

September 1, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance  
2016 Loss Costs Filing

On September 1, 2016 a filing was submitted to the North Carolina Commissioner of Insurance proposing workers compensation insurance prospective advisory loss costs, rating values and miscellaneous values for policies becoming effective on and after April 1, 2017, applicable to new and renewal policies.

The filing proposes an average change of -14.4% from the loss costs approved effective April 1, 2016. Within each industry group the change to a particular classification will vary from the average depending upon the volume and character of the particular classification experience. By industry group, the changes are:

- Manufacturing -13.7%
- Contracting -11.7%
- Office & Clerical -19.4%
- Goods & Services -14.7%
- Miscellaneous -14.4%

For classifications with exposure under the United States Longshore and Harbor Workers' Compensation Act ("F" classifications), the filing proposes an average increase of +3.9% in the advisory loss costs.

The prospective loss costs are based on historical data that have been developed and trended to their ultimate values and, except for loss adjustment expenses that are specifically authorized to be included in the loss costs by statute, include no provisions for expenses, dividends, profit or contingencies. The general explanation for the filed decrease, which follows a decrease last year as well, is insurance carriers have had fewer workers compensation claims and are paying less for these claims. This is evidenced by the -10.1% change in loss experience and a change of -4.8% in trend.

For this filing, the Bureau also included a proposed increase to the Primary/Excess Loss Split Point from \$16,000 to \$16,500.

A copy of the filing is available to each member company through our website.

Sincerely,

Joanna Biliouris

Chief Operating Officer  
NC Rate Bureau

JB:dms  
C-16-18