

OCTOBER 2019

# IN THE LOOP

OFFICIAL NORTH CAROLINA RATE BUREAU AGENT NEWSLETTER



## IN THIS ISSUE:

### WELCOME!

Welcome, to the North Carolina Rate Bureau's Agent Newsletter. This quarterly publication provides updates, helpful hints, and process changes that may impact you as a North Carolina Agent. This newsletter will provide an efficient means of communication in an ever-changing environment. Please take a few minutes to 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.

- **Trends in Assigned Risk Applications - 2**

... and ways to avoid a pended or declined application

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Rate Filings from 2019

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Sneak peek at the North Carolina Flood Program

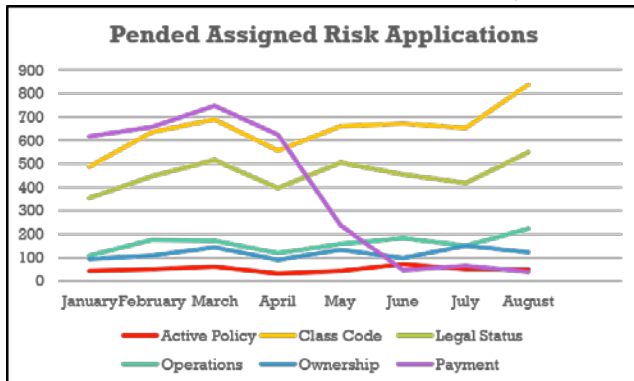
- **Coming Soon - 3**

Be on the lookout for these exciting items!

## Trends in Assigned Risk Applications

There is nothing worse than logging into ManageAR and seeing your application has not been approved, right? When the application is reviewed and there is missing or inaccurate information, then the application goes into a pending status, awaiting correction from the agent's office. This slows down the process and can create unnecessary hick-ups for your clients too. We want to help!

Below is a chart of pended applications from 2019 and their reasons. As you will notice, there are certain categories that jump off the page. In this article we will review these reason codes and how to avoid them in the future.



### PAYMENTS

Let's start with a success story. The NCRB implemented e-payments back in March of this year. As you can tell from the graphic there has been a significant decrease in pended applications for the reason of payment: a reduction of 95% since we went live in March. This successful implementation proves that NCRB is committed to finding ways to streamline the

application process to eliminate stress and unnecessary work for all those involved. Stay tuned for more!

### CLASS CODES

The leading cause of a pending application is an incorrect class code, or not enough information to verify the class code is correct. Class codes can be difficult and tricky. If you have a class code question, you can contact NCRB at (919)582-1056. Here, we provide some helpful hints to get you started!

The class code of the business is the overarching nature of the business. A good tool to start with is the class code look-up on the top row in ManageAR. It will allow you to search by key word, hazard group, and/or industry group. There are multiple ways to search to help narrow to the appropriate

class code. With the client in your office, you can review the phraseology of the class code to make sure it defines the overarching

nature of the business. Once the application is submitted, an NCRB analyst will review the description of the business provided on the applicant page to verify the class code is correct. The more comprehensive your description, the easier it is to verify the class code is correct, or at the very least provide a

good foundation for the analyst to give an opinion on what the class code should be. See the example below for a good business description.

**Business Description Example:**

✗ Pizzeria

✓ Joe's Pizza makes and delivers pizza. There is no dine-in, all carry out or delivery.

### LEGAL STATUS

The most common reason an application is pended after class codes is legal status. More often than not, an application pends for legal status because the title of the owner on the owner's page does not match the legal status provided on the applicant page. For example, if the entity is a partnership, the appropriate owner title would be partner, not individual or president. To help ensure your application is correct, refer to the chart below for the appropriate owner title to use.

Legal Status	Owner/Officer Listed
<b>Individual</b>	Individual
<b>Partnership</b>	All Partners
<b>Corporation, Non-profit Corp.</b>	Corporate Officers
<b>Religious Organization</b>	Board Members
<b>Union &amp; Association</b>	Board Members or Officers
<b>Limited Partnership</b>	All Partners
<b>Joint Venture</b>	Corporate Officers
<b>LLC</b>	All LLC Members
<b>Trust or Estate</b>	Trustees
<b>Executor or Trustee</b>	Trustees
<b>LLP</b>	All Partners
<b>School District</b>	Board Members
<b>Non-profit Organization</b>	Board Members (or Executive Director)
<b>Other</b>	List who is responsible for making the financial decisions for the business.

## Rate Filings

### Workers Compensation

On August 30<sup>th</sup>, 2019 filings were submitted to the North Carolina Commissioner of Insurance proposing an average change of -10.3% in loss costs to be effective April 1<sup>st</sup>, 2020. The proposal also included an average change of -7.6% in the overall premium level of the workers compensation residual market in North Carolina.

### Automobile

On February 1<sup>st</sup>, 2019 a filing was submitted to the North Carolina Commissioner of Insurance proposing a rate level change for non-fleet private passenger automobiles. Following negotiations, the NCRB and the Commissioner settled on +1.6% rate level increase.

### Property

Effective May 1, 2020, rates for Homeowners and Mobile Homes will be increased to reflect recent settlement between NCRB and the NCDOI. For the NCRB Mobile Home programs, the changes include updates to rating variables and territories.

On August 14<sup>th</sup>, 2019 a filing was submitted to the North Carolina Commissioner of Insurance proposing a rate level change of +19.2% for Dwelling Fire and Extended Coverage. This filing remains pending at this time.

## Coming Soon!

### MANAGE AR VIDEOS



The NCRB is currently working on videos that will walk users through the assigned risk application process. These will be short videos that show you how to fill out each page of the application. They will also highlight common errors to help prevent a pended or declined application. Stay Tuned!

### WORKERS COMPENSATION TRAINING



In 2020, the NCRB will be providing workers compensation training, that will be good for 3 general CE credits. We will review ManageAR for submitting assigned risk applications and will finish with a deep dive into experience modification and class codes. We hope to see you there!

## NOW INTRODUCING...

### The NC Flood Program

**7<sup>th</sup>**

North Carolina's ranking nationally in terms of properties at risk of flood.

**141,000**

The number of NFIP policies in North Carolina, which has almost **four million** households.

**30%**

The percentage of countrywide flood losses that occur outside the high-risk flood zone, according to FEMA.

**\$24.5 Billion**

Total amount of losses from Hurricanes Matthew and Florence combined. Of that, \$10-13 billion were uninsured flood losses from Hurricane Florence.

The North Carolina Rate Bureau, in conjunction with leading industry experts, has developed a stand-alone insurance program covering the damaging effects of flooding faced by North Carolina homeowners. The flood program, which has been filed with the North Carolina Commissioner of Insurance for approval, combines the expertise of several industry-leading organizations, including policy coverage from ISO®, a Verisk (Nasdaq: VRSK) business, ratemaking from Milliman, and KatRisk's flood model.

This state-of-the-art program does not group policyholders, but rather establishes more than 140 million individual rates based on a 30-meter by 30-meter grid that covers the entire state. The Bureau program matches price to risk, and allows individual companies to offer private market flood insurance.

"This program will offer coverage that exceed what is offered by the National Flood Insurance Program (NFIP), and will more closely align with property insurance policies in the market today."

-Andy Montano, Personal Lines Director (NCRB)

More details will be provided at a later date, but the filed program can be found on the NCRB website.