



June 30, 2025

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

2025 NORTH CAROLINA WORKERS COMPENSATION

STATE OF THE MARKET REPORT

Summary:

The North Carolina Rate Bureau has released the 2025 Report on Workers Compensation Insurance, detailing legislative updates, industry changes, premium volumes, loss costs, claims statistics, and common causes of injury in North Carolina.

The North Carolina Rate Bureau is pleased to make available the 2025 Report – Workers Compensation Insurance in North Carolina. This comprehensive report provides an in-depth overview of various matters related to workers compensation that fall under the Bureau's oversight. In addition to legislative updates and industry changes, the report includes valuable insights into premium volumes, changes in loss costs and assigned risk rates. You will also find detailed claims statistics, including claim counts, severity trends, and common causes of injury.

If you have any questions concerning this matter, please contact the North Carolina Rate Bureau at 919-582-1056 or via email at support@ncrb.org.

Sincerely,

Jarred Chappell
Chief Operating Officer

JC:ko
Attachment
C-25-4



NORTH CAROLINA
Rate Bureau

2025



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.

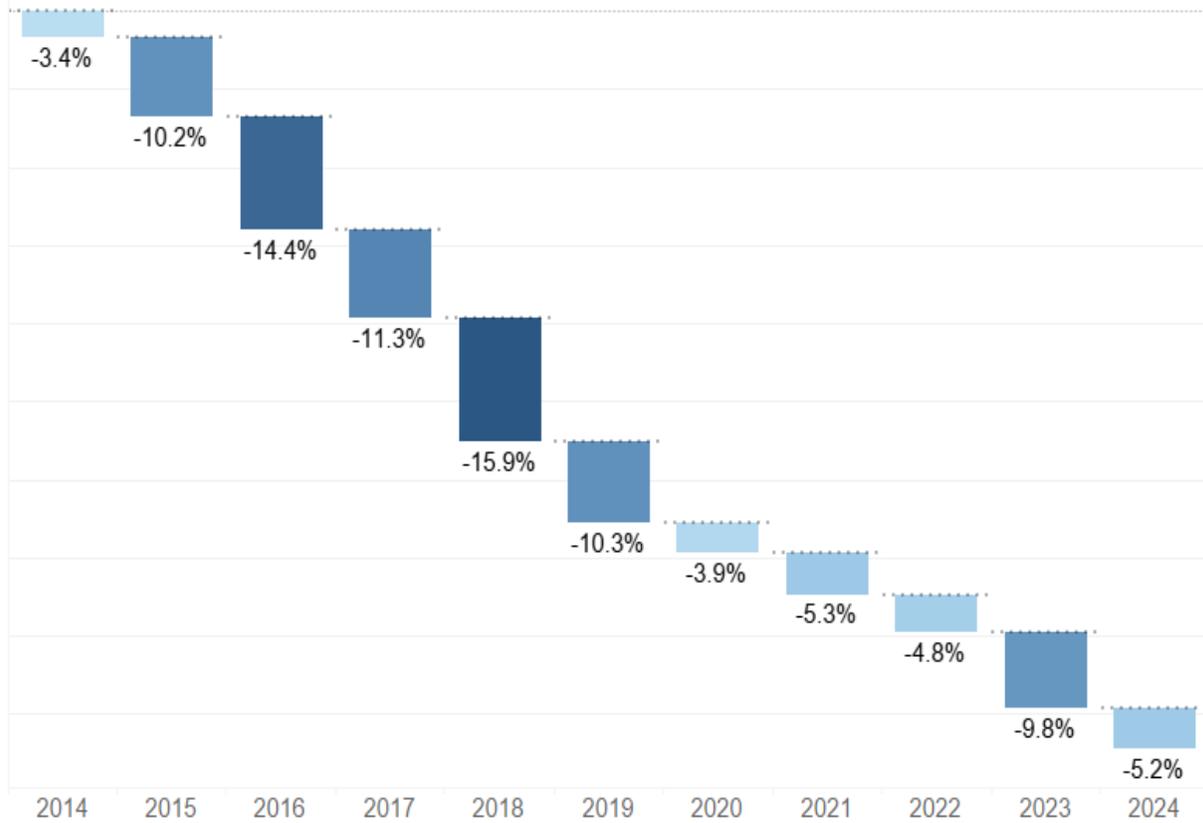
Projected Operating Gain / (Loss)

Workers Compensation – Residual Market Servicing Carriers Only

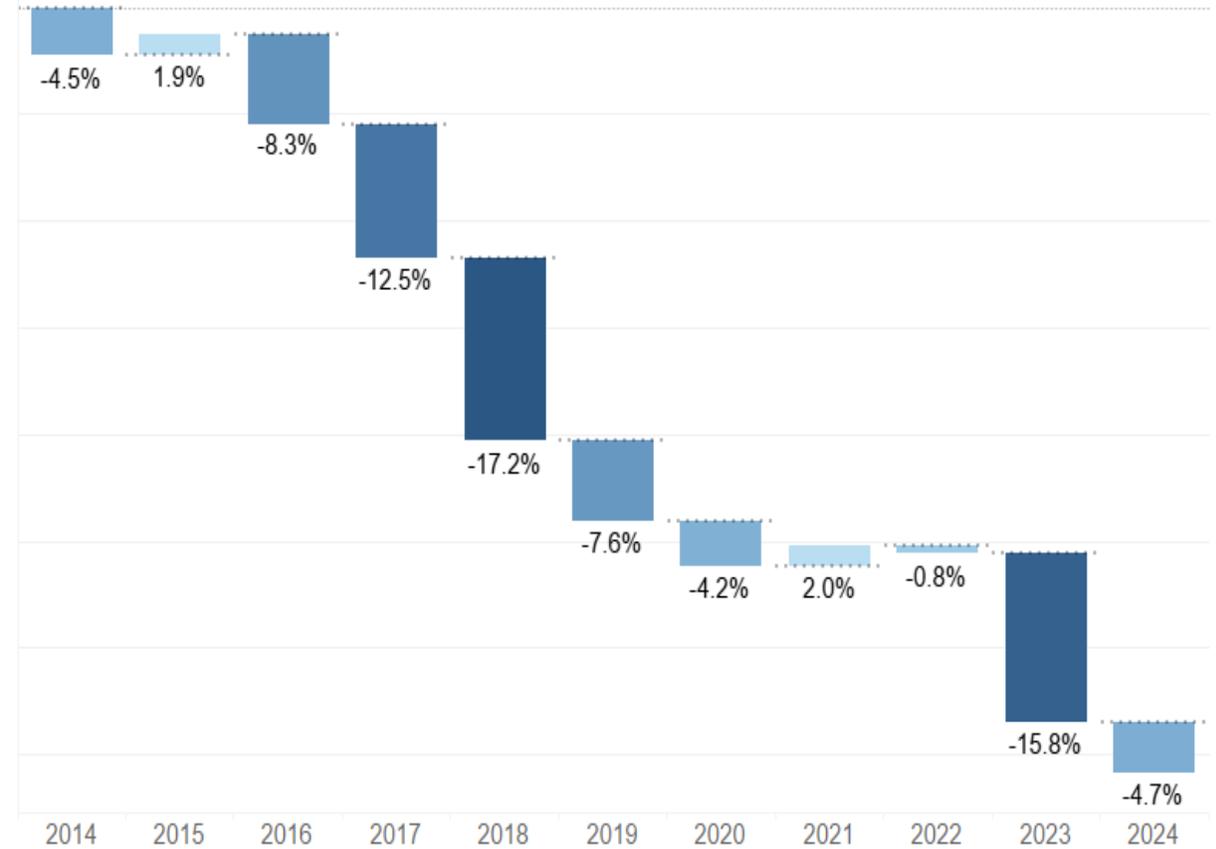
	Policy Year 2024		Policy Year 2023		Policy Years 2024 & 2023	
	Dollars	Factor	Dollars	Factor	Dollars	Factor
Est. Ultimate Pool Written Premium	\$40,904		\$43,145		\$84,038	
Estimated Ultimate Losses	\$22,743	0.556	\$22,214	0.515	\$44,957	0.535
Servicing Carrier Allowance	\$7,919	0.194	\$8,795	0.204	\$16,714	0.199
Other Expenses	\$3,068	0.075	\$3,451	0.080	\$6,519	0.078
Total Expenses	\$33,730		\$34,460		\$68,190	
Estimated Operating Gain/(Loss)	\$7,175		\$8,674		\$15,849	
Residual Market						
Calendar Year Assessment Base	\$968,671		\$969,930		\$1,938,601	
Estimated Operating Gain/(Loss) to Cal Year Assessment Base	+0.7%		+0.9%		+0.8%	

