



2022  
ANNUAL REPORT

# NCRB

NORTH CAROLINA  
RATE BUREAU



# NC Rate Bureau

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## General Organizational Information

NCRB Main Phone Number ..... 919-783-9790

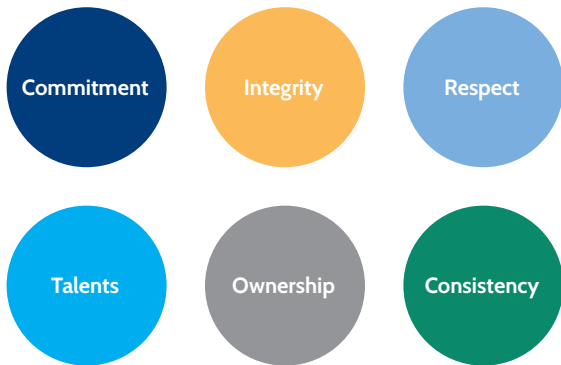
Website Address ..... [www.ncrb.org](http://www.ncrb.org)

Physical Address ..... 2910 Sumner Blvd.  
Raleigh, NC 27616

## 2022 Annual Meeting

The annual meeting of member companies of the North Carolina Rate Bureau will be held on October 11, 2022, at The Washington Duke Inn, Durham, North Carolina.

## Core Values



## Management Contacts

### NCRB Staff

Joanna Biliouris ..... General Manager  
919-783-9790 ..... [jb@ncrb.org](mailto:jb@ncrb.org)

Jarred Chappell ..... Insurance Operations Chief Operating Officer  
919-582-1060 ..... [jsc@ncrb.org](mailto:jsc@ncrb.org)

Allison Smart ..... Workers Compensation Operations Director  
919-719-3015 ..... [ags@ncrb.org](mailto:ags@ncrb.org)

Lynne Mays ..... Assigned Risk & Underwriting Operations Supervisor  
919-582-1080 ..... [lwm@ncrb.org](mailto:lwm@ncrb.org)

Latimia Roberson-Hill ..... Information Center Supervisor  
919-719-3042 ..... [lar@ncrb.org](mailto:lar@ncrb.org)

Joyce Robinson ..... Data Services Manager  
919-645-3182 ..... [jr@ncrb.org](mailto:jr@ncrb.org)

Natasha Sumter ..... Regulatory Manager  
919-582-1041 ..... [nls@ncrb.org](mailto:nls@ncrb.org)

Morgan Willhite ..... Training and Operations Manager  
919-719-3019 ..... [mtw@ncrb.org](mailto:mtw@ncrb.org)

Andy Montano ..... Personal Lines Director  
919-582-1021 ..... [afm@ncrb.org](mailto:afm@ncrb.org)

Rebecca Williams ..... Actuary  
919-582-1055 ..... [rrw@ncrb.org](mailto:rrw@ncrb.org)

### Shared Resources Staff

Shelley Chandler ..... Chief Information Officer  
919-582-1057 ..... [src@ncrb.org](mailto:src@ncrb.org)

Vicki Godbold ..... Chief Human Resources Officer  
919-645-3170 ..... [vcg@ncrb.org](mailto:vcg@ncrb.org)

Edith Davis ..... Chief Financial Officer  
919-582-1006 ..... [etd@ncrb.org](mailto:etd@ncrb.org)

# General Manager's Report



**Joanna Biliouris**  
General Manager

When reflecting on this year, for me, it can be summed up in one word—transition. This year was all about transition, transitioning to a hybrid work schedule, which included returning to the office two days a week; transitioning to a new role as General Manager of the Rate Bureau; transitioning to updated technology to support hybrid meetings; and transitioning to a new environment where

our lives, both personal and professional, were no longer consumed with the pandemic (at least not totally). It is a time when we can reexamine our lives and the way we work while moving forward with a “new normal.”

The organizations implemented a hybrid work schedule in March of this year, with associates choosing two days per week to work in the office and working remotely the other three days. It was a challenge at first, with many employees reluctant to head back into commuter traffic, pull out those business casual clothes from the back of the closet, and interact with teammates face to face again. It took time for everyone to find their groove and settle into a routine; however, just as our associates rose to the occasion when the pandemic hit, they did it again as we navigate away from it. Our hybrid work environment has been successful, balancing the best of both worlds, in the office and in a remote setting. Collaboration is increasing, in-person meetings with team members have returned, and onboarding new staff with hands-on training are all part of work life again, and, I can say, I am excited by the possibilities.

My first few months as General Manager have been a time of learning, listening, and understanding the needs of our people and our members. In that time, I have also had the opportunity to see the organization through the lens of new leaders with different points of view. The Rate Bureau has a new Chief Operating Officer, Jarred Chappell, who brings a new perspective, style, and energy to the organization. While overseeing filings in several lines this year, including our Dwelling, Mobile Home, and Workers Compensation voluntary and assigned risk programs, he has also filled several key positions in the organization with strong leaders from within the organization. Allison Smart assumed the role of Director of Workers Compensation Operations, and Joyce Robinson filled the role of Data

Services Manager. These additions to the Rate Bureau leadership team create a diverse management culture and philosophy that will position the organization to embark on new initiatives focused on the Bureau's goals and objectives. Those goals and objectives remain consistent:

- Adequate rates and up-to-date rules, manuals, and forms in all lines
- Enhancements to make it easy and efficient for our customers to work with us
- Improvements to our operational effectiveness, security, and cost structure
- Refined communications with Rate Bureau committees and member companies
- Optimized vendor management strategy to manage costs while meeting deliverables

Whereas these goals and objectives are constant, the manner in which the organization fulfills them continuously evolves through improved technology initiatives, hiring and training dedicated associates, identifying and implementing process improvements, shifting filing strategies, and gaining valuable insights from data analysis. In the following pages of this Annual Report, efforts to fulfill these goals are described in more detail.

As we look forward, it will be interesting to monitor how our changing economic environment will affect the personal lines and workers compensation industries, particularly inflation and the effects of climate change. We have not seen any reduction in inflation, supply chain disruptions, labor shortages, and other factors, which all impact claim activity. All of these factors strain our rating structure and require us to continue to be diligent in our rate reviews and recommendations for program changes. Whatever the future holds, the Bureau staff is poised to respond and adjust to these demands and their impact to the insurance market.

In closing, I would like to recognize the many people who contribute significantly to the success of the Rate Bureau: the Chair of the Rate Bureau Governing Committee, Allen Houck, for his leadership and advice to me and Bureau staff; our legal partners at Young Moore, who provide invaluable counsel, guidance, and support in all our endeavors; and the many committee members and consultants who support and guide our activities. Thanks to all of you for your contributions to the organization.

