

NCCI

Another Profitable Year for Workers' Comp

The nation's workers' compensation industry reported a combined ratio of 91% in 2025, marking the twelfth consecutive year private insurance carriers have posted an underwriting profit on workers' compensation coverage.

Among other highlights from this year's report from the National Council on Compensation Insurance:

- Workers' compensation net written premium decreased by 0.2% in 2025. Workers' compensation was the only major property & casualty line to see premiums shrink
- The combined ratio increased from 86% for CY 2024 to 91% for CY 2025
- Workers' compensation's Accident Year 2025 combined ratio is 102%, but prior years continue to experience downward reserve development
- NCCI estimates a redundant industry reserve position of \$14 billion
- Lost-time claim frequency declined by 2% in 2025, a slower pace of decline than the long-term average decline
- Severity grew in 2025 with increases of 4% for both medical claim severity and indemnity claim severity

Headquartered in Boca Raton, FL, NCCI gathers data, analyzes industry trends, determines classification codes, and recommends workers' compensation rates and loss costs for 36 states (not in North Carolina). Donna Glenn, FCAS, MAAA, Chief Actuary, NCCI, noted that although the workers' compensation industry as a whole reported a profitable year, "there's not a single number that defines the workers compensation system. Behind this year's combined ratio of 91, factors such as industry mix, state differences, and carrier variation are all shaping results."

NCCI's most recent state-level filings showed decreases in nearly every jurisdiction. Separately, the North Carolina Department of Insurance has approved an average loss cost decrease of 7.8%, effective April 1, 2026. As in other states, claims frequency is declining rapidly in North Carolina. According to the most-recent report from the North Carolina Rate Bureau, which manages rates, rules, and classifications in North Carolina, lost-time claims in the state fell from 10,400 in 2016 to 9,000 in 2024.

In 2024, medical costs accounted for 53.3% of total workers' compensation costs in the state, while indemnity benefits accounted for 46.7%. According to the rate bureau, average medical costs per claim in North Carolina are generally consistent with those observed in other states. North Carolina has higher costs for hospital inpatient services, DMEPOS, and other services, while costs for physicians, hospital outpatient services, ambulatory surgical centers, and drugs are generally lower. Shoulder injuries account for the largest share of claim payments in North Carolina.

The following are the top five workers' compensation carriers in North Carolina, according to the rate bureau:

The Hartford – \$113 million
Travelers – \$111 million
Builders Mutual – \$94 million
AF Group – \$93 million
Liberty Mutual – \$7 million

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Workers' Comp Benefit Increases: What Changes to Expect in 2027

By: Tracey Jones

North Carolina's General Assembly approved House Bill 315, a multifaceted piece of legislation that targeted increases to certain workers' compensation benefits for the first time in decades. While the adjustments are narrow in scope, they carry practical implications for employers, insurers, and claims professionals who evaluate and resolve workplace injury claims.



With changes set to apply to claims arising mid-July 2027, now is the time for organizations to understand how these updates may influence exposure, reserving strategies, and claim handling practices going forward.

The Senate Judiciary Committee approved House Bill 315 which prohibits third-party financing of litigation as well as increases workers' compensation rates in a very narrow manner as outlined below. These rates had not been increased since 1987 – <http://www.ncleg.gov/Sessions/2025/Bills/House/PDF/H315v4.pdf>. The bill cleared the Senate Rules Committee and will likely be on the Senate Floor soon. The House is expected to concur with the Senate changes.

One of the focuses of HB 315 is workers' compensation benefits, specifically increasing certain statutory minimums and caps. These changes would apply to claims arising on or after July 1, 2027. These changes include the following:

Minimum Weekly Compensation

- Increases from \$30 to \$50 per week.

While this affects only a small subset of claims, it does raise the floor for indemnity exposure.

Disfigurement and Organ Injury Awards

HB 315 doubles several maximum awards under G.S. 97-31:

Category	Current Max	Proposed Max
Serious facial/head disfigurement	\$20,000	\$40,000
Serious bodily disfigurement	\$10,000	\$20,000
Loss or permanent injury to an important organ	\$20,000	\$40,000

Implications for employers and carriers:

- Higher settlement values for certain permanent injury cases
- More scrutiny needed when evaluating disfigurement claims
- Potential increase in claimant attorney involvement in borderline cases
- Greater need for early documentation, including photographs and medical detail

Although the financial adjustments under HB 315 are limited, they are likely to influence how certain claims, particularly those involving disfigurement or organ injury, are evaluated and resolved. Employers and carriers should begin considering how these changes may impact long-term claim costs, documentation practices, and litigation strategy.

Tracey L. Jones is a Partner at Teague Campbell Dennis & Gorham LLP and co-chair of the firm's Workers' Compensation Practice Group. She represents employers and insurance carriers throughout North Carolