Deductible in the Homeowners, Dwelling and Mobile Homeowners Policy Programs. With this revision, the Hurricane Deductible was withdrawn from the Homeowners Policy Program and was replaced by the Named Storm Deductible. These filings were approved and became effective March 4, 2010.

House Bill 1305 also required the Bureau to file hurricane mitigation credits for dwellings under the Bureau's jurisdiction. It was required that this filing be made on or before May 1, 2010. On April 22, 2010, the Bureau filed the mitigation

Property Committee	
Members	Representative
Allstate Insurance Company	Shantelle Thomas
Amica Insurance Company	Tom Goodale
Erie Insurance Exchange	Ronnie Chamberlain
Nationwide Mutual Insurance Co	Kathy Southern
NC Farm Bureau Mutual Ins Co	Bob Tart
Penn National Insurance Co	Chuck Uckele
State Farm Mutual Automobile Ins Co	Bob Messier*
Travelers Indemnity Co	Soledad Mune
United Services Automobile Association	Eric Vaith
Unitrin Auto and Home Insurance Co	Kimberley Burns
*chair	

Mitigation Task Force	
Members	Representative
Allstate Insurance Company	Shantelle Thomas
Nationwide Mutual Ins Co	Kathy Southern
State Farm Fire & Casualty Co	Kathy Popejoy*
Travelers Ins Co	Soledad Mune
United Services Automobile Association	Chris Swetonic
*chair	

credits for the Homeowners and Dwelling Policy Programs. This filing was approved and becomes effective May 1, 2011.

In addition to the above provisions, HB 1305 limited the exposure in the Coastal Property Insurance Pool to \$750,000 per dwelling. The Bureau is developing an excess policy that can be used by the Bureau member companies to write the exposure above \$750,000. This type of coverage is being developed for the Homeowners and Dwelling Policy Programs.

Last year, the Annual Report indicated that the Bureau was defending multiple lawsuits related to the filing of revised homeowner rates in the beach and coastal areas. At the time of this writing, these cases are still pending in the North Carolina Court of Appeals and the Supreme Court of North Carolina.

### Property Rating Subcommittee

Members	Representative
Allstate Insurance Company	Shantelle Thomas*
American Bankers Ins Co of Florida	Dina Olsen
American Modern Home Ins Company	Sally Kressin
Foremost Insurance Company	Dave Kelly
Horace Mann Insurance Company	Reid McClintock
Nationwide Mutual Insurance Co	Sara Behrend
NC Farm Bureau Mutual Ins Co	Roger Batdorff
State Farm Mutual Automobile Ins Co	Kathy Popejoy
Travelers Indemnity Company	Michelle Schmidt
United Services Automobile Assoc	Christopher Swetonic

\*chair

### Personal Auto Policy Subcommittee

Members	Representative
Allstate Insurance Company	Bob Lorch*
Nationwide Mutual Insurance Co	Daniel Meister
	Patti Szlosek
State Farm Mutual Automobile Ins Co	Kevin Nicklas

\*chair

## Automobile

As part of the rate settlement with the Department last year on the 2008 and 2009 Private Passenger auto rate filings, the Bureau filed only a rate review in 2010, which sought no revisions to the rates in effect.

### Automobile Committee

Members	Representative
Allstate Insurance Company	Christopher Stroll
GEICO Indemnity Company	Rusty Ward
Hartford Fire Insurance Company	Michael Ma
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Brian Levy
Nationwide Mutual Insurance Co	Isaac Adams
NC Farm Bureau Mutual Ins Co	Roger Batdorff
Progressive Casualty Insurance Co	Kevin McGee
State Farm Mutual Automobile Ins Co	Steve Harr*
Travelers Indemnity Company	Jonathan Konrad
United Services Automobile Assoc	Lisa Sukow
Unitrin Auto and Home Insurance Co	Kimberley Burns

\*chair

## Safe Driver Insurance Plan

As stated in the General Statutes, the Bureau provides a mechanism for policyholders to appeal “points” that have been charged as a result of at-fault accidents. These points can be appealed to the Bureau if a driver feels that he/she is not responsible for the accident in question. Below is a summary of the results of the appeal of those “points.”

	2010	2009	2008
In Favor of Insured	3	10	11
In Favor of Company	14	9	11

### Rating Methodology Task Force

Members	Representative
Allstate Insurance Company	Shantelle Thomas
Integon Indemnity Corporation	Art Lyon
Nationwide Mutual Ins Co	Issac Adams*
NC Farm Bureau Mutual Ins Co	Roger Batdorff
State Farm Mutual Automobile Ins Co	Steve Harr
	Kathy Popejoy
Travelers Indemnity Co	Soledad Mune
United Services Automobile Association	Lida Sukow

\*chair



# Workers Compensation

## Assigned Risk

The Bureau is the Plan Administrator for the North Carolina Workers Compensation Insurance Plan for workers compensation (Assigned Risk Plan).

