

January 2020

IN THE LOOP

OFFICIAL NORTH CAROLINA RATE BUREAU AGENT NEWSLETTER



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HAPPY NEW YEAR!

We hope you had a wonderful holiday season! The North Carolina Rate Bureau had a very successful 2019, and we are going into 2020 with fresh ideas and big plans. We are excited to share those with you as they unfold!

This newsletter highlights some of the projects we are working. Please 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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2019 Follow Up

PRIVATE FLOOD PROGRAM

As mentioned in our 4th quarter newsletter, the NCRB filed with the North Carolina Commissioner of Insurance a stand-alone Private Flood insurance program. This filing remains pending at this time, but the NCRB is busy making sure we are educating those in the insurance industry of the program.

We are currently working on a series of introductory videos that will provide better insight into the program to include coverages, forms and ratings.

For those of you that are attending the IIANC symposium in Raleigh on January 30th, the NCRB will be presenting on the Private Flood program. We welcome the chance to educate and provide clarity on the program and its benefits to the insurance industry in North Carolina.

FUN FACTS

- ❖ The Private Flood Program is a stand-alone policy. This program is not available as an endorsement to the current Homeowners policy.
- ❖ The Bureau has not established limits for Coverage A under the Private Flood Program.
- ❖ For each flood loss, a single deductible will apply. This deductible can either be a flat dollar amount or a percentage of the policy

ASSIGNED RISK TRAINING

The NCRB is busy creating a comprehensive Assigned Risk training course, as outlined in our 4th quarter newsletter. Additional communication in regards to signing up will go out once the class has been scheduled, stay tuned!

NCCI ERM-14 Form

Effective February 1, 2020, the National Council on Compensation Insurance (NCCI) will implement a revised Confidential Request for Ownership Information (ERM-14 Form). These revisions were intended to reduce length of the form and clarify wording to improve accuracy and completeness. NCCI has also implemented the online *Experience Rating Ownership Submission* tool to automate the submission process to allow completion online with

electronic signature. These revisions will be reflected in the language of Rule 3-A- Ownership Changes and Combination of Entities- Reporting Requirement in NCCI's *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)*.

*Note -The NCCI ERM-14 and online submission tool does not apply for North Carolina only risks. Please continue to use NCRB's ManageOwnership tool for NC only risks.

2020 Assigned Risk Carriers

SERVICING CARRIERS

- AmGuard Insurance Company
- LM Insurance Corporation
- Travelers Property & Casualty Companies of America

DIRECT ASSIGNMENT CARRIERS

- ACE American Insurance Company
- American Interstate Insurance Company
- American Zurich Insurance Company
- Auto Owners Insurance Company
- Builders Mutual Insurance Company
- Cincinnati Insurance Company
- Continental Casualty Company
- Hartford Underwriting Insurance Company

EXECUTIVE OFFICER PAYROLL

Executive Officer Payroll maximum and minimum will increase effective 4/1/2020:

- Maximum Payroll
Weekly: \$1,900/ Annually: \$98,800
- Minimum Payroll
Weekly: \$950/ Annually: \$49,400

PARTNERS, SOLE PROPRIETOR AND MEMBERS OF LLC'S PAYROLL

Annual Payroll used to determine premium will increase effective 4/1/2020:

- Annually: \$48,600

Other miscellaneous values effective 4/1/2020 can be found in Part 3 of the North Carolina Basic Manual for Workers Compensation and Liability.

EXPERIENCE RATING PREMIUM ELIGIBILITY

Applicable for ratings effective 4/1/2019 and subsequent:

- \$11,000 / \$5,500

2020 Rate Changes

The NCRB has made 29 rate, rule and form filings with the North Carolina Commissioner of Insurance since October 2018. Please see below the rate changes that were filed in 2019, that become effective in 2020.

Line of Business	Effective Date	Rate Change
Personal Lines		
Automobile	10/1/2019	▲ 1.6%
Homeowners	5/1/2020	▲ 4.0%
Dwelling	7/1/2020	▲ 4.0%
Mobile MH(C)	6/1/2020	▲ 4.3%
Mobile MH(F)	6/1/2020	▲ 6.6%
Workers Compensation		
Voluntary Loss Costs	4/1/2020	▼ 10.3%
Assigned Risk Market	4/1/2020	▼ 7.6%

Endorsement Change

Effective 4/1/2020, the NCRB will implement a revised Cancellation and Non-Renewal Endorsement (WC 32 06 01A). The Endorsement will be mandatory for Assigned Risk policies upon request from the insured. The Endorsement will continue to be used in conjunction with required North Carolina Amended Coverage (WC 32 03 01 D).