WC Rate Filings By Year Filed

Voluntary Loss Cost Factors

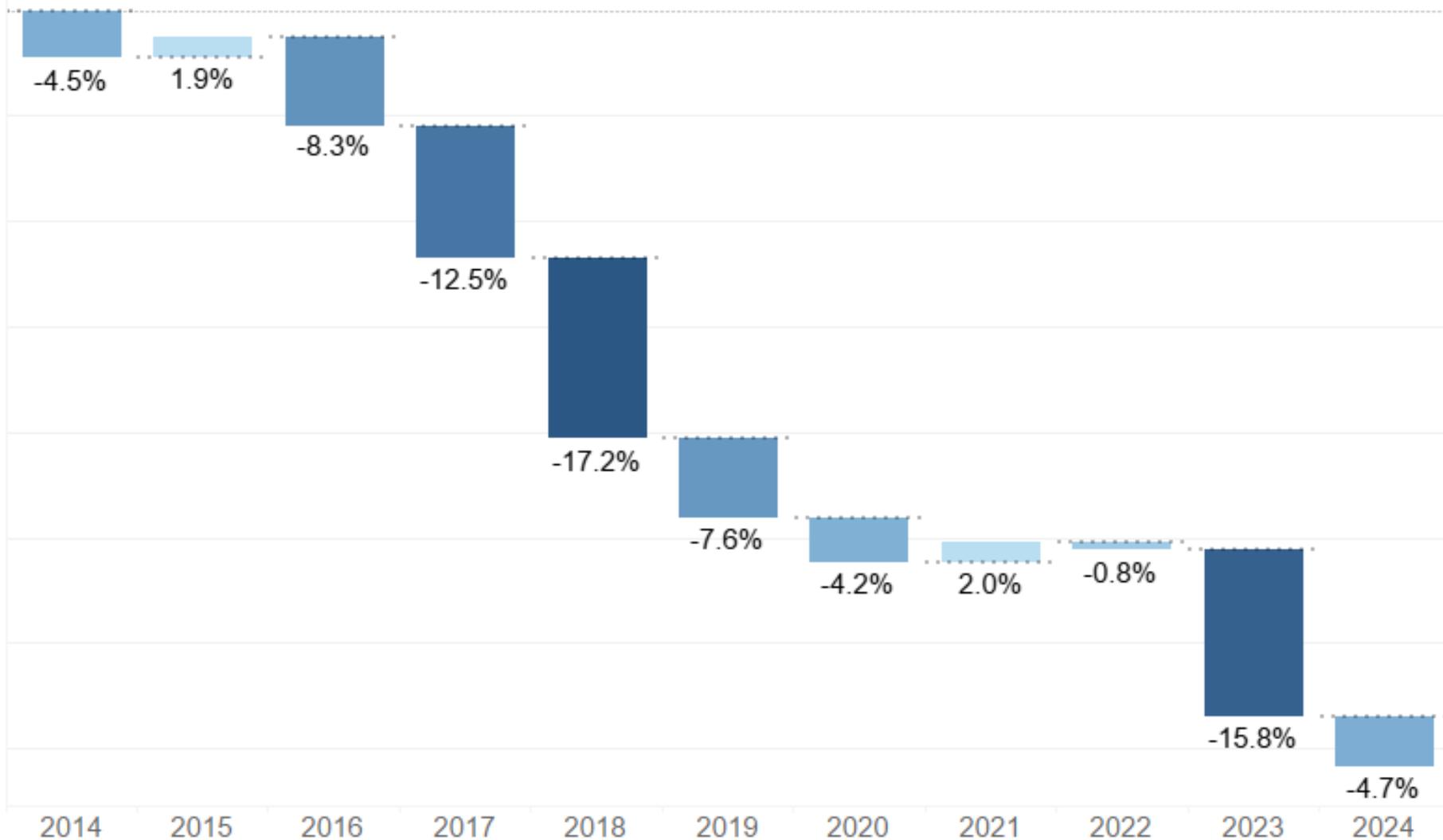


Residual Market (Assigned Risk) Rates

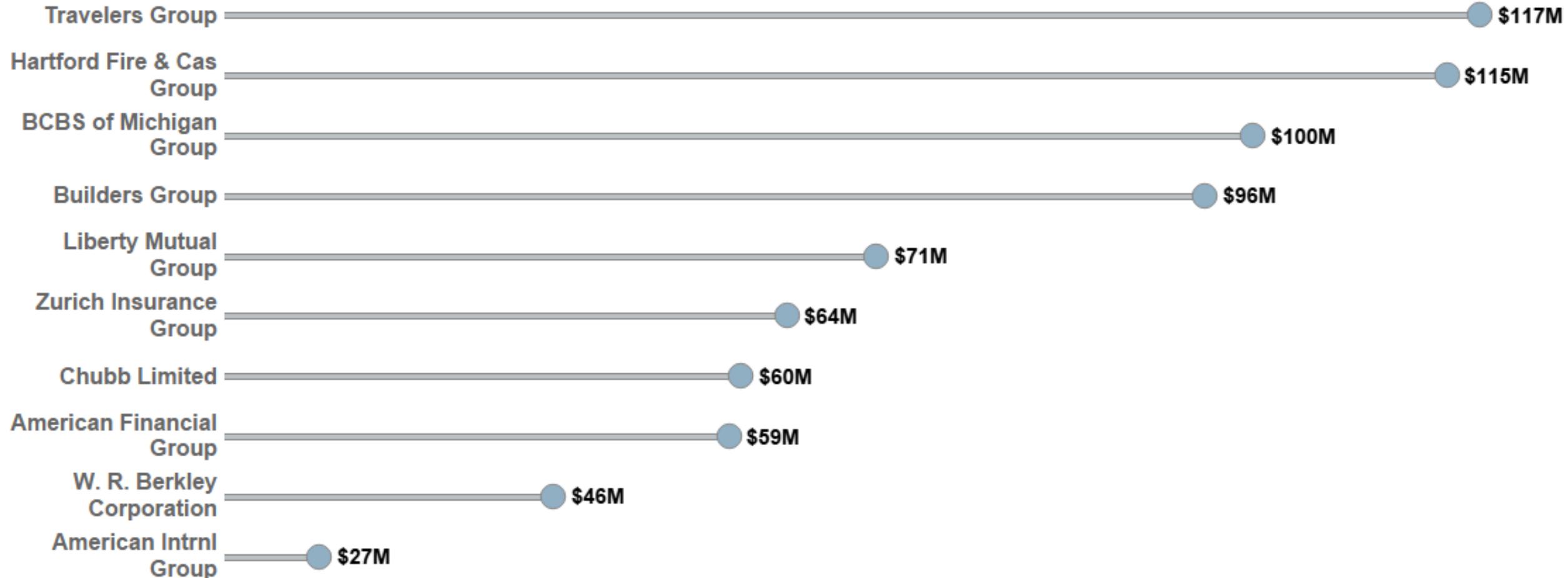


WC Rate Filings By Year Filed

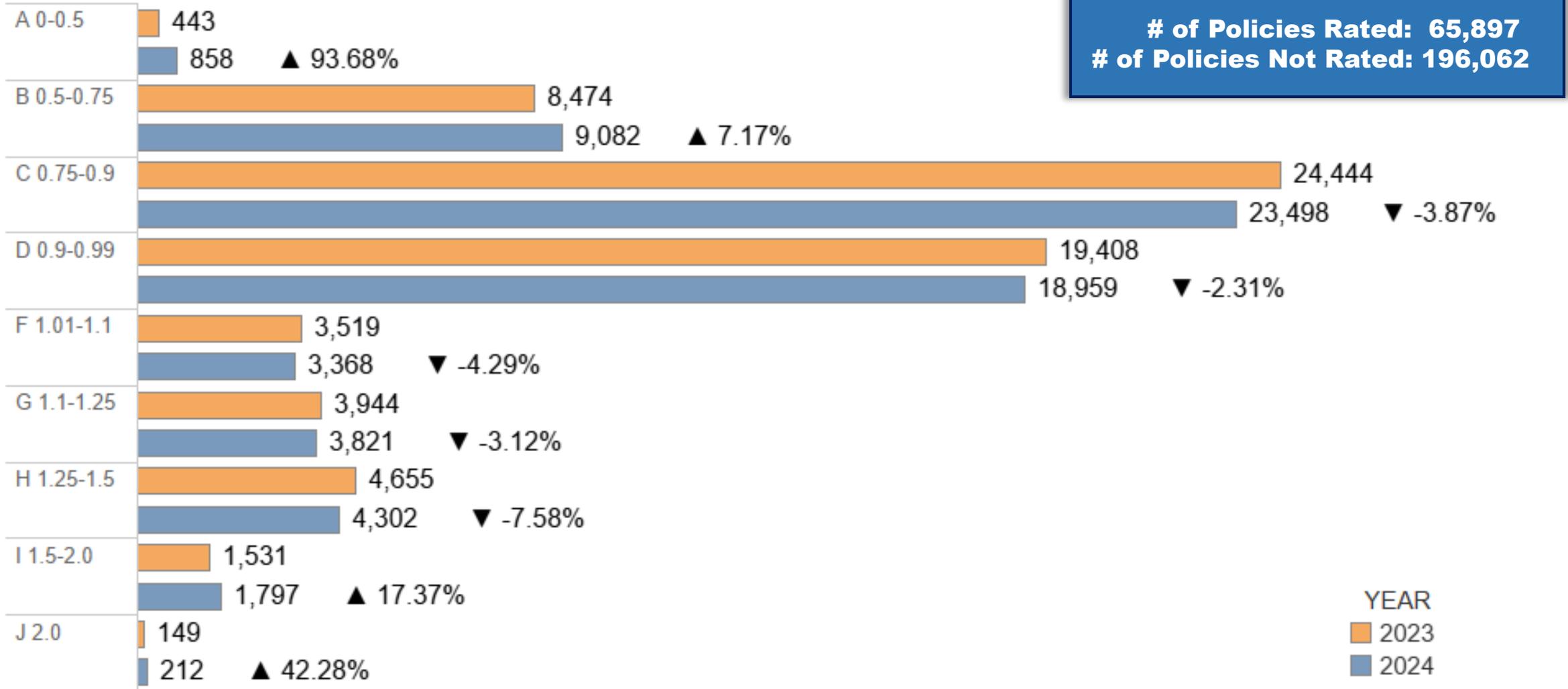
Residual Market (Assigned Risk) Rates



Top Producing WC Groups By Total Written Premium