North Carolina's Assigned Risk Market continues to depopulate through 2010. Through June, the number of policies is below last year by 11.4%, and the total premium volume is below last year by 22.2%. The minimum premium was increased to \$1,000 with the April 1, 2010, rate filing.

Four servicing carriers continue to provide service to member companies of the National Pool. The servicing carriers are:

- Companion Property and Casualty Insurance Company
- Key Risk Insurance Company
- LM Insurance Corporation
- Travelers Indemnity Company

The market share of direct assignment carriers increased slightly in 2009. The percentage of business written by direct assignment carriers is approximately 34.8%. In 2010, the seven direct assignment carriers are:

- ACE American Insurance Company
- American Interstate Insurance Company
- American Zurich Insurance Company
- Cincinnati Insurance Company
- Continental Casualty Company
- Granite State Insurance Company
- Hartford Underwriters Insurance Company



Because changes in technology and the industry influence business, the organizational structure was reviewed in 2009. The review and formal documentation of core processes presented a clear picture that benefits could be achieved from establishing a division that would bring together some units that are dependent upon each other. In January 2010, the Classification Unit and the Ownership Unit were merged. This newly established unit was then brought together under one umbrella with the Assigned Risk Unit to form the Underwriting Services Division. Combining these units into one division allowed the establishment of processes and procedures to be more efficient and effective in responding to the needs of our customers.

Workers Compensation Committee	
Members	Representative
American Home Assurance Co	Ira Feuerlicht
Amerisure Insurance Company	Brent Otto
Builders Mutual Insurance Co	Jerry Visintine
Companion Property & Casualty Co	Rex Boylston
Harleysville Mutual Ins Co	John Zulueta
Hartford Accident & Indemnity Co	Michael Apanowitch
Key Risk Insurance Company	John Godfrey*
Liberty Mutual Insurance Company	Cheryl Watts
Maryland Casualty Company	Jeff Jensen
NC Farm Bureau Mutual Ins Co	Roger Batdorff
PA National Mutual Casualty Ins Co	Alan Stowe
Travelers Indemnity Company	Jeffrey Schmidt

\*chair



# Data Operations

The Underwriting Services Division supports assigned risk application processing by assisting the processors with difficult-to-determine class codes and timely resolution of ownership issues that may arise during the application assignment process. Since the establishment of the Underwriting Services Division in January 2010, this unit has responded to 1,904 class code inquiries and processed 1,742 ownership rulings from external customers.

The Assigned Risk Unit is responsible for processing applications for coverage from employers that are deemed by their agents to be “difficult to place” in the voluntary market. This unit continues to make progress toward achieving the goal of electronically receiving as many assigned risk applications as possible via the ManageAR System. ManageAR allows agents to submit both the assigned risk application and the deposit premium to the Bureau electronically. Over the past year, agent utilization of the ManageAR system has increased to 82%. This is an increase of 26 percentage points over the prior year. The percentage of policies utilizing electronic fund transfers for deposit premium has increased to 64%.

In 2010, the Underwriting Services Division began to reap the benefits of the Notice of Assignment system (NOA). The NOA system was developed in 2009 and enables assigned risk carriers to receive their assignment packages electronically. This system allows the Bureau to reduce processing costs by eliminating the expense incurred for the daily printing and mailing of hard copy documents.

Data Operations is comprised of the Industry Support and Data Quality areas. Data Operations provides support to the Workers Compensation and Personal Lines area of the Rate Bureau with:

- New Product Development
- Testing Carriers for Electronic Data Submission
- Spectrum System Support
- User System Training
- Insurance Data Collection for Personal Lines
- Attendance at Workers Compensation Industry Standards Meetings
- Fining Reconciliation
- Data Collection and Reconciliation for all Workers Compensation policy data
- Unit Statistical data

The Data area continues to be at the center of all of the many functions performed at the Rate Bureau.

Workers Compensation Forms Subcommittee	
Members	Representative
Companion Property & Casualty Co	Sandra Barrett*
	Rex Boylston
	Susan Canton
Key Risk Insurance Company	John Elwonger
Liberty Mutual Insurance Company	Dave Hall
Maryland Casualty Company	Susan Gordon
Travelers Indemnity Company	Cody Giroux
*chair	

## Electronic Reporting

During the last several years, the Bureau has moved towards 100% electronic processing of the data received from the member companies. Effective July 1, 2010, all data, including policies, cancellations, reinstatements and endorsements, are submitted to the Bureau electronically. The submission of electronic data has led to improved efficiencies in the Bureau’s processes and allows for accurate entry of carrier information into the Bureau’s database.

