



July 17, 2024

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

**2024 NORTH CAROLINA STATE OF THE MARKET
WORKERS COMPENSATION IN NORTH CAROLINA INDUSTRY REPORT**

The North Carolina Rate Bureau is pleased to make available the 2024 Report – Workers Compensation Insurance in North Carolina. This report provides an overview of matters related to workers compensation in which the North Carolina Rate Bureau has oversight. Along with legislative updates and industry changes, this report includes an overview of items such as premium volumes, changes in loss costs and assigned risk rates, claims statistics such as claim counts, severity trends and common causes of injuries.

If you have any questions, please contact Regulatory Manager Jodi Webb at (919) 719-3028 or via email at jlw@ncrb.org.

Sincerely,

Jarred Chappell
Chief Operating Officer

JC:ko
C-24-6
Attachment



2024

NORTH CAROLINA STATE OF THE MARKET

WORKERS COMPENSATION IN NORTH CAROLINA
INDUSTRY REPORT

This report of Workers Compensation Insurance in North Carolina provides an overview of Workers Compensation matters impacting the Bureau or where the Bureau has oversight. The Bureau files assigned risk rates, voluntary loss costs, rules and forms on behalf of all member companies writing workers compensation insurance in North Carolina. The Bureau does not have regulatory authority over the approval of the filed rates, loss cost, rules and forms. However, there are many industry related activities and considerable data that the Bureau and its member companies must consider when making decisions related to their roles and responsibilities.

The report that follows provides an overview of workers compensation insurance matters that are under the jurisdiction of the Bureau or that have an impact on its operations. It has been and will continue to be interesting to monitor how the various aspects our changing economic environment will affect the workers compensation industry. Thank you for trusting in the Bureau as we remain prepared and equipped adapt to the North Carolina workers compensation industry developments.

ABOUT NCRB

North Carolina Rate Bureau (NCRB) is a non-profit, unincorporated rating bureau created by the General Assembly of North Carolina under the provisions of Article 36 of Chapter 58 of the General Statutes of North Carolina on September 1st, 1977.

NCRB provides services and programs for the insurance industry in North Carolina for private passenger automobile, residential property, flood and workers compensation.

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- I. Loss Cost and Assigned Risk Rates**
- II. North Carolina WC Policy Data**
- III. North Carolina Claims Data**
- IV. Legal and Regulatory Changes**

Report Limitations

This report does not encompass a complete study of all issues affecting workers compensation in North Carolina. It has been prepared using the best available information on workers compensation insurance. The data used in this report has been provided to the Bureau by carriers writing workers compensation insurance in North Carolina or data that has been reported to or collected by various industry groups. This report has been independently prepared by the Bureau.

Projected Operating Gain / (Loss)

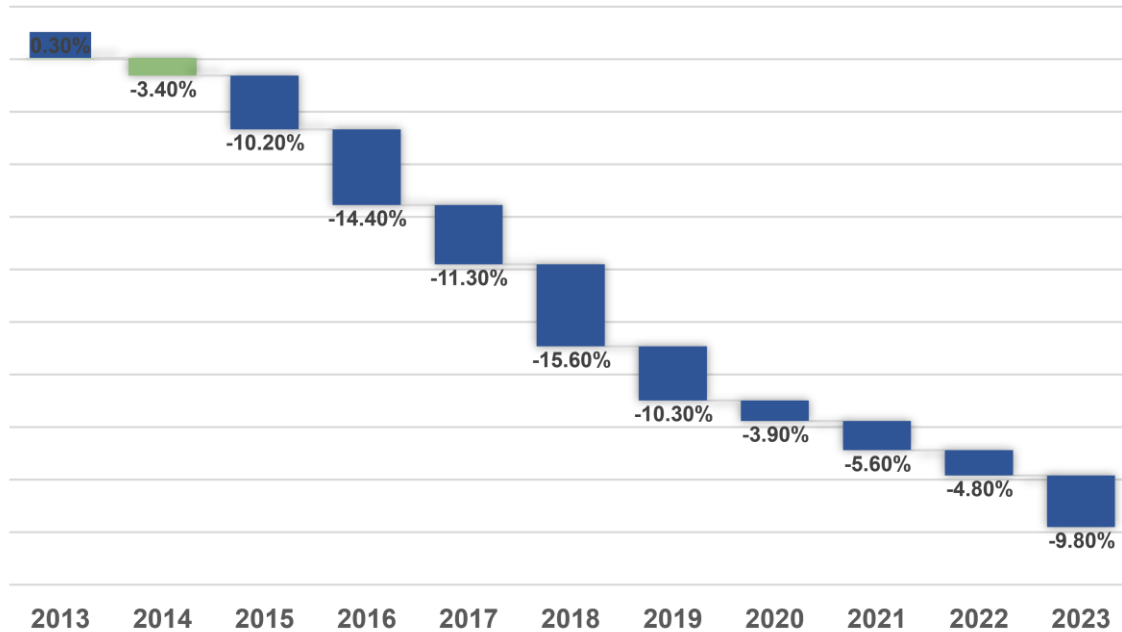
Workers Compensation – Residual Market Servicing Carriers Only

	Policy Year 2023		Policy Year 2022		Policy Years 2023 & 2022	
	Dollars	Factor	Dollars	Factor	Dollars	Factor
Est. Ultimate Pool Written Premium	42,965		42,749		85,714	
Estimated Ultimate Losses	24,017	0.559	41,210	0.964	65,227	0.761
Servicing Carrier Allowance	8,761	0.204	9,559	0.224	18,320	0.214
Other Expenses	3,222	0.075	3,420	0.080	6,642	0.078
Total Expenses	36,000	0.990	54,189	1.268	90,189	1.052
Estimated Operating Gain/(Loss)	6,965		(11,440)		(4,475)	
Residual Market						
Calendar Year Assessment Base	919,012		905,104		1,824,116	
Estimated Operating Gain/Loss to Cal Year Assessment Base	0.8%		-1.3%		-0.2%	

