



June 26, 2026

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance

2026 NORTH CAROLINA STATE OF THE MARKET REPORT

Summary:

The North Carolina Rate Bureau has released the 2026 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 2026 State of the Market Report – Workers Compensation Insurance in North Carolina. This comprehensive report provides an overview of key workers compensation matters under the Bureau’s oversight, including legislative updates, industry developments, premium volume trends, changes in loss costs and assigned risk rates, and claims statistics such as claim counts, severity trends, and common causes of injury.

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

Sincerely,

Jarred Chappell
Chief Operating Officer

JC:ko
Attachment
C-26-4



NORTH CAROLINA
Rate Bureau

2026



NORTH CAROLINA STATE OF THE MARKET

WORKERS COMPENSATION IN NORTH CAROLINA
INDUSTRY REPORT

This report provides an overview of key workers' compensation insurance matters in North Carolina that are within the jurisdiction of, or impact the operations of, the North Carolina Rate Bureau (NCRB).

The NCRB files assigned risk rates, voluntary loss costs, rules, and policy forms on behalf of all member companies writing workers' compensation in North Carolina. While the Bureau does not serve as the regulatory authority responsible for approving submitted rates, loss costs, rules, or policy forms, it plays a central role in supporting the ratemaking process, administering the residual market, and facilitating industry data reporting..

The information presented highlights trends, data, and regulatory activity relevant to the Bureau's responsibilities and the broader workers' compensation system. As economic conditions and industry dynamics continue to evolve, the NCRB remains focused on monitoring developments and supporting a stable and competitive workers' compensation market in North Carolina.

ABOUT NCRB

The North Carolina Rate Bureau (NCRB) is a non-profit, unincorporated rating organization established by the North Carolina General Assembly under Article 36 of Chapter 58 of the General Statutes, effective September 1, 1977.

NCRB offers a range of services and programs to support the insurance industry in North Carolina, focusing on private passenger automobile, residential property, flood, and workers' compensation insurance.

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II. North Carolina WC Policy Data

III. North Carolina Claims and Medical Data

IV. Legal and Regulatory Changes

Report Limitations

This report does not represent an exhaustive analysis of all factors influencing workers' compensation in North Carolina. It has been compiled using the most reliable information available regarding workers' compensation insurance. The data included has been supplied to the Bureau by carriers underwriting workers' compensation insurance in North Carolina or gathered from reports submitted to or collected by various industry organizations. This report has been independently developed by the Bureau.

Estimated Projected Operating Gain / (Loss)

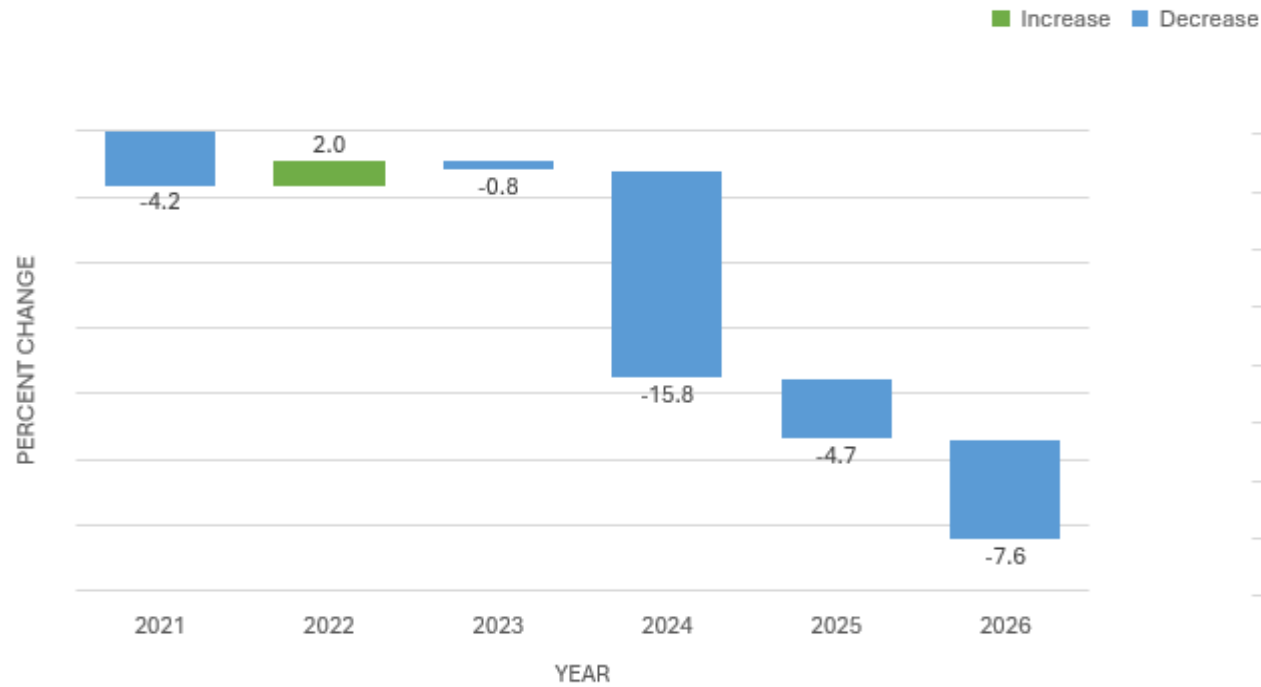
Estimated Workers Compensation – Residual Market Servicing Carriers Only Policy Year 2025

	Dollars	Factor
Estimated Ultimate Written Premium	\$43,855	
Estimated Ultimate Losses	\$26,313	0.6
Servicing Carrier Allowance	\$8,455	0.193
Other Expenses	\$3,289	0.075
Total Expenses	\$38,057	0.87
Operating Gain/(Loss) - Residual Market	\$5,798	
CY Assessment Base	\$1,012,104	
Operating Gain/(Loss) - Residual Market (to CY Assessment Base)	0.6%	

