

APRIL 2020

# IN THE LOOP

OFFICIAL NORTH CAROLINA RATE BUREAU AGENT NEWSLETTER



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### HAPPY SPRING!

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.

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.

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## COVID-19: The NCRB's Response

Like other organizations, COVID-19 has required the Rate Bureau to make changes in our daily operations. The Rate Bureau has moved to a 100% work from home environment in a very short period of time, and is now fully operational with all employees working remotely. If you have not already done so, please review circular [AG-20-2](#) for assistance during this time.

In addition, the Rate Bureau has begun to consider questions on how COVID-19 could impact the insurance products under its' jurisdiction, both short and long term. As this continues to evolve, the impacts are unknown and will likely be unknown for a while to come.

In Workers' Compensation, the current Statutes (97-53(13)) specifically excludes all "ordinary diseases of life to which the general public is equally exposed." Even so, in an abundance of caution, the NCRB has established new codes for use in reporting claims that allows us to identify claims that are specifically related to the COVID-19 Pandemic. More information is available on this topic in circular [C-20-7](#). In the short term, we are seeing a drop in the number of applications for the Assigned Risk market. Over the longer period, the impacts are more difficult to project but may include things such as reductions in payroll, and increased claim frequency as we have seen in past recessions. Many factors will depend on the duration of this pandemic, which is still unknown at this time. We are currently further evaluating payroll, in particular, and will post any changes via circular once filed and approved with the Department of Insurance.

Although some impacts in Personal Lines can be reasonably expected, those impacts are also largely unknown at this time. Decreases in driving due to more people staying at home, increases in use of on-demand delivery services, and decreases in gas prices due to corresponding demand decrease could impact Auto Insurance. Homeowners insurance could be impacted by more employees working from their residences and spending more time in the home.

As we continue to evaluate this pandemic and its short and long-term implications, we will keep you updated.

## Assigned Risk Applications: Recommended Pre-Work

In our [October 2019](#) newsletter, we reviewed trends in assigned risk applications, and ways to avoid a pending

application. To expand on that further, the NCRB has compiled a check list of items that can be completed prior to submitting the application. By completing this check-list, you will have a head start and it will hopefully eliminate some of your pending applications in the future.



### Does the insured have a compliance issue?

The Workers Compensation Insurance Plan ([WCIP](#)) outlines eligibility requirements for employers to be entitled to participate in the assigned risk market. It is important to verify eligibility prior to submitting the application, or you could be wasting precious time. Currently this verification is done by contacting the NCRB via email or phone. In the near future ManageAR will provide the option for you to verify eligibility yourself in real time.



### Does the insured have current coverage?

The insured is not eligible for coverage in the assigned risk market if they already have current coverage for the business. This includes current coverage in the assigned risk and voluntary markets. It is necessary that you verify with your client prior to the application process to prevent a pending application.



### Is the insured currently experience rated?

In ManageAR there is an Experience Mod section that allows you to input the Experience Mod for the employer, if they had one. It is important to take the time to look this up, as it could potentially save your client on premium, but also could prevent a pending application. On the Experience Mod page there is a look-up tool that will provide that information in real-time for you to update the application.



### Do you have the correct class code for the business?

The leading cause of a pending application is an incorrect class code, or not enough information to verify the class code is correct. To avoid a pending application for that reason, you can contact NCRB to inquire about the class code prior to submission. An analyst will review the overall nature of the business provided, and advise on the class code that best fits the business. When adding the class code to the application, simply note the Cherwell ticket number (provided in either the email or by the Info Center representative) in the remarks section of the application, located on the coverages page.

## NC Private Flood Program

The NCRB has introduced the rates, rules, and forms for a private flood insurance product designed for the residential market. This new product was approved by the Commissioner of Insurance with minor changes to the filed minimum premium and inland flood loss cost multiplier on February 28, 2020. The NCRB released circular [P-20-1](#) regarding the new program.

**PLEASE BE ADVISED:** The NCRB only provides the rates, rules and forms for this private flood insurance product. You will need to contact your carrier for coverage.

Historically the National Flood Insurance Program (NFIP) has been the primary insurer of residential flood risks in North Carolina. In the last several years, advancements in flood risk modeling and geospatial data provide better tools for the private market, allowing the industry to offer sophisticated residential flood insurance products as an alternative to the NFIP.

The Rate Bureau’s private flood insurance program is intended to provide a long term, quality insurance solution for the state of North Carolina that is accepted by lenders and offers residential flood insurance coverage equal to or greater than the current NFIP policy,

The Rate Bureau program has several enhancements when compared to the policy offered in the federal program, as well as optional endorsements to customize coverage. A high-level comparison of some notable coverages is provided below:

Program Detail	NFIP	NCRB
Coverage A: Dwelling Limits	\$250,000 maximum	No Limit
Coverage C: Personal Property	\$100,000 maximum	No Limit
Coverage D: Add'l Living Expenses	Not Covered	Optional
Deductible	Separate deductibles for Coverages A & C	One deductible per loss
Personal Property	Covered at Actual Cash Value	Optional Replacement Cost Endorsement
Contents in Below Ground Areas	Not Covered *	Optional Coverage
Increased Cost of Compliance	\$30,000 maximum	\$30,000 minimum (higher limits available)
Ordinance or Law	Not Covered	Optional

\*Certain appliances are covered

The Rate Bureau has created instructional videos to provide a high-level overview of the program. They can be accessed in the Training and Users Guides section of the website, [located here](#).

As an additional resource, the Rate Bureau has posted Flood FAQ’s on our website., [located here](#).

## Did You Know?



ERM-14’s (Notification of Change in Ownership Form) are used by employers and agents to report changes in ownership and/or determining combinability status as required by the Notification of Change in Ownership Endorsement (WC 00 04 14).

Some items reported are not considered an ownership change and therefore an ERM-14 is **not** needed. These include, but not limited to:

- Entities entering or leaving employee leasing arrangements
- Wrap-up Projects
- Establishment of or change in a revocable trust
- Establishment of “debtor in possession” status
- Entities entering or leaving affiliation, franchise and/or management agreements
- Clerical errors (i.e.- correction to the spelling of a name)
- DBA name changes

## Coming Soon!



The NCRB will be hosting a worker’s compensation training in September of this year. This training will be good for 3 general CE credits and will review the ManageAR application for submitting assigned risk applications, and will finish with a deep dive into experience modifications. Be on the look-out for an invitation!



The NCRB is currently working on enhancements to the ManageAR application. We are committed to improving the application process to be more intuitive with real-time access to the information needed to complete the application. Stay tuned for additional information on these improvements!