WC Rate Filings

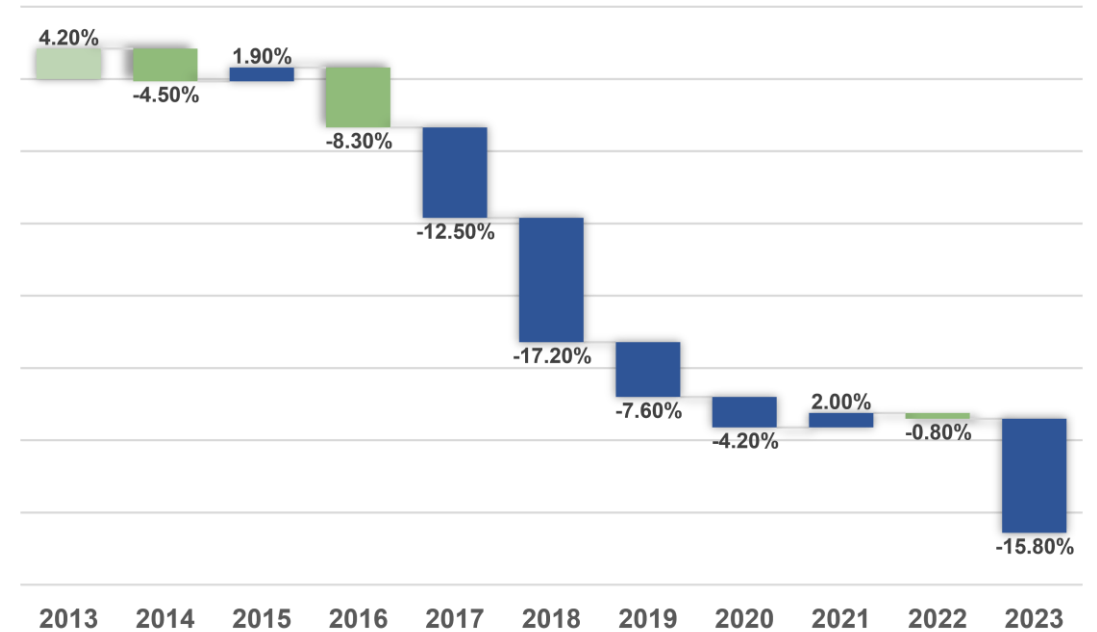
Voluntary Loss Cost Factors

Voluntary Loss Cost Changes

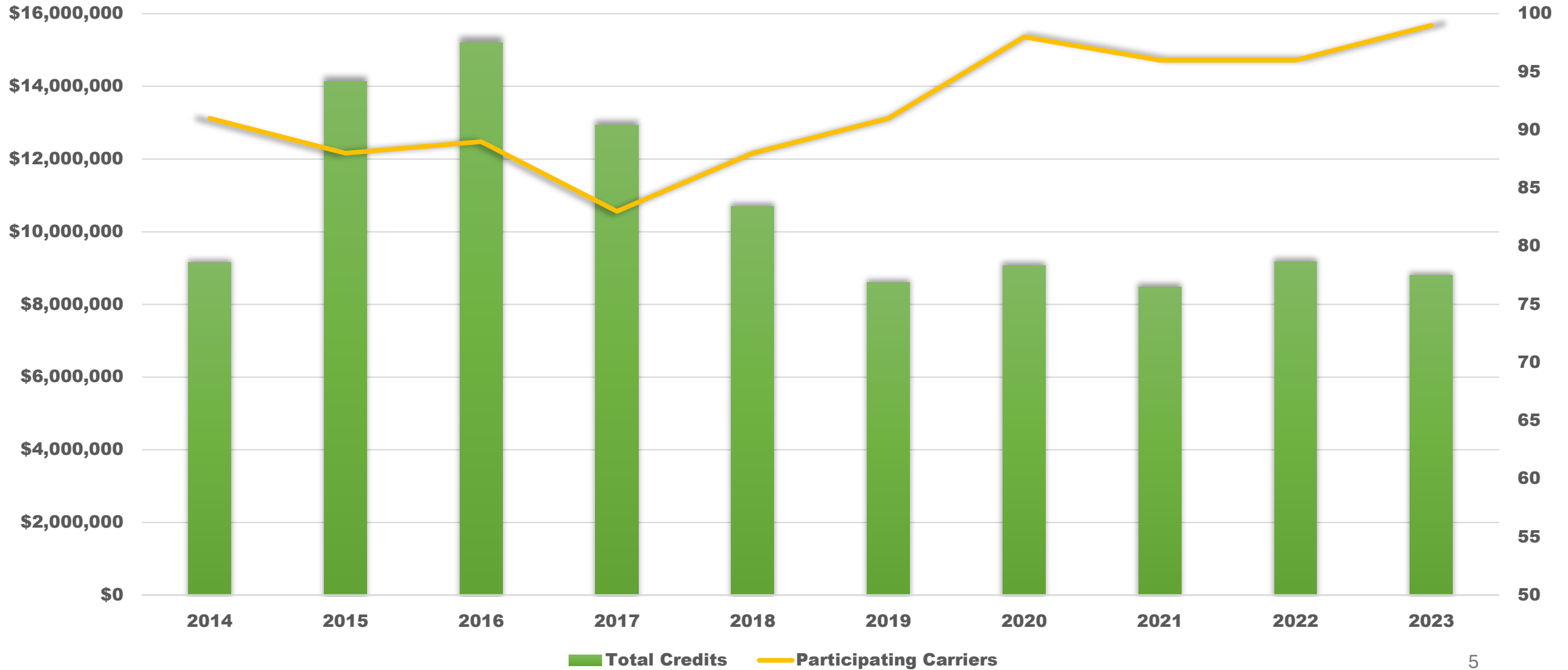


Residual Market (Assigned Risk) Rates

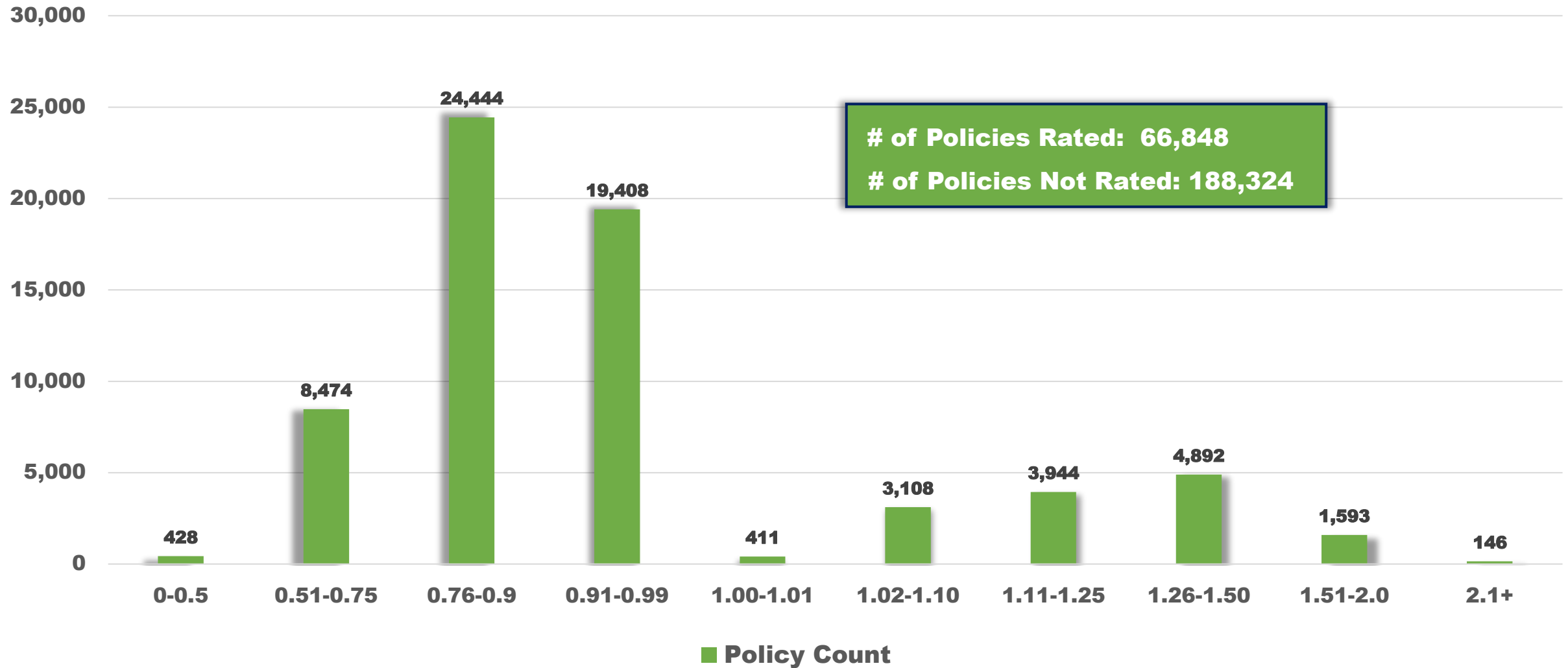
Assigned Risk Rate Changes



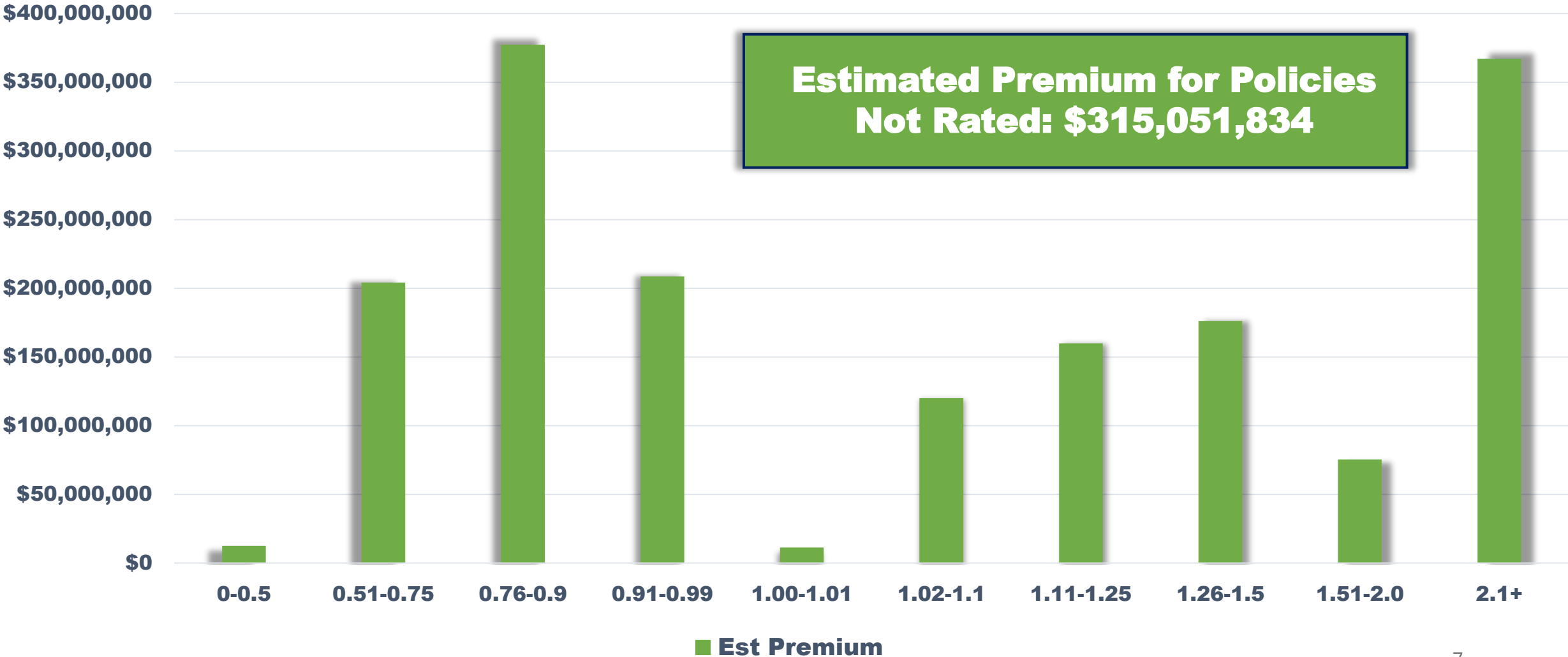
Take Out Credit Program History



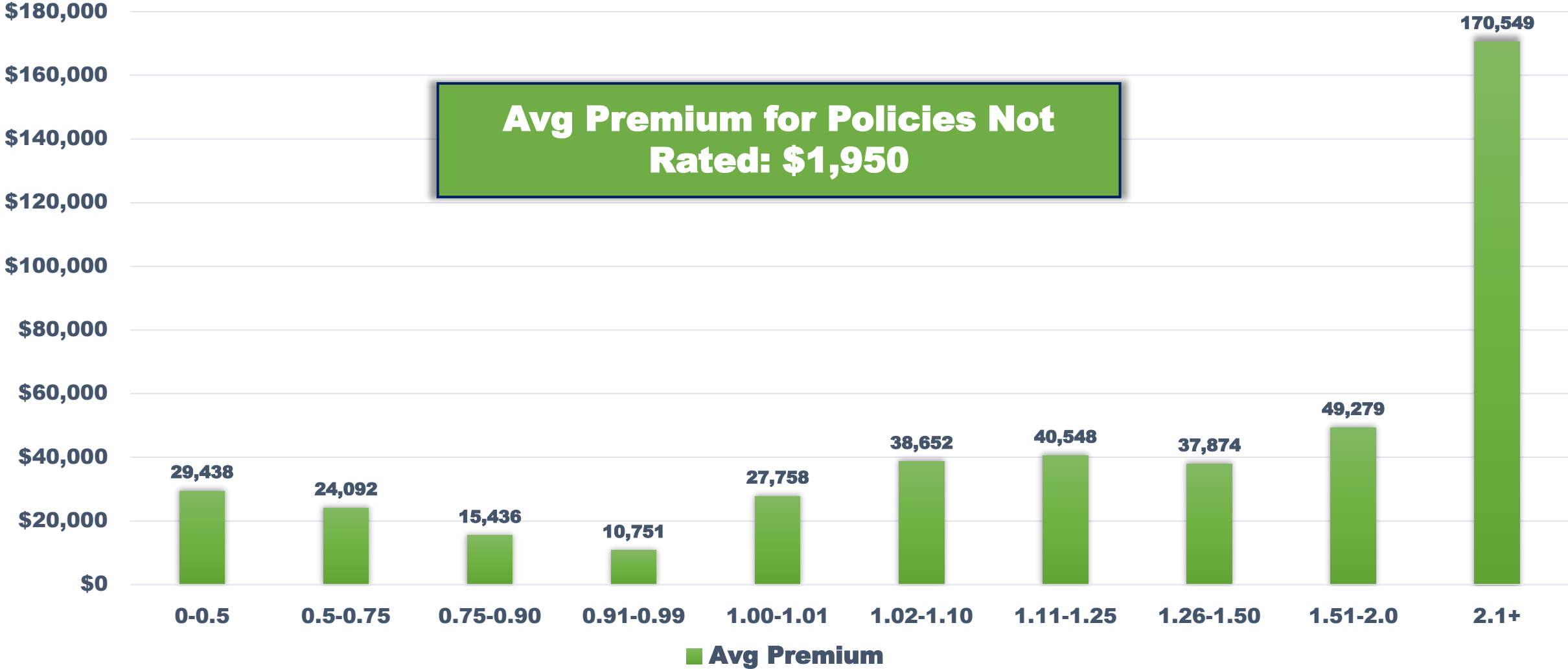