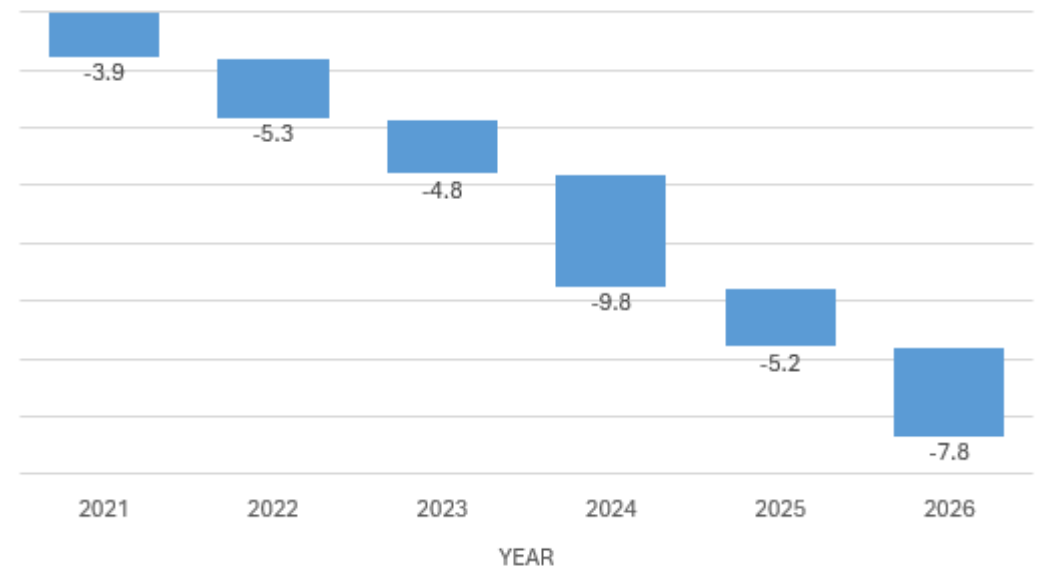
*Numbers represent 000's

WC Rate Filings – Average Overall Changes

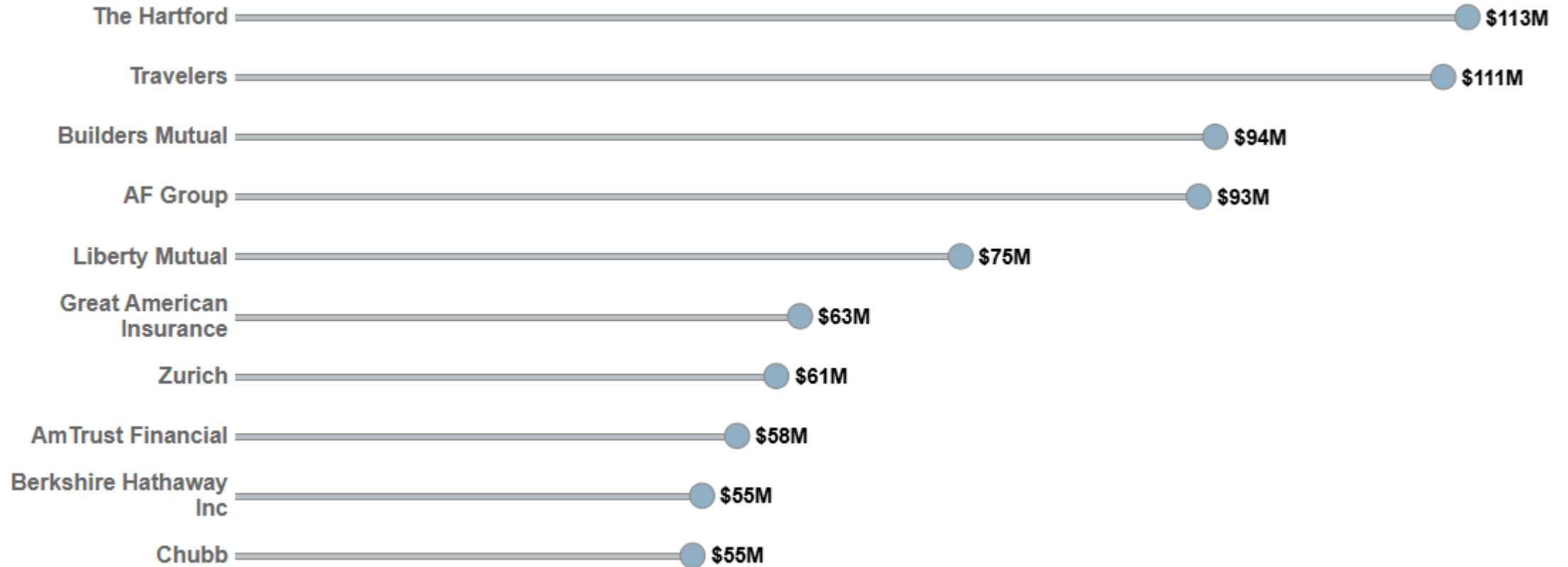
Residual Market/Assigned Risk



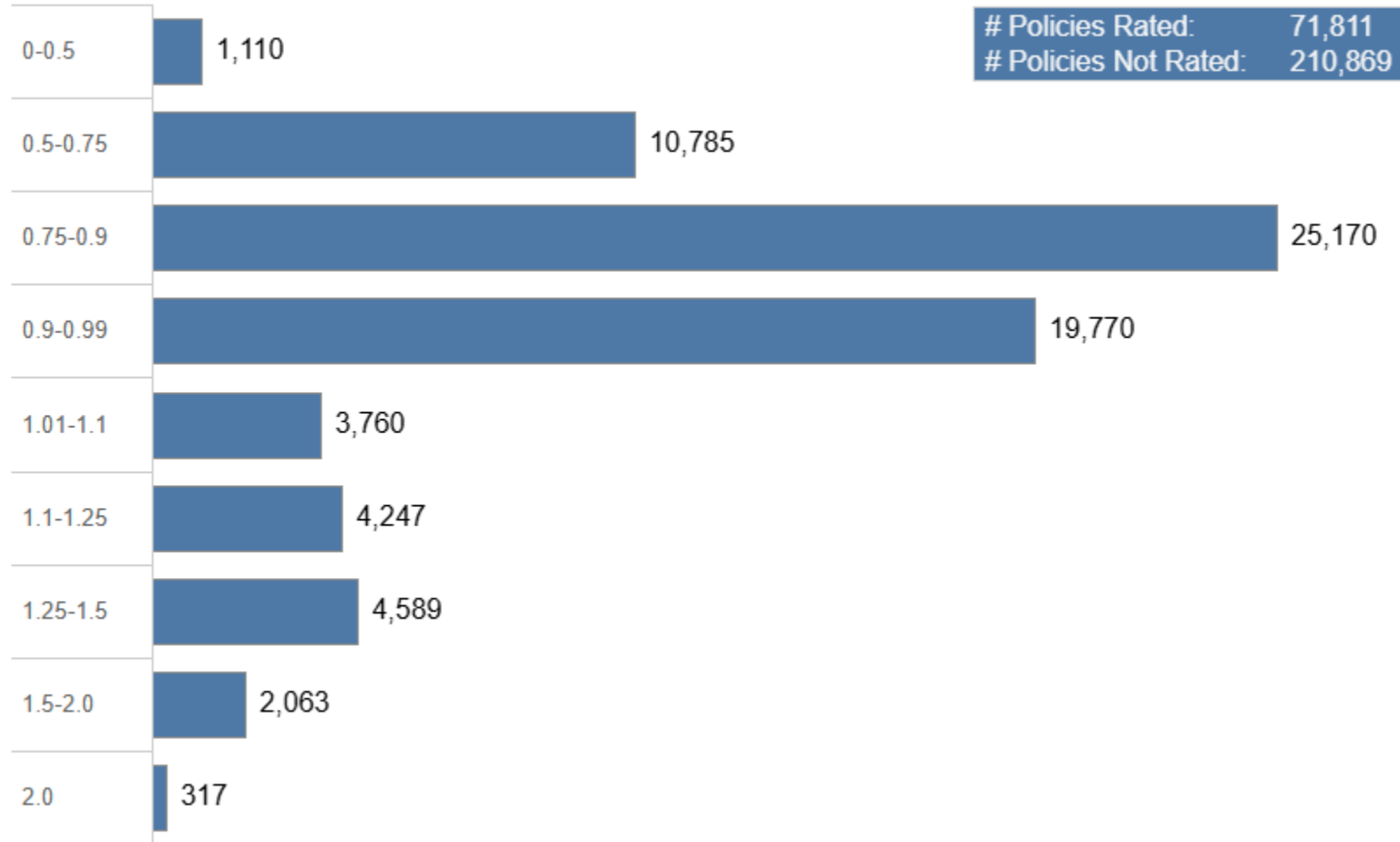
Voluntary Market



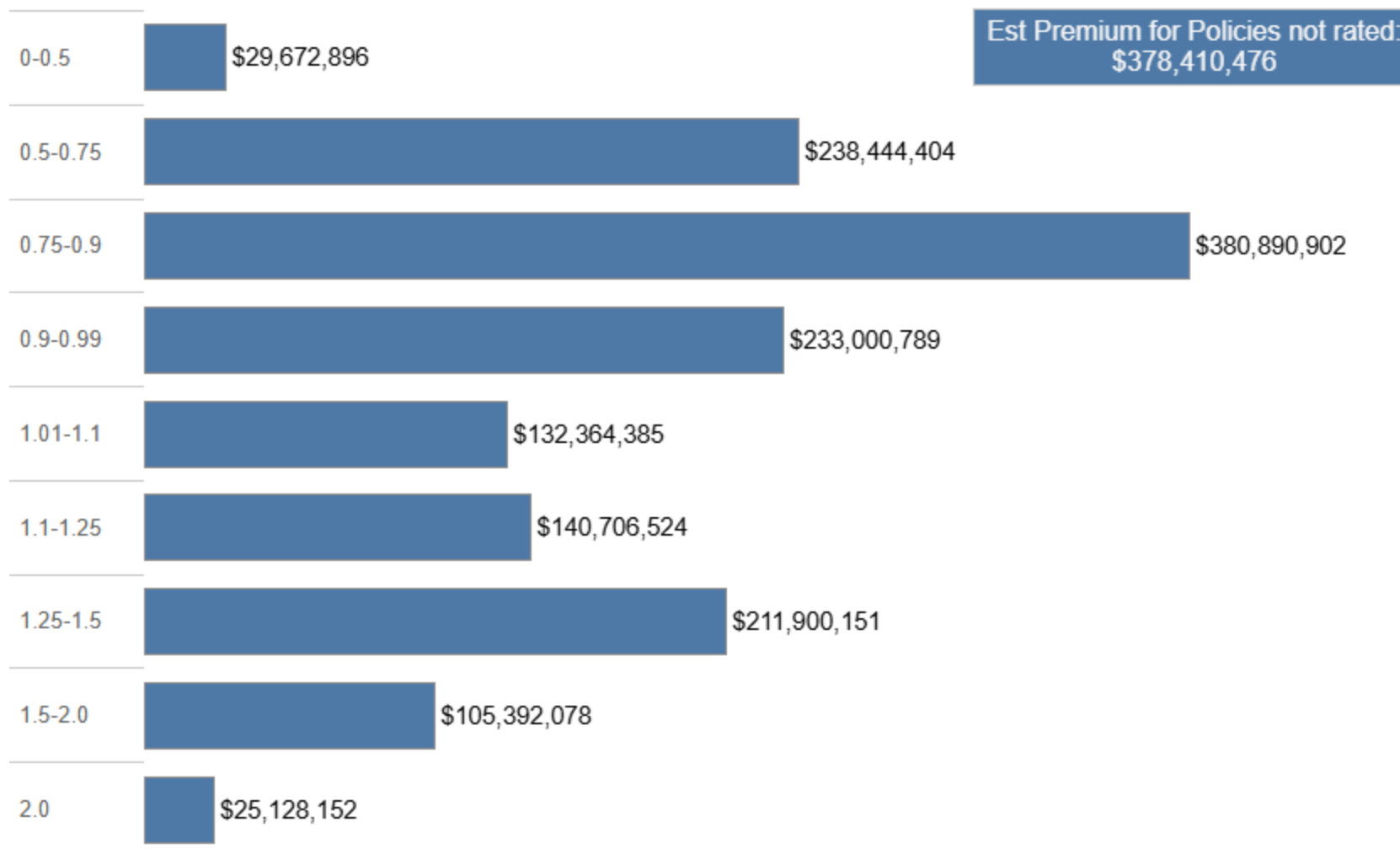
Top Producing WC Writers By Total Written Premium



