



NORTH CAROLINA
Rate Bureau



2024

A N N U A L
R E P O R T

General Manager's Report

As I reflect on this year, I want to thank you for your continued trust in and support of our organization. The NC Rate Bureau is committed to providing value to our members, partners, and associates, and this year we fulfilled this commitment through many achievements and rising to many challenges.

We submitted and/or settled rate filings in all property lines in addition to preparing a filing that modernizes our homeowners forms through a new rating factor that will incorporate certain inflationary impacts into premiums and a roof value schedule to better match premium with coverage. We are collaborating with the Department of Insurance on these initiatives to gain their confidence and approval of these changes.

We served as a valuable resource for regulators, legislators, and other stakeholders on various legislative matters, including input into technical corrections for SL 2023-133 and successful advocacy for more time to implement these new statutes. We also spoke at NC Realtors Association meetings, sharing our insights into driving factors of the rate need in our state, and engaged a media consultant to enhance our communication and outreach efforts to help ensure that our activities are reported accurately and fairly.

Technology initiatives this year included updates to the Insurance Data Collection (IDC) system for improved ease of use by members and to support collection of more comprehensive data for our rate filings. We also kicked off our Spectrum replacement project, which will modernize our core system for workers compensation operations. In addition, we moved our servers offsite to a secure and reliable data center, and we implemented a new accounting system which streamlined our financial processes and reporting to position us for the future. These changes will allow

us to optimize our resources, increase our efficiency, and improve data quality and security.

Another major accomplishment this year was the successful relocation of our office to a new space that is more contemporary and conducive to collaboration, positioning us for strong recruiting as well as ongoing occupancy cost savings. We continue with a hybrid work environment that allows our associates to work both remotely and in the office. This flexibility has enabled us to retain and attract talented and committed professionals.

As we look to 2025 and beyond, we are excited about the opportunities that lie ahead. We are always looking for ways to improve our value proposition to our members as we strive to achieve rate adequacy and develop initiatives to enhance their user experience. We will maintain our relationships with the insurance industry to collaborate on matters of mutual interest and concern and to serve as a resource for its stakeholders. We also remain invested in our associates to provide them with the tools, resources, and support they need to succeed, grow, and thrive.

In conclusion, I want to express my gratitude and appreciation to our Governing Committee, line committees, Bureau members, counsel, and our associates for their contributions and support in 2024. Together, we have made the NC Rate Bureau a trusted partner in the insurance market, and I look forward to seeing what we can achieve in the future.

Sincerely,

Joanna Biliouris, General Manager

Core Values



Commitment



Integrity



Talents



Consistency



Ownership



Respect

NCRB Membership



717
Auto Members



703
Property Members



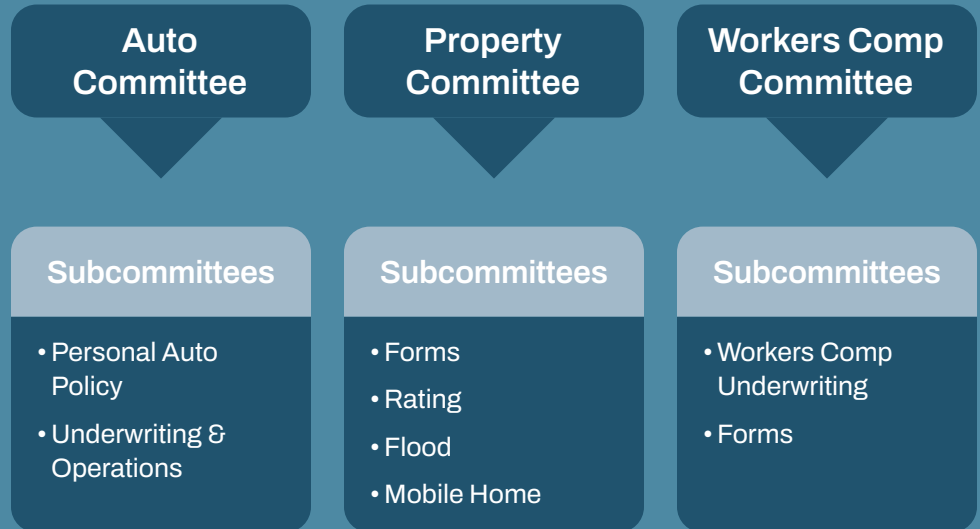
587
Workers Comp
Members

2024 Governing Committee Members

Accident Fund Insurance Co
Allstate Insurance Co
Builders Mutual Insurance Co
Hartford Fire Insurance Co
Liberty Mutual Insurance Co
Nationwide Mutual Insurance Co
NC Farm Bureau Mutual Insurance Co
Progressive Casualty Insurance Co
State Farm Mutual Auto Insurance Co
The Members Insurance Co
The Travelers Indemnity Co
United Services Automobile Assn