*Joanna Biliouris*

# Message from the Chair of the Governing Committee



2022 has proven to be a challenging year in many ways. With respect to rates, it seemed like choosing a course of action often required picking from several not-so-good options. Fortunately for the insurance industry in North Carolina, we have an exceptional team at our Rate Bureau, so I'd like to begin my comments by focusing on the positive.

The Rate Bureau has had change among its management team, and it has not skipped a beat. With the retirement of our outstanding General Manager Ray Evans, the Rate Bureau's Chief Operating Officer, Joanna Biliouris, was named to replace Ray. There were several outstanding candidates for this position, and we were thrilled to have such a capable replacement already in house in Joanna. Her promotion created other openings, and we were equally thrilled to see Jarred Chappell promoted to Chief Operating Officer of the Rate Bureau and Allison Smart promoted to Director of Workers Compensation Operations. The Rate Bureau is in great hands for many years to come.

The rate environment is where things have not always worked to help ensure a healthy and stable private insurance market in North Carolina. Some rate filings were successful, while others represent unsatisfactory compromises that may challenge the industry in the near future.

- A settlement was reached on Mobile Home effective May 1, 2022. The industry filed for an increase of 24.9% on MH(F) and 11.3% on MH(C). Upon settlement, the approved rates were an increase of 12.5% for MH(F) and 4.7% for MH(C). A 2022 review is in progress.
- As discussed last year, the 2020 Dwelling filing was settled in 2021 with a November 1, 2021, effective date. A 2022 review is also in progress.
- A Workers Compensation filing was approved effective April 1, 2022, with a decrease of 5.3% in voluntary loss costs and an increase of 2.0% to residual market rates. This year's review is in progress.

- The 2020 Homeowner Rate Filing requested an overall statewide rate increase of 24.5% effective August 1, 2021. After much negotiation, a settlement was finally reached on this late in 2021, before it went to hearing, approving an increase of 7.9% effective June 1, 2022. Unfortunately, the settlement precludes another filing before 2024. Given inflation trends in 2022, the prohibition on a 2022 or 2023 filing will prove to be problematic. To be clear, the industry voluntarily accepted this settlement offer—namely because refusing it would have resulted in a prolonged delay in getting any additional rate, due to the need for a hearing. Getting 7.9% of our requested 24.5% was determined to be better than nothing. As I alluded to in my opening—there was no positive path to select from here.

- For the second straight year, the Private Passenger Automobile filing made in February 2022 was an informational filing only with no requested change to base rates. The impact of COVID-19 on driving habits in 2020 and 2021 inserted significant uncertainty in the ratemaking process as to future loss trends. Thus far in 2022, many carriers are seeing their Private Passenger Automobile books perform quite poorly, due to inflation, auto supply chain, rental car shortages, and body shop labor issues, combined with reckless driving habits. The 2023 filing will be very important for the industry.

Other Rate Bureau activity has included Private Passenger Auto rule changes, a review of ISO's 2022 multi-state program for Homeowners, and a multi-year project to rewrite and enhance the core operating system for workers compensation data.

The Rate Bureau put a significant effort into developing a private flood program, and we are pleased to report that there will be a carrier using this program later in 2022.

I would like to thank the dedicated staff of the Rate Bureau, our legal counsel at Young Moore and Henderson, the Governing Committee, and the many people who lead and serve on the Rate Bureau Committees and Subcommittees for their efforts in 2022.

**Allen Houck**

North Carolina Farm Bureau Mutual Insurance Company  
Chair of the North Carolina Rate Bureau Governing Committee

# North Carolina Rate Bureau Constitutional Committee Members

## Governing Committee

| Members                                   | Representative              |
|---|-----------------------------|
| Allstate Insurance Co                     | Patrick Weil                |
| American Home Assurance Co                | Ira Feuerlicht              |
| Builders Mutual Insurance Co              | Chris Wetzel                |
| Erie Insurance Exchange                   | Joe Gennuso                 |
| Hartford Fire Insurance Co                | Eric Mize                   |
| Kemper Independence Insurance Co          | Nicholas Sizemore           |
| NC Farm Bureau Mutual Insurance Co*       | Allen Houck                 |
| Nationwide Mutual Insurance Company       | Patrick Knutson             |
| Progressive Casualty Insurance Co         | Michelle Burkett            |
| State Farm Mutual Automobile Insurance Co | Jeff Clinch                 |
| The Members Insurance Co                  | Jason Ivers                 |
| United Services Automobile Association    | Dave Case                   |
| Public Members                            | John Wei<br>Dascheil Propes |

## Property Committee

| Members                                    | Representative    |
|--|-------------------|
| Allstate Insurance Co                      | Gary Wierzbicki   |
| Amica Mutual Insurance Co                  | Andy Connors      |
| Erie Insurance Co                          | Darrin Birtciel   |
| Hartford Fire Insurance Co                 | Eric Mize         |
| Kemper Independence Insurance Co           | Nicholas Sizemore |
| Nationwide Mutual Insurance Co             | Patrick Knutson   |
| NC Farm Bureau Mutual Insurance Co         | Holly Reston      |
| Penn National Insurance Company            | Alston King       |
| State Farm Mutual Automobile Insurance Co* | Bob Messier       |
| The Members Insurance Co                   | Jason Ivers       |
| Travelers Indemnity Co                     | Lois Cappellano   |
| United Services Automobile Association     | Albert Soto       |

## Automobile Committee

| Members                                   | Representative    |
|---|-------------------|
| Allstate Insurance Co                     | Chris Gumaer      |
| Government Employees Insurance Co         | Monica Grillo     |
| Hartford Accident & Indemnity Company     | John Bergan       |
| Kemper Independence Insurance Co          | Nicholas Sizemore |
| Liberty Mutual Insurance Co*              | Mark Ford         |
| Nationwide Mutual Insurance Co            | Chas Cullen       |
| NC Farm Bureau Mutual Insurance Co        | Roger N. Batdorff |
| Progressive Casualty Insurance Co         | Michelle Burkett  |
| State Farm Mutual Automobile Insurance Co | Jennifer Heizer   |
| Travelers Indemnity Co                    | Lois Cappellano   |
| United Services Automobile Association    | Zach Johnson      |

## Workers Compensation Committee

| Members                                    | Representative    |
|--|-------------------|
| Accident Fund Insurance Company of America | Allen Hope        |
| American Home Assurance Co                 | Ira Feuerlicht    |
| Amerisure Insurance Co                     | Allen Long        |
| Amguard Insurance Co                       | Marisue Newman    |
| Builders Mutual Insurance Co               | Chris Wetzel      |
| Key Risk Insurance Co                      | Douglas Ryan      |
| Liberty Mutual Insurance Co                | Steve Giusti      |
| NC Farm Bureau Mutual Insurance Co         | Roger Batdorff    |
| Penn National Security Co                  | James Sizemore    |
| The Hartford Financial Services Group      | Michael Salvatore |
| Travelers Indemnity Co*                    | Joe Stratton      |
| Zurich American Insurance Co               | Rick Ferris       |

A special thanks to all who participated in committees, subcommittees and task force groups for the North Carolina Rate Bureau in 2022.