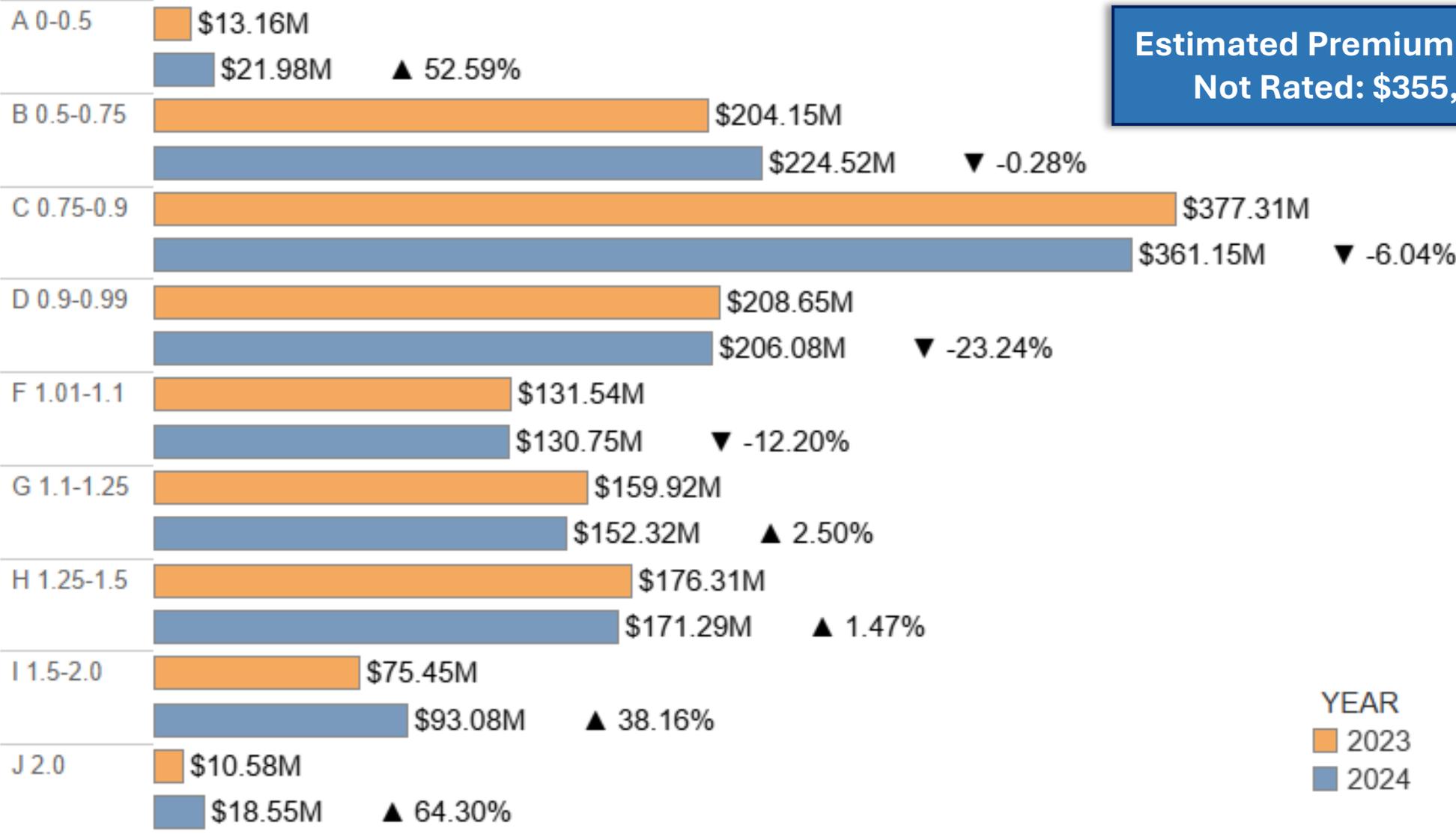


Policy Count By Experience Mod



2023 Estimated Premium By Experience Mod Total Market

Estimated Premium for Policies
Not Rated: \$355,179,651

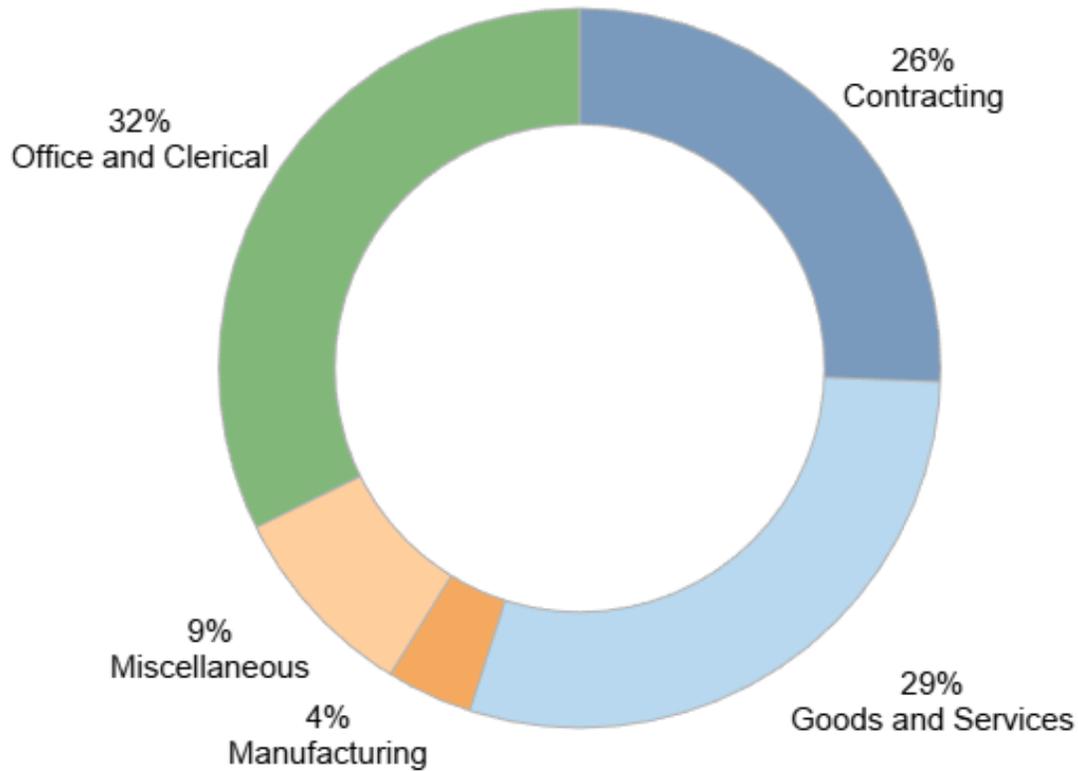


In Force Premium by Market Voluntary vs Residual

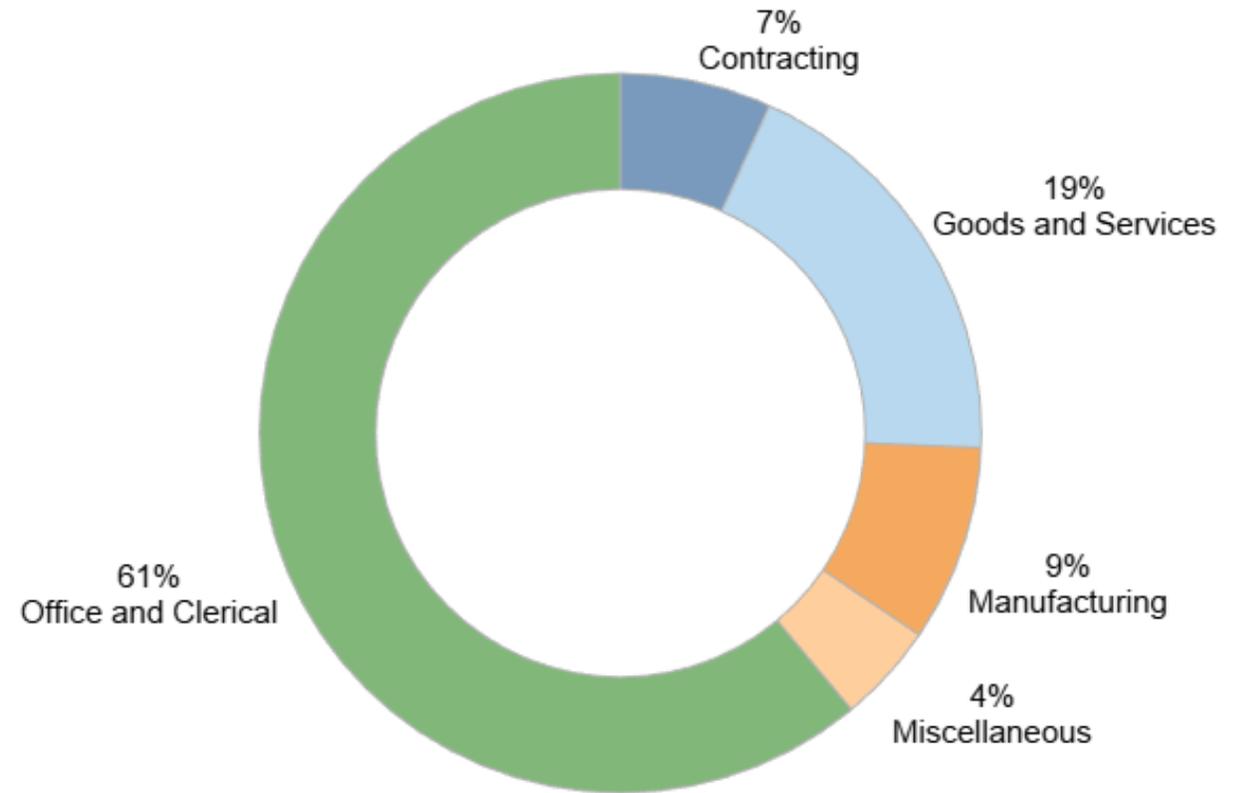


WC Industry Groups AR vs Total Market Payroll

