

July 5, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Reference Updates in NCCI Retrospective Rating Plan Manual

The North Carolina Rate Bureau has filed, and the North Carolina Commissioner of Insurance has approved updated references in the NCCI Retrospective Rating Plan Manual. The approved changes will be applicable to all new and renewal, voluntary and assigned risk policies becoming effective on or after January 1, 2017.

The approved revisions are outlined below:

- Update rule references in Preface of the NCCI Retrospective Rating Plan Manual to substitute references to NCCI manuals with references to North Carolina state specific manuals.
- Eliminate NC state special rules 1.B.1.c and 4.B from the NCCI Retrospective Rating Plan Manual.

A Bureau filing memorandum and exhibits showing the changes to the NCCI Retrospective Rating Plan Manual are attached.

If you have any questions, contact the NCRB Information Center at 919-582-1056 or via email at winfo@ncrb.org

Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:dms

Attachment

C-16-12

FILING MEMORANDUM

RE: Reference Updates in the NCCI Retrospective Rating Plan Manual

REVISIONS TO NCCI RETROSPECTIVE RATING PLAN MANUAL

PURPOSE

To update rule references in the NCCI Retrospective Rating Plan Manual to provide clarity on the appropriate manuals to be used for North Carolina (NC) and to eliminate NC state special rules 1.B.1.c and 4.B from the manual.

BACKGROUND

North Carolina has a state specific Basic Manual for Workers Compensation and Employers Liability and a state specific Statistical Plan Manual. To ensure that carriers are using the proper manuals and rules for North Carolina, references to NCCI in the NCCI Retrospective Rating Plan Manual can be substituted with references to the North Carolina state specific manuals. Providing references to the North Carolina state specific manual will allow the NC state special rules 1.B.1.c and 4.B to be eliminated from the NCCI Retrospective Plan Manual.

PROPOSAL

- Update rule references in Preface of the NCCI Retrospective Rating Plan Manual to substitute references to NCCI manuals with references to North Carolina state specific manuals.
- Eliminate NC state special rules 1.B.1.c and 4.B from the NCCI Retrospective Rating Plan Manual.

IMPACT

There will be no premium impact as a result of these changes.

IMPLEMENTATION

These changes are to become effective January 1, 2017.

EXHIBIT 1
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION
NORTH CAROLINA RULE EXCEPTIONS
PREFACE

C. INTRODUCTION

Add the following to Preface—C:

In North Carolina, substitute references to NCCI's:

- *Basic Manual* with *North Carolina Basic Manual*
- *Statistical Plan* with *North Carolina Statistical Plan Manual*

North Carolina manuals are located at www.ncrb.org.

EXHIBIT 2
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION
NORTH CAROLINA RULE EXCEPTIONS
RULE 1—GENERAL EXPLANATION
B. DEFINITIONS
1. General Definitions

c. ~~Incurring Losses~~

~~Change Rule 1 B 1 e as follows:~~

~~Incurring losses for workers compensation and employers liability insurance are defined in the *North Carolina Statistical Plan Manual*. Incurring losses include paid and outstanding losses.~~

~~If the ALAE option is elected, then incurring losses will include ALAE.~~

~~Refer to Rule 1 B 1 a of this manual for the definition of Allocated Loss Adjustment Expense (ALAE) when including ALAE as part of incurring losses.~~

~~**Note:** The rating formula for incurring losses will not include a loss:~~

- ~~• Resulting from the nonratable element codes~~
- ~~• For the disease-related portion of losses covered under the Federal Mine Safety and Health Act~~
- ~~• Resulting from the application of catastrophe provisions as outlined in NCCI's *Basic Manual* and the *North Carolina Statistical Plan Manual*~~
- ~~• Reported as fully fraudulent according to the *North Carolina Statistical Plan Manual*~~
- ~~• Reported as noncompensable according to the *North Carolina Statistical Plan Manual*~~

EXHIBIT 3
RETROSPECTIVE RATING PLAN MANUAL—2009 EDITION
NORTH CAROLINA RULE EXCEPTIONS
RULE 4—ADMINISTRATION OF THE PLAN

B. REPORTS OF PREMIUMS AND LOSSES UNDER THE PLAN

~~Change Rule 4 B as follows:-~~

~~The standard premium and losses incurred under a retrospective rating plan policy must be reported in accordance with the *North Carolina Statistical Plan Manual* and NCCI's *Financial Call Reporting Guidebook*.~~

~~For Financial Call reporting instructions on any additional or return premium under the retrospective rating program, refer to NCCI's *Financial Call Reporting Guidebook*.~~