2023 Policy Count By Experience Mod



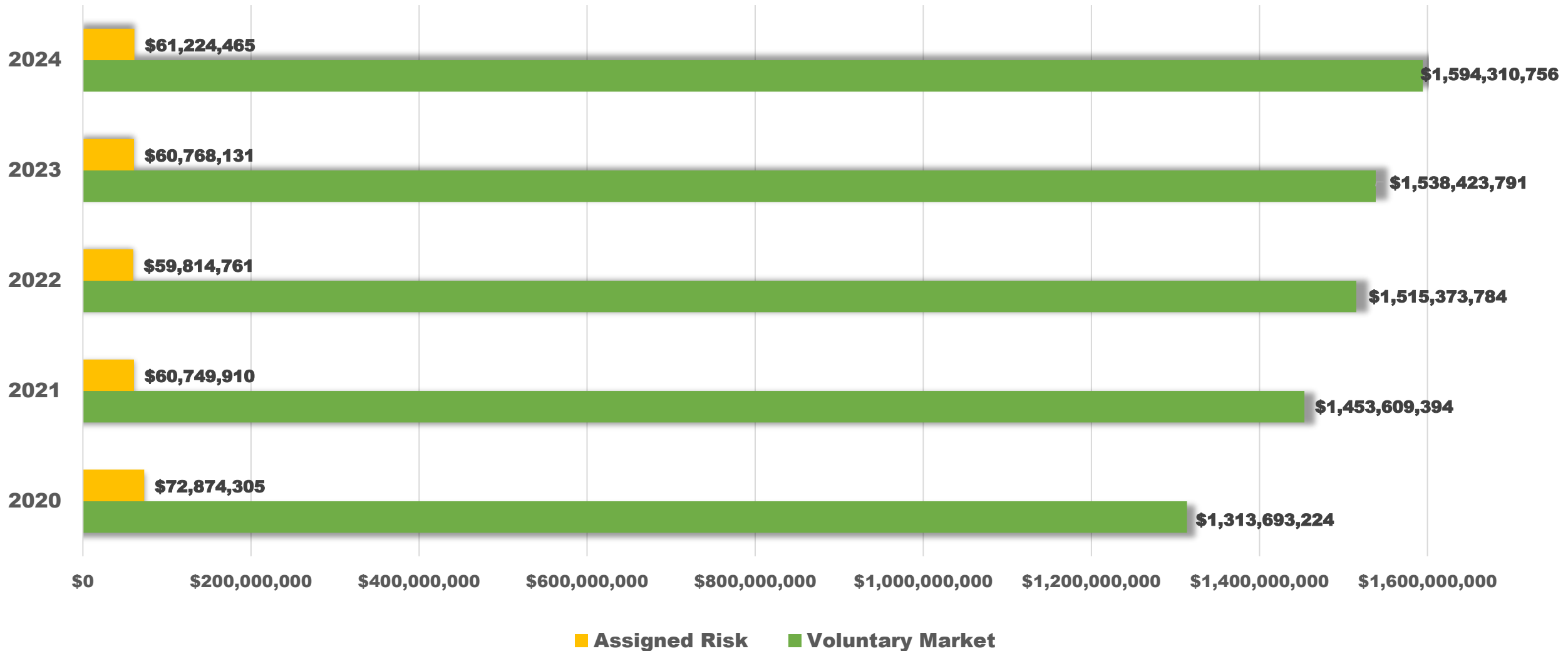
2023 Estimated Premium By Experience Mod Total Market



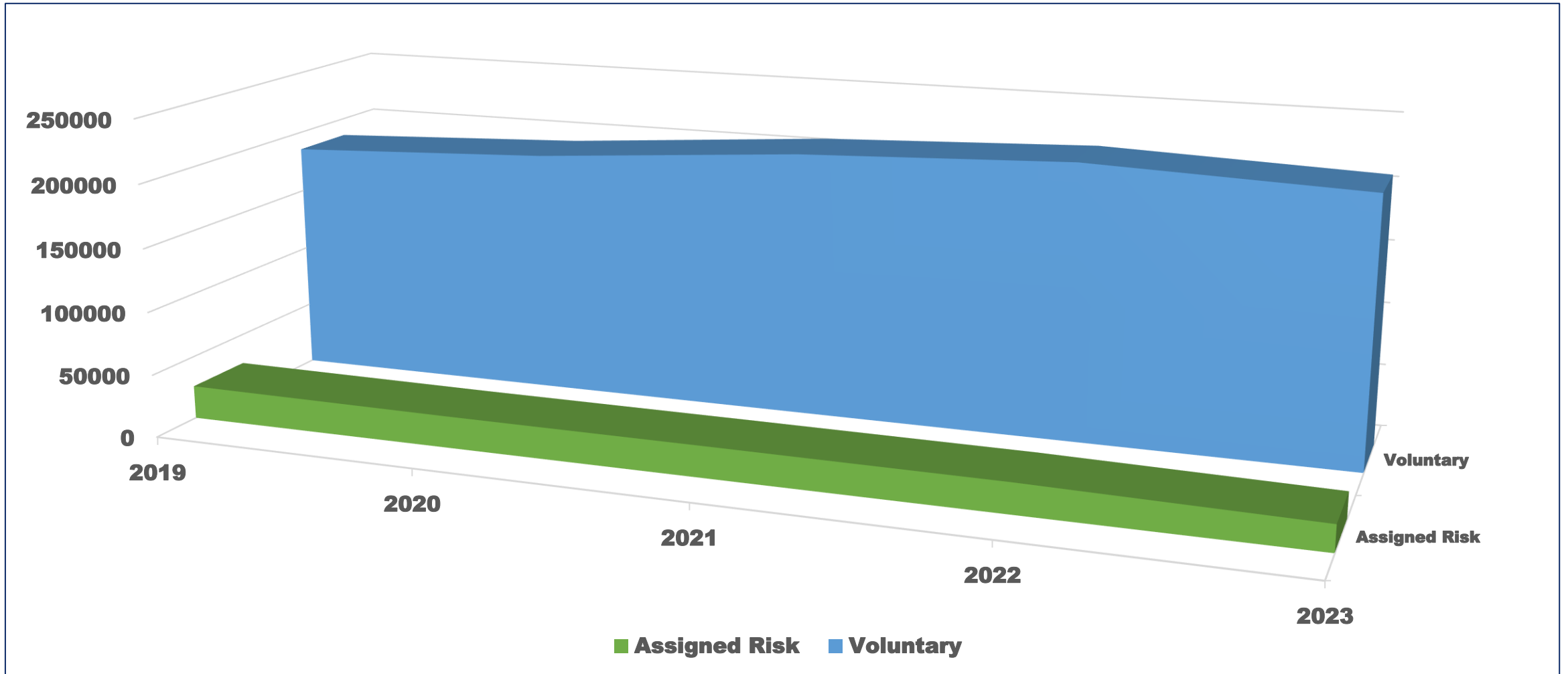
2023 Average Estimated Standard Premium By Experience Mod



Premium by Market Voluntary vs Residual



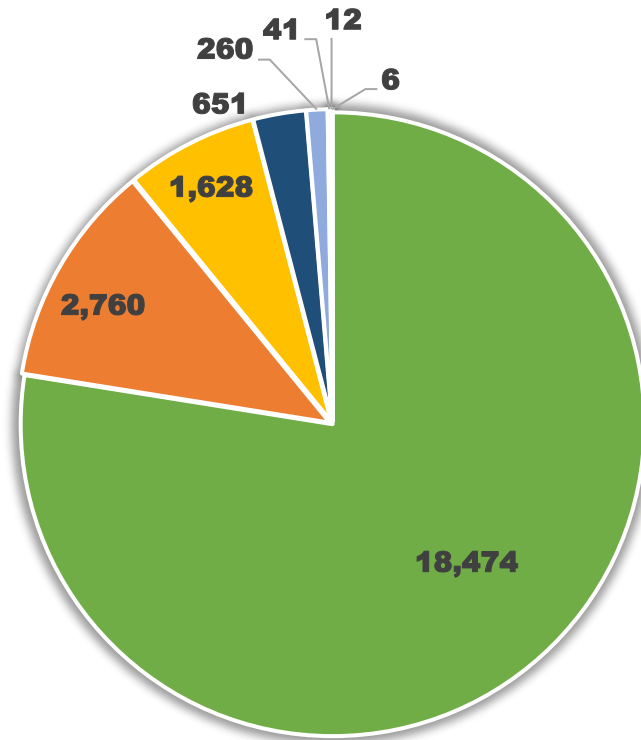
Assigned Risk vs Voluntary Market Policy Counts