## ManagePolicy

In January, the Bureau introduced the ManagePolicy web application to member companies. The ManagePolicy web application is being implemented in two phases. Phase I allows carriers to view three years of policy data, provides a variety of search options, allows for download and retrieval of policy tape error reports and allows verification of submission status. Phase II of the ManagePolicy web application will contain tools that will allow carriers to resolve data reporting or coverage issues proactively. Phase II will be available in December 2010.

## Data Quality

The Data Quality Unit is responsible for the reconciliation of carrier data as well as the promulgation of experience modifications. The Bureau issued 58,412 experience modifications last year. In addition, the Bureau collected 314,980 policy transactions during 2009 including new and renewal policies, cancellations, reinstatements and endorsements.

# Shared Services

## Information Services

The Information Services Department (IS) is responsible for Communications/Customer Service, Process Documentation/Process Improvement and Systems Availability.

The customer service area handles approximately 4500 calls and emails per month from external customers via the Information Center, and the Service Desk handles an additional 275 calls and emails from internal associates. The Information Center recently implemented a process for auditing support tickets, a preliminary step towards a more measurable quality control program. In 2010, both the Information Center and the Service Desk underwent a benchmarking study that compares each group against similar groups in other companies to more than 20 key metrics. The results of this benchmarking exercise show the Bureau's ranking against other similar groups and also outline recommendations to achieve superior performance. This benchmarking exercise has been extremely valuable and has helped determine the next steps to achieving world-class customer service.

The Process Documentation Services Team is actively working to create a process-driven environment. This will promote a culture in which processes are identified, documented, measured, managed and improved. Process documentation will ultimately result in higher customer satisfaction, reduced errors and lower costs. To date, the team has made significant progress in documenting critical processes. Relying on subject matter experts, the business units deliver, review and validate the documentation. As a result, the process documentation team has identified and analyzed 99.6% of all Rate Bureau processes and has delivered documentation for 90% of those processes.

As technology continues to become an increasingly important component of business, the technology area works to ensure that systems are effective, reliable and more secure. In 2010, this area undertook a major initiative to revolutionize the way it provisions technology using virtualization technology. This technology allows the Bureau to decrease expenses related to energy usage and hardware acquisition, reduce downtime, increase overall capacity, improve disaster recovery solutions and provide faster turnaround time for new technology requests.

## Finance

The financial statements on Page 14 reflect that the expenses and income of the Rate Bureau have remained relatively stable over the last two years; final results also indicate that expenses were within the approved budgets for both 2008 and 2009. The 2008 final expenses will be adjusted by other income and miscellaneous items and reapportioned to all member companies during the 4th quarter of 2010 — similar to the process in prior years.

Expenses through the first six months of 2010 were under budget. However, projections at this time indicate an overage to the approved budget by year end. Legal and consulting expenses are exceeding the estimates for the year due to the increased activity related to the preparation of multiple property rate filings and work related to House Bill 1305. Computer system development costs are over budget at this time primarily due to expenses being paid sooner than budgeted, but those costs should improve by year end and come close to matching budget provisions.

Assessment income was lower by approximately 0.6% compared to the prior report period. Income from charges and fines for keying policies, delinquent unit statistical reports, late data reporting and cancellation/reinstatement activity decreased about 50% from the same period a year ago. The decrease in other income sources mentioned previously is mostly attributable to the fact that all policies are now being submitted electronically.

The expenses of the Rate Bureau increased approximately 6% from the previous year. The increases were partially attributable to legal fees and consulting expenses as noted earlier. These expenses include the direct costs incurred by the Bureau as well as the allocated costs of the departments whose expenses are shared with the Reinsurance Facility and the Insurance Guaranty Association. The table below shows a summary of the direct and allocated expenses for the prior two years and the first half of 2010.

Administrative Expenses	2008	2009	Thru June 2010
Insurance Operations (Direct)	\$ 9,535,012	\$ 9,257,311	\$ 4,927,388
Shared Services (Allocated)	3,335,157	3,421,580	1,852,002
Total Expenses	\$ 12,870,169	\$ 12,678,891	\$ 6,779,390
Total Budget	\$ 13,104,407	\$ 13,068,268	\$ 6,874,953

# Summary



## Human Resources

Human Resources (HR) is the strategic and coherent approach to the management of the Organization’s most valued assets — the people. HR responsibilities include administering HR policies, programs and practices; providing a safe work environment and providing professional development opportunities and work-life balance for associates. This year the department has been involved in implementing H.R. 4872 — The Health Care and Education Affordability Reconciliation Act, better known as Healthcare Reform.