\*Chair

# Insurance Operations



**Jarred Chappell**  
Insurance Operations  
Chief Operating Officer



**Amy Tart**  
Business Project Coordinator



**Rebecca Williams**  
Actuary

Since our last report, North Carolina Rate Bureau has experienced a very exciting time of change unlike any in our recent history.

First, our offices were finally able to reopen fully for the first time, after more than two years of working remotely due to the coronavirus pandemic. As society emerged from isolation, the organization moved to a hybrid work environment in an effort to capitalize on the benefits of both in-person and remote work. Working totally remote for over two years forced the Bureau to adapt and change our business processes in order to fulfill our statutory responsibilities, and we are pleased to report that many of those creative changes will continue to benefit our new hybrid environment.

Additionally, for the first time in over 20 years, the Bureau has a new General Manager, as long-time GM Ray Evans decided to retire after 21 years of service with the Bureau. Mr. Evans has been an incredible ambassador for us, and we wish him and his wife Jane the best over this next phase of their lives. Effective April 1, 2022, Joanna Biliouris, formerly the organization's Chief Operating Officer, was named the new General Manager of the North Carolina Rate Bureau. That promotion created a series of ripple effects within the organization as others were promoted to fill the openings created by Joanna's move. As a result, the management team of the Rate Bureau has a very different look than it did at our last report. Luckily, thanks to Mr. Evans' and Ms. Biliouris' leadership, the pieces were already in place to promote from within and execute a seamless transition.

Despite the significant changes, Bureau staff never slowed down, continuing to meet our statutory responsibilities and providing quality services and programs for the insurance industry in North Carolina.

Nowhere is this more evident than our filing activity, where we continually strive to achieve rate adequacy in all of our lines for the insurance industry in our state. So far this year, the 2020 homeowners rate filing was settled for an overall 7.9% increase effective June 1, 2022, and the 2021 mobile home filings were settled at a 4.7% increase for MH(C) and a 12.5% increase for MH(F) effective May 1, 2022. An informational only auto rate filing was also completed in early 2022, but no rate change was requested at that time. Looking forward, rate reviews are currently underway or expected to be completed for the dwelling, mobile home, and auto lines. In workers compensation, the 2021 voluntary market loss cost filing at a 5.3% decrease was accepted, and the assigned risk rate filing was settled at an increase of 2%, both effective April 1, 2022. The 2022 workers compensation loss cost and assigned risk rate filings were recently submitted and are currently under review. In all, the Bureau made a total of 23 rate, rule, and form filings with the Department of Insurance since our last report.

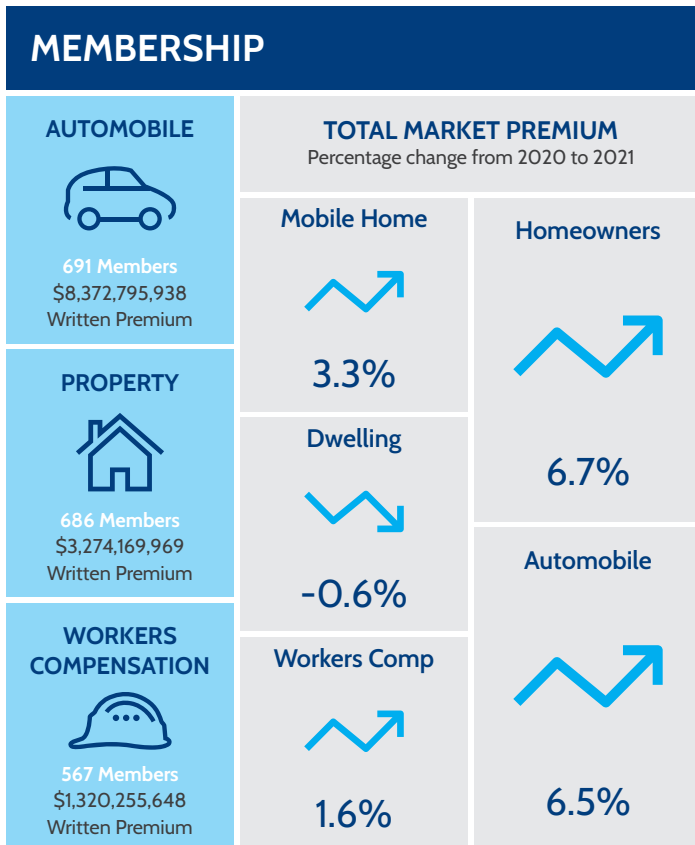
In addition to rate adequacy, ease of doing business for our stakeholders is another high priority for the organization. To achieve that goal, the Bureau has continued to advance our technology platform over the last year, including a new ManageData dashboard specifically designed for workers compensation assigned risk carriers and the commencement of a multi-year project to update our core operating system, Spectrum. We have also launched a company-wide customer service initiative to provide our associates with the tools they need to serve our stakeholders and to measure proactively how well we are delivering those services.

Going forward, there are many things to look forward to on the horizon over the next year:

- Our staff and committees will evaluate opportunities to modernize our homeowners program with the ISO 2022 countrywide forms and tools.
- Auto rate adequacy will continue to occupy a good portion of our time with a potential rate filing in early 2023.
- The Spectrum system re-write will make way for increased efficiencies in our day-to-day workers compensation operations.
- Our team of associates will continue their development to achieve the ultimate positive customer experiences.

2021-2022 has been a time of progress and positive change for the Rate Bureau, and we are looking forward to more of the same in 2022-2023. We will continue to take what we learned in a remote environment and apply those benefits to our hybrid workplace model, offering flexibility and improved work-life balance to our associates. We will work closely with our members, committees, and the North Carolina regulatory system to maintain the health of the industry. I look forward to being part of this new era of the North Carolina Rate Bureau and helping the industry overcome any challenges that come our way.