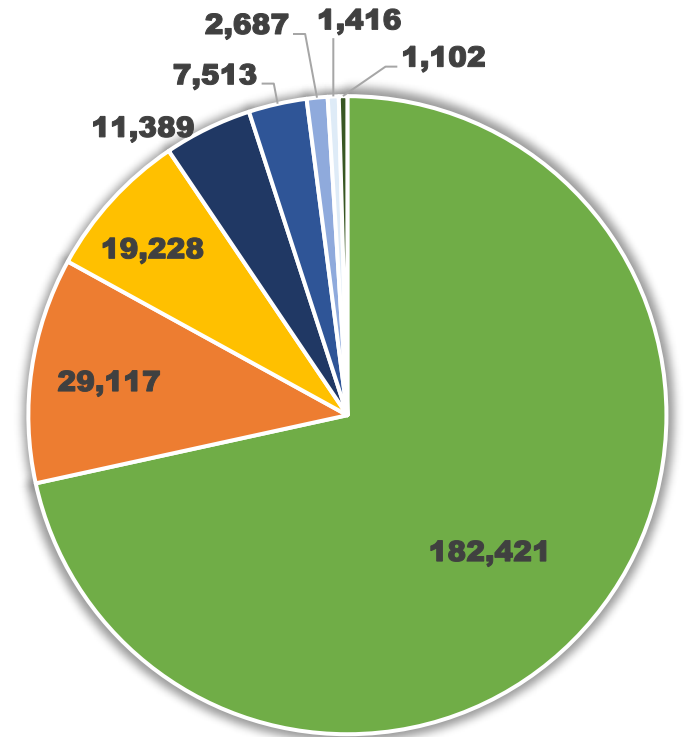
Policy Counts with Premium Distribution (2023)

- \$0-\$2,499
- \$2,500-\$4,999
- \$5,000-\$9,999
- \$10,000-\$19,999
- \$20,000-\$50,000
- \$50,000-\$100,000
- \$100,000-\$200,000
- \$201,000+

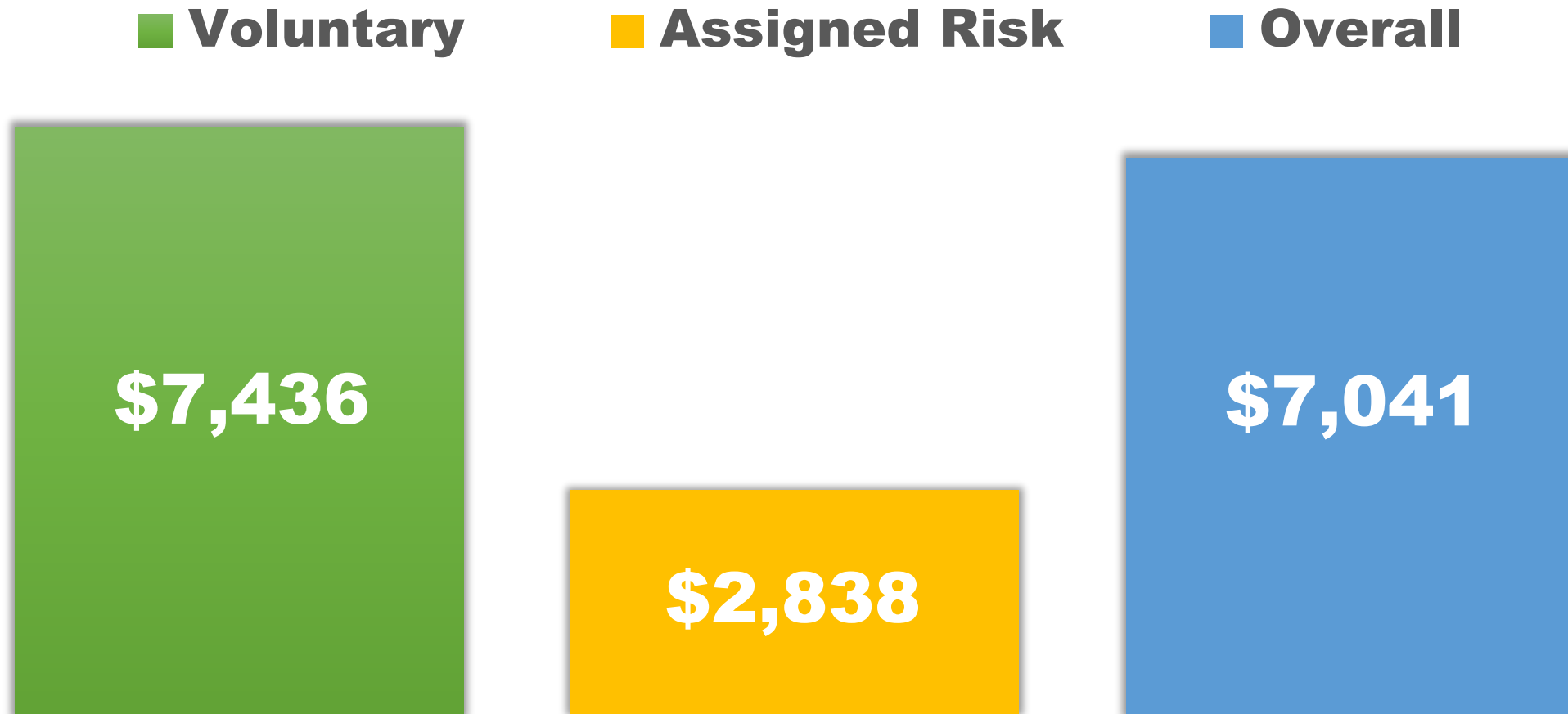
Policy Count By Premium Size: Assigned Risk