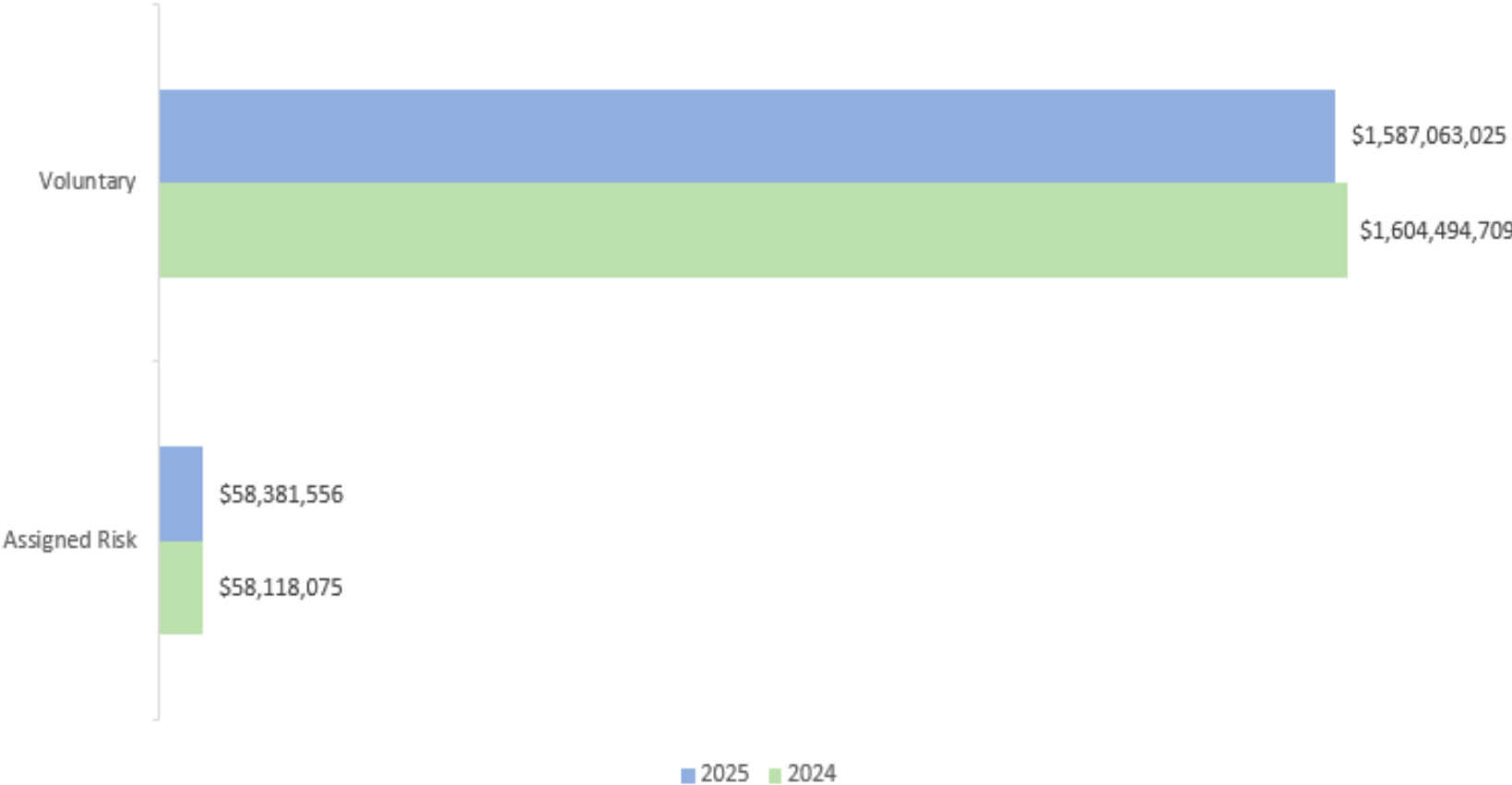
Policy Count By Experience Mod 2025



2024 & 2025 Estimated Premium By Experience Mod Total Market

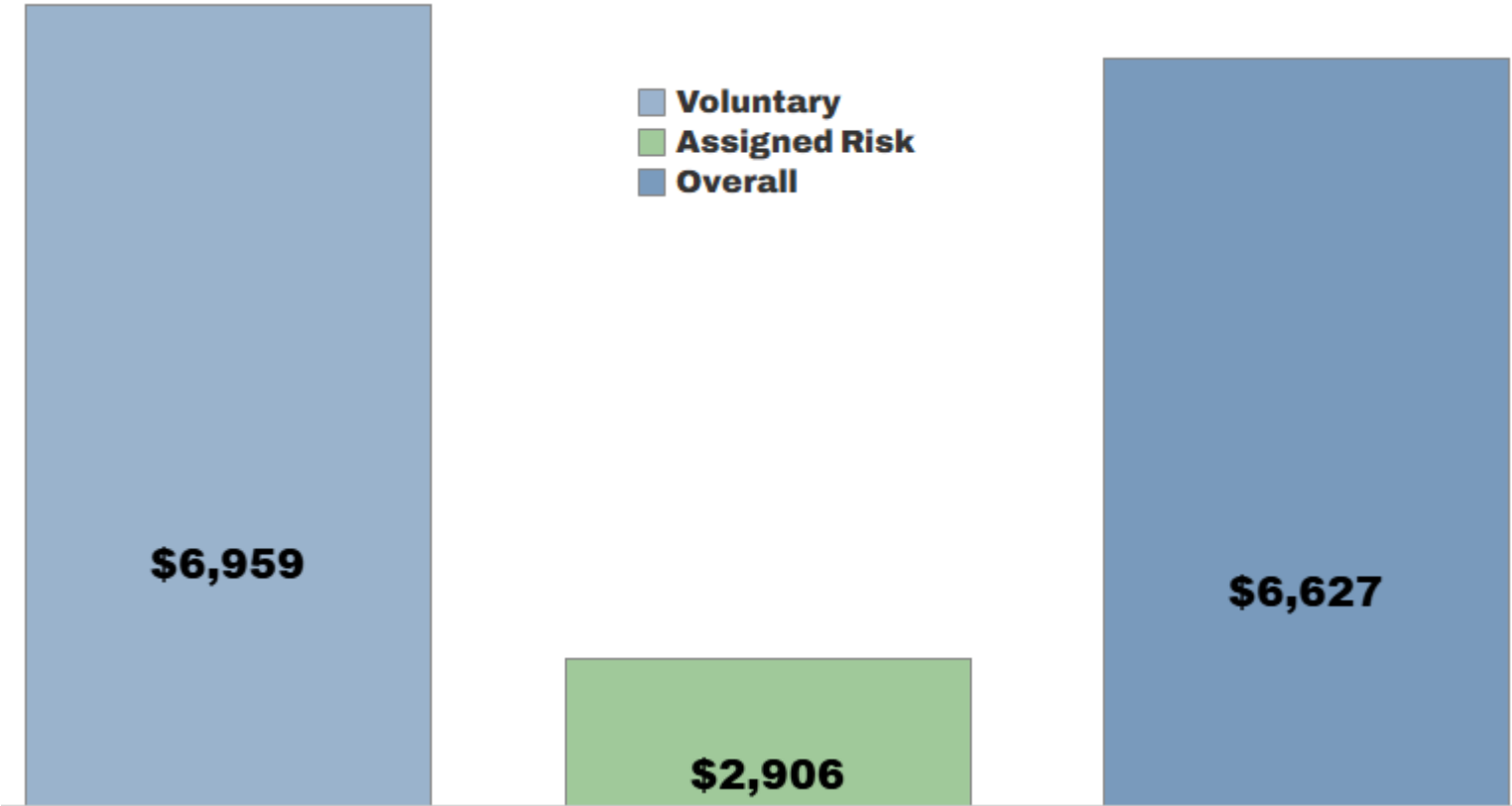


Premium by Market Voluntary vs Residual

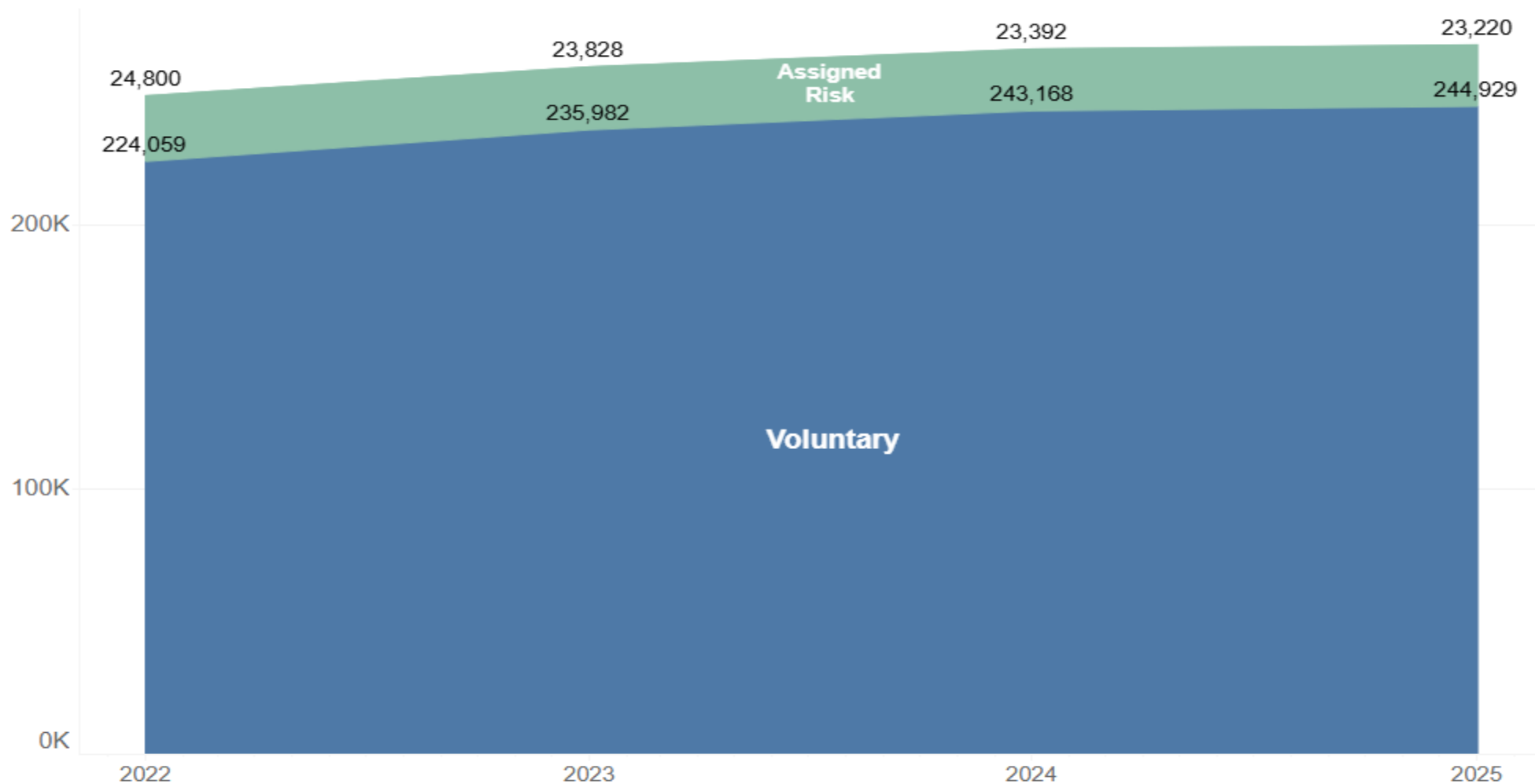


Total Market – Average Premium as of 12/31/25

Average Premium Size

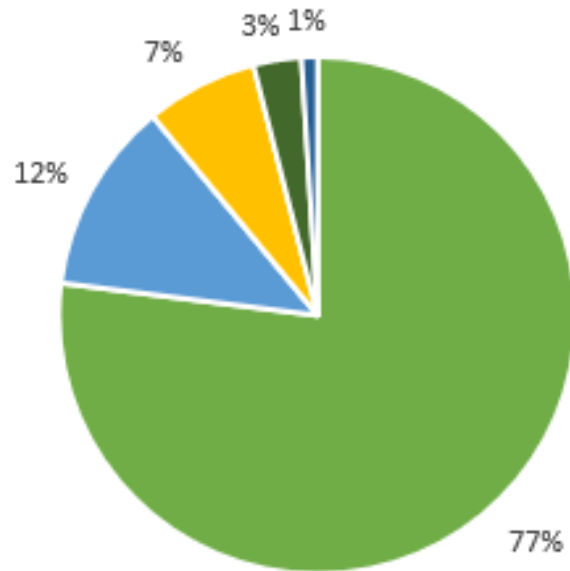


Assigned Risk vs Voluntary Market Policy Counts



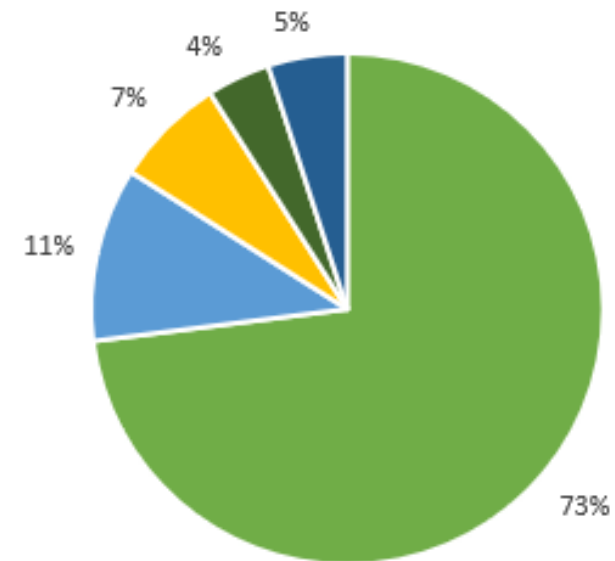
Policy Counts with Premium Distribution (2025)

