

JULY 2020

IN THE LOOP

OFFICIAL NORTH CAROLINA RATE BUREAU AGENT NEWSLETTER



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HAPPY SUMMER!

We here at the NCRB hope this newsletter finds you and your families healthy and safe! In these unusual times we remain committed to assisting the insurance industry in North Carolina and being accessible for any needs that might arise.

Please be sure to check out the “Let’s Hear It” section of our newsletters for a chance to shine a light on your agency and what you are doing to help our North Carolina insureds.

This newsletter highlights some of the projects we are working on. Please review, as some of the content may impact your business and how you respond to the needs of your clients.

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

- **COVID-19:**
NC and National Response
- **Class Codes:**
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- **Test Your Knowledge**
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COVID-19: North Carolina & National Response

The year 2020 continues to be unpredictable in many ways. Like other organizations, we continue to adapt and move forward. From a personal lines perspective, there has been a decrease in market premium, in part due to individual carriers refunding a portion of automobile premiums. The reporting of these refunds for financial and statistical reporting has not been finalized at the time of this writing.

In Workers Compensation, the Rate Bureau has been closely monitoring the development and spread of COVID-19, along with the rest of the industry. Working collaboratively with the National Council on Compensation Insurance (NCCI), the Workers Compensation Committee and the North Carolina Department of Insurance, the Bureau received approval for filings applicable to North Carolina as noted below:

- ❖ The Part of Body section of the Injury Description Table has been expanded to track claims and impact in Indemnity Reporting Coronavirus with the addition of a new Cause of Injury Code of 83 for Pandemic and New Nature of Injury Code 83 for COVID-19. ([Circular C-20-7](#)).
- ❖ COVID-19 has been classified as an extraordinary loss event (ELE), requiring the establishment of Catastrophe Number 12 to identify all claims associated with COVID-19 as its diagnosis. ([Circular C-20-7](#))
- ❖ NCCI Item B-1441 allows payments to paid furloughed employees to be excluded from premium calculations for all policies in effect on or after March 1, 2020 until December 31, 2020, or as amended to an earlier or later date as circumstances warrant in consultation with state regulatory authorities. ([Circular C-20-17](#))
- ❖ Employees whose duties were previously assigned to a higher-rated governing classification that does not include clerical operations, who are now working in a stay-at-home environment and performing duties consistent with clerical operations, may be reassigned to classification code 8871- Clerical Telecommuter Employees from March 30, 2020- the day the North Carolina stay-at-home order was issued- until 45 days after the order is lifted. ([Circular C-20-17](#))

- ❖ NCCI Item Filing E-1407 revises rules related to excluding claims attributable to the COVID-19 pandemic from experience rating calculations and reporting these claims as an extraordinary loss event. This filing will be applicable to experience rate modifications with rating effective dates on or after August 16, 2020. ([Circular C-20-21](#))

The Rate Bureau also continues to monitor legislative activity on both the state and national level, as well as, actions by the Department of Insurance in order to be as responsive as possible.

NORTH CAROLINA

House Bill 1056

Filed May 1, 2020: WC/COVID-19/ Cover Essential Workers would amend the Workers Compensation Act to provide occupational disease coverage to first responders and health care workers who contract coronavirus. HB 1056 would become effective when ratified and signed by Governor Roy Cooper and apply to workers compensation claims filed on or after the bill's effective date. HB 1056 has passed the first reading on May 1, 2020 where no further action has been taken at this time.

House Bill 1057

Filed May 1, 2020: WC/COVID-19/ Front Line Coverage/Funds would create a rebuttable presumption that first responders, health care workers, and essential workers who are infected with coronavirus contracted the disease in the course of employment. HB 1057 would require that local governmental employers' credit first responders and health care workers for leave taken while quarantined. HB 1057 would also appropriate funds to the Office of State Human Resources to settle state employee workers compensation claims related to the coronavirus pandemic. HB 1057 has passed the first reading on May 2, 2020 where no further action has been taken at this time.

NATIONAL

According to a study released by NCCI on June 4th, 2020, six states (Alaska, Illinois, Minnesota, Utah, Wisconsin and Wyoming) have passed legislation establishing presumption of compensability for COVID-19 for certain workers. Twelve states, including North Carolina, have proposed similar legislation. Some bills were introduced to be effective retroactively. In addition to the legislative activity, eight states have issued executive orders or adopted emergency rules regarding presumption of compensability for COVID-19.

CLASS CODES: Business

Description

Class codes continue to be the leading cause of pended assigned risk applications. As stated in [April's newsletter](#) you can always contact the Rate Bureau directly for class code help, but listed below is an acronym that can be used to ensure all necessary information is included in the overall business description.

PRODUCT

The first step in describing the overall nature of the business is to think about the product the insured provides. Does the business provide a service, or a product? For example, does the insured sell cars, or do they wash and detail cars? Maybe they provide a product and a service, include both in the business description!

INDUSTRY

The second step in describing the overall nature of the business is to think about the general business activities the insured performs. For example, installation, manufacturing, sales, agriculture, administration, etc. Maybe they manufacture and also sell a product, include all in the business description.

A common error in the overall business description is using job descriptions or individual employee responsibilities to describe the business. This is the overall nature of the business, so use the general business activities of the insured, not the activities that individual employees perform.

PROCESS

The third step in describing the overall nature of the business is to think about how the business activities are being performed, and what materials are being used. For example, maybe the insured is a pharmaceutical sales company. How do they perform those sales? Are they strictly inside or outside sales, or maybe a combination of inside and outside sales?

EXAMPLE

Express Car Wash: Wash, vacuum and detail vehicles (Product + Industry). They have an automatic car wash but also perform manual car washes. There is also a station for self-service vacuuming (Process).

TEST YOUR KNOWLEDGE



Who doesn't love a good quiz? Test your knowledge on these questions. The answers are located at the bottom after you take your best guess!

1. NCCI recently changed their ERM-14 Ownership form. Now all ERM-14's must be submitted electronically.
 - a. True
 - b. False
2. If the legal status of the business is a Corporation, what owner title should it have?
 - a. Individual
 - b. Partner
 - c. Officers
 - d. Board Members
3. The NC Private Flood Program offers Coverage A- Dwelling limits, what is the maximum limit offered?
 - a. 200,000
 - b. 250,000
 - c. 500,000
 - d. No limit

LET'S HEAR IT!



2020 has certainly been an unpredictable year and has presented a unique set of challenges for all of us. As history has shown us, tough times can bring out the best in us as we try to find ways to help our communities and neighbors. During these challenging times we have seen everyone stepping up, and your agency force is no exception. We would like to celebrate and recognize the hard work you're are doing for your customers, and the difference you're making in your community.

How to submit: How are you going above and beyond for your clients to ensure they are staying protected and healthy? Please send your customer service success stories to us at – support@ncrb.org (**please make sure to note "Newsletter Submission" in the subject line of the email**). As a token of our appreciation we will be highlighting the winner(s) in our next newsletter + a great prize!

Answers: 1. A 2. C 3. D