Governing Committee



Governing Committee Chair's Report

This past year has been one of exceptional challenges in the North Carolina property and casualty insurance industry. We often hear the term “return to normalcy” following the pandemic; however, I believe the term “new normal” is more appropriate for our current environment. Changes in climate, driving behaviors, vehicle technology, and inflation continue to challenge an already insufficient rate level for auto and personal property lines of business. However, the North Carolina Rate Bureau staff, consultants, and member companies continue to work hard to deliver stable, appropriate, and competitive property and casualty products and pricing to North Carolina citizens.

This past year, the Rate Bureau made rate filings for homeowners, mobile home (two filings), and workers compensation, and rate changes were completed for dwelling and workers compensation. A significant challenge for late 2023 and throughout 2024 has been to assist with technical changes required for automobile coverage and pricing that were needed from SB452 that passed in the legislature in 2023, and several legislative filings have been made as a result of the law changes.

Planning and execution of a move to new headquarters for the NCRB, NCRF, and NCIGA have occurred over the past year as the lease expires on the office in North Raleigh. At the time of this reading, we will occupy a new office space that's more centrally located and has been designed specifically for the three organizations in a post-pandemic flexible work environment.

It has been an honor and privilege to represent Allstate as this past year's chair. The staff, counsel, consultants, and member companies are consummate professionals in a complex and critical industry. While North Carolina is a unique property and casualty insurance state, the North Carolina Rate Bureau operates effectively to meet the needs of citizens and member carriers with professionalism, consistency, and integrity.

Rick Pierce, CPCU, AAI
Allstate Insurance Company
Governing Committee Chair 2023-2024

Private Passenger Auto

Private Passenger Auto Written Premium: 11% growth



The Bureau is obligated by statute to make a Private Passenger Auto filing each year by February 1.

2023 Indicated and Filed Rate Request of +28.4%

The filing was subsequently settled for an overall increase of 4.5% effective 12/1/2023 and 4.5% effective 12/1/2024.

Session Law 2023-133 and Session Law 2024-29:

- Financial Responsibility from 30/60/25 to 50/100/50
- Revised UM/UIM coverage
- Adding of Inexperienced Operator surcharges for years 4-8 (with an accident-free/conviction free discount after year 3).
- SDIP Experience period for some major violations (4 points or more) expanded from 3 years to 5 years.
- Effective July 1, 2025 (SL 2024-29)

Property

Homeowners

The Rate Bureau filed for a rate increase of 42.2% with the Commissioner of Insurance on January 3, 2024. The Bureau has responded to extensive document and data requests from the DOI. The Commissioner scheduled a rate hearing in October 2024. The Bureau is preparing for hearing as we do not anticipate a settlement before then.

Bureau staff is preparing to file ISO's HO 2022 program for potential benefits to the North Carolina market, including a roof replacement schedule and other modernized coverages.

Homeowners Written Premium: 15% growth



*excludes NCJUA-NCIUA premiums

Dwelling:

2023 Filing

- Filed indicated rate need of +50.6% effective 6/1/2024
- Settlement agreement reached for +8% effective 11/1/2024
- 2023 premium up 18% from 2022 to \$134* million

*excludes NCJUA-NCIUA premiums

Mobile Homeowners:

2024 Filing–April 2024

- Filed indicated rate need on MH(C) to be implemented over a three-year period, with +15.9% effective 11/1/2024 and +13.9% effective 11/1/25 and +13.5% effective 11/1/26.
- Filed indicated rate need on MH(F) to be implemented over a three-year period, with +24.9% effective 11/1/2024 and +21.2% effective 11/1/2025 and +20.9% effective 11/1/26.
- Hearing scheduled for April 2025
- 2023 premium up 15% from 2022 to \$160.6 million