Policy Count by Premium Size: Total Market

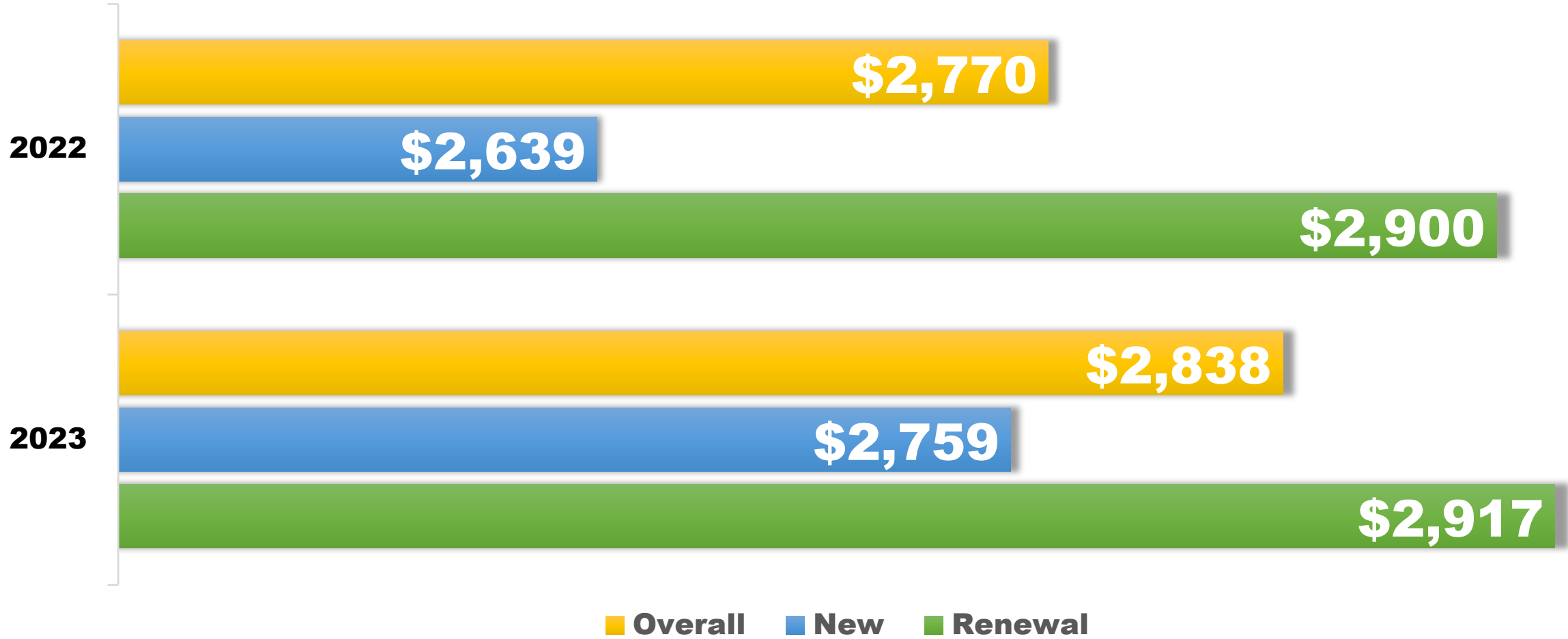


Market – Average Premium as of 12/31/23



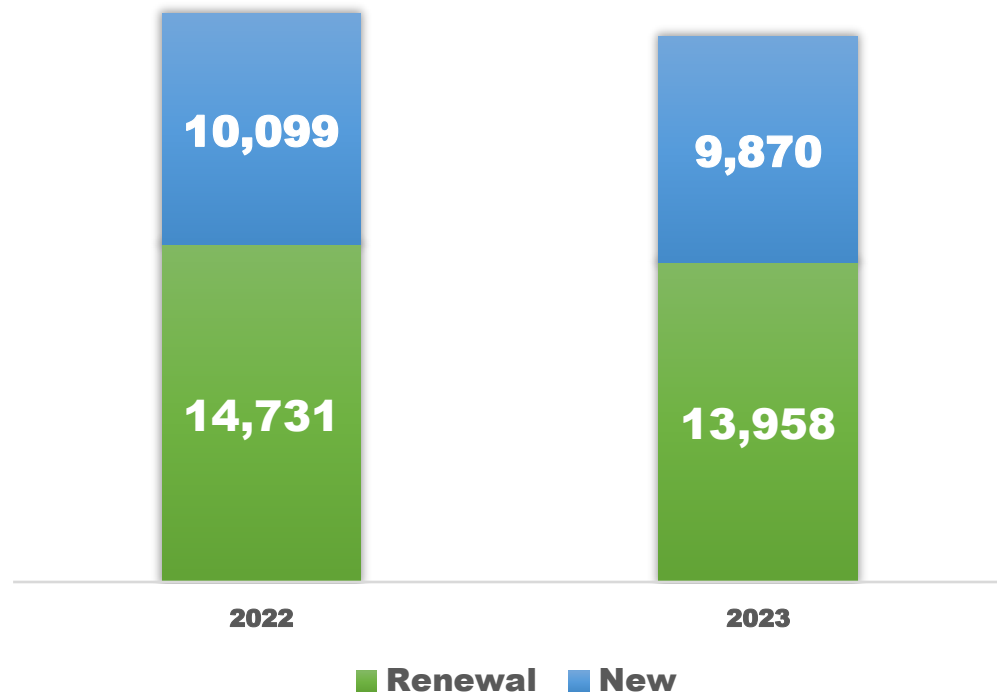
Average Premium Size

Assigned Risk Prior Two Years



AR Policy Count Prior Two Years

AR Policy Count

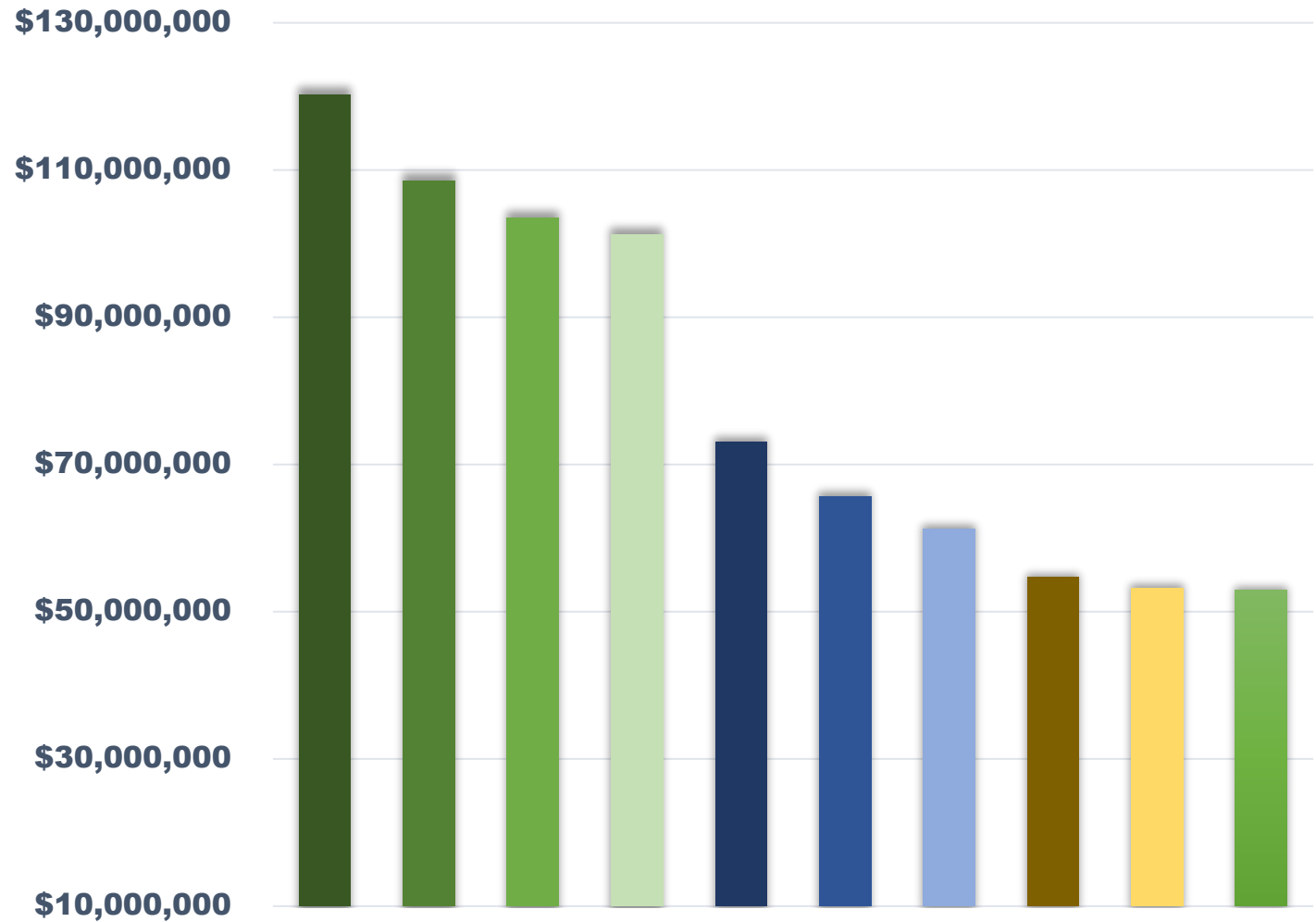


AR Total Premium



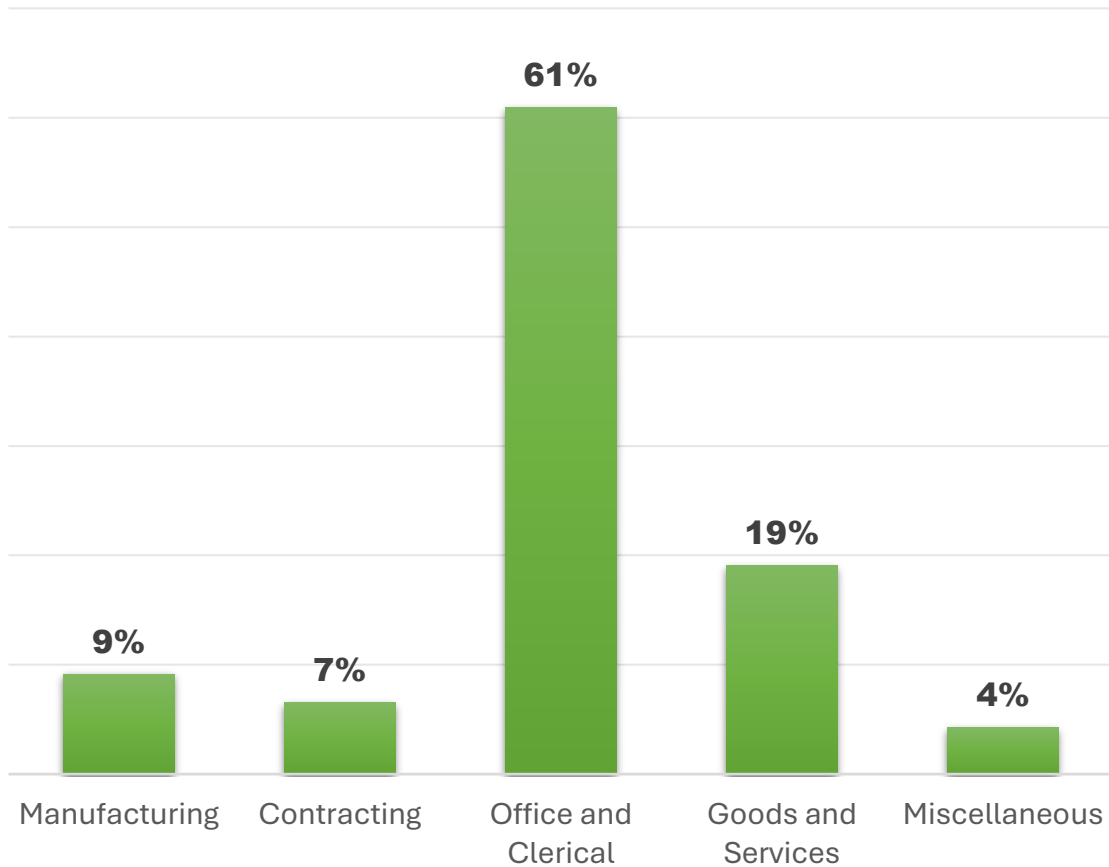
Top Producing WC Writers By Total Written Premium

- Hartford Fire & Casualty Group
- Travelers Group
- BCBS of Michigan
- Builders Group
- Libery Mutual Group
- Zurich Insurance Group
- American Financial Group
- Berkshire Hathaway
- Ace Ltd Group
- AmTrust NGH Group