Policy Count by Premium Size: Assigned Risk



■ 0-2,500 ■ 2,500-5,000 ■ 5,000-10,000 ■ 10,000-20,000 ■ 20,000+

Policy Count by Premium Size: Total Market

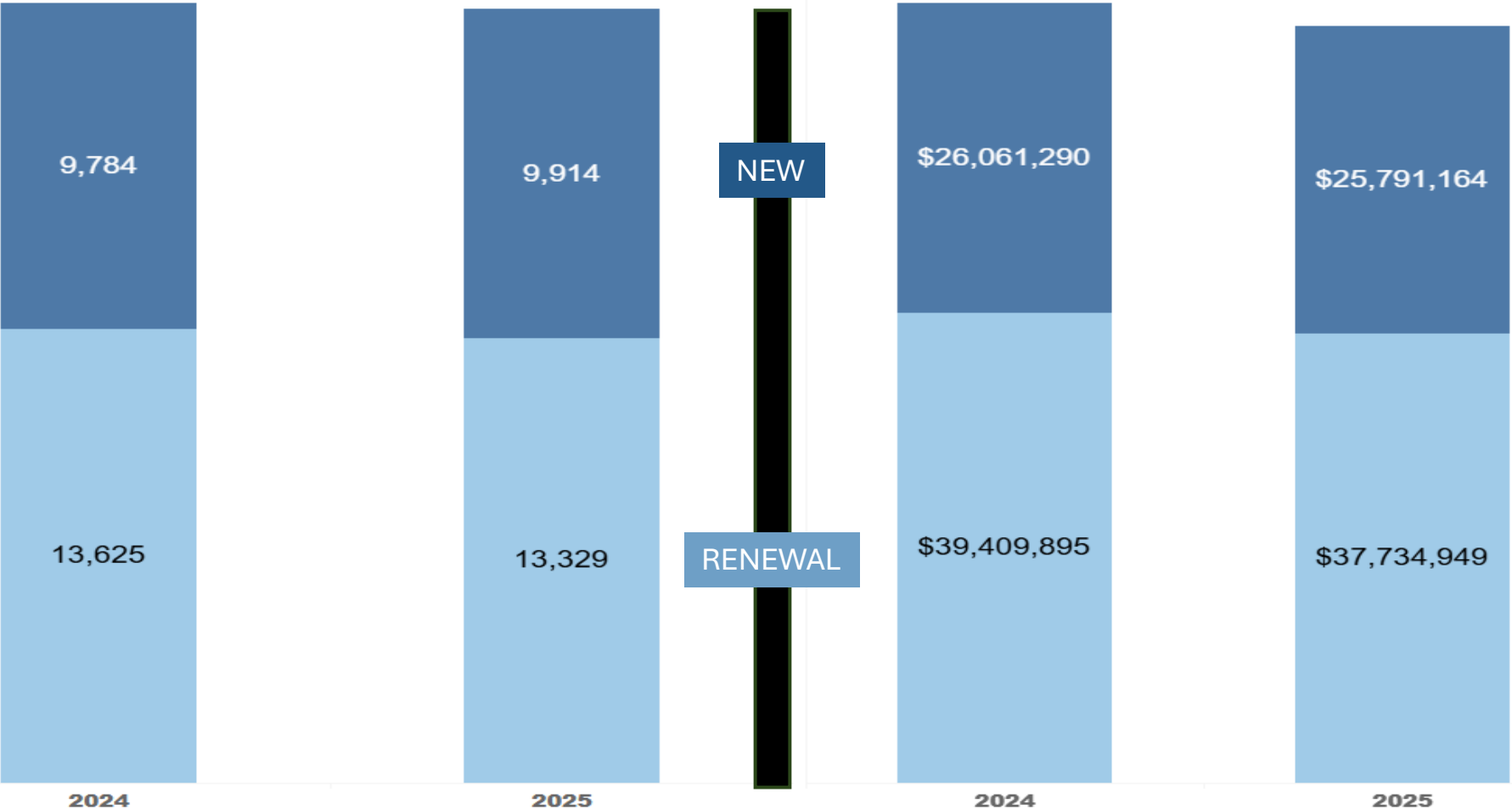


■ 0-2,500 ■ 2,500-5,000 ■ 5,000-10,000 ■ 10,000-20,000 ■ 20,000+

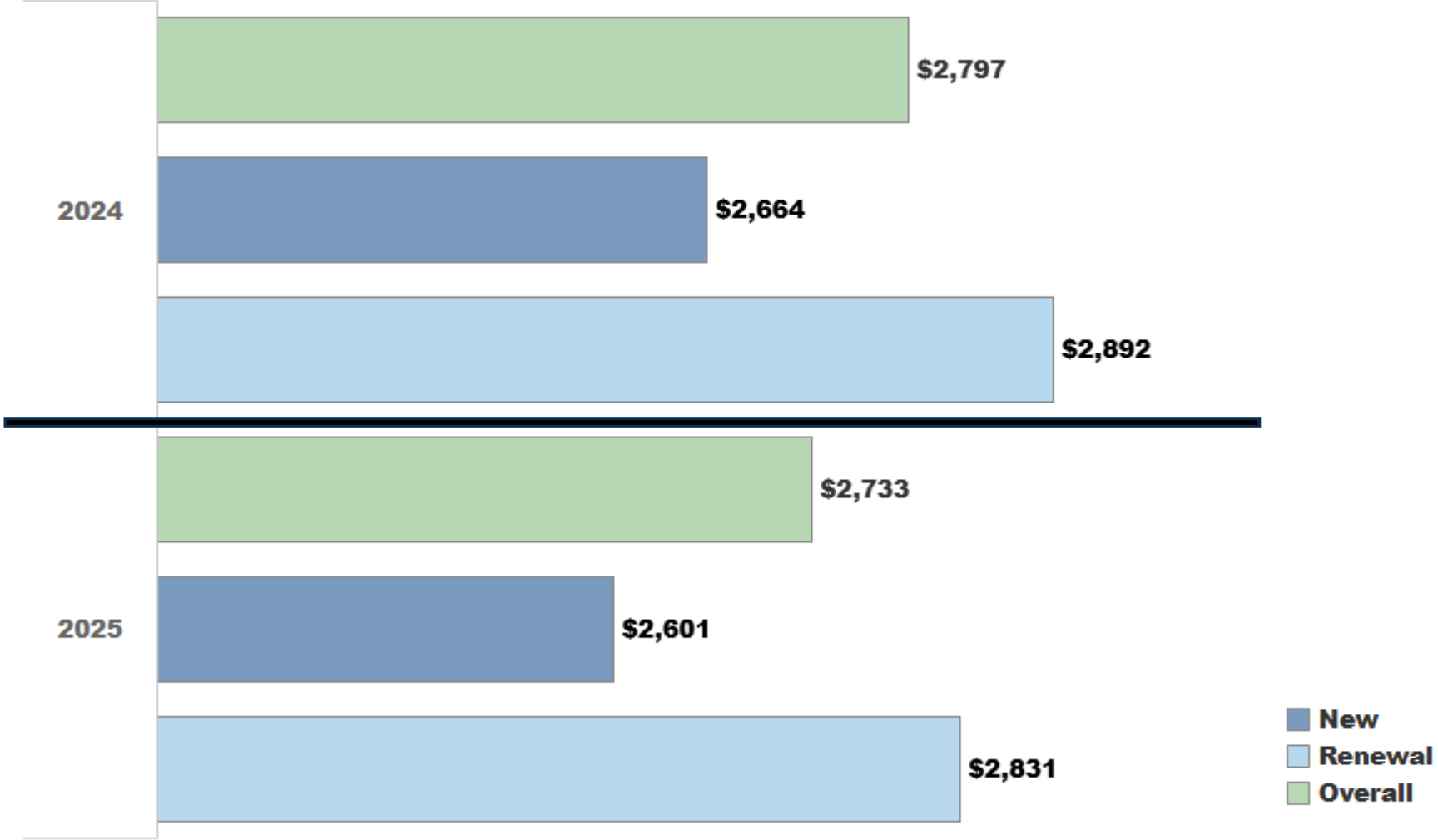
AR Prior Two Years

AR Policy Count

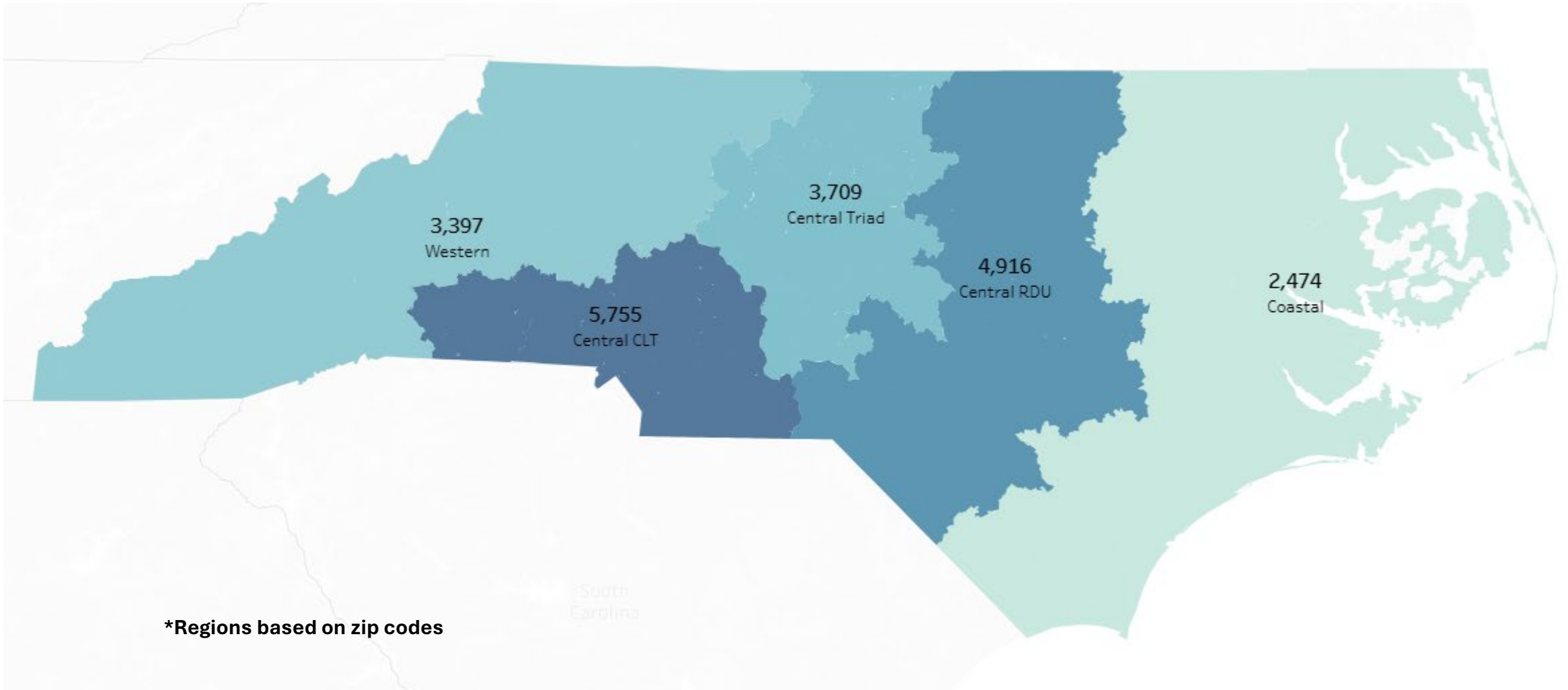
AR Total Premium



Assigned Risk Average Premium Prior Two Years

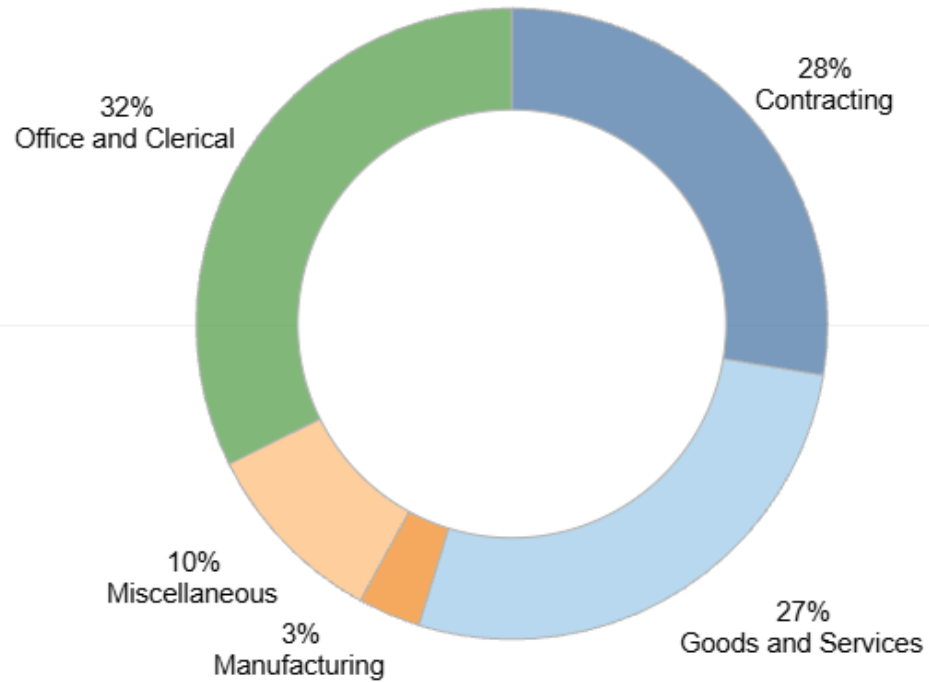


Claim Count by Region

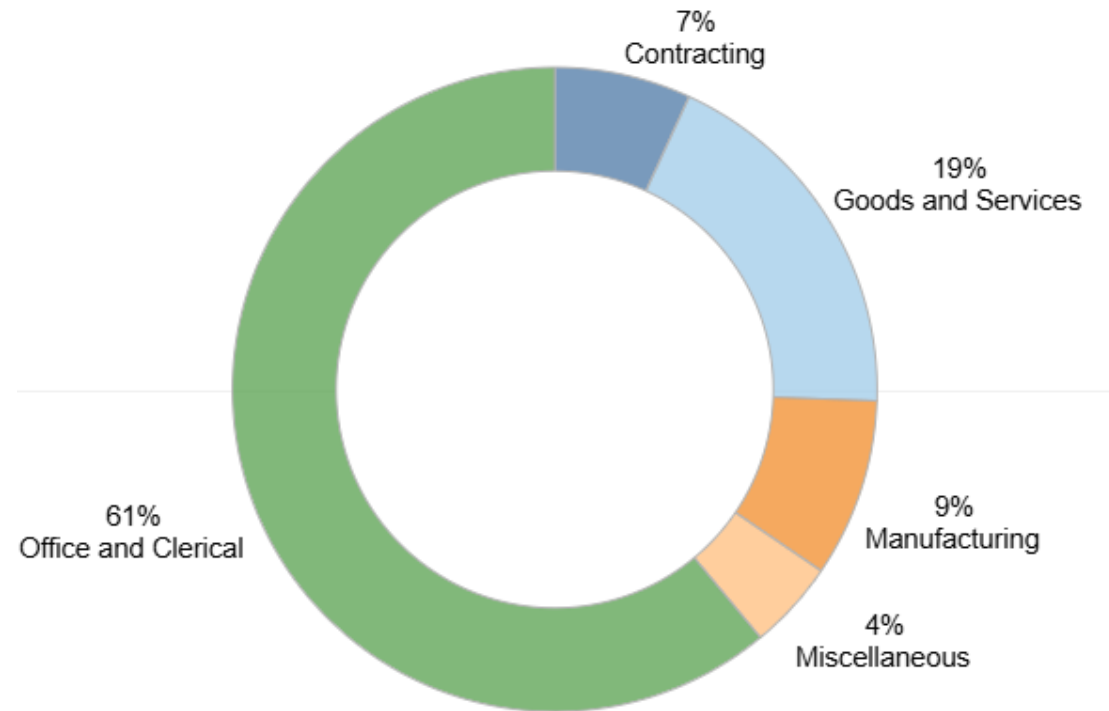


Industry Groups AR vs Total Market Payroll

2025 Payroll by Industry AR

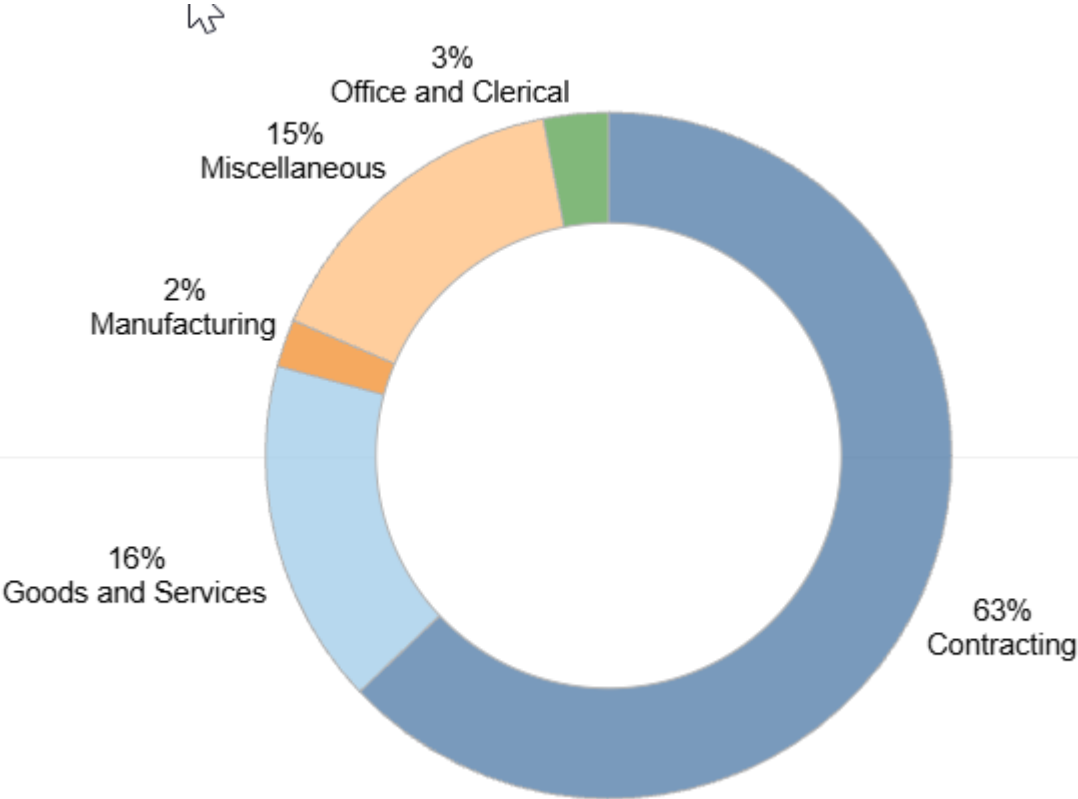


2025 Payroll by Industry Total Market

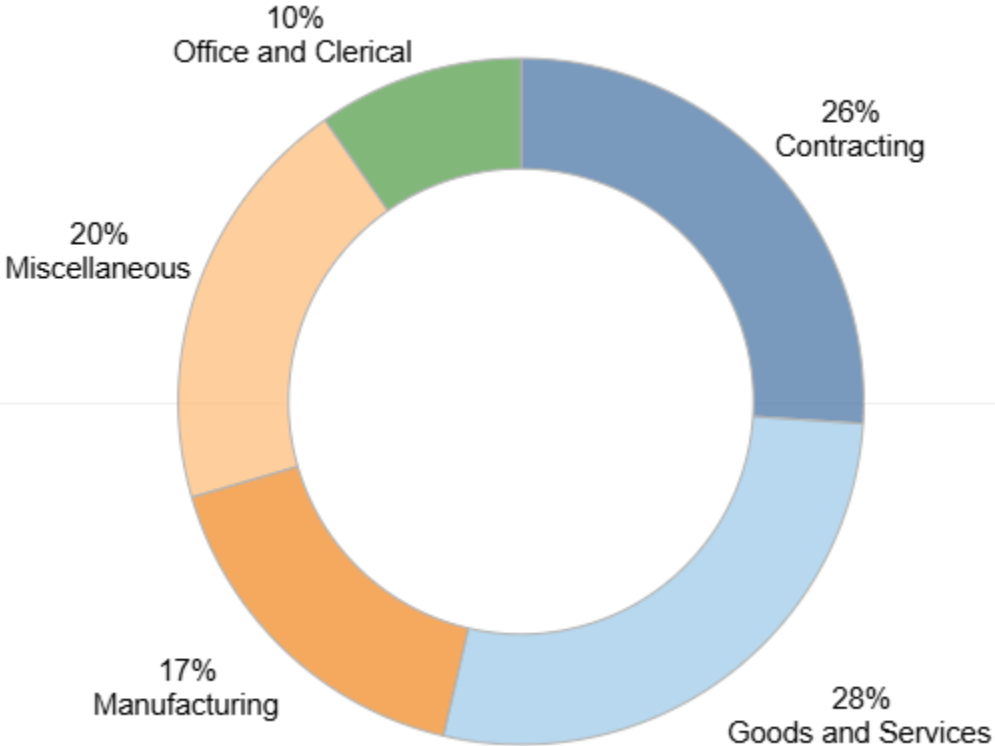


Industry Groups AR vs Total Market Premium