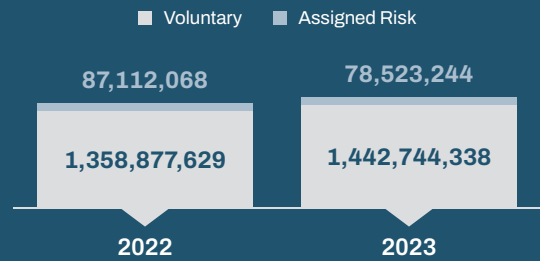
Workers Compensation

The Bureau is obligated by statute to make a Workers Compensation Voluntary Market Loss Cost and Assigned Risk Rate filing each year by September 1.

2024 Indicated and Filed Voluntary Loss Cost of -5.2% and Assigned Risk Rate Request of -4.7%.

These filings are proposed to be **effective 4/1/2025**.

WC Written Premium: 5.0% Growth



Assigned Risk:

- Assigned 89% of 10,791 applications from 7/1/2023 to 6/30/2024
- 23,479 policies with an average policy premium of \$2,753
- 8 Direct Assignment Carriers and 3 Servicing Carriers

Data Services:

- Over 973,000 policy transactions and 300,000 USR transactions processed from 7/1/2023 to 6/30/2024
- Over 29,000 experience modifications generated for North Carolina employers

Legislative/Legal

SB 319

- “Hebert fix” to UIM stacking law
- Technical corrections S.L. 2023-133
- Effective date change from 1/1/25 to 7/1/25 for S.L. 2023-133

G.S. 20-4.02—Quadrennial Fee Adjustment

- Increased DMV MVR fee

SB 124

- Residential Roof Replacement contracts reform

Relevant Legal Cases*:

- Ha v. Nationwide—cancellation procedures for homeowners policies
- Piedmont Roofing—dozens of cases filed in Mecklenburg County seeking to attack the assignment of benefits clause in the property line policy forms
- NC Farm Bureau v. Hebert—Supreme court ruling that reversed decades of precedent on UIM stacking; effective period shortened by legislative “Hebert fix”

**Contact NCRB Counsel for further details*

Other Highlights

- The Bureau is currently working on a project to establish consistent workers compensation class code data throughout all our software applications
- Continued commitment to ongoing training and cross-training across departments for business continuity and broader understanding
- SMART goals implemented with detailed metrics to identify areas of success or additional improvement needs
- Over 13,000 Customer Service Inquiries fielded by NCRB associates
- Customer Satisfaction score of 4.74 out of 5.00

Tech Projects

- **Insurance Data Collection (IDC)**—User-friendly enhancements and more comprehensive data collection for rate filings
- **Notice of Assignment (NOA) XML**—Modernization of the format for workers compensation assigned risk application data submitted to carriers
- **Personal Lines Portal**—Adding availability of historical forms and manuals for carrier use
- **Personal Lines HO- 2022**—Modernization of Homeowner program
- **Spectrum Replacement**—The Bureau is currently working on a re-write of our workers compensation data collection and storage system

Information Technology

36% inbound emails rejected

11% inbound emails rejected due to spam

95% of phishing tests passed by associates

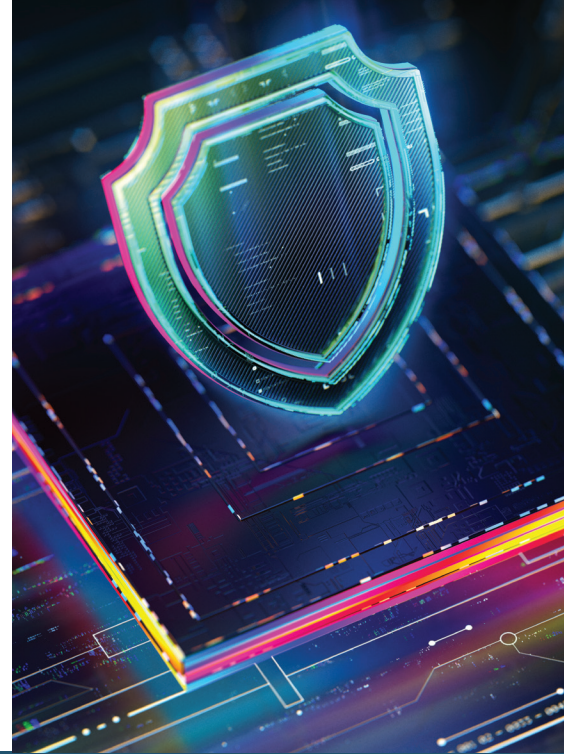
87% security assessments passed by associates