## Membership



## Personal Lines



**Andy Montano**  
Director, Personal Lines

### Automobile

The North Carolina Rate Bureau is obligated by statute to make a Private Passenger Automobile filing each year by February 1. This year, the Rate Bureau filed an information-only filing with the Commissioner of Insurance (Commissioner), as directed by the Rate Bureau Governing Committee.

In addition to the rate filing, the Automobile Committee approved, and subsequently received approval from the Commissioner for manual changes that included clarification on SDIP surcharges for operators with learner's permits, strengthened language for premium determination in the Personal Auto Manual, and the addition of a new rate for vehicles that are garaged out of state. These changes will become effective on April 1, 2023, as was communicated to all member companies via Rate Bureau Circular A-22-1 on June 16, 2022.

### Property

#### Homeowners

As you may recall from previous reports, the Rate Bureau filed with the Commissioner a proposed average Homeowner rate level change of 24.5% on November 9, 2020. The proposed filing included rate changes varying by form and territory, revised windstorm or hail exclusion credits, revised wind mitigation credits, and revisions to the base amount of insurance and base deductibles. This filing also extended the age of construction discount from 6 years to 14 years. The Commissioner issued a Notice of Hearing for this filing in 2021, and the Department made voluminous discovery requests.

On November 23, 2021, the Rate Bureau and the Commissioner negotiated an agreement on the 2020 Homeowner rate filing. The Commissioner signed a settlement agreement and consent order for a 7.9% overall statewide rate increase for all homeowner forms, revised windstorm and hail exclusion credits, revised wind mitigation credits, and changes to the rating relativities for Age of Construction, all with an effective date of June 1, 2022.

Currently the Property Committee is reviewing ISO's 2022 multi-state program for potential benefits to the North Carolina market. This program addresses several current property issues that will need to be reviewed by our Property Forms and Rating committees. Once these committees have reviewed the program, they will make recommendations to the Governing Committee for potential next steps.

## Dwelling and Mobile Home

The Rate Bureau is currently performing rate reviews for Dwelling and Mobile Home rates. Our normal process includes an initial review by the Property Committee and its subcommittees, and the Property Committee then presents a formal recommendation on the indications to the Governing Committee.

As a result of these reviews, the Governing Committee on July 21, 2022, directed staff to file Dwelling rate increases of +19.6% effective April 1, 2023 and +19.2% effective April 1, 2024.

For Mobile Home, on September 9, 2022, the Governing Committee directed staff to file a 59.6% overall rate increase for the MH(C) program and a 75.0% overall rate increase for the MH(F) program with the Commissioner, with half of the filed indication to be effective July 1, 2023 and half of the filed indication to be effective July 1, 2024.

## Flood

At least one company plans to utilize the Rate Bureau Flood program this year to write private flood coverage in North Carolina. The legislature passed a law that now allows member companies writing residential private flood to incorporate optional enhanced endorsements to flood policies. Hopefully, this opportunity will encourage other companies to consider taking advantage of the program.

The Bureau developed several training videos to help educate members on the flood program. These instructional videos can be found on our website under the Learning Center. Bureau staff are also available to personally discuss our Flood Program and answer any questions.

## Legislation

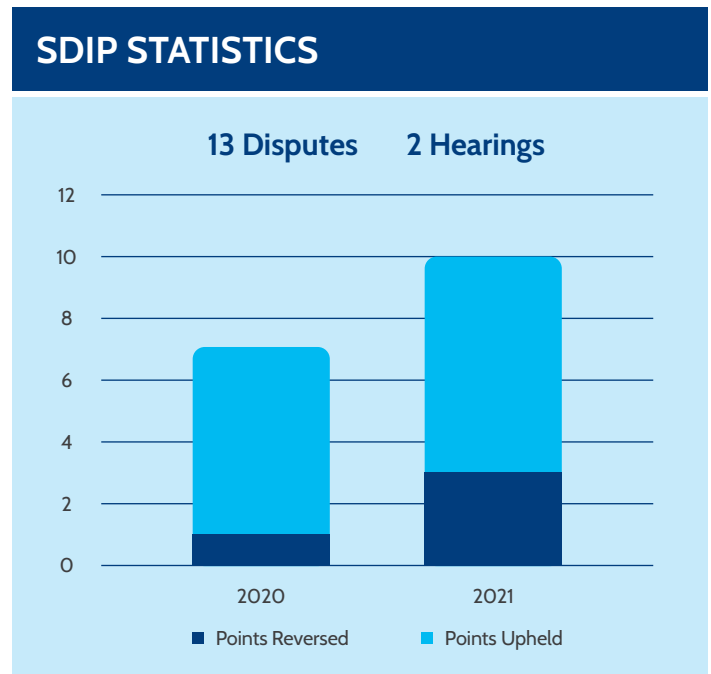
The largest legislative change came at the end of the session with the passage of Senate Bill 496. This bill included several provisions of note, including 1) adding residential private flood and dwelling to the lines of insurance where carriers can add optional enhanced endorsements to policies, 2) providing that the Innovation Council cannot grant waivers of the requirements of the North Carolina Rate Bureau statutes and the North Carolina Reinsurance Facility

statutes to participants in the “regulatory sandbox,” 3) changing numerous references to agents and brokers to “insurance producers” in the insurance statutes, and 4) protecting the proprietary business information of insurance companies with regard to replacement cost estimators or other underwriting information.

## SDIP

As required by the North Carolina General Statutes, the Bureau provides a mechanism for policyholders to appeal “points” that have been charged as a result of at-fault accidents. The Bureau receives a number of inquiries per year, most of which are resolved without a hearing.

In 2021, the volume of SDIP inquiries returned to a normal level after a couple of years of increased activity. The Rate Bureau received approximately 21 telephone inquiries which resulted in 13 open disputes. Out of these 13 cases, only two were escalated to a formal hearing, and in both cases, the application of points was upheld (see chart below).





# Workers Compensation



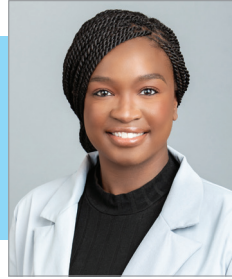
**Allison Smart**  
Director, Workers  
Compensation Operations



**Latimia Roberson-Hill**  
Supervisor,  
Information Center



**Lynne Mays**  
Supervisor, Assigned  
Risk and Underwriting  
Operations



**Joyce Robinson**  
Manager, Data Services

## Operations

The Workers Compensation Operations department has responsibilities pertaining to the maintenance and equity of a thriving workers compensation market in the State of North Carolina. Within the department, we are divided into three operational areas:

- Assigned Risk and Underwriting Operations
- Data Services
- Information Center

Associates in these areas work hard to not only maintain high levels of productivity and meet all obligations, but also continually look for ways to make our systems more efficient and user friendly for our stakeholders.