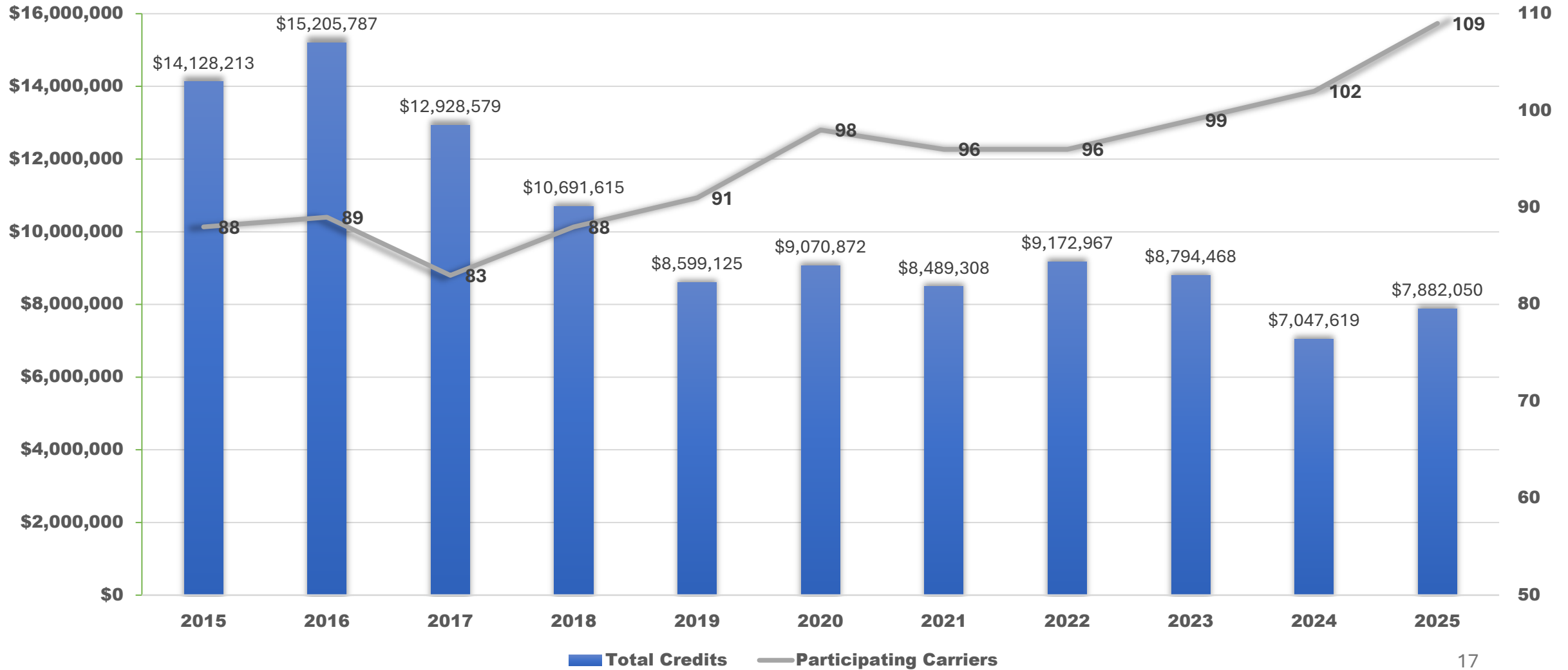
2025 Premium by Industry AR



2025 Premium by Industry Total Market

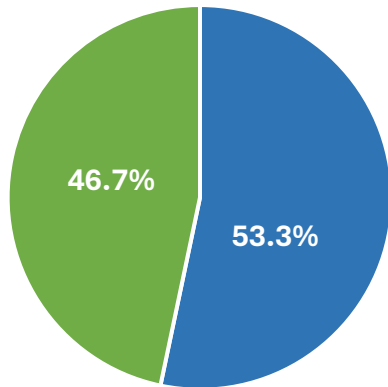


Take Out Credit Program History



Claim Count and Severity Trends

Medical vs Indemnity Split Claim Dollars 2024



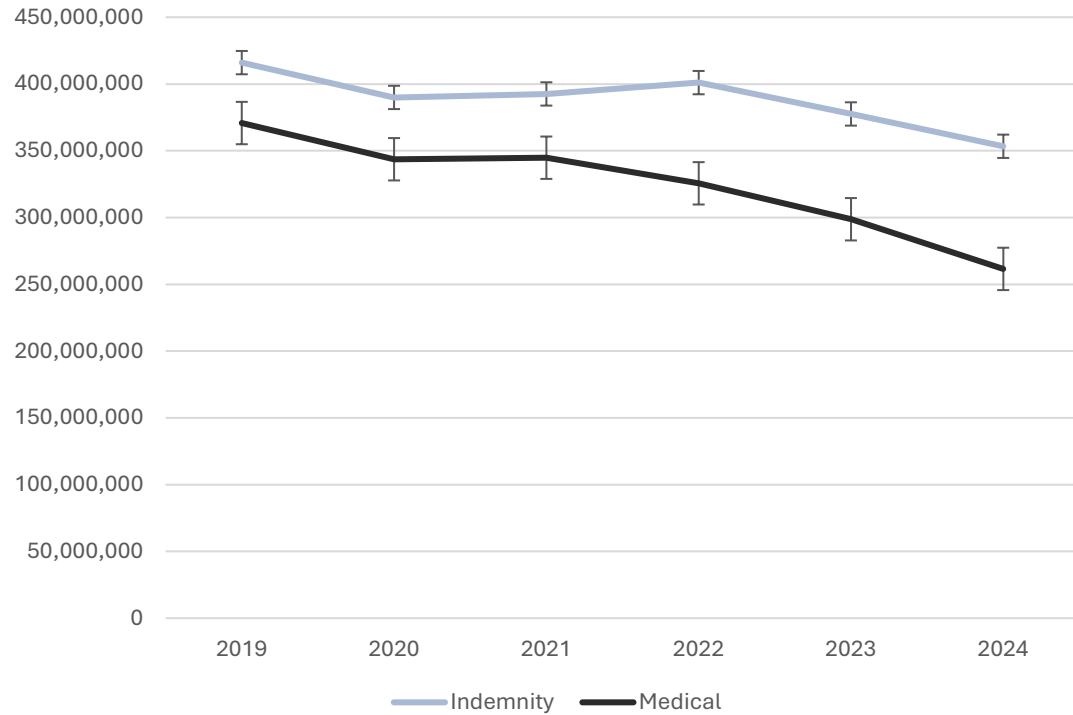
■ Indemnity ■ Medical

Lost Time Claim Counts

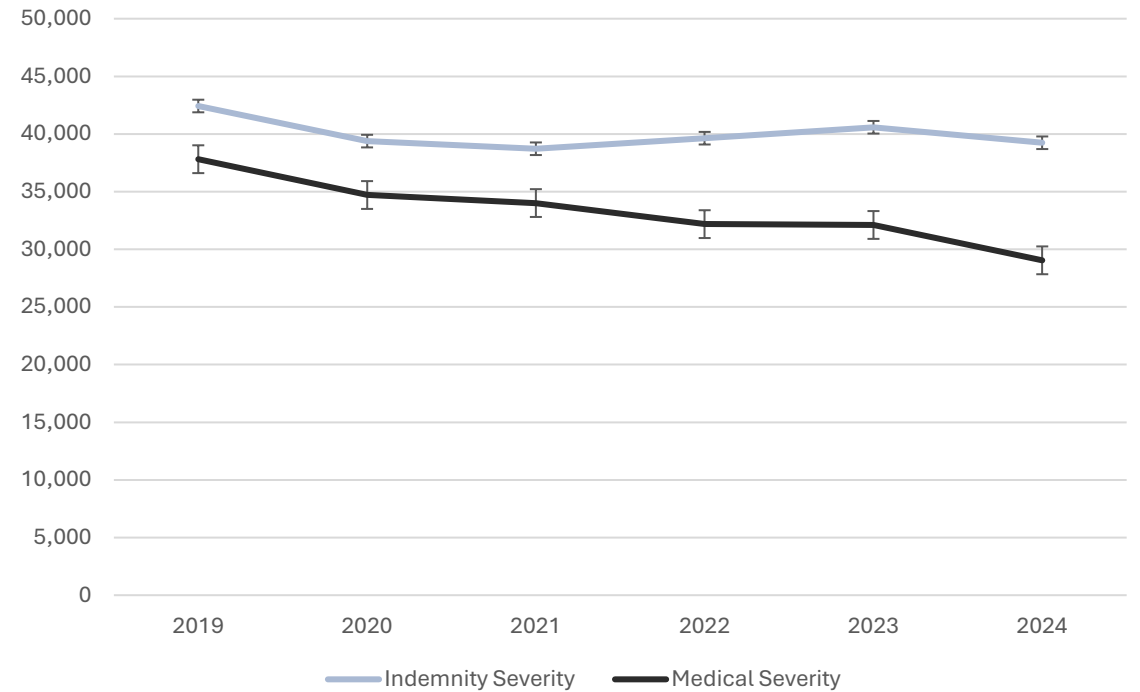


Claim Count and Severity Trends

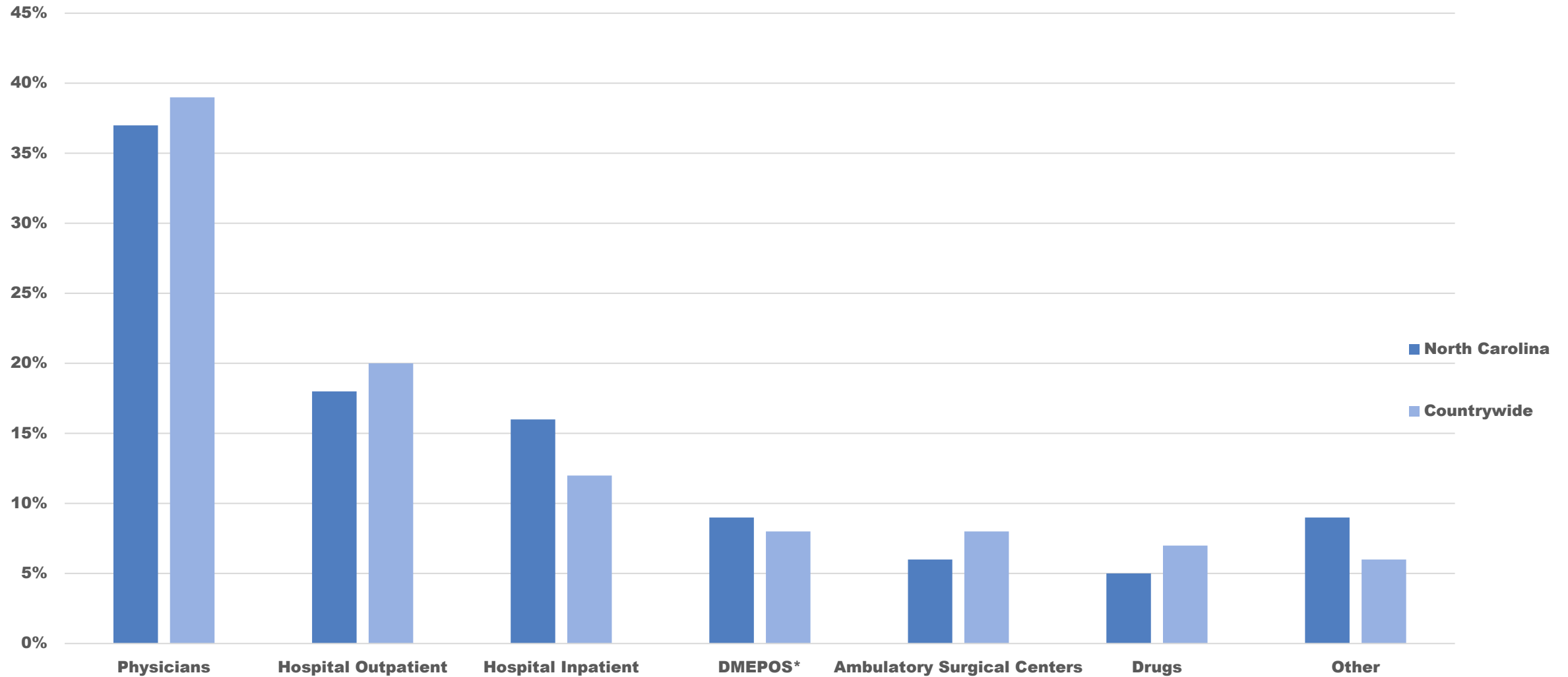
Loss by Year



Claim Severity

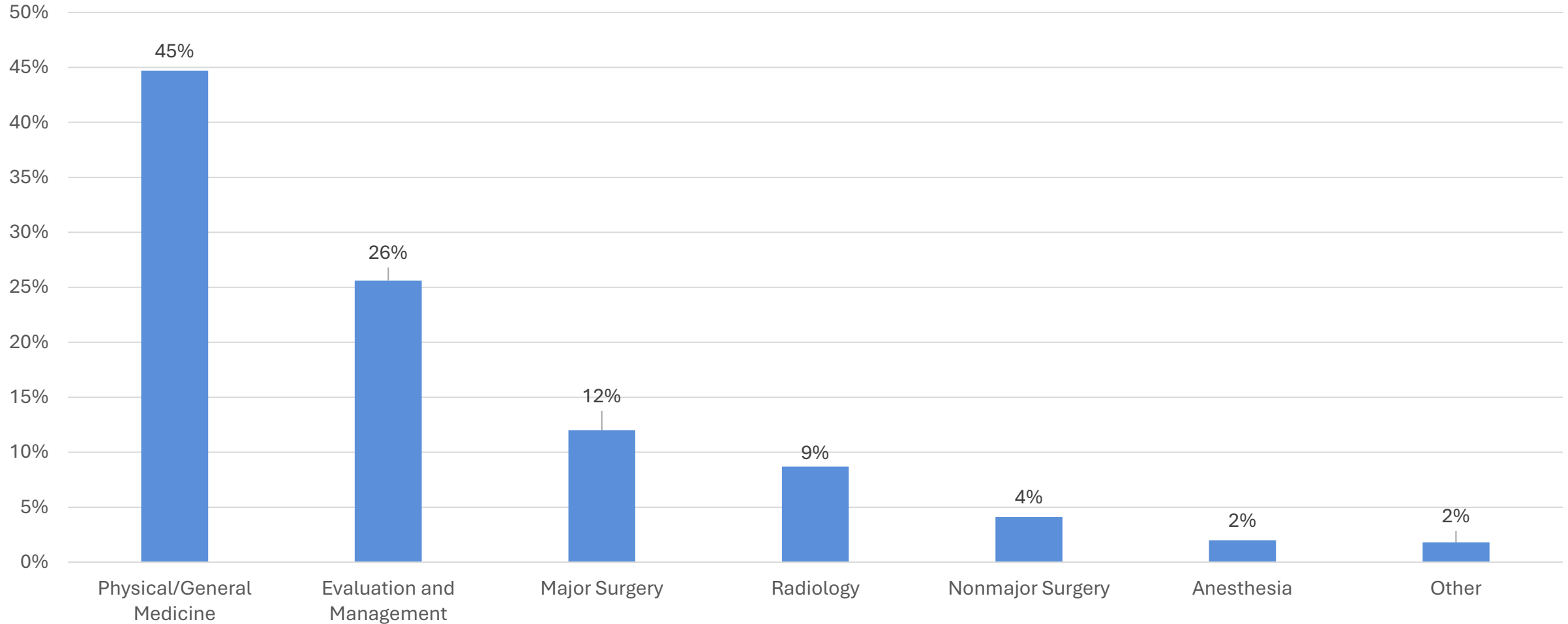


Distribution of Medical Payments

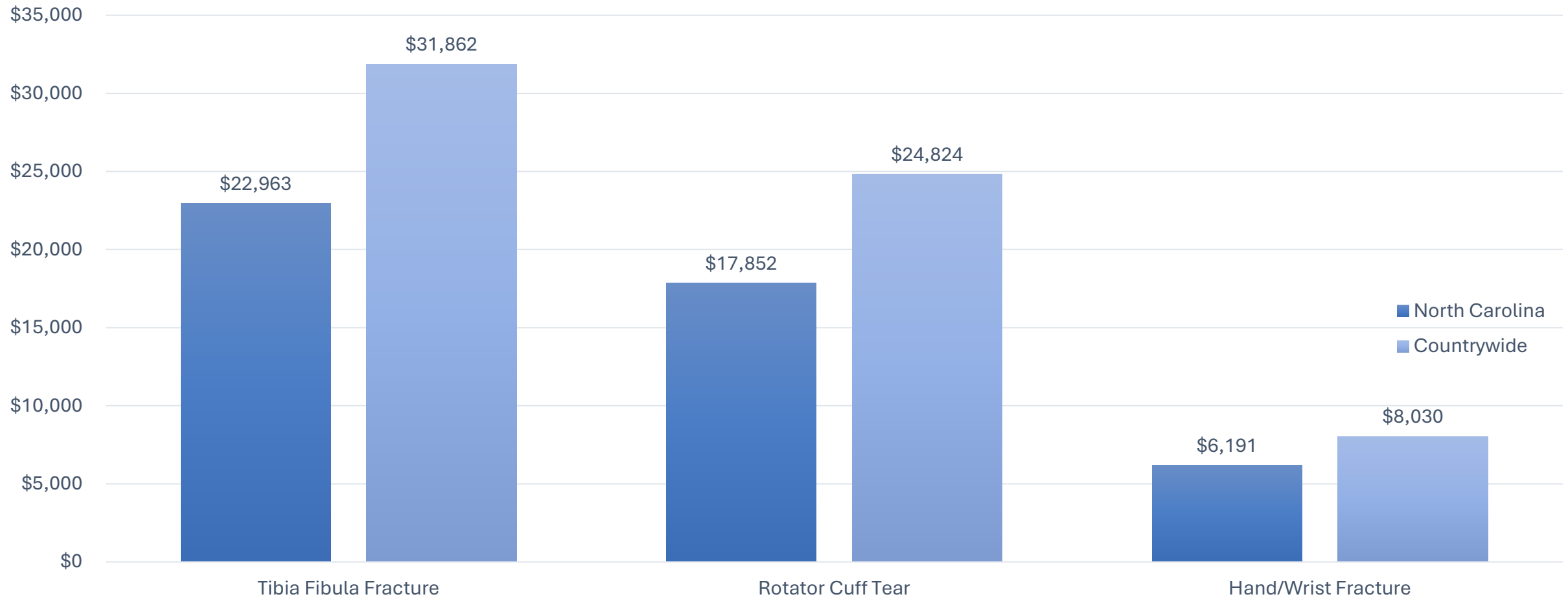


* Durable Medical Equipment, Prosthetics, Orthotics and Supplies

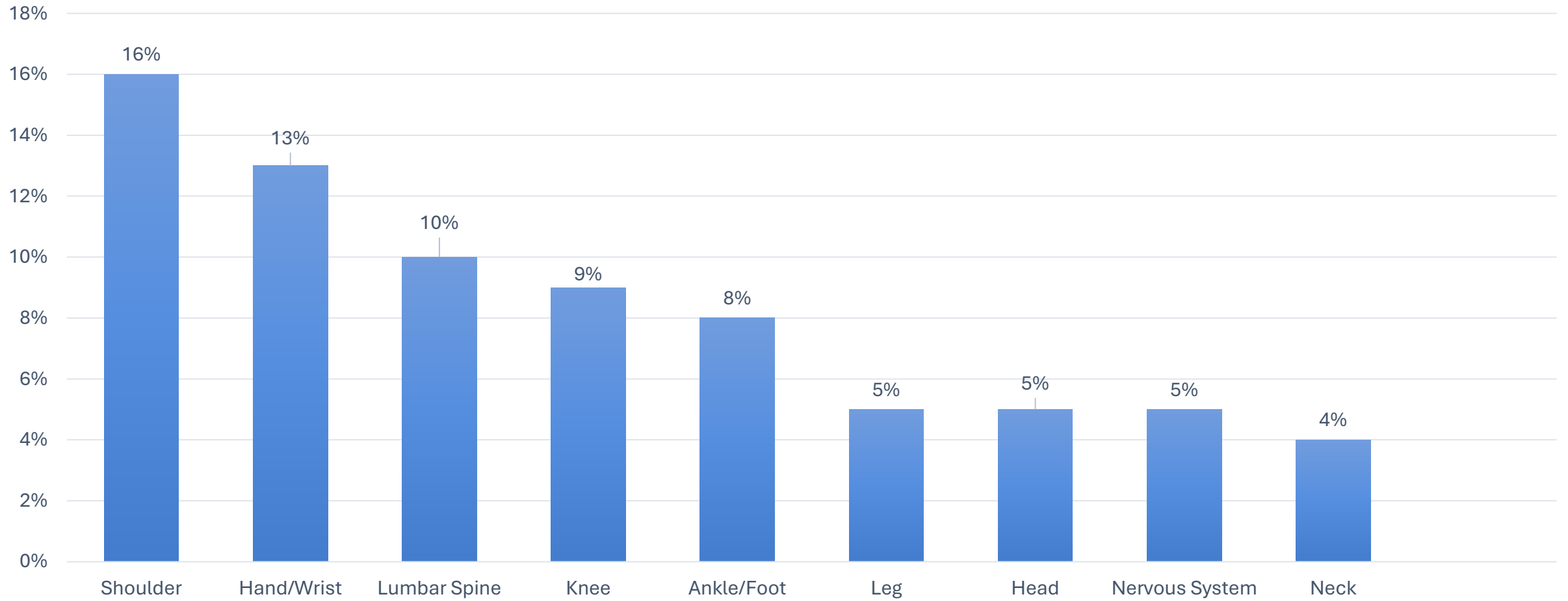
Distribution of Physician Payments Service by Category (NC)



Top Diagnoses by Average Total Paid Medical