7656 incidents handled

23 vendor security assessments completed (from 7/23–6/24)

35 custom web applications supporting **28k+** users

23 software development projects approved



Human Resources

21 new hires over the last **12** months

46% of associates with over **10** years of service

7th consecutive year for college internship program

80% participation in wellness programs

Finance

Total Income through June 30

92% Assessments **4%** Membership fees **4%** Fines and Charges

1% increase in 2024 budget over 2023 budget

\$1.2M approved 2024 Budget Amendment to fund rate hearing activities

Expenses through June 30

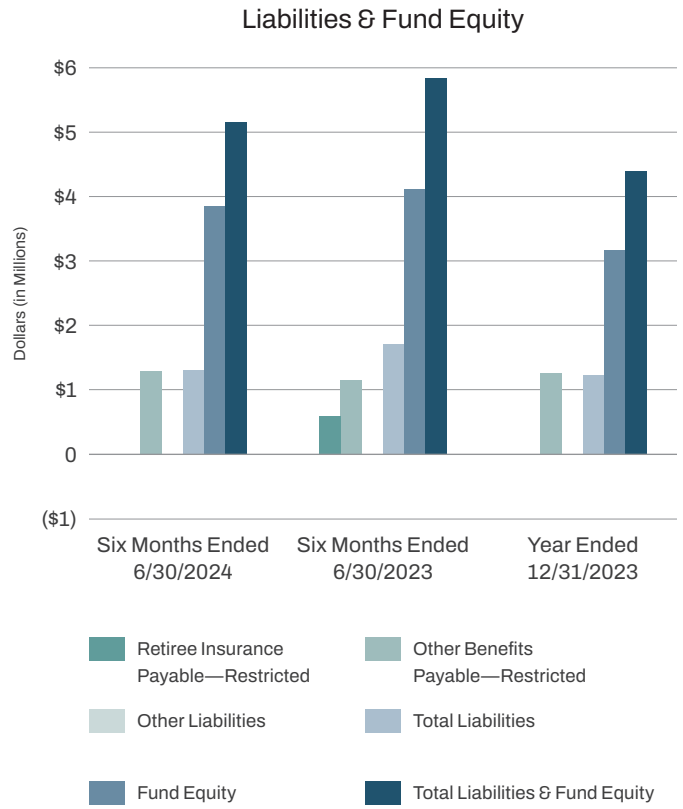
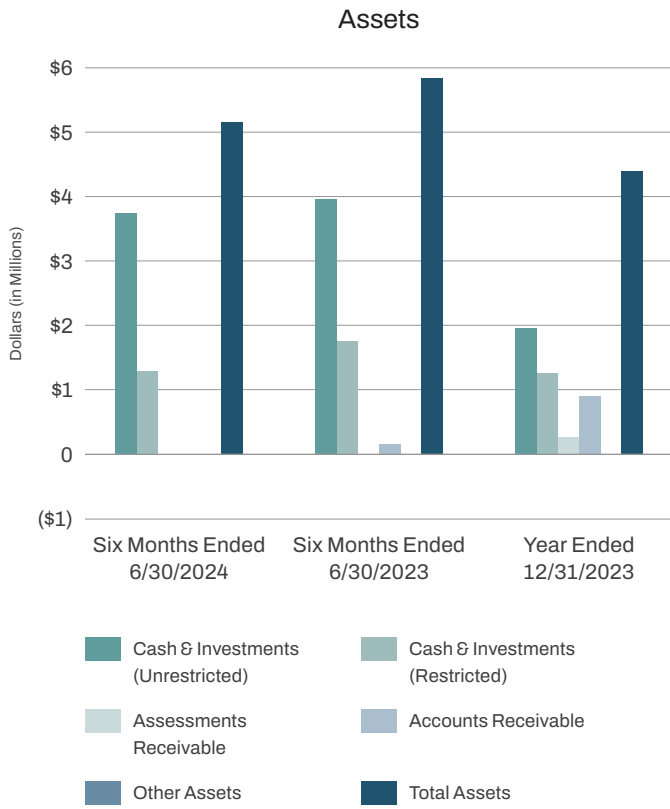
5% Under budget **10%** higher in 2024 than 2023