Coming Soon!

WEBSITE ENHANCEMENTS



The NCRB is currently working on website enhancements to ease the use of doing business with us. These website enhancements include a new chat feature with our Info Center, a better way to subscribe and unsubscribe to circulars and a comprehensive learning center. We are excited about the changes, stay tuned for more details!

WORKERS COMPENSATION ELIGIBILITY TOOL



The NCRB is in the process of creating an eligibility tool. This will provide real time access for you to see if your insured is eligible for the Assigned Risk market. Be on the lookout for more information!

Top 5

Frequently Asked Questions

The NCRB has an Info Center that is available during business hours to answer any of your questions. Listed below are the Top 5 most frequently asked questions and answers!

1. What is “set” payroll?

“Set” payroll is the amount of payroll used to determine premium for Partners and Sole Proprietors. The “set” payroll can change annually. This information can be found on our website, under Workers Compensation, then Assigned Risk Market. Each year, our website provides a PDF titled Assigned Risk Miscellaneous values.

2. Is the insured eligible?

Currently, verifying whether an insured is eligible for coverage requires a call into our Info Center. The NCRB is working to create a tool that will provide eligibility status online, within the ManageAR application.

3. Can you provide a Class Code?

NCRB can assist in Class Code determination if a detailed description of the overall nature of the business is provided. A ticket will be generated to a Class Code Analyst who will follow-up. You can also use the Cass Code Lookup tool on our website.

4. What transaction type should I choose for the ERM-14?

NCRB cannot provide the transaction type to use. Agents must use the information provided to determine, or ask the insured for more detailed information.

5. Where do I enter payment for an Assigned Risk application?

Payments can only be made in the ManageAR system via E-payment functionality. Once the application has been reviewed and accepted, you will receive an email that will prompt you to submit the payment in ManageAR.

2020 Classification Code Changes

Classification Code Additions, Revisions, and Eliminations effective **4/1/2020**:

The industries impacted by Class Code changes effective 4/1/2020 are:

- ❖ Retirement Living Centers and Nursing Homes
- ❖ Aircraft Maintenance and Repair

RETIREMENT LIVING CENTERS AND NURSING HOMES

Healthcare workers will be assigned to National Code 8824 for all types of adult care facilities. This would include Retirement Living Centers, Adult Care Home, and Nursing and Convalescent care facilities. All other non-health care workers providing services in these types of operations will be assigned to National Code 8826. At the end of a Two-Phase Transition Program, National Code 8825 and NC state-specific codes 8848 and 8849 will be eliminated.

Two-Phase Transition Program:

- In Phase I (the 4/1/2019 experience filing)
 - The loss cost for Code 8825 and 8826 will begin to be combined using a 2-year transition period.
- In Phase II (the 4/1/2020 experience filing)
 - The loss cost for 8825 and 8826 will be fully combined and 8825 would be discontinued.
 - Codes 8848 and 8849 will be discontinued and payroll weighted with Code 8824 to determine the loss cost for 8824.
 - Codes 8824 and 8826 will be redefined.

AIRCRAFT MAINTENANCE AND REPAIR

- Phraseology added to address operations performed by manufacturers, fixed-base operators, or contractors at an airport or off-site facility to Code 3826- Aircraft Mfg. and Code 3830- Airplane Mfg.
- Phraseology eliminated from Code 3826- Engine Mfg.- Aircraft to remove redundancy with Code 3826- Aircraft Engine Mfg.
- Phraseology revised for Code 5037- Painting- Metal Structures- Over Two Stories in Height & Drivers to indicate painting of aircraft of all sizes and types is not assigned to Code 5474.
- Phraseology *Painting Aircraft & Shop Operations, Drivers* established as new phraseology for Code 5474.
- Phraseology *Aviation- Ramp Operations & Drivers* established as new phraseology to Code 7403 for work performed on the aircraft at the ramp or on the flight line.
- Phraseology *Aircraft Avionics and Instrumentation Installation, Service, or Repair- Shop and Outside & Drivers* established as new phraseology for code 9516 for the performance of these services on all types of fixed- and rotary-wing aircraft.