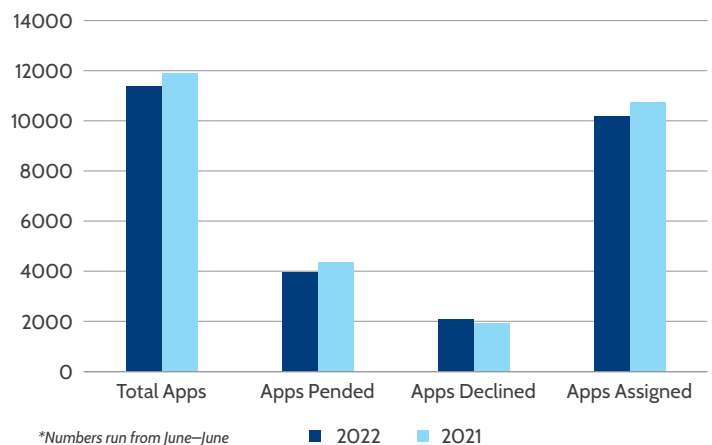
## Assigned Risk and Underwriting Operations

The North Carolina Workers Compensation Insurance Plan (Plan) sets forth rules for the residual market for workers compensation insurance in North Carolina, and the Bureau is the administrator for the Plan.

In a typical year, the Assigned Risk and Underwriting Operations team is tasked with the analysis and assignment process on about 12,000 applications. With the onset of COVID-19, there was a decrease in the volume of applications submitted. Since then, volume has stabilized and has remained at roughly 1,000 applications per month in 2022.

The Bureau works with three servicing carriers and nine direct assignment carriers to place the applicants requesting coverage in the residual market. 2022 is the third year of a three-year term for servicing carriers that started January 1, 2020. The Bureau recently completed the bid process for the next three-year term starting January 1, 2023 and determined that the servicing carriers will remain the same for the upcoming term.

## Application Statistics



|             | 2022   | 2021   |
|-------------|--------|--------|
| Total Apps  | 11,262 | 11,744 |
| Apps Pended | 3,927  | 4,322  |
| Declined    | 2,079  | 1,926  |
| Assigned    | 10,048 | 10,624 |

A servicing carrier is an insurer authorized to receive Plan assignments and provide coverage to eligible employers on behalf of those participating companies subscribing to the bylaws of the National Workers Compensation Reinsurance Association NFP, incorporated as part of the Plan in North Carolina. The current servicing carriers are:

- Amguard Insurance Company
- LM Insurance Corporation
- Travelers Property & Casualty Company


The Rate Bureau also works with carriers authorized to receive assignments directly under Option 1 of Rule 4-A-4 of the Plan. Current direct assignment carriers include:

- Accident Fund Insurance Company
- ACE American Insurance Company
- American Interstate Insurance Company
- American Zurich Insurance Company
- Auto Owners Insurance Company
- Builders Mutual Insurance Company
- Cincinnati Insurance Company
- Continental Casualty Company
- Hartford Underwriters Insurance Company


## ASSIGNED RISK STATISTICS

The Assigned Risk and Underwriting Operations team is also responsible for researching and issuing rulings on ownership and class code questions from the workers compensation market in North Carolina, both residual and voluntary. Our team reviews daily work items to ensure that data is reported accurately for the development of experience modification calculations and rates.


**11,262**  
New Applications



**100%**  
Applications Submitted Electronically




**\$2,461**  
Average Premium Size




**\$66M**  
Total Assigned Risk Premium


**6,095**  
Ownership Changes Processed



**99,094**  
Total Work Items Processed



**2021–22**  
Assigned Risk Premium Quota Share



**Direct Assignment Carriers 32%**  
**Servicing Carriers 68%**

## Data Services

Throughout the 2021-2022 year, the Data Services team collected information on 930,000+ policy related transactions and 274,000+ unit statistical related transactions.

Data Services is the primary point of contact to support our member carriers with data reporting needs. In order to maintain the integrity of our data, this team works closely with our member companies to ensure ease and accuracy of reporting. Over the last five years, Data Services has been working diligently on development and improvement of a reporting platform for member companies called ManageData. The system was released in April 2020 for carrier use. In 2022, the Data Services team continues to work on improvements to the system based on carrier feedback.


The Data Services team is also responsible for testing and maintaining all our software applications, both internal and external. In that capacity, they help to identify system improvements but also conduct testing to verify that our systems are still working as designed. In 2022, these efforts resulted in multiple enhancements to Spectrum and ManageData.

The Take-Out Credit program is an important aspect of our assigned risk plan that the Data Services team administers. In 2021, credits totaled almost \$8.5 million among 95 carriers.

## DATA SERVICES STATISTICS


The Data Services team members are our technical experts that oversee the collection and management of Policy and Unit Statistical Data. They also serve as our subject matter experts for Spectrum as well as our other web applications. They work closely with our IT department and external software developers to provide user acceptance testing resources for new releases and ongoing improvements.

**930,924**  
Policy Transactions Processed




**274,364**  
USR Transactions Processed

**35,170**  
Experience Modifications Generated



**\$8,489,308**  
Annual Take Out Credits



## Information Center


The Information Center is the first point of contact for customers of the Rate Bureau. They are responsible for handling customer inquiries, and if additional help is needed, transferring to a subject

matter expert for assistance. With the onset of COVID, the team experienced change in the way customers contacted the Bureau, with a majority coming through email as opposed to telephone calls. In 2022, that trend has leveled out, and the team is receiving inquiries equally amongst email and telephone.


## INFO CENTER STATISTICS

The Information Center is the primary point of contact for NCRB as well as NCRF and NCIGA. This team handles around 1,800 inquiries per month from carriers, agents, and employers through telephone, email, and chat.

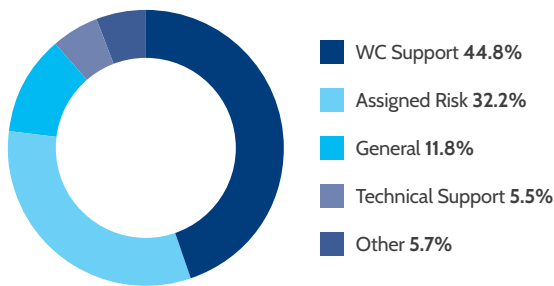
**10,637**  
Call Tickets  
Generated



**11,678**  
Email Tickets  
Generated



### Support Tickets by Category



Monitoring the volume of inquiries by category is a critical function of the Information Center. By tracking and learning from this data, we are able to improve the overall experience for our customers with better educational opportunities, more web-based tools, enhancements to our web applications, and improved services. As in years past, workers compensation support makes up a majority of our inquiries.