2024 Payroll by Industry AR

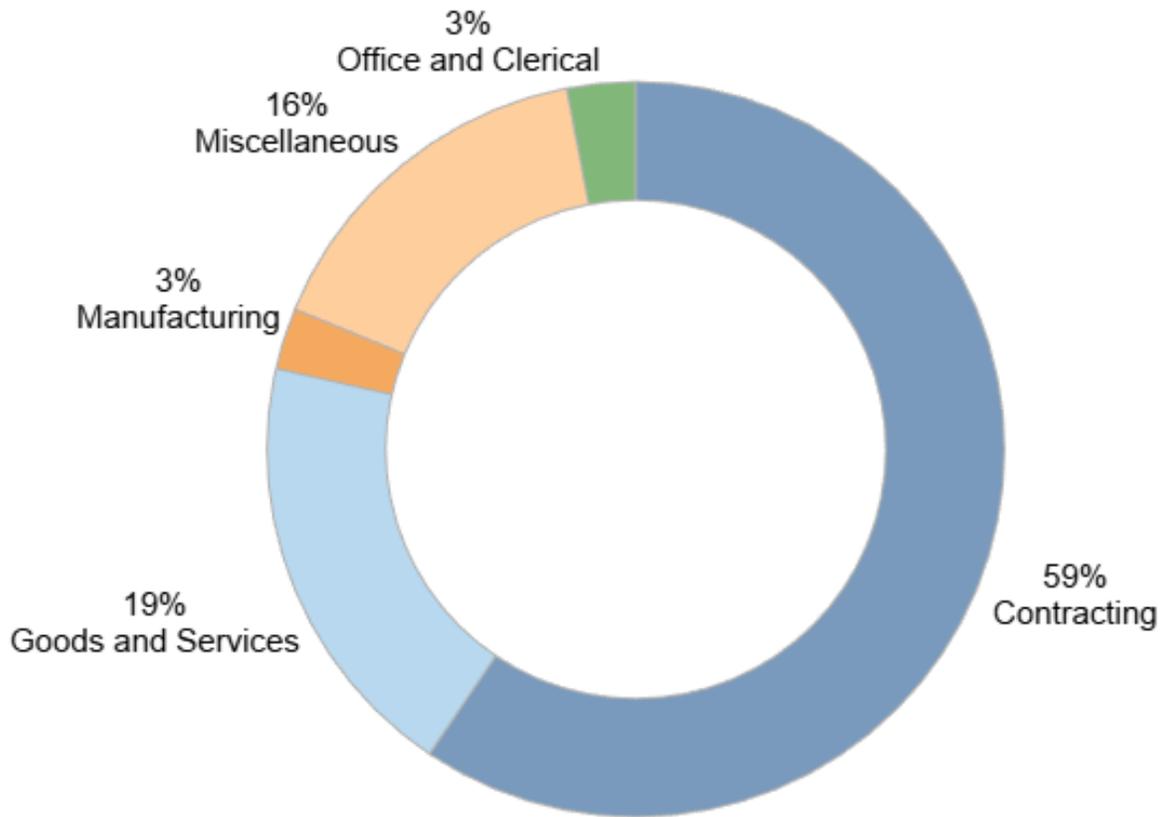


2024 Payroll by Industry Total Market

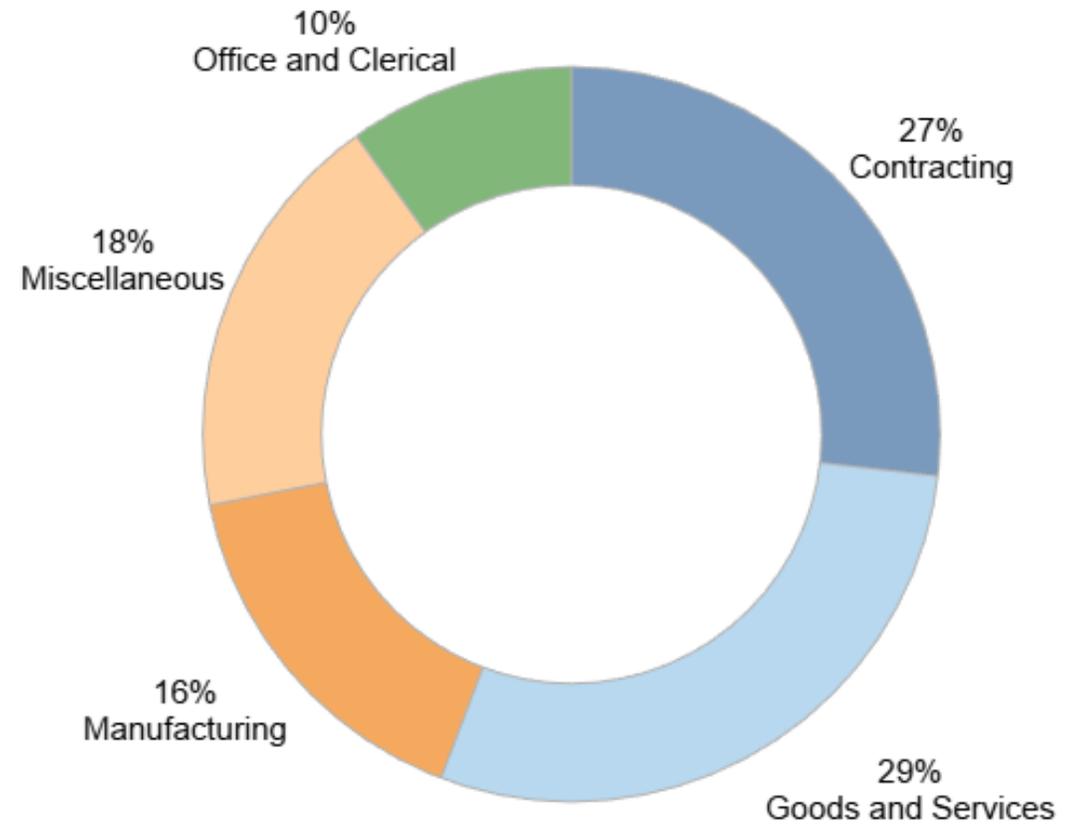


WC Industry Groups AR vs Total Market Premium

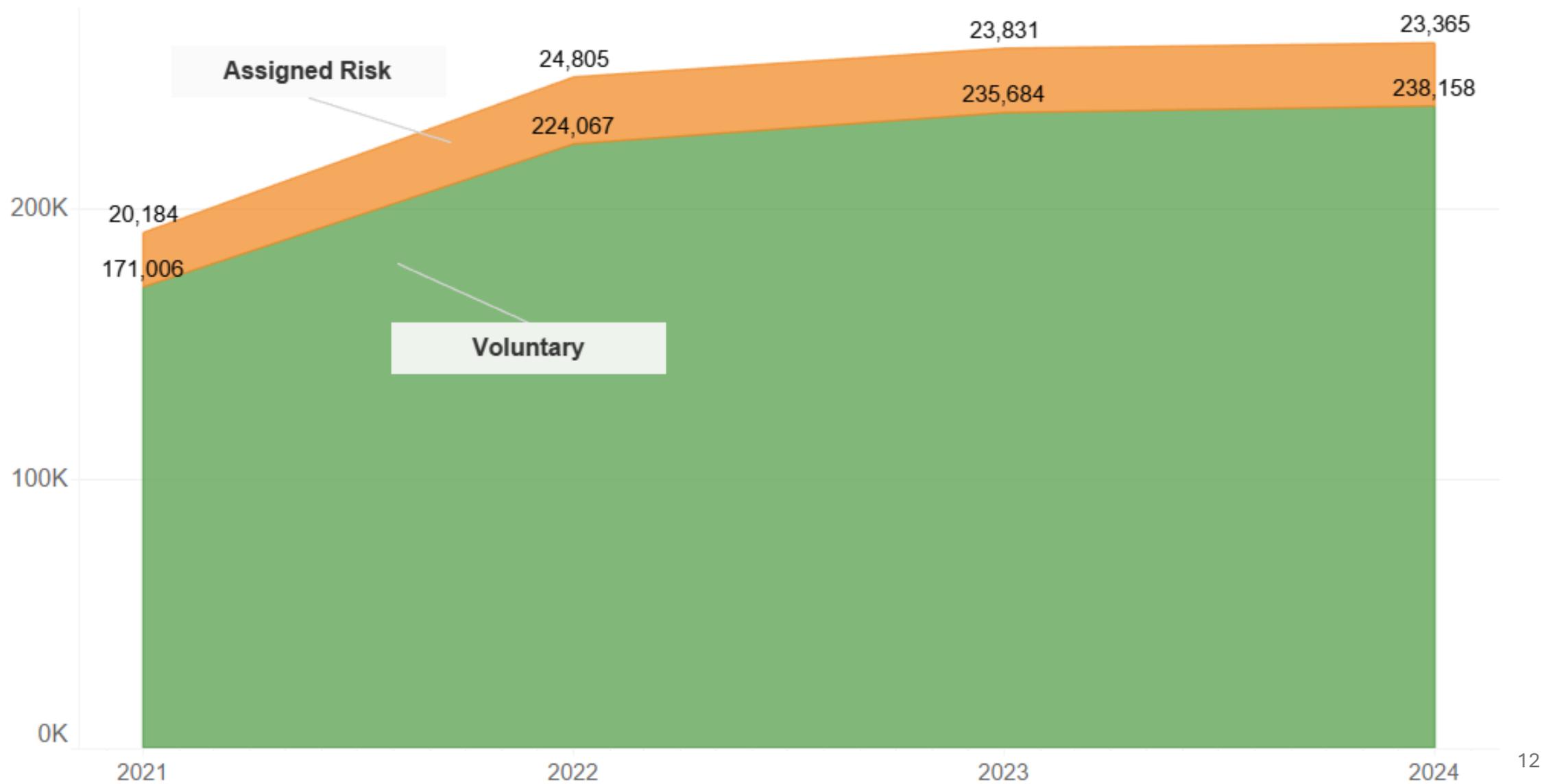
2024 Premium by Industry AR



2024 Premium by Industry Total Market

