

## **11 NCAC 16 .0502        DEFINITIONS**

As used in this Section:

- (1) "Earned Premium" means North Carolina credit unemployment earned premium, during the experience period, restated as though the current North Carolina credit unemployment rate had been charged.
- (2) "Incurred Claims" means North Carolina credit unemployment incurred losses during the experience period.
- (3) "Experience Period" means the period of time for which experience is reported, but not for a period longer than the most recent three years.
- (4) "Incurred Claim Count" means the number of North Carolina credit unemployment claims incurred during the experience period. This means the total number of claims reported during the experience period, whether paid or in the process of payment, plus any claims incurred but not reported at the end of the experience period less the number of claims incurred but not reported at the beginning of the experience period. Only the initial claim payment for that period of unemployment shall be counted.
- (5) "Credibility Factor" means the degree to which the past experience is expected to occur in the future.
- (6) "Credibility Formula" means the following process used to calculate the credibility factor:
  - (a) determine the incurred claim count during the experience period;
  - (b) divide Sub-item (6)(a) of this Rule by 1082;
  - (c) take the square root of Sub-item (6)(b) of this Rule; and
  - (d) the credibility factor is the lesser of the number one and the results of Sub-item (6)(c) of this Rule.
- (7) "Qualified Actuary" means an individual who is a member of the American Academy of Actuaries, an Associate or Fellow of the Society of Actuaries, or an Associate or Fellow of the Causality Actuarial Society.
- (8) "Incurred Loss Ratio at Current Credit Unemployment Rate" means the ratio of incurred losses, as defined in Item (2) of this Rule, to earned premium, as defined in Item (1) of this Rule.

*History Note: Authority G.S. 58-2-40; 58-57-70; 58-57-110(a);  
Eff. January 1, 1994;  
Readopted Eff. October 1, 2018.*