## Training and Development

The Bureau continues to emphasize training and development as a key component to reaching our established goals and objectives. The Bureau has focused on cross-training efforts to ensure all employees understand the work being completed and are equipped to provide faster response times to our customers. This coincides with our efforts to build and adjust quality assurance programs that ensure we are delivering accurate work to our stakeholders.

In early 2022, we kicked off a customer service initiative that offered a two-day training class for all associates to re-establish a foundation of customer service throughout the organization. To continue that initiative, we are working to build a survey to gain valuable feedback and adjust to meet the needs of our customers.

The Bureau completed our fifth Summer Internship Program this year. Through training, observing, and participating in organizational workplace experiences, the interns gained useful knowledge and professional skills in all facets of our organization. In return, they provided us with valuable feedback on our internal data reporting tool to help visualize developing trends and create overall operational efficiency.

## 2022 PROJECTS

### SPECTRUM 5.0

The Bureau has begun the multi-year process of rewriting our core operating system. Technology changes over the years have necessitated the Spectrum rewrite, and the Bureau is taking this opportunity to update and enhance processes within the system that will make us more efficient and productive.

This project is shared by all aspects of Workers Compensation Operations to increase efficiency across the operations.



### WC UNDERWRITING

North Carolina was added to CDX's WC Underwriting tool in 2022. This tool allows carriers to retrieve experience modifications via a web service using WCIO XML format.



### MANAGE DATA

In 2021, the Bureau added enhancements to the Manage Data system to include a new assigned risk carrier dashboard with assignment search functionality and quota share updates. In 2022, the Bureau has other enhancements planned for the year to address carrier feedback and provide ease of doing business.





**Natasha Sumter**  
Manager, Regulatory

## Regulatory

The Bureau monitors industry trends and regulatory activity that may impact workers compensation in North Carolina. There has been minimal legislative activity related to workers compensation in 2022. In North Carolina, the legislature alternates between a long session in odd number years, and a short session in even number years. During the short session,

only certain types of legislation are eligible to be filed, and only bills introduced in the long session that make the cross-over deadline and veto overrides are considered. Although there was minimal legislative activity in 2022, the following are several matters from 2021 and 2022 that continue to drive change.

### House Bill 624—North Carolina Regulatory Sandbox Act

The “regulatory sandbox” was created in 2021 to help facilitate the development of innovative financial and insurance products or services that utilize new or emerging technology. It allows an overseeing agency to waive, with limited exceptions and for a limited time, statutory or regulatory requirements that otherwise would not permit a participant to offer the product or service to consumers. The regulatory sandbox is now Chapter 169 of the North Carolina Statutes, and these statutes were amended effective July 7, 2022, to provide that no waivers of the North Carolina Rate Bureau statutes or the North Carolina Reinsurance Facility statutes are allowed.

**COVID-19**—The Bureau continues to monitor developments associated with the COVID-19 pandemic, collaboratively with the National Council on Compensation Insurance (NCCI), the Workers Compensation Insurance Organizations (WCIO), the Workers Compensation Committee, and the North Carolina Department of Insurance.

Direct COVID claims have been relatively insignificant, making up less than 1% of the incurred dollars in losses in North Carolina. As of December 31, 2021, we have 1,646 claims reported for Accident Year 2020, and only 455 claims reported for Accident Year 2021. Of the reported claims, around 50% have no reported medical component and reflect only the indemnity benefits that are paid when an employee has to quarantine. Some of the class codes impacted the most include Nursing Homes, Retirement Centers, Hospitals, and Physicians. Direct COVID claims are being removed from our annual voluntary loss cost and assigned risk rate filings.

North Carolina is also contributing to a national research team on COVID claims, with findings of our initial analysis being issued in December 2021 (NCRB Circular C-21-24).

**Policy Research Advisory Committee**—The Bureau is a member of the Policy Research Advisory Committee, a WCIO working group, created to analyze and evaluate arising workers compensation issues across the industry and to collectively develop industry-wide solutions. Topics of discussion include, but are not limited to, telecommuting, payroll definitions, and restaurant class codes.

**NCCI Underwriting Committee**—NCCI’s Underwriting Committee, of which the Bureau is a participant, meets to discuss key research and general underwriting topics for the workers compensation industry. Current topics of discussion that could see future filing activity include:

- Museums
- Hybrid Workers
- Tips, Gratuities, and Service Charges
- Wood Pellet/Chips/Mulch Manufacturing
- Telehealth/Anesthesiologists
- Veterinarians

**Current Item Filings**—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. Below is the list of approved item filings over the last year:

- NCCI Item Filing P-1418: Revisions to Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement (WC 00 04 21 E): Revised the definition of Catastrophe (Other Than Acts of Terrorism) to include a single event or peril that exceeds \$50 million in aggregate workers compensation losses, such as the COVID-19 pandemic. This filing will be applicable for all new and renewal policies with an effective date on or after August 1, 2022. (NCRB Circular C-21-13)
- Revisions to the NC Basic Manual Rule 3.A.12.a.4 Final Earned Premium-Determination: This state-specific filing allows a carrier the flexibility to determine whether to conduct audits virtually or physically on-site. (NCRB Circular C-21-22)

**Disputes**—Each year the Bureau reviews a number of disputes submitted by carriers and insureds related to workers compensation manual rules, the experience rating plan and the administration of the Workers Compensation Insurance Plan. This past year, the Bureau received 13 disputes with none requiring a formal hearing. The top three reasons for disputes, during the past 12 months included classification of employees, cancellation of policies, and inclusion of subcontractors in payroll audits.

Additional information on legislative activity and other items of interest related to workers compensation can be found in the “Recent News” section of the Bureau’s website at [www.ncrb.org](http://www.ncrb.org).

# Shared Services



**Shelley Chandler**  
Chief Information Officer

## Information Services

Information Services is dedicated to leveraging technology to enhance our business processes and to fulfill the needs of our customers. In 2022, we returned to the office utilizing a hybrid schedule, while continuing to build on the processes that had been implemented in a remote environment over the past two years. We continue to investigate and implement strategies

that support location independence in an effort to promote long-term flexibility.