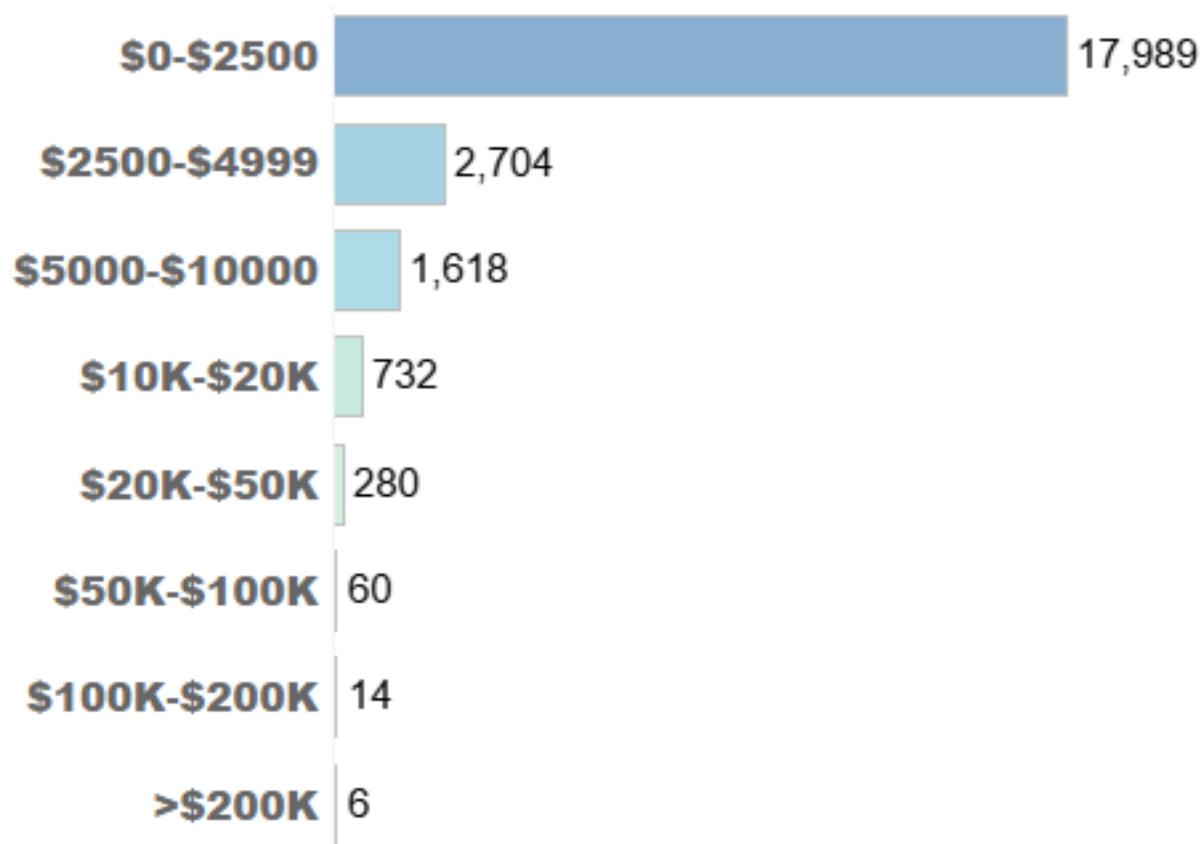


Assigned Risk vs Voluntary Market Policy Counts

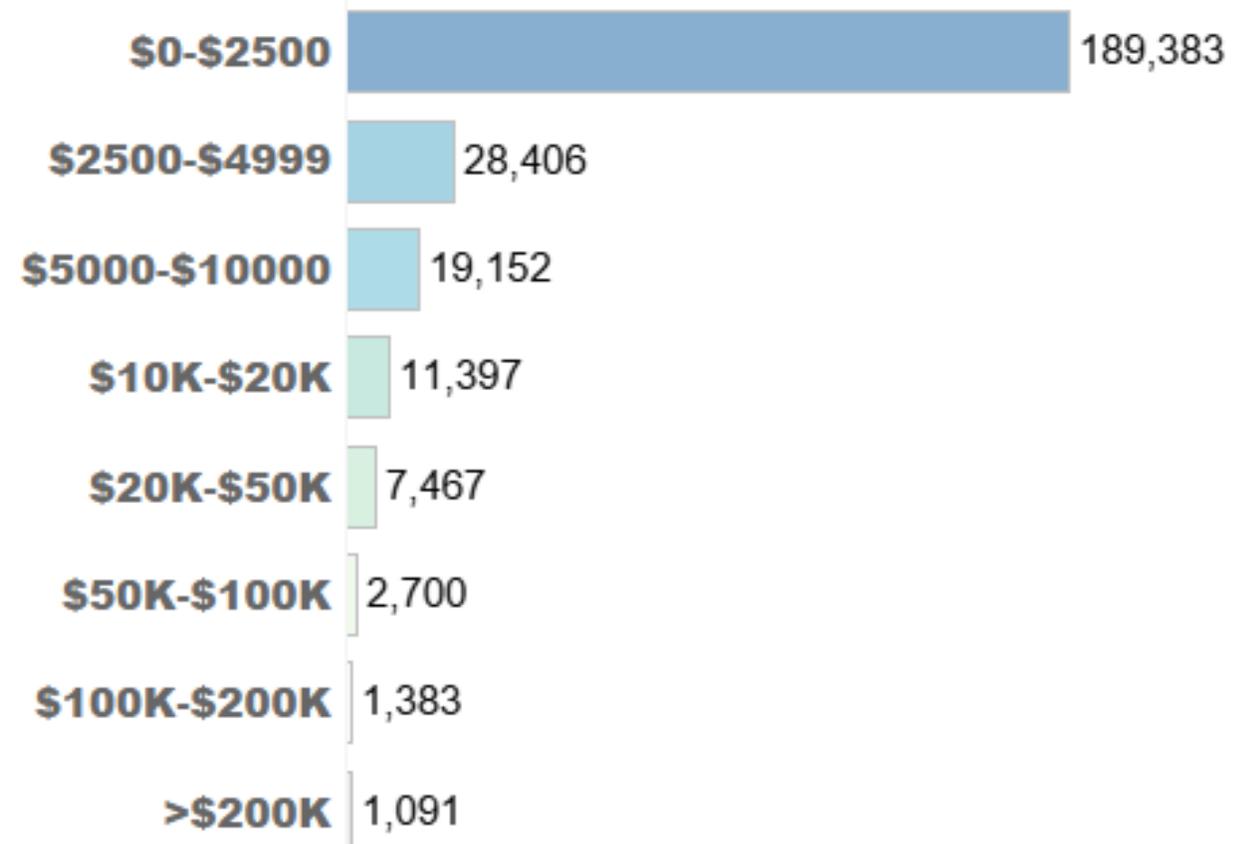


Policy Counts with Premium Distribution (2024)

Policy Count by Premium Size: Assigned Risk



Policy Count by Premium Size: Total Market



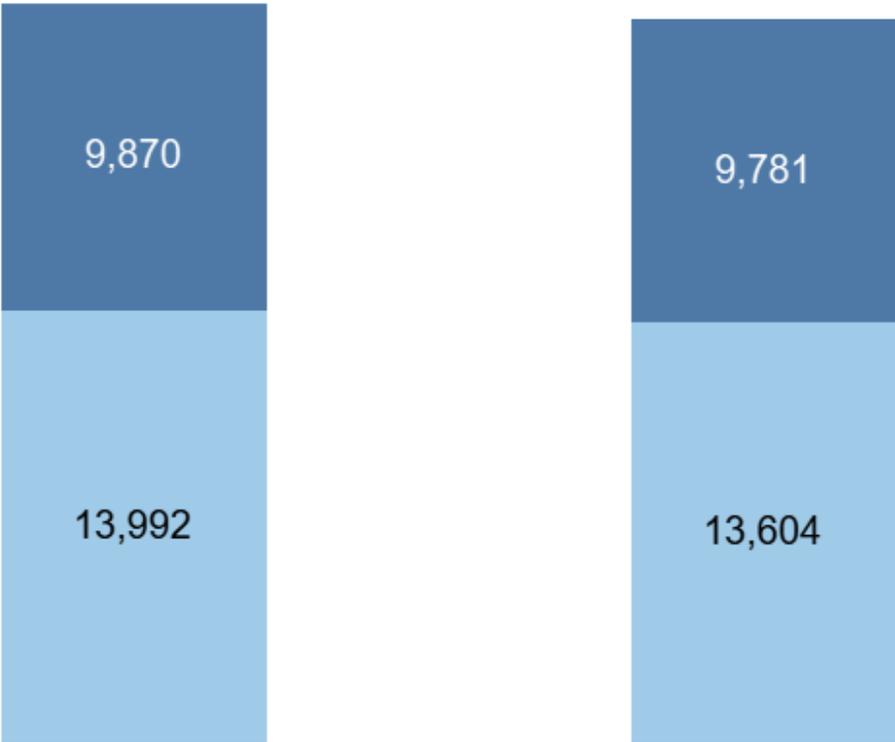
Total Market – Average Premium as of 12/31/24