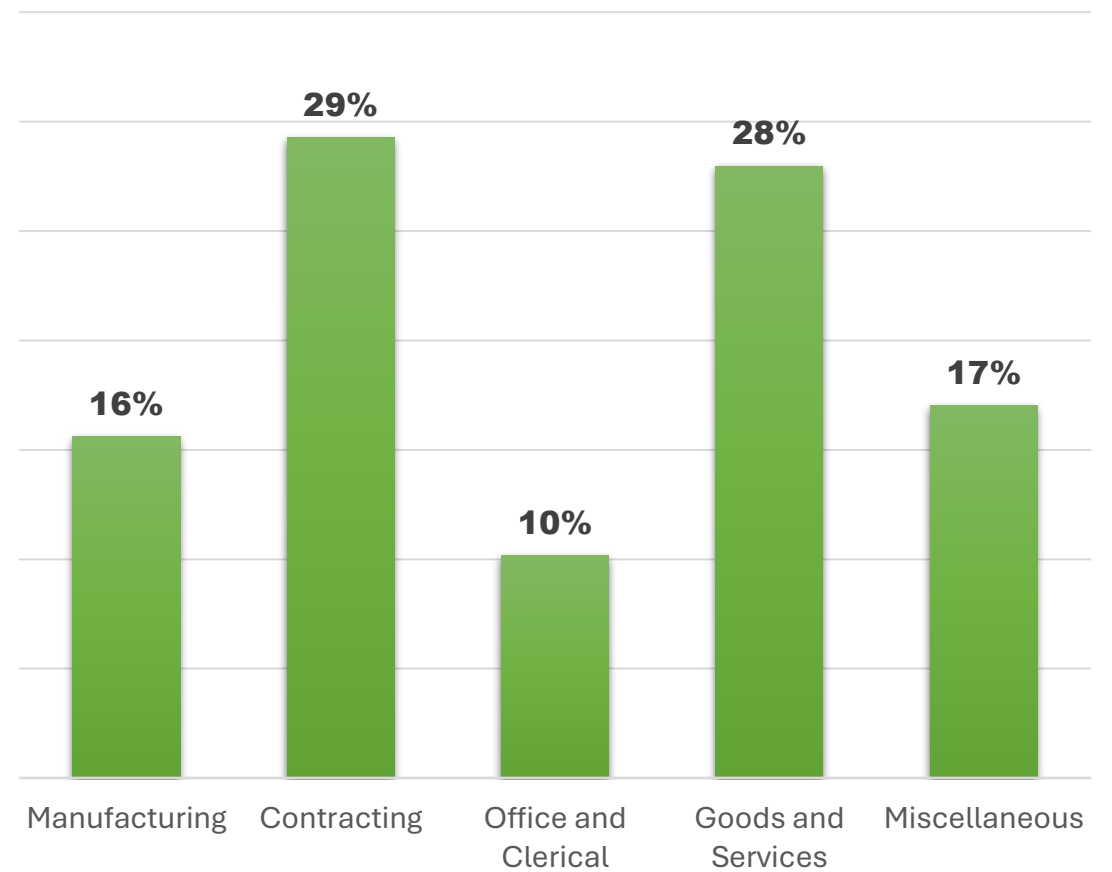


WC Industry Groups Total Market

2023 Payroll by Industry

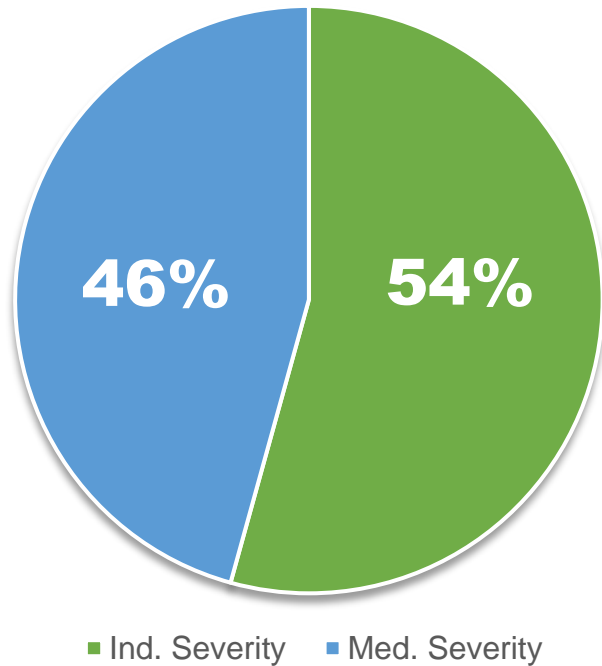


2023 Premium by Industry

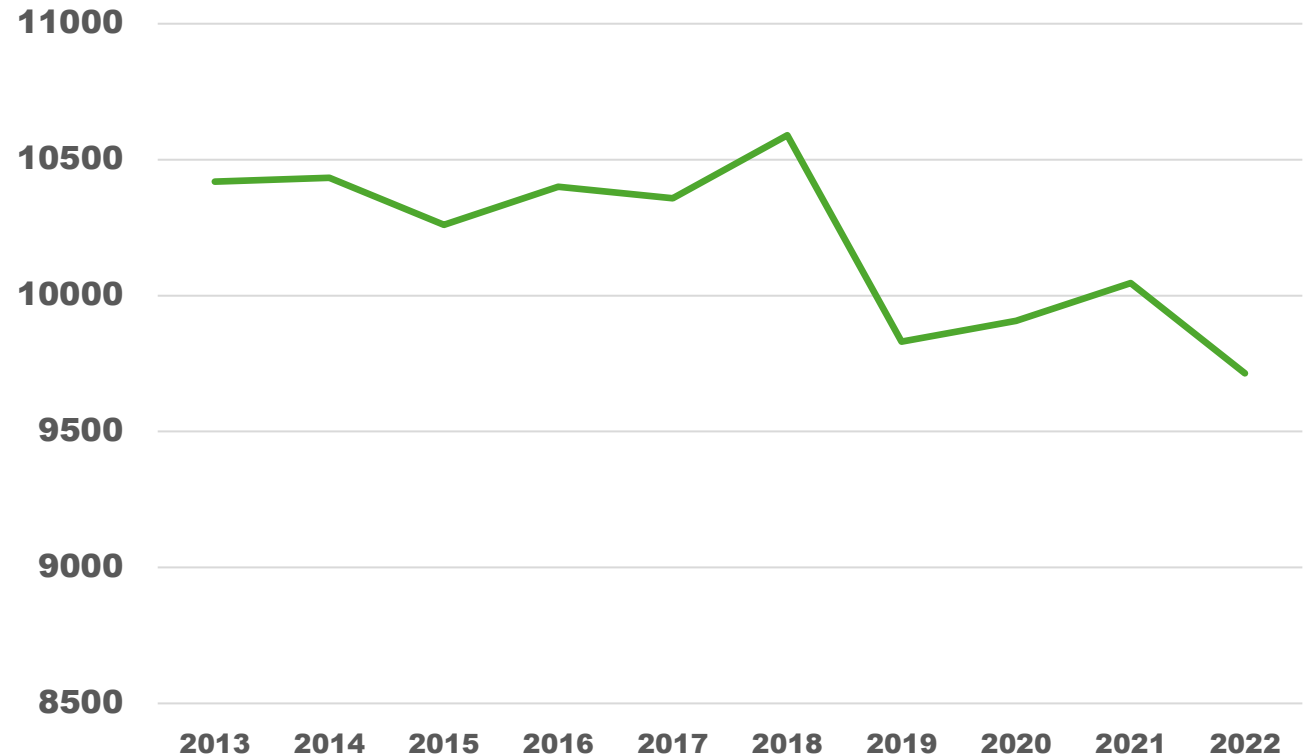


Claim Count and Severity Trends

Medical vs Indemnity Split Claim Dollars 2006-2022

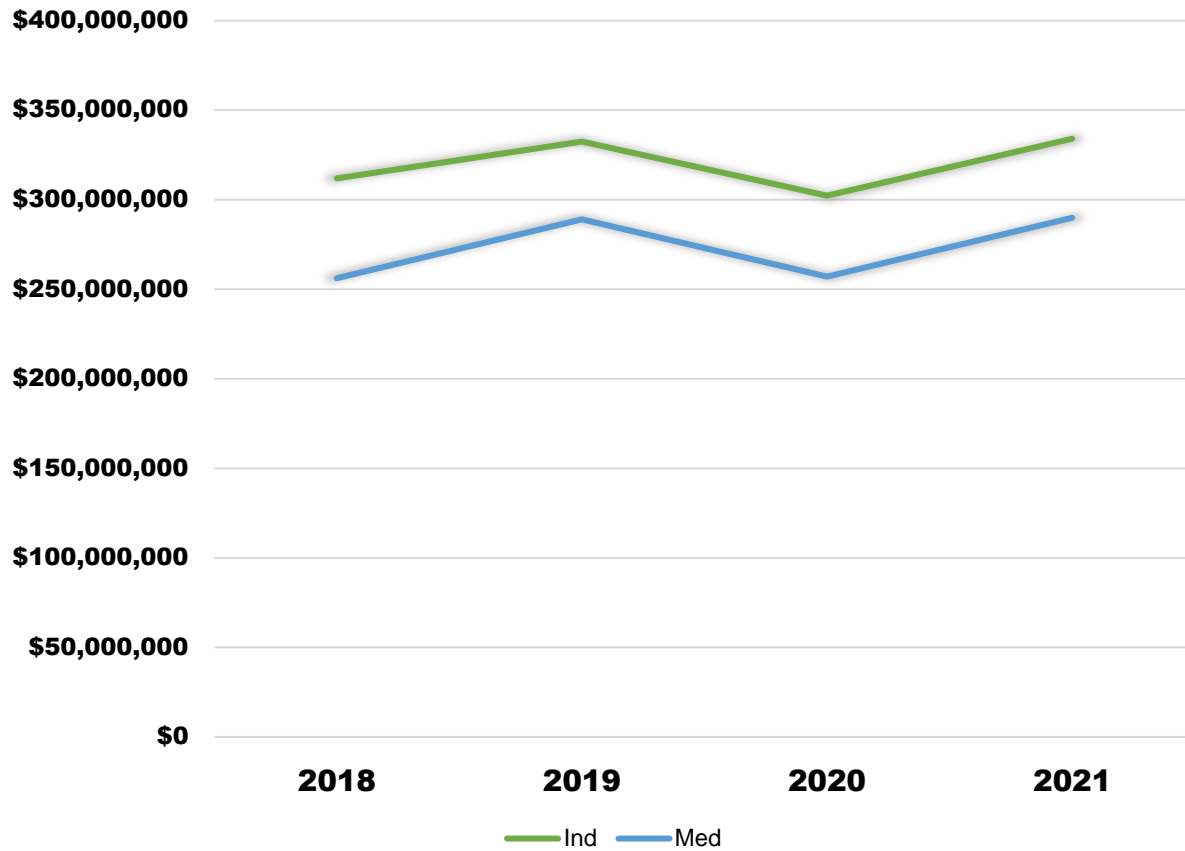


Lost Time Claim Counts

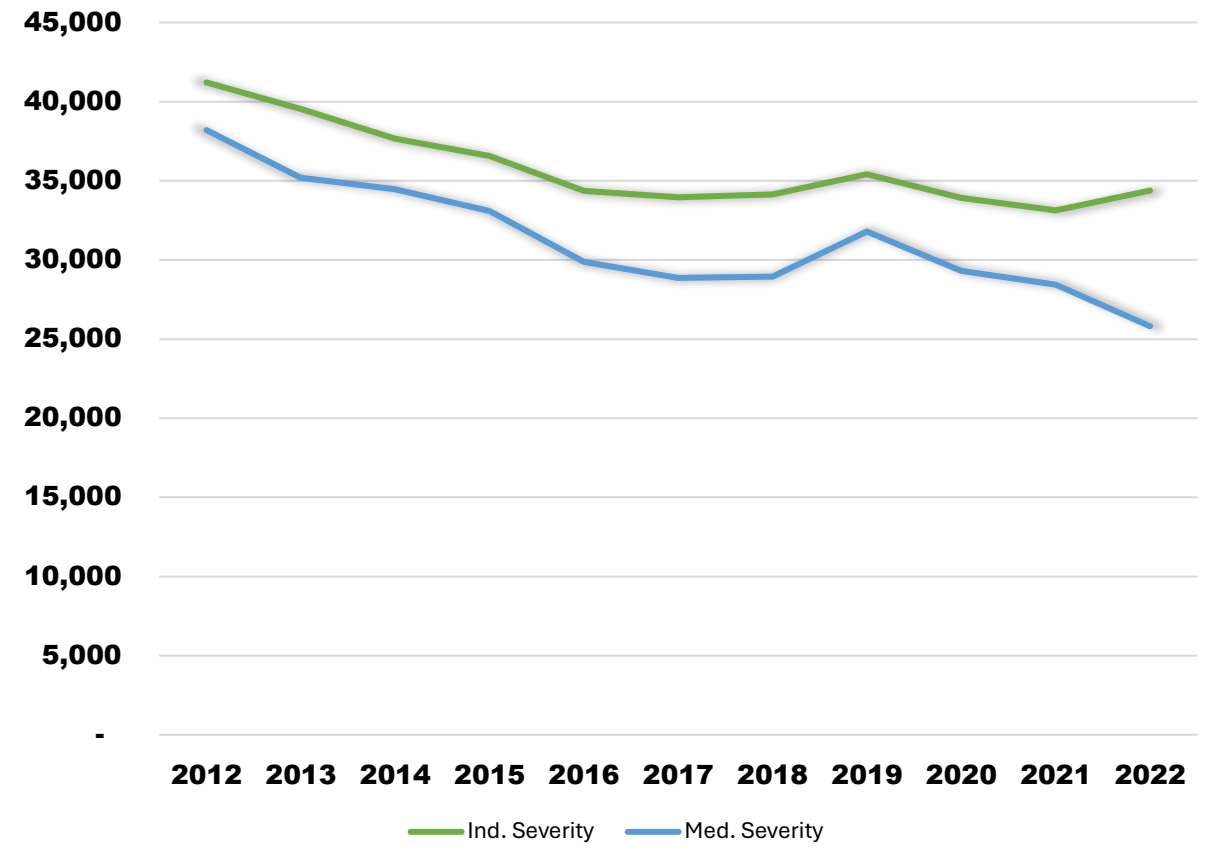


Claim Count and Severity Trends

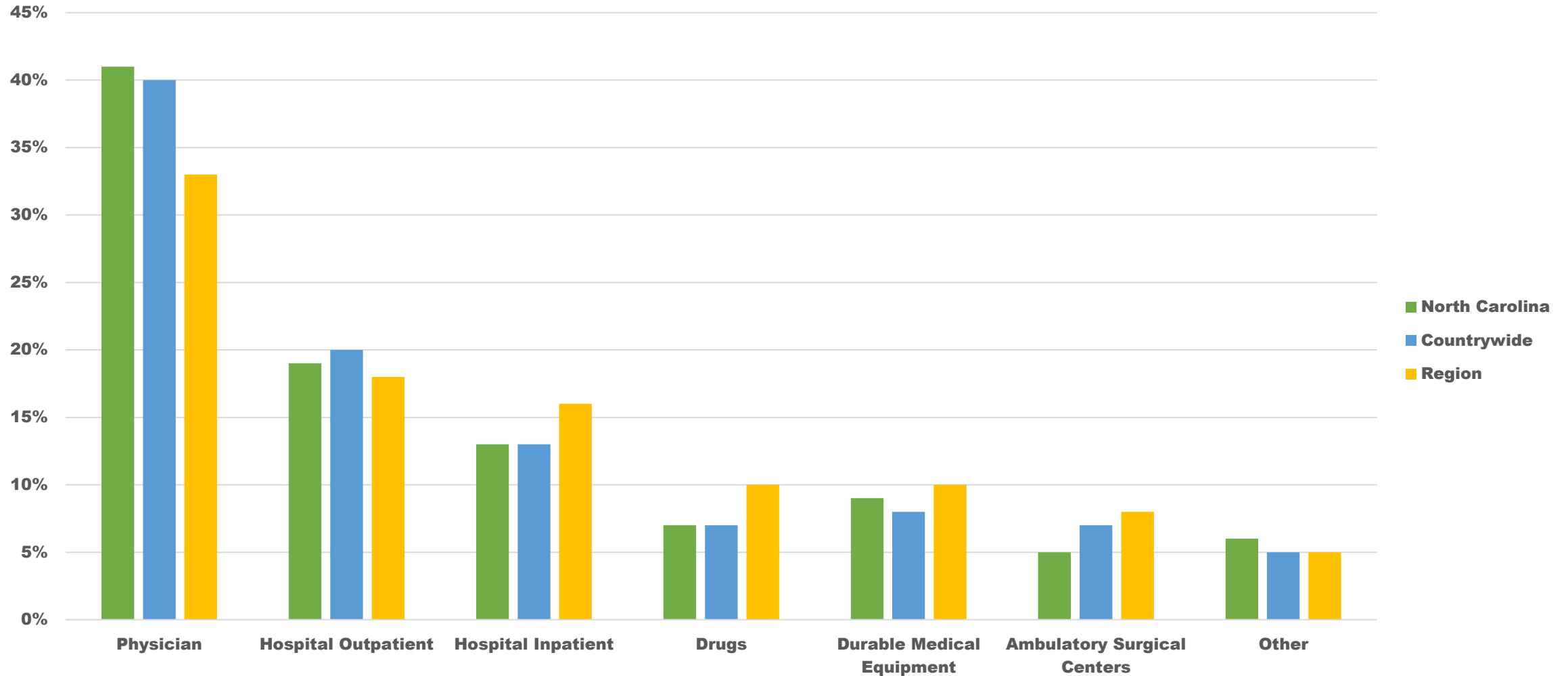
Loss by Year



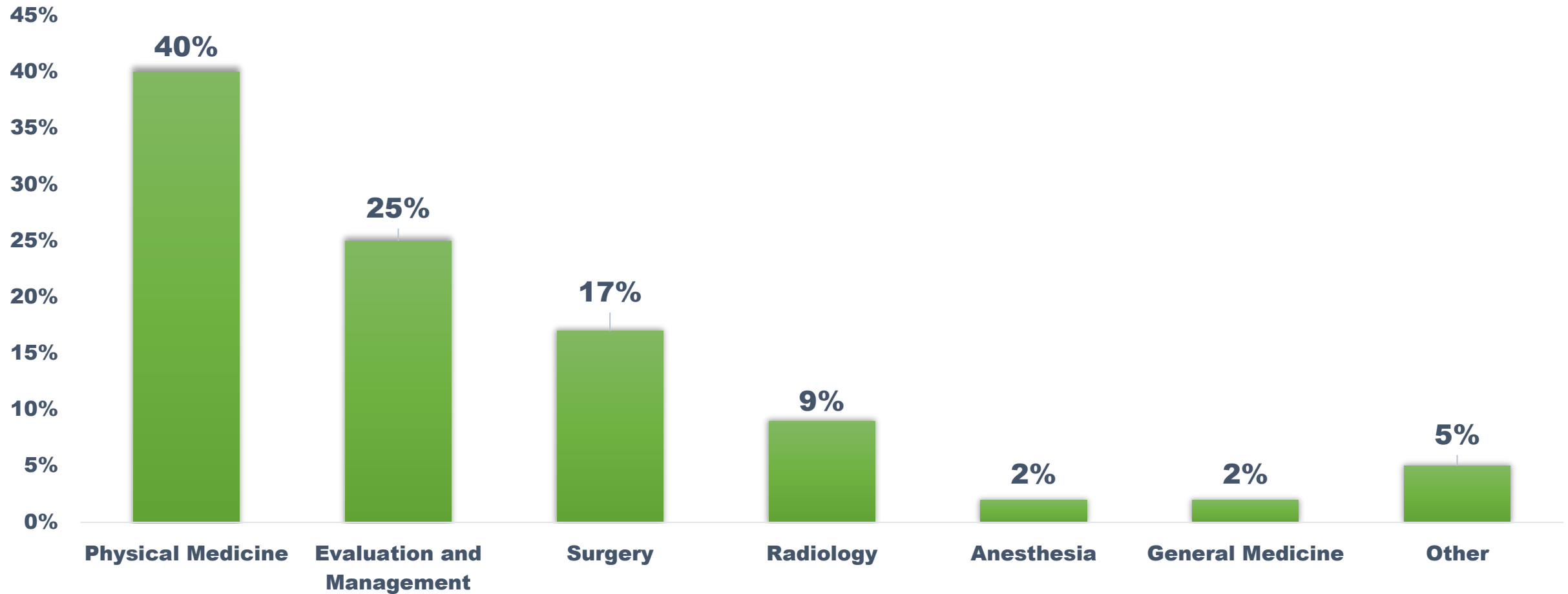
Claim Severity



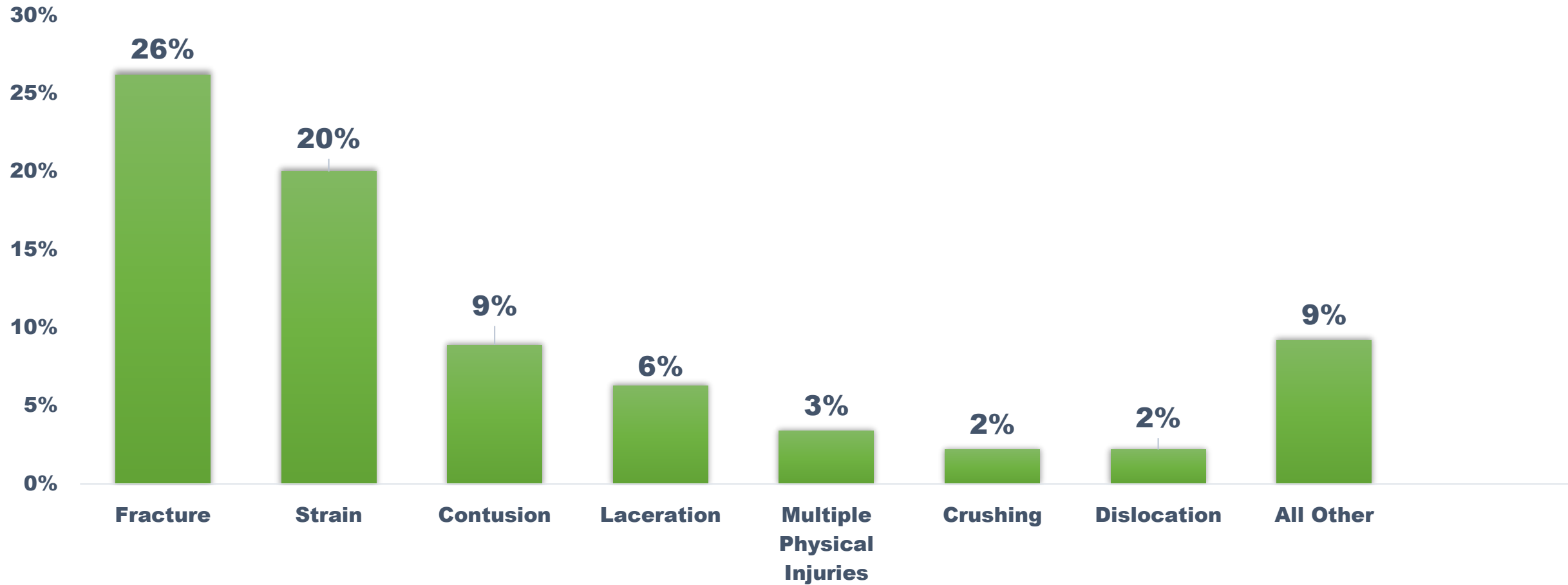
Distribution of Medical Payments



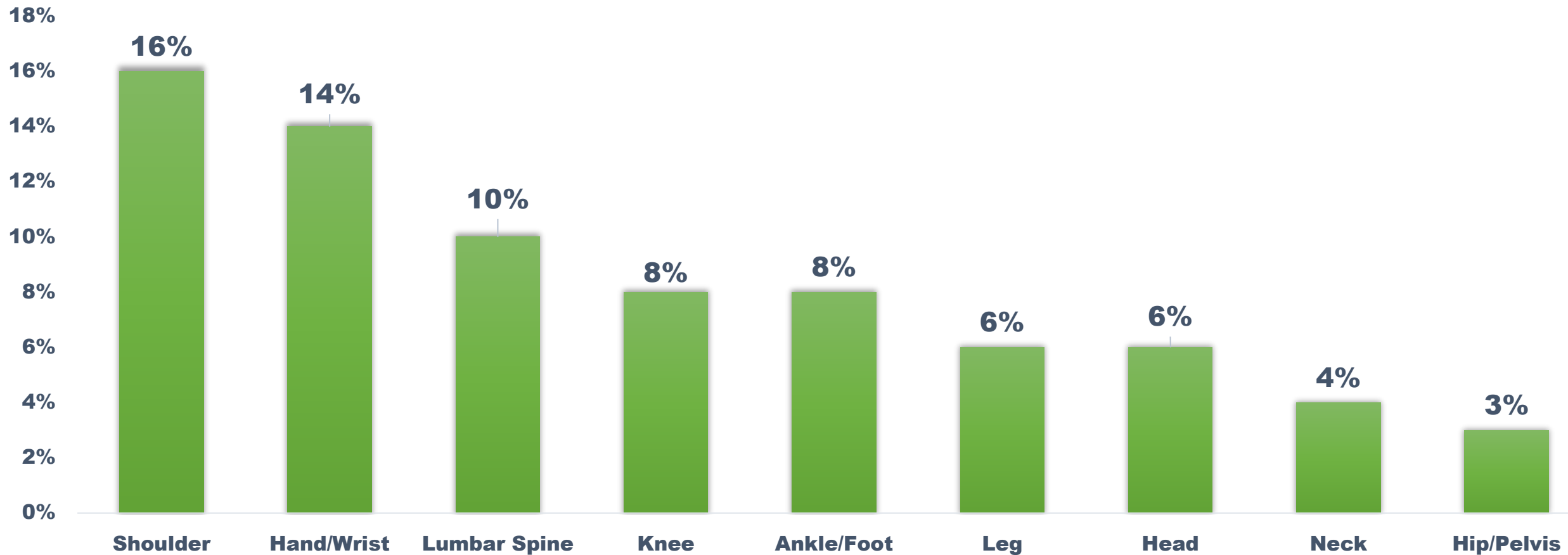
Distribution of Physician Payments Service by Category (NC)



Top Injury Codes by Total Incurred (NC)



Top Injury Types by Total Paid (NC)



Legal and Regulatory Changes Impacting Workers Compensation in North Carolina

The Bureau monitors industry trends, court cases and regulatory activity that may impact workers compensation in North Carolina. There has been minimal legislative activity related to workers compensation in 2023. Although there was minimal legislative activity in 2023, the following are matters that continue to drive change.

House Bill 259 Amendment to G.S. § 97-29 (c) of the Workers' Compensation Act

This amendment expressly states that “[f]or the purposes of this subsection only, the term “total loss of wage-earning capacity” shall mean the complete elimination of the capacity to earn any wages. “Disability” as defined by G.S. 97-2(9) and “suitable employment” as defined by G.S. 97-2(22) shall not apply to this provision. The Commission may consider preexisting and injury-related physical and mental limitations, vocational skills, education, and experience in determining whether the employee has sustained a total loss of wage-earning capacity.”

Changes Related to the Administration of Workers' Compensation Large Deductible Policies and Insured Collateral in Liquidation Proceedings

Pursuant to Senate Bill 452, Article 30 of Chapter 58 of the General Statutes was amended by adding a new section (Part VI). This section adds definition and handling instructions for large deductible policies as well as collections and collateral provisions relative to liquidation proceedings.