Security demands constant attention and resources to ensure integrity of our data, business operations, reputation, and financial stability. This requires vigilance as we constantly evaluate vulnerabilities and upgrade our systems to help protect our environment and data. Audits and third-party testing continue to be useful tools in helping us identify potential weak spots and allowing us to remediate and reduce our risk. This year, a Security Risk Assessment, performed by a third-party vendor, was used to update our security implementation roadmap and advance our improvement to security maturity. Additionally, one of our more practical and most important defense mechanisms used to mitigate security risks is employee training. Every month, associates receive security awareness assessments as a way to expand and reinforce their knowledge and understanding of security threats. This training has enabled associates to identify potential issues and respond proactively. In 2022, we transitioned to a new security training platform to ensure that the education is relevant and engaging for our associates. While the cost of cyberliability insurance increased significantly across the industry in 2022, our prior implementation of multi-factor authentication for critical components ensured that we were able to renew coverages at our existing limits.

NCRB has been busy with several large-scale IT projects since the last annual report. Our stakeholders rely heavily on our custom web applications to interface with NCRB. These custom web applications were developed over the years to work seamlessly on the Microsoft Internet Explorer web browser; however, Microsoft recently announced they were retiring Internet Explorer effective June 15, 2022. With this in mind, we updated all of our custom web applications to work with Google Chrome (used by the majority of our customers) and released all new versions before the retirement date. In addition to updating externally facing web applications, NCRB has begun a multi-year rewrite of our core internal processing system for workers compensation insurance, Spectrum, that will require extensive resources from both the business and technical teams over the next several years.

We are ready for the challenges that lie ahead as we continue to provide the organization with solutions that increase efficiency and help to meet our members' needs through technology.



**Vicki Godbold**  
Chief Human Resources Officer

## Human Resources and Facility Services

Our Human Resources department is dedicated to the success and well-being of the organization's most valued assets—our people. From associate training to compensation and benefits along with the development of workplace policies and guidelines, we are committed to providing a positive and productive work environment while maintaining compliance with federal regulations as they continue to change. In that same vein, Facility Services (which includes mail services and receptionist services) has worked diligently over the past two years to provide safe, secure and comfortable working conditions, ensuring that the office was ready for repopulation back in March.

In 2022, we added two new associates in the Rate Bureau.

Our Wellness Program consists of:

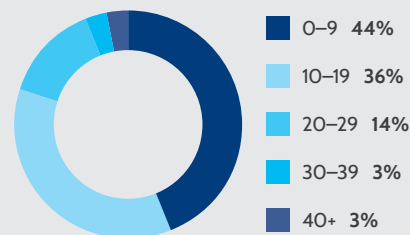
- a partnership with WakeMed Hospital
- a partnership with YogaBlyss
- a partnership with the NC Prevention Partners
- Weight Watchers at Work
- American Red Cross virtual re-certification in First Aid/CPR
- American Red Cross Blood Drives on-site

On-site training this year consisted of weekly virtual yoga class and virtual and in-person training for staff.

Community Service involvement by our associates this year included the United Way.

## EMPLOYEE INFORMATION

### Years of Service



### Associate Service Milestones

|          |              |
|----------|--------------|
| 5 Years  | 2 Associates |
| 15 Years | 7 Associates |
| 20 Years | 2 Associates |
| 25 Years | 1 Associate  |
| 30 Years | 1 Associate  |

### WELLNESS PARTNERS





**Edith Davis**  
Chief Financial Officer

## Finance

The exhibits on page 14 summarize the Bureau's financial position and reflect the comparative balance sheets and income statements for the last calendar year ending December 31, as well as actual figures for

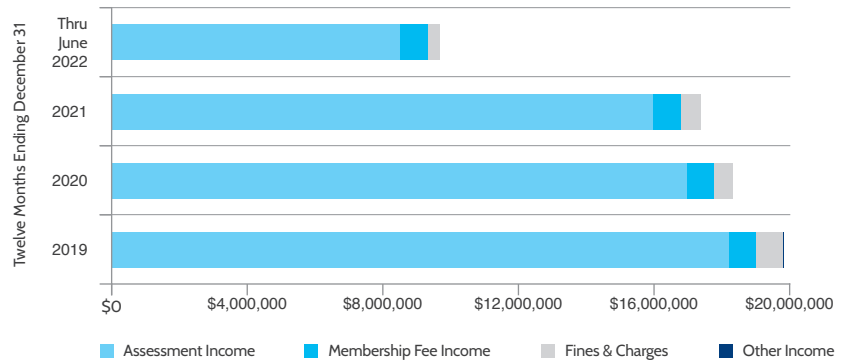
the prior and current calendar year-to-date through June 30 (the latest quarter ended at the time of this report). Cash and Investments improved by roughly 2% at June 30, 2022, over the prior year, primarily due to an increase in assessments in the first two quarters. Claims experience and proceeds from reinsurance recoveries in our self-insured group medical insurance plan during the past year remain stable, and as of June 30, 2022, this account reflects a modest 3.6% reduction over the same period last year. Funds for retiree group insurance premiums of the Bureau's predecessor organizations continue to remain on the balance sheet as of this report, though all those obligations have now been fulfilled as previously reported.

The Bureau's 2021 annual assessment income decreased for the second year in a row but was higher at June 30, 2022, over the prior year to support budget increases in 2022. The 2022 budget was approximately \$1.5 million higher than in 2021 as the organization planned to return to pre-pandemic levels of activity and staffing. In keeping with recent years, no hearing expenses were included in the budget, and at the time of this writing, no rate filings were under notice of hearing by the Department of Insurance.

Assessments to member companies represented 92% of the Rate Bureau's receipts during 2021 as reflected in the chart that follows. There were slight increases in both annual membership fees billed in the first quarter and various fines and charges billed throughout the year, and these were approximately 5% and 3%, respectively, of the Rate Bureau's 2021 annual income. Income from fines and charges was trending lower in 2019 and dropped significantly during 2020, but increased approximately 3% during 2021 and continued to increase during the first half of 2022.

