

LOSS COSTS – IMPLEMENTATION

AUGUST 11, 2020

BUSINESSOWNERS

LI-BP-2020-079

NORTH CAROLINA BUSINESSOWNERS ADVISORY PROSPECTIVE LOSS COST REVISION TO BE IMPLEMENTED

KEY MESSAGE

Revised loss costs representing a combined +7.2% statewide change are acknowledged.

BACKGROUND

In circular [LI-BP-2020-064](#), we advised you that we submitted filing BP-2020-RLA1 to the Insurance Department.

CONSIDERATION OF COVID-19

In anticipation of long-term behavioral, social and economic changes as a result of COVID-19, we expect, based on the information currently available, that those changes will have a modest but material impact on prospective loss costs for certain risks, and in this filing we have adjusted loss costs to reflect these changes by applying a factor of 0.98 to loss costs for Liability Lessors and Occupants.

While there is still great uncertainty around COVID-19, the above referenced adjustments do not contemplate the possibility of widespread viral resurgence or the renewal of stay-at-home orders during the period in which the newly filed loss costs will be in effect. We have assumed that any recurrence of such extreme and unpredictable circumstances would generally be addressed, as appropriate, by individual carriers.

INSURANCE DEPARTMENT ACTION

The Insurance Department has acknowledged this revision as filed.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies effective on or after March 1, 2021.

This effective date applies only to those insurers who have filed their Businessowners loss cost adjustments to be automatically applicable to future ISO loss cost revisions.

COMPANY ACTION

You must independently determine the final rates you will use. The action, if any, you must take in response to this filing is dependent upon how you filed to have your loss cost adjustments apply to subsequent revisions of ISO loss costs. Any submission you make with respect to this revision must comply with applicable regulatory filing requirements.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Reference Filing Number BP-2020-RLA1, NOT this circular number.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number BP-2020-RLA1 and SERFF Tracking Number ISOF-132444185, NOT this circular number.

CAUTION: This reference filing revises only certain advisory prospective loss costs for Businessowners in this state. In determining whether or not to revise your rates, you should consider the application of your loss cost adjustments to any loss costs not included in this revision.

RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2019-057](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 3-21 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

REFERENCE(S)

- [LI-BP-2020-064](#) (07/08/2020) North Carolina Businessowners Advisory Prospective Loss Cost Revision Filed; Exhibits Newly Presented In Excel
- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing

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