Onsite training this year consisted of 12 wellness classes through partnership with WakeMed Hospital, two Microsoft Office classes and eight professional development classes.

Wellness initiatives in 2010 include:

- Weight Watchers
- Partnership with the NC Prevention Partners
- Annual participation in the Wellness Council of America’s (WELCOA) Step-By-Step program of walking 10k steps a day
- Wellness screenings held on site each July
- Flu shots provided for associates on site
- Certification in First Aid, CPR and AED for a quarter of the workforce through the American Red Cross

Community service involvement by associates includes a sponsorship level in Habitat for Humanity. Various fundraisers have culminated in the construction of a new home this fall. This community service effort is in addition to supporting the United Way in various events.

Associate service milestones this year include:

- 2 associates celebrating 5 years
- 2 associates celebrating 10 years
- 2 associates celebrating 20 years
- 1 associate celebrating 25 years

### Years of Service

Years	# of Employees	% of Employees
0-9 Years	64	67%
10-19 Years	11	12%
20-29 Years	13	14%
30-39 Years	5	5%
40+ Years	2	2%
<b>Total</b>	<b>95</b>	<b>100%</b>

The North Carolina Rate Bureau serves the insurance industry in the State of North Carolina by providing services and programs for automobile, property and workers compensation insurance. The focus has been on ensuring excellence in managing day-to-day tasks; demonstrating flexibility in responding to changes in the business landscape and working to continually improve skills, tools and processes. Recognition for the successes achieved in 2010 is extended to committee members, counsel, experts and the numerous associates of the Bureau who support the North Carolina insurance industry.

### Joint Subcommittee on Compensation

Members	Representative
Allstate Ins Co	Bob Blystone*
NC Farm Bureau Mutual Ins Co	Roger Batdorff
State Farm Mutual Automobile Ins Co	Alan Bentley
	Tom Huels

\*chair

## North Carolina Rate Bureau

### BALANCE SHEET

Year Ending	August 31, 2010 (Preliminary)	August 31, 2009
<b>Assets</b>		
Cash & Investments – Unrestricted	\$1,421,140	\$1,164,099
Cash & Investments – Restricted	569,100	596,556
Assessments Receivable	2,000	29,777
Accounts Receivable	111,391	146,550
Other Assets	1,000	5,689
<b>Total Assets</b>	<b>\$2,104,631</b>	<b>\$1,942,671</b>
<b>Liabilities &amp; Fund Equity</b>		
Refund to Carriers Payable	\$50,098	\$50,098
Retiree Insurance Payable – Restricted	568,291	571,832
Other Benefits Payable – Restricted	809	24,724
Other Liabilities	(17,854)	(12,894)
<b>Total Liabilities</b>	<b>\$601,344</b>	<b>\$633,760</b>
Fund Equity	1,503,287	1,308,911
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$2,104,631</b>	<b>\$1,942,671</b>

### INCOME STATEMENT

Year Ending	August 31, 2010 (Preliminary)	August 31, 2009
<b>Income</b>		
Assessments Income	\$11,942,300	\$12,014,117
Membership Fees Income	751,450	732,000
Late Data Reporting Charges	9,000	104,900
Policy Keying Charges	66,850	533,400
Delinquent USR Charges	477,100	501,800
Cancellation & Reinstatement Charges	17,770	-
Other Income	5,100	5,699
<b>Total Income</b>	<b>\$13,269,570</b>	<b>\$13,891,916</b>
<b>Expenses</b>		
Legal, Consulting & Other Outside Services	\$7,247,300	\$7,156,697
Salaries & Administration Expenses	3,110,950	2,794,868
Other Operating Expenses	2,813,765	2,452,678
<b>Total Expenses</b>	<b>\$13,172,015</b>	<b>\$12,404,243</b>
<b>Net Income / (Loss)</b>	<b>\$97,555</b>	<b>\$1,487,673</b>

## NCRB Management Staff



**Karen Byrd**  
Manager,  
WC Underwriting Services



**Delisa Fairley**  
Manager,  
Insurance Data Operations



**Betty Hurst**  
Manager,  
Workers Compensation



**Tim Lucas**  
Manager,  
Personal Lines



**Lynne Mays**  
Supervisor,  
WC Data Quality



**Rebecca Williams**  
Manager,  
Data Analysis

## Organization Shared Resources



**Shelley Chandler**  
Director,  
Information Services



**Vicki Godbold**  
Director,  
Human Resources and  
Administrative Services



**David Sink**  
Director,  
Finance



**North Carolina Rate Bureau**

5401 Six Forks Road    Raleigh, NC 27609    [www.ncrb.org](http://www.ncrb.org)