The total expenses of the Rate Bureau are comprised of the direct costs related to specific activities of the Bureau as well as the allocated expenses of the departments whose services are shared with the Reinsurance Facility and the Insurance Guaranty Association. Those direct expenses continue to represent just over 71% of the total expenses of the Bureau, and the following table and chart show a summary of the direct and allocated expenses for the previous two years and the first half of 2022. Through June 2022, the Bureau was approximately 10% under budget, predominately driven by variances in

North Carolina Rate Bureau Sources of Income



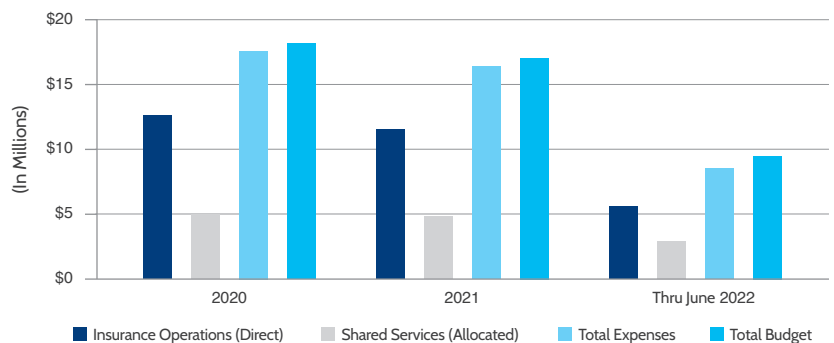
IT expenses and open positions at the beginning of the year. As in the past, the 2020 final expenses will be adjusted by other income and miscellaneous items and reapportioned to all member companies during the fourth quarter of 2022.

The firm of Johnson Lambert again performed the annual audit for the year ending December 31, 2021, conducted the entire audit remotely utilizing various online tools and resources, and presented their report to the Audit Committee in March 2022. Johnson Lambert issued an unqualified opinion on the cash basis statements of cash receipts and disbursements, noting there were no misstatements or material weaknesses in internal controls identified during the audit, and that the significant accounting policies had been consistently applied during the current year.

We are pleased to report a continued increase in the adoption of electronic payments by member companies for assessments and fines and encourage more companies to do the same. We have further increased the use of electronic payments to the Bureau's vendors as well.

A Request For Proposal (RFP) was distributed this year for a new accounting system, and multiple products have been evaluated. At the time of this writing, we are in the final stages of the due diligence phase and nearing the final selection of the new system. Due to the size and complexity of the new system, implementation is expected to be in phases and will extend well into next year. This is a multi-year project that will benefit both the Bureau and its sister organizations with improved functionality and provide greater opportunities for location independence. The update of several other core systems will follow. We continue to look for ways to improve our efficiency and customer service and welcome any feedback.

North Carolina Rate Bureau Administrative Expenses



| Administrative Expenses       | 2020          | 2021          | Thru June 2022 |
|-------------------------------|---------------|---------------|----------------|
| Insurance Operations (Direct) | \$ 12,475,320 | \$ 11,453,499 | \$ 5,564,811   |
| Shared Services (Allocated)   | \$ 4,942,989  | \$ 4,753,996  | \$ 2,893,022   |
| Total Expenses                | \$ 17,418,309 | \$ 16,207,495 | \$ 8,457,833   |
| Total Budget                  | \$ 17,993,105 | \$ 16,879,382 | \$ 9,403,373   |

## Balance Sheet

|  | Six Months Ended<br>6/30/2022 | Six Months Ended<br>6/30/2021 | Year Ended<br>12/31/2021 |
|--|-------------------------------|-------------------------------|--------------------------|
| <b>Assets</b>                              |                               |                               |                          |
| Cash & Investments (Unrestricted)          | \$ 3,039,368                  | \$ 2,977,949                  | \$ 1,920,430             |
| Cash & Investments (Restricted)            | 2,009,016                     | 2,059,944                     | 2,109,407                |
| Assessments Receivable                     | 1,089                         | -                             | 3,383                    |
| Accounts Receivable                        | 89,435                        | 45,850                        | 32,957                   |
| Other Assets                               | -                             | -                             | (1,250)                  |
| <b>Total Assets</b>                        | <b>\$ 5,138,908</b>           | <b>\$ 5,083,743</b>           | <b>\$ 4,064,927</b>      |
| <b>Liabilities &amp; Fund Equity</b>       |                               |                               |                          |
| Refund to Carriers Payable                 | -                             | -                             | -                        |
| Retiree Insurance Payable - Restricted     | \$ 588,023                    | \$ 588,023                    | \$ 588,023               |
| Other Benefits Payable - Restricted        | 1,420,993                     | 1,471,921                     | 1,521,384                |
| Other Liabilities                          | (17,416)                      | (17,351)                      | (17,416)                 |
| <b>Total Liabilities</b>                   | <b>\$ 1,991,600</b>           | <b>\$ 2,042,593</b>           | <b>\$ 2,091,991</b>      |
| Fund Equity                                | \$ 3,147,308                  | \$ 3,041,150                  | \$ 1,972,936             |
| <b>Total Liabilities &amp; Fund Equity</b> | <b>\$ 5,138,908</b>           | <b>\$ 5,083,743</b>           | <b>\$ 4,064,927</b>      |

## Income Statement

|  | Six Months Ended<br>6/30/2022 | Six Months Ended<br>6/30/2021 | Year Ended<br>12/31/2021 |
|--|-------------------------------|-------------------------------|--------------------------|
| <b>Income</b>                              |                               |                               |                          |
| Assessment Income                          | \$ 8,474,986                  | \$ 7,790,592                  | \$ 15,914,019            |
| Membership Fees Income                     | 827,000                       | 819,250                       | 824,250                  |
| Late Data Reporting Charges                | -                             | -                             | 5,300                    |
| Delinquent USR Charges                     | -                             | 62,800                        | 122,550                  |
| Policy Data Fines                          | 342,950                       | 253,800                       | 436,550                  |
| Other Income                               | (12,681)                      | (14,795)                      | (22,301)                 |
| <b>Total Income</b>                        | <b>\$ 9,632,255</b>           | <b>\$ 8,911,647</b>           | <b>\$ 17,280,368</b>     |
| <b>Expenses (Net)</b>                      |                               |                               |                          |
| Legal, Consulting & Other Outside Services | \$ 4,135,464                  | \$ 4,629,151                  | \$ 8,804,001             |
| Salaries & Administration Expenses         | 2,139,084                     | 2,051,191                     | 4,280,775                |
| Other Operating Expenses                   | 2,183,285                     | 1,764,134                     | 3,122,758                |
| Less: InterOffice Settlement               | -                             | -                             | -                        |
| <b>Total Net Expenses</b>                  | <b>\$ 8,457,833</b>           | <b>\$ 8,444,476</b>           | <b>\$ 16,207,534</b>     |
| <b>Net Income</b>                          | <b>\$ 1,174,422</b>           | <b>\$ 467,171</b>             | <b>\$ 1,072,835</b>      |

# NCRB

NORTH CAROLINA  
RATE BUREAU

2910 Sumner Blvd. Raleigh, NC 27616 [www.ncrb.org](http://www.ncrb.org)