ELIMINATION OF NATIONAL CODES

No Transition Program	
National Classifications to Be Eliminated	Proposed National Classification
4360- Motion Pictures- Development of Negatives, Printing, and All Subsequent Operations 4360- Duplication and Replication Service of Prerecorded Audio, Video or Data	7610- Motion Pictures- Production- In Studios or Outside- All Operations & Clerical, Drivers 7610- Duplication and Replication Service of Prerecorded Audio, Video or Data
4670- Cottonseed Oil Mfg. -- Mechanical & Drivers 4670- Cottonseed Oil Mfg. -- Solvent & Drivers	4683- Cottonseed Oil Mfg. -- Mechanical 4683- Cottonseed Oil Mfg. -- Solvent ----- 7380- Drivers, Chauffeurs, Messengers, and Their Helpers NOC- Commercial
5508- Street or Road Construction- Rock Excavation & Drivers	5507- Street and Road Construction- Rock Excavation & Drivers

ELIMINATION OF NATIONAL CODES- USING TWO-PHASE TRANSITION PROGRAM*

National Classifications to Be Eliminated	Proposed National Classification
2288- Wool Spinning and Weaving 2286- Yarn Mfg. - Wool	2220- Wool Spinning and Weaving 2220- Yarn Mfg. - Wool
2670- Glove Mfg. - Wool	2688- Glove Mfg. - Leather or Textile

*Two-Phase Transition Program – North Carolina

Phase 1 of the transition program for class codes 2286 and 2670 begins with the state’s approved loss cost/rate filing effective April 1, 2020.

Risks using class codes 2286 or 2670 will have their operations classified to either the code being discontinued or the acquiring code as appropriate until the second phase of the transition program.

For Phase 1 of the two-phase transition program, the payroll-weighted loss cost/rate of the code being discontinued and the acquiring code will be calculated using the latest available year’s payroll and the standard calculated loss cost/rate of the two individual codes.

Phase 2 of this two-phase transition program will begin April 1, 2021. Class codes 2286 and 2670 will be discontinued. All operations previously assigned to these codes will be assigned to the acquiring code.

The loss cost/rate for the acquiring code will be the payroll-weighted loss cost/rate of the code being discontinued and the acquiring code, using the latest available year’s payroll, and the standard calculated loss cost/rate of the two individual codes.

NATIONAL CLASSIFICATIONS TO BE REFORMATTED

CLASS CODE	PHRASEOLOGY	FN ID	HAZARD GROUP	INDUSTRY GROUP	NOTES
7610	MOTION PICTURE- PRODUCTION- IN STUDIOS OR OUTSIDE- ALL OPERATIONS UP TO THE DEVELOPMENT OF NEGATIVES & CLERICAL, DRIVERS.		D	3	Digital medial processing and editing, as well as marketing through film exchanges, are included in Code 7610, whether performed by a contractor or the production company.
7610	DUPLICATION AND REPLICATION SERVICE OF PRERECORDED AUDIO, VIDEO OR DATA		D	3	
4686	OIL MFG. - VEGETABLE- SOLVENT EXTRACTION PROCESS		E	1	Mfg. of cottonseed oil to be separately rate to 4670 4683.
4683	COTTONSEED OIL MFG. - MECHANICAL		C	1	Applies during both active and dormant seasons. Includes installation or repair of equipment, yard workers, and weighers.
4683	COTTONSEED OIL MFG. - SOLVENT		C	1	Applies during both active and dormant seasons. Includes installation or repair of equipment, yard workers, and weighers.
4683	COTTONSEED OIL REFINING		C	1	Cottonseed oil mfg. to be separately rated as code 4670.
5507	STREET OR ROAD CONSTRUCTION- ROCK EXCAVATION & DRIVERS		F	2	Includes incidental quarrying or stone crushing. No tunneling.
5507	STREET OR ROAD CONSTRUCTION- SUBSURFACE WORK & DRIVERS		F	2	Applies to cleaning of right-of-way, earth excavation, filling, or grading. Separately rate; rock excavation, tunneling, and bridge or culvert building where clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet; quarrying, and stone crushing.

NCRB CLASSIFICATIONS TO BE REFORMATTED

Class Code	Phraseology	FN ID	Hazard Group	Industry Group	Notes
4686	OIL MFG- VEGETABLE - SOLVENT EXTRACTION PROCESS		E	1	Mfg. of cottonseed oil to be separately rated as code 4683.