

OCTOBER 2020

IN THE LOOP

OFFICIAL NORTH CAROLINA RATE BUREAU AGENT NEWSLETTER



HAPPY FALL!

2020 has certainly been an unpredictable year. Much like everyone else the NCRB has had to re-think and re-strategize multiple times. However, throughout the challenges we have and will continue to remain committed to assisting the insurance industry in North Carolina and being accessible for any needs that may arise.

Please take a few minutes to review, as some of the content may impact your business and how you respond to the needs of your clients.

As always, reach out to the NCRB if you have further questions or concerns at (919)582-1056.

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Experience Modification



The calculation above is a simplified explanation of how workers compensation premium is calculated. At the base level it is simply Class Code Rate times Experience Modifier times Payroll (per \$100) equals Premium. That's easy enough- right? Not so fast! We know it is not that easy, so today we are here to remove some of the mystery surrounding the experience modifier.

WHAT IS AN EXPERIENCE MODIFIER?

Workers compensation premium leaves little room for customization when it comes to the elements of class codes, rates, and payroll; however the component of experience modification allows for a customized or individual look at the specific employer. The experience modifier considers the employer's loss history as it relates to employers of similar size and classification. By basing the premium on the employer's individual loss history, the carrier can achieve a more adequate rate for the expected future losses,

Class Code Rate	Payroll	Experience Mod	Premium
Company A: Higher than Average Losses			
\$1.15	\$1,000	1.10	\$1,265
Company B: Average Losses			
\$1.15	\$1,000	1.00	\$1,150
Company C: Lower than Average Losses			
\$1.15	\$1,000	.80	\$920

It is important to note that not all insureds will have an experience modifier, as they must first meet premium eligibility requirements. However, experience rating is mandatory for all employers that meet those requirements.

HOW IS THE EXPERIENCE MODIFIER DETERMINED?

The experience modifier is determined by considering all losses that occur within the experience period. The experience rating period for North Carolina employers is the last three years (excluding the immediate past year). Each year, a new year of data is added to the calculation and the oldest year drops off. The other two years' worth of loss data in the experience period are also updated on an annual basis.

For example: In calculating a 2020 experience mod, the policy years considered would be 2016, 2017 and 2018.

The most recent, the 2019 policy year wouldn't be taken into account until after the policy is expired and audited.

Stay tuned to next quarters newsletter, we will be taking a deeper dive into how the experience modifier is determined!

CAN I LOOK UP AN INSURED'S EXPERIENCE MODIFIER?

Agents have the ability to look up an employer's experience modifier with our look up tool located behind the portal on our website, and also within the ManageAR application. Anyone with access to the look up tool can look up and view experience modifiers. However, in order to view an insured's experience modifier worksheet, you **MUST** be the agent of record for the insured or have written permission from the insured. The written permission must be kept on file at the agent's office.

Follow the steps below to look-up an employer's experience modifier:

1. Log into the portal on the NCRB.org website. Once there navigate to the Workers Comp Tab and then Experience Mod Look-up.
2. Use the search fields to narrow your search for the specific employer.
3. On the search results page select the employer by clicking the hyperlinked combo id.
4. All mods will show on the rating history screen in chronological order of the rating effective date.
5. If you want more detail on the experience modifier, you can select the rating period to the right and then select the worksheet PDF button on the bottom right.

The experience modifier worksheet will populate and show all businesses that the employer has common majority ownership and the corresponding losses for the experience period requested. **Note:** If the employer is interstate rated- meaning the employer does business in multiple states- the worksheet will have to be requested from NCCI.

HOW DO I CORRECT AN INSURED'S MODIFIER?

A common reason for an incorrect mod is that businesses are combined when they should not be or vice versa. In this case an ERM-14 Ownership Change Form will be needed. The form can be completed in the ManageOwnership application, located behind the portal on our website. After reviewing the experience modification worksheet, if you think the mod is incorrect you can contact NCRB directly at support@ncbr.org or by phone at (919)582-1056.

Rate Filings

WORKERS COMPENSATION

On September 1st, 2020, the Bureau submitted a filing to the North Carolina Commissioner of Insurance proposing a 3.9% decrease in loss costs to be effective April 1, 2021. The proposal also included an average decrease of 4.2% in the overall rate level of the workers compensation residual market in North Carolina.

AUTOMOBILE

On February 1st, 2020, the Bureau filed private passenger automobile insurance data as required by statute. A condition of the 2019 auto rate settlement was that no rate change would be filed in 2020.

PROPERTY

The Bureau anticipates making rate filings for residential property (Homeowners and Dwelling) before the end of the year.

Annual Meeting

On October 13th, 2020, the Bureau hosted their 43rd Annual Meeting- virtually. This meeting is held annually according to statute to provide a yearly update to our member companies. Please be sure to view the [Annual Report](#) for all the achievements the Bureau accomplished in 2020!

Coming Soon!

MANAGEAR ENHANCEMENTS



As mentioned in previous newsletters, the NCRB is currently working on enhancements to the ManageAR application. We are committed to improving the application process to be more intuitive with real time access to the information needed to complete the application. Changes will be going in this year and into 2021. Stay tuned!

WORKERS COMPENSATION TRAINING



The NCRB has also mentioned in previous newsletters that they will be offering workers compensation training for 3 CE credits. This training will take place in 2021 once all enhancements have been made to the ManageAR application. Additional information will be provided once the training has been scheduled.

LET'S HEAR IT!

As previously mentioned in our [July newsletter](#), 2020 has been an unpredictable year and has presented a unique set of challenges for all of us. During these challenging times we have seen everyone stepping up, and the North Carolina agency force is no exception. We presented a challenge in our last newsletter to share and celebrate the hard work you're doing for your customers and your community. The winner of the challenge is - Business Insurers of the Carolinas, Inc- located in Chapel Hill, NC!



"The challenges of 2020 brought on by the recent pandemic has affected all our Policyholders from our Personal Lines Department, Pet Services Division and our Commercial Lines Department. Our agency has continued to remain open but working from remote locations. We have provided our Staff with the tools they need to provide the best customer service to our Policyholders, while also keeping them safe. We have remained committed to answering questions and explaining coverage as it relates to COVID-19, as well as:

1. Assisting our Policyholders in either adjusting sales or payroll exposures due to furloughed employees and loss of revenue.
2. Being an ally for our Policyholders by working with our insurance companies to set up payment arrangements for those who are struggling financially.
3. Continuing to find the best possible products to meet our Policyholders insurance needs at the best price.

The close of 2020 is fast approaching and we don't know what the year-end will bring, but Business Insurers of the Carolinas, Inc will remain optimistic, strong and focused. We will continue to meet the needs of our Policyholders through these uncharted and ever-changing times and look forward to a New Year!"

-Patty Miller, CIC, CISR

Commercial Lines Account Manager

We loved hearing how your agencies are stepping up in these challenging times. Please continue to share your stories and we will feature them in upcoming newsletters! To submit your customer service success stories simply email to support@ncrb.org (please make sure to note "Newsletter Submission" in the subject line of the email).