Top Injury Types by Total Paid Medical (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 2025. The following are matters of which you should be aware.

Nelson v. Smith

On May 21, 2025, the North Carolina Court of Appeals filed its decision on this case. The court clarified that a settlement release will not protect everyone involved unless it is written with precision. All entities that are to be protected should be specifically listed in the release.

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:

- **WC2025-01** - This filing revised the treatment of classifications related to hazardous material remediation services for asbestos, mold and lead paint in the North Carolina Basic Manual for Workers Compensation and Liability (Basic Manual), effective 1/1/26.
- **WC2025-02** - This filing added and/or clarified language around nicotine and e-liquid products, greenhouses, helicopter manufacturing, landfills and temporary storage containers, effective 1/1/26.
- **WC2025-03** - This filing added specificity around clerical telecommuter employees regarding where their duties must take place, effective 7/1/26
- **WC2025-04** - This filing revised language in the Basic Manual regarding payment of producer fees on minimum premium policies and deposit premium for premium financed policies, effective 1/1/26.

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:

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

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 in discussions for how to modernize file formats.

WCIO's Actuarial Committee

In early 2026, this group reviewed Federal Coverages for Workers Compensation, modernization of platforms, and Analytics across different bureaus.



NCCI's Actuarial Committee

North Carolina continues to monitor NCCI's research on Experience Rating, large losses, and monitoring of medical costs.

Data Sources Utilized

Source	Slides
NCCI Residual Market Fourth Quarter 2025 Results	3
NCRB Workers Compensation Insurance 2025 Voluntary and Residual Market Rate Filings	4
Federal Insurance Office (FIO) Data	5, 6, 7, 10, 11, 15, 16
IDC Annual Data	8, 9
Policy Data Submissions	12, 13
NCCI WorkComp Workstation	14, 18, 19
NCRB Take Out Credit Report	17
NCCI Medical Data Report for North Carolina – October 2025	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

4140 Parklake Avenue, Suite 320

(919) 582-1056

www.ncrb.org

support@ncrb.org