Medical Fee Schedule – Physicians

Recently we saw an update to the Medicare Physician Conversion Factor due to the 2024 Consolidated Appropriations Act. At this time, the NC Industrial Commission will not be re-publishing the 2024 fee schedule however providers are entitled to reimbursement at the published rate in the Medicare Part B schedule, beginning 3/9/24. More information can be found here: <https://www.cms.gov/medicare/payment/fee-schedules/physician>

NCRB Approved Item Filings

Based on research by Bureau staff and recommendations from our committees, filings will be made with the Commissioner to reflect both state specific needs as well as national recommendations made by NCCI.

Approved Item Filings:

- Revisions to Basic Manual Rules Related to Payroll Inclusions and Exclusions - WC2023-01 and WC2023-02. Provided clarity and enhanced the Basic Manual for Worker's Compensation and Employer's Liability Insurance rules related to payroll inclusions and exclusions, retroactive wages or salaries paid to retired or terminated employees, expense allowances, tips, service charges and automatic gratuities. (NCRB Circular C-23-6)
- Enhancement to Experience Rating Plan Methodology – Revised certain components provided in the methodology used in the Experience Rating Plan to reflect current business and industry needs such as split point, state per claim accident limitation, G value, credibility parameters and discount ratio. “NCCI Item Filing E-1409” (NCRB Circular C-23-3)
- Revision to the Retrospective Rating Plan Manual Related to the Tax Multiplier – WC 2023-03. Updated information related to state and federal tax multipliers. (NCRB Circular 23-12)
- Revision to the Manual Rules Related to the Removal of Occupational Disease Provisions – WC2023-04. Revised the basic manual to remove occupations disease loads. (NCRB Circular C-23-13)
- Revisions to Assigned Carrier Performance Standards related to Remote Loss Prevention Surveys and Audits – WC2023-05. Revised NCCI's **ACPS** manual to allow for remote loss prevention surveys. (NCRB Circular C-23-13)

Staff Participation in Industry Working Groups

NCCI Underwriting Committee