Average Premium Size

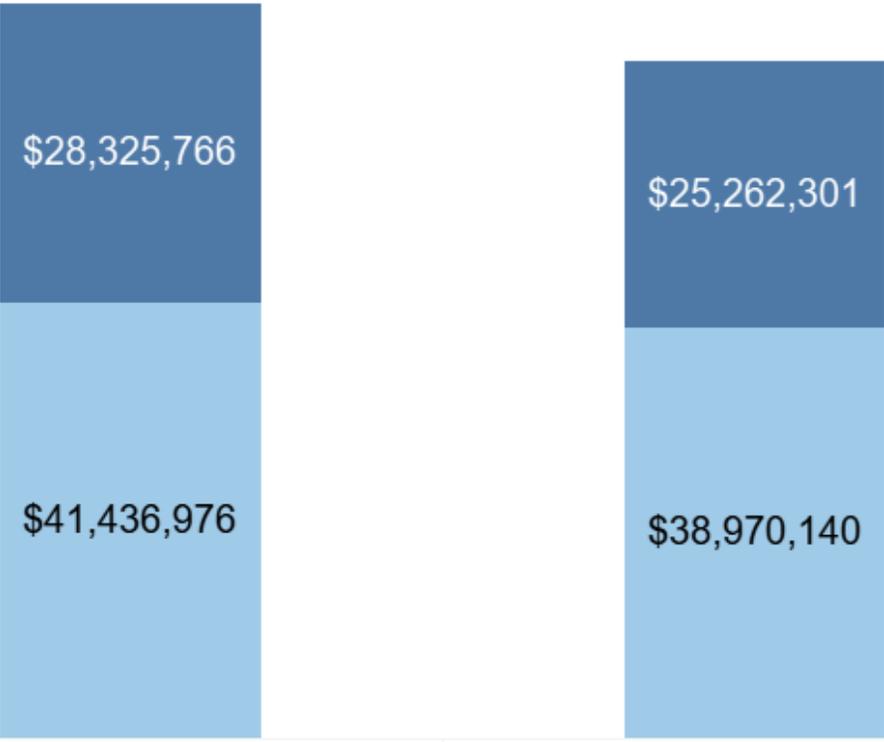


AR Prior Two Years

AR Policy Count



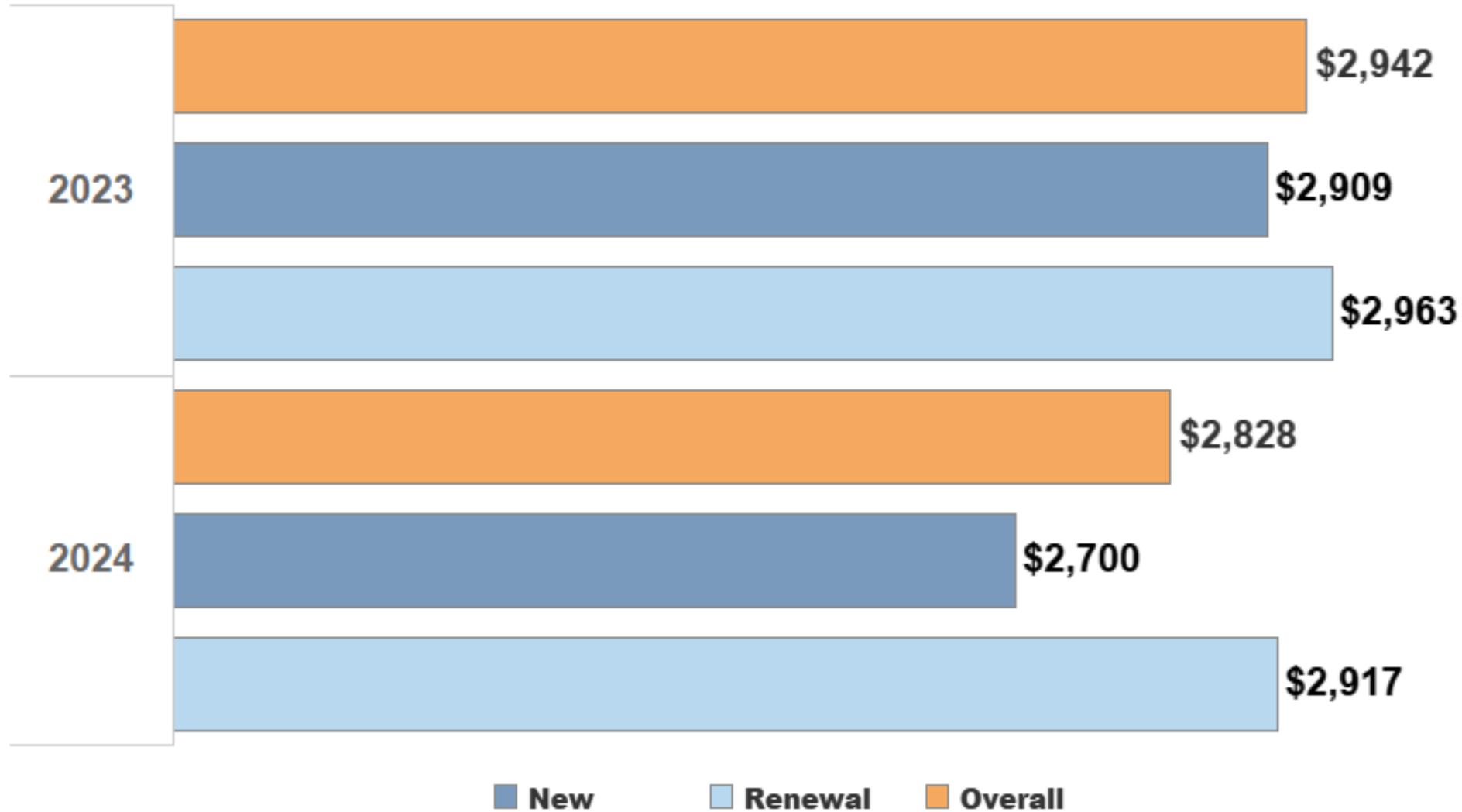
AR Total Premium



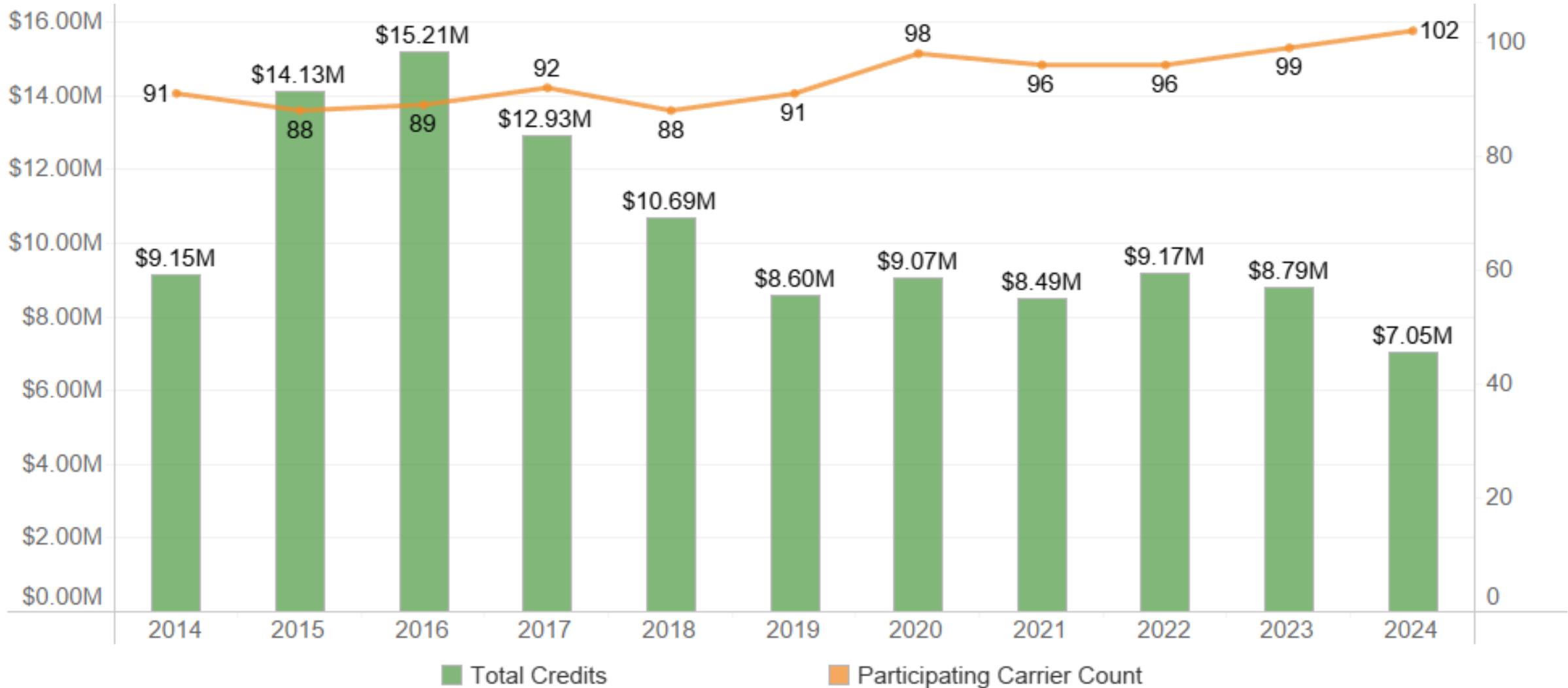
New **Renewal**

New **Renewal**

Assigned Risk Prior Two Years

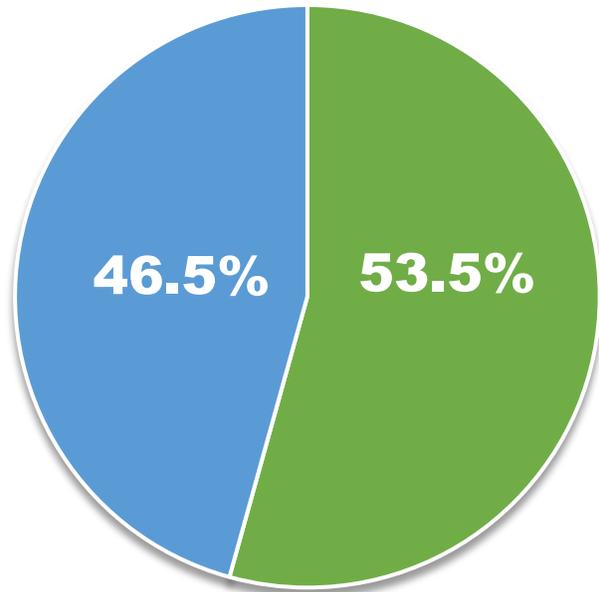


Take Out Credit Program History



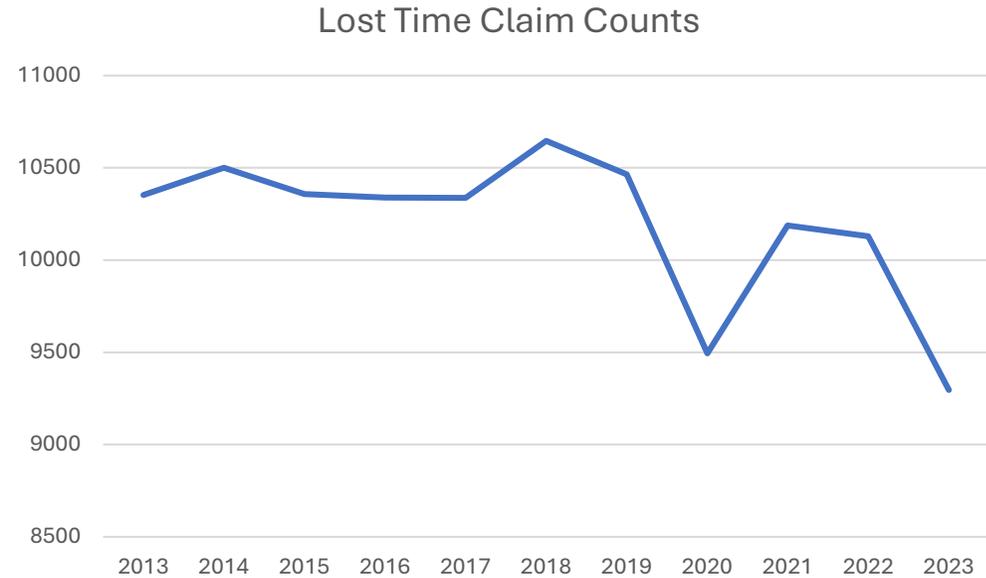
Claim Count and Severity Trends

Medical vs Indemnity Split Claim Dollars 2023



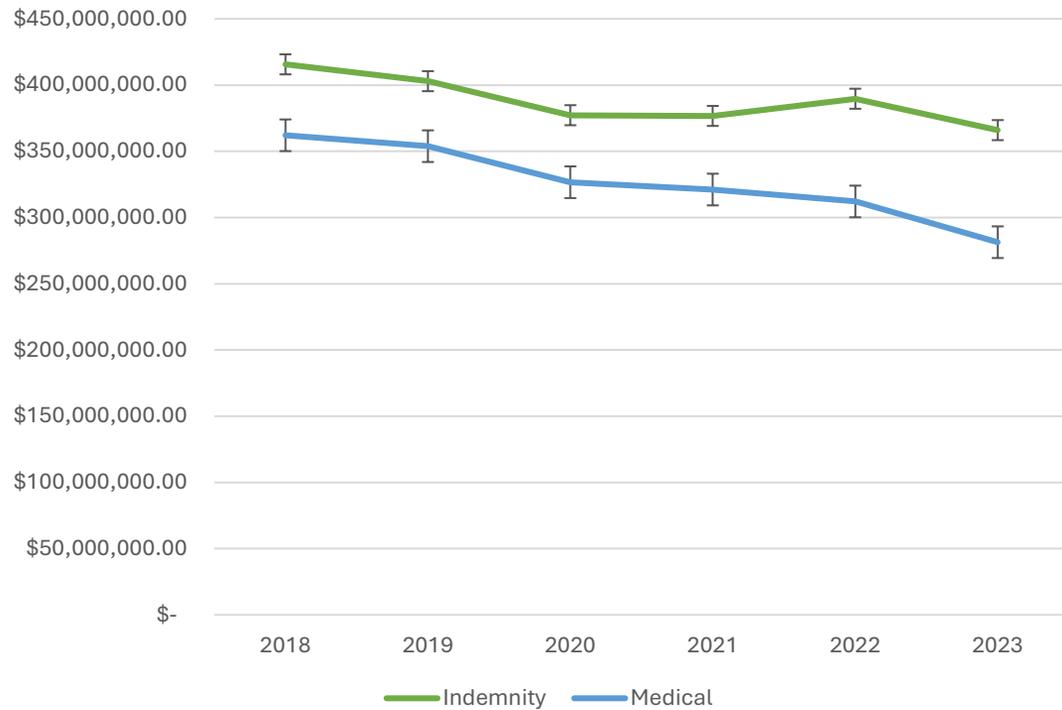
■ Ind. Severity ■ Med. Severity

Lost Time Claim Counts

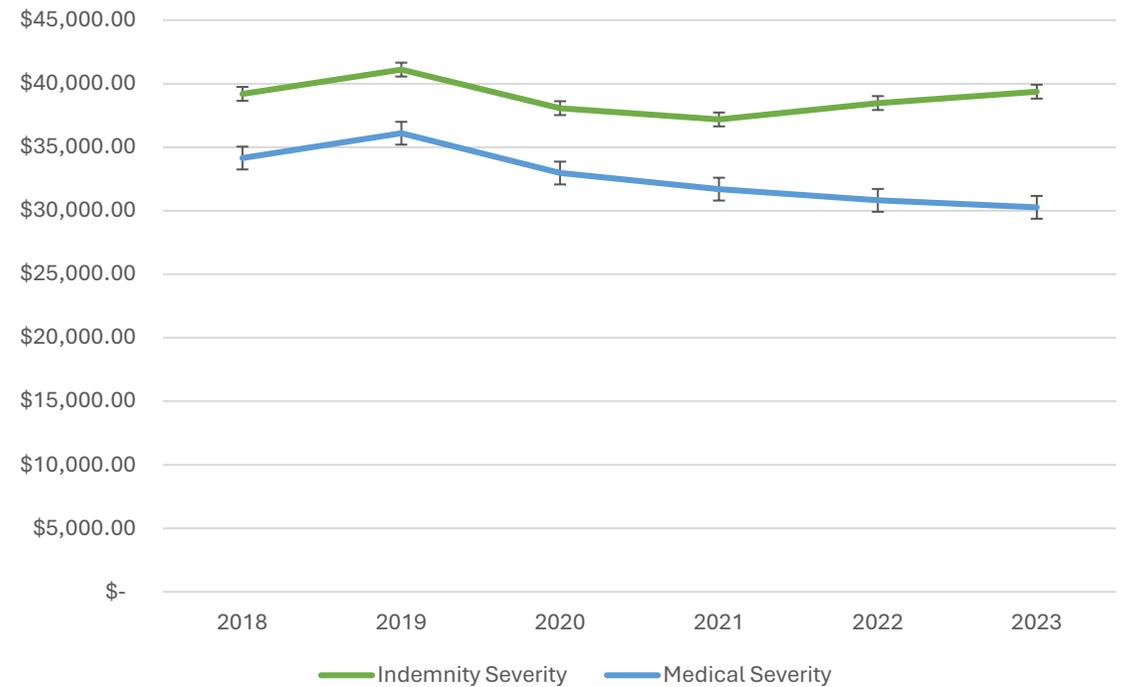


Claim Count and Severity Trends

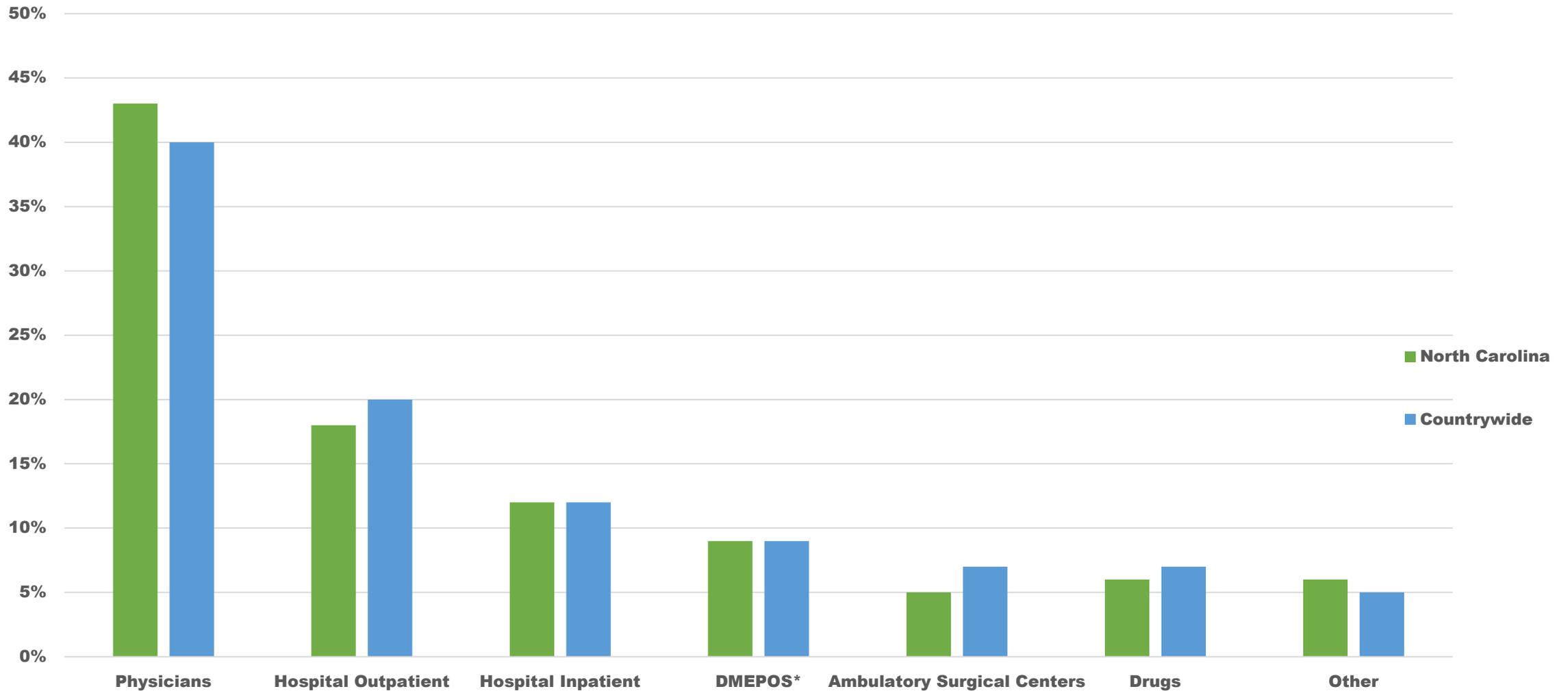
Loss by Year



Claim Severity

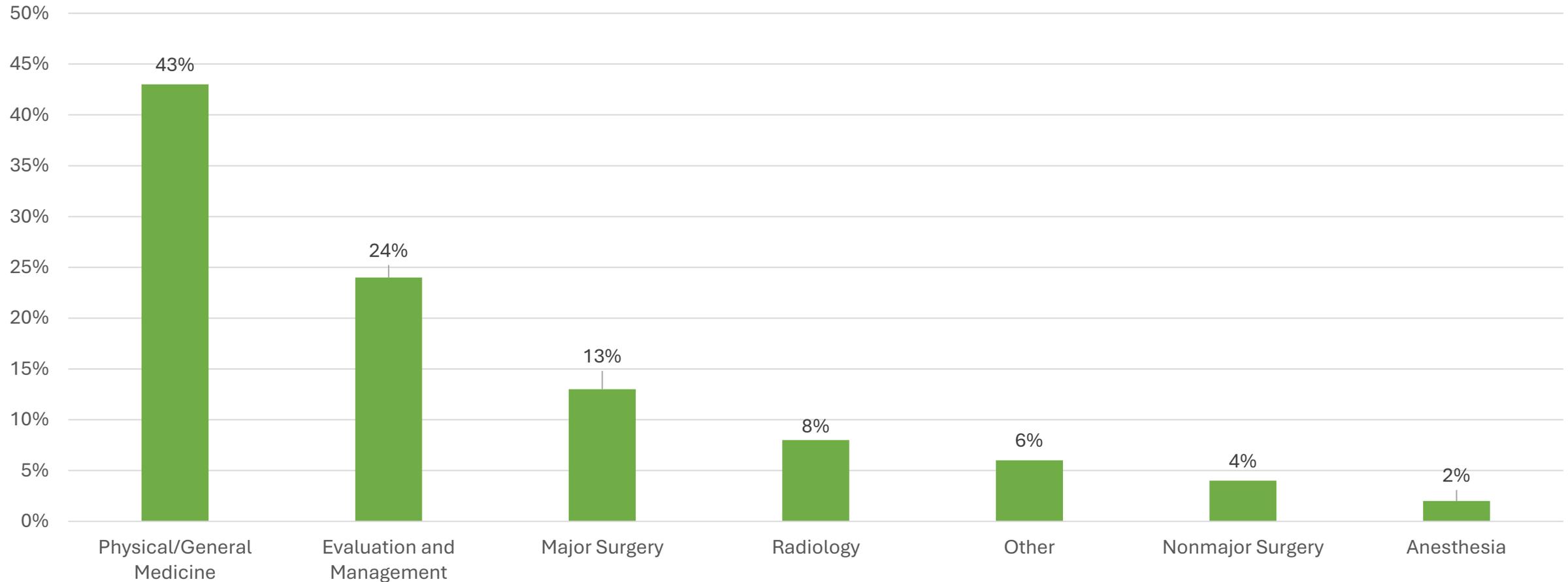


Distribution of Medical Payments

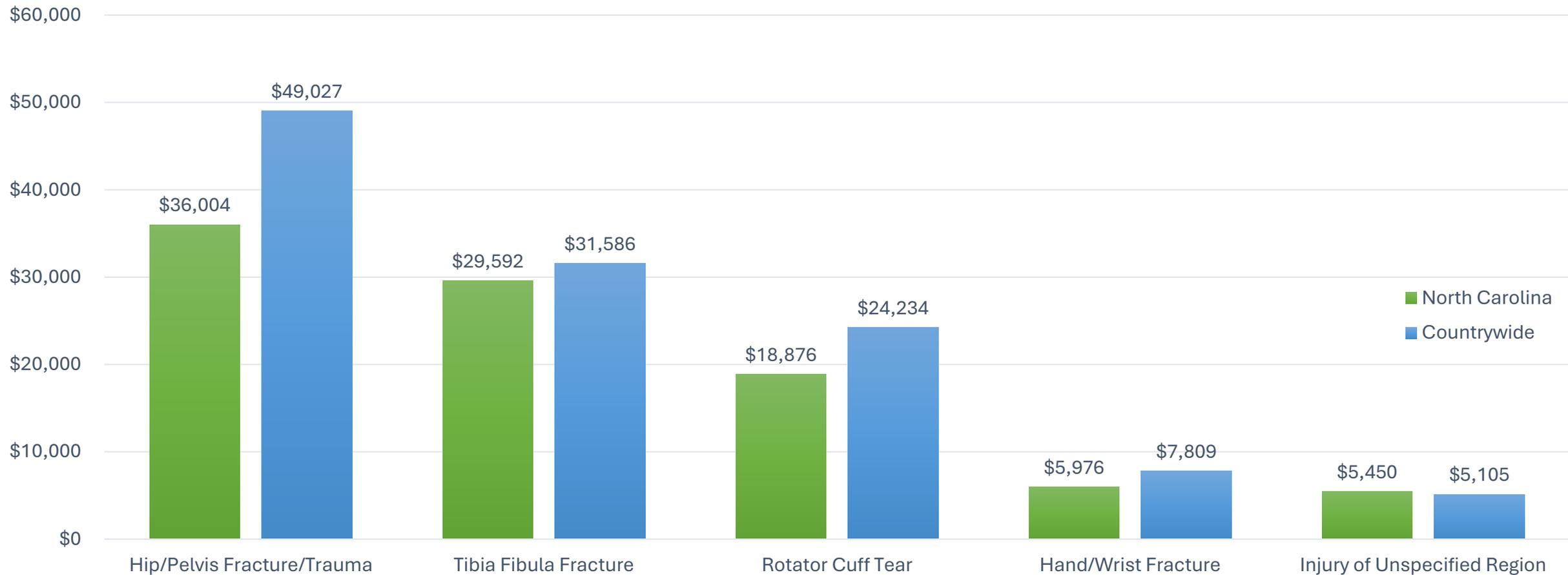


* Durable Medical Equipment, Prosthetics, Orthotics and Supplies

Distribution of Physician Payments Service by Category (NC)



Top Diagnoses by Average Total Paid



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 activities that may impact workers compensation in North Carolina. There were minimal legislative and judicial activities related to workers compensation in 2024. The following are matters of which you should be aware.

Sturdivant v. North Carolina Public Safety

