

11 NCAC 10 .1602 DEFINITIONS

As used in this Section:

- (1) "Developed losses" means losses (including loss adjustment expenses) adjusted, using standard actuarial techniques, to eliminate the effect of differences between current payment or reserve estimates and those needed to provide actual ultimate loss (including loss adjustment expenses) payments.
- (2) "Expenses" means that portion of a rate attributable to acquisition, field supervision, and collection expenses; general expenses; and taxes, licenses, and fees.
- (3) "Loss cost multipliers" means provisions for expenses, profit, and variations in loss experience added by an individual insurer to prospective loss costs in order to produce final rates.
- (4) "Loss trending" means any procedure for projecting developed losses to the average date of loss for the period during which the policies are to be effective.
- (5) "Prospective loss costs" means that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit; and that is based on historical aggregate losses and loss adjustment expenses adjusted through development to their ultimate value and projected through trending to a future point in time.
- (6) "Rate" means the cost of insurance per exposure unit, whether expressed as a single number or as a prospective loss cost with loadings for expenses, profit, and variations in loss experience; prior to any application of individual risk variations based on loss or expense considerations. "Rate" does not include minimum premiums.
- (7) "Rating organization" includes a joint underwriting organization or a joint reinsurance organization.
- (8) "Supplementary rating information" includes any rating information other than rates by territory and by class; including but not limited to classification and territory definitions, various rating rules, increased limits factors, experience rating plans, and minimum premiums.

History Note: Authority G.S. 58-2-40; 58-36-15; 58-37-35; 58-40-30; 58-41-50; 58-45-45; 58-46-55;
Eff. February 1, 1991;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. January 3, 2017.