Meets to discuss key research and general underwriting topics for the workers compensation industry. Current topics of discussion that could see future filing activity include:

- Structural and Nonstructural Iron and Steel
- Sign Manufacturing and Installation
- Zoos and Aquariums
- Subcontractors
- Engineering with Construction

NCCI's Individual Risk Rating Working Group

(IRRWG) – Review of retrospective rating program and excess loss factors.

WCIO's Policy Research Advisory Committee

Conducts research and analysis of various workers' compensation manual rules and topics such as basis of exposure, classification systems and policy forms.

WCIO's Data Advisory Committee

Promotes the efficient reporting and collection of data across jurisdictions as required for rate making and other key functions. The group is currently working on defining ALAE, DCCE, ULAE and subrogation.

WCIO's Actuarial Committee

Multi-Bureau Collaboration on large claims analysis is ongoing; other topics being reviewed include items such as the granularity in ratemaking, and subrogation.

NCCI's Actuarial Committee

Current topics include marijuana potentially changing from Schedule II to Schedule III, single payer medical system, states purchasing drugs from outside the US, heat related incidents cited by OSHA, Item Filings and experience rating.

Data Sources Utilized

Source	Slides
NCCI Residual Market Fourth Quarter 2023 Results, ©2024	3
NCRB Workers Compensation Insurance 2023 Residual Market Rate Filing	4
NCRB Workers Compensation Insurance 2023 Loss Cost Filing	4
2024 NCRB Take Out Credit Report	5
Federal Insurance Office (FIO) Data	6, 7, 8, 11, 16
Assigned Risk Market In-Force Report	9, 10
Assigned Risk Volume Report by Year	12, 13, 14
IDC Annual Statements Data	15
Rate Filing Data (Appendix A-III) data valued as of 12/31/2023	17, 18
NCCI Medical Data Report for North Carolina – December 2023	19, 20, 21, 22



RATE BUREAU
north carolina

The Bureau will continue to monitor matters impacting the Bureau and where the Bureau has oversight. If you have any questions or concerns in reference to this report or information there within, please contact the NCRB at (919) 582-1056 or email support@ncrb.org.

NORTH CAROLINA RATE BUREAU

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