On December 13, 2024, The North Carolina Supreme Court ruled that to receive extended compensation benefits beyond 500 weeks, an employee must prove that the employee has had a “total loss of wage-earning capacity”. This means the employee is unable to earn wages through any type of employment.

Kluttz-Ellison v. Noah’s Playloft Preschool

The North Carolina Supreme Court clarified the requirements for accessing medical treatment in workers’ compensation cases. The court emphasized the need for a strong causal relationship between the workplace injury and the condition to be treated.

Industrial Commission Amended Order

On September 28, 2024, the Chief Justice of the Supreme Court issued an order extending periods for filing and other acts in certain Western Carolina counties due to severe weather and flooding in the area caused by Hurricane Helene. The order was further extended through October 28, 2024, for select counties. .

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:

➤ **E-1422:** Revisions to NCCI’s Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance. The revised manual improves structure and format, clarifies state exceptions and removes any ambiguity.

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:

- Libraries and Museums
- Zoos and Aquariums
- Recycling
- Iron and Steel Codes

NCCI's Individual Risk Rating Working Group

(IRRWG) – The recent meeting focused primarily on different possibilities of calculating Excess Loss Factors, or ELFs.

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

The group continues discussions on topics such as Subrogation, Loss Development, experience in Clerical class codes, and proposed changes to Actuarial Standard of Practice #41.

NCCI's Actuarial Committee

The group has ongoing studies related to regional claim differences, fast and slow emerging claims, better alignment of Policy and Unit Statistical data, review of standard exception classifications, regional class differences, and reserve across the country.

Data Sources Utilized

Source	Slides
NCCI Residual Market Fourth Quarter 2023 Results, ©2024	3
NCRB Workers Compensation Insurance 2023 Residual Market Rate Filing	4, 5
NCRB Workers Compensation Insurance 2023 Loss Cost Filing	4, 5
2024 NCRB Take Out Credit Report	17
Federal Insurance Office (FIO) Data	7, 8, 10, 11, 13
Assigned Risk Market In-Force Report	9, 12
Assigned Risk Volume Report by Year	14, 15, 16
IDC Annual Statements Data	6
Rate Filing Data (Appendix A-III) data valued as of 12/31/2023	18, 19
NCCI Medical Data Report for North Carolina – December 2023	20, 21, 22, 23



NORTH CAROLINA
Rate Bureau

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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