

August 29, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance  
2018 Loss Cost Filing

On August 29, 2018 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, 2019, applicable to new and renewal policies.

The filing proposes an average change of -15.9% from the loss costs approved effective April 1, 2018. 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 -14.5%
- Contracting -15.2%
- Office & Clerical -18.0%
- Goods & Services -18.0%
- Miscellaneous -13.4%

For classifications with exposure under the United States Longshore and Harbor Workers' Compensation Act ("F" classifications), the filing proposes an average decrease of 2.8% 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 -12.2% change in loss experience and a change of -4.8% in trend.

In addition to the changes in loss costs, this filing also proposes a change to the experience rating premium eligibility thresholds from \$10,000/\$5,000 to \$11,000/\$5,500. The changes to premium eligibility thresholds are based on inflation.

A copy of the complete filing can be found on our website.

Sincerely,

Joanna Biliouris

Chief Operating Officer

JB:ko  
C-18-16