12% increase in self-insured medical group insurance plan account liabilities

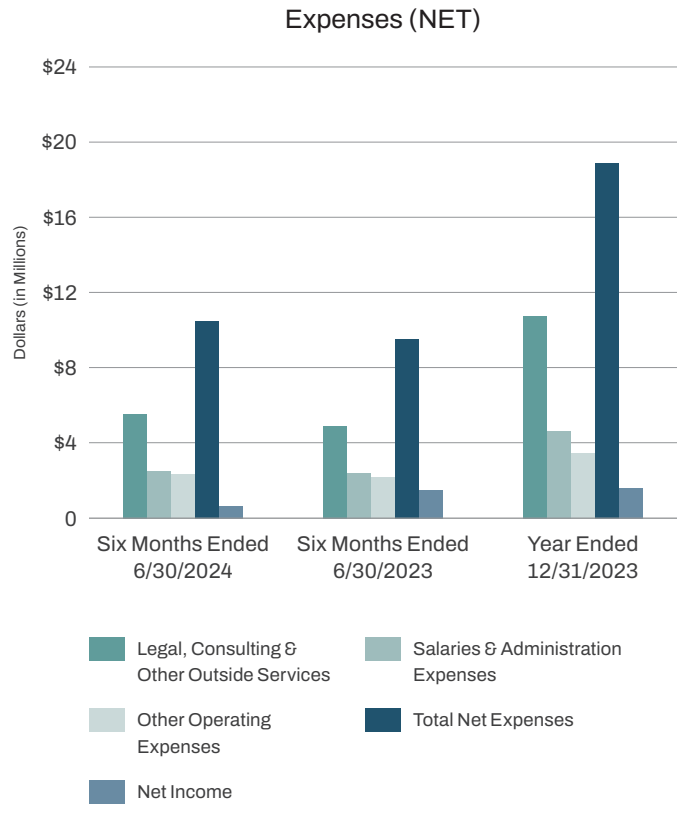
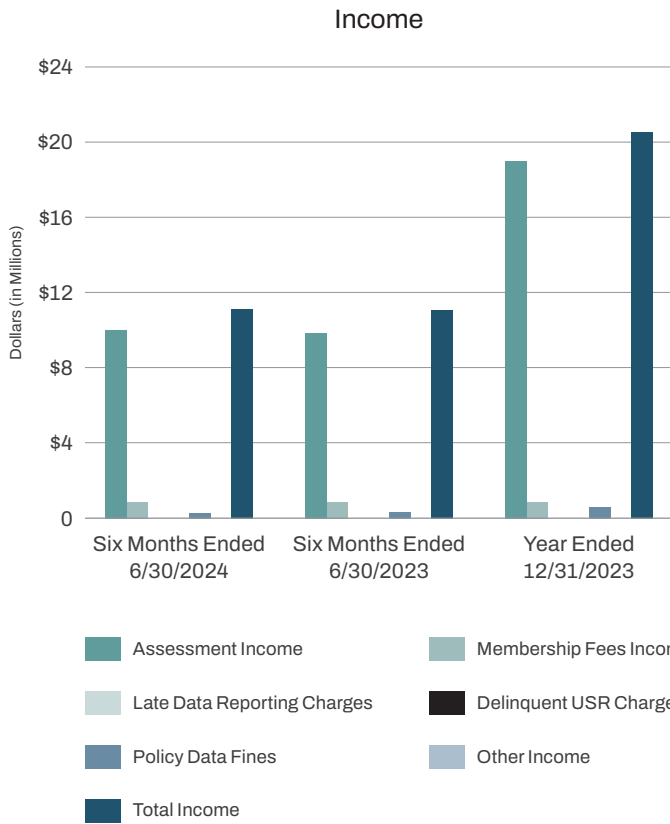
New Accounting System implemented



Balance Sheet



Income Statement



Data for all categories was collected, but values under \$100,000 are not displayed in the charts above.



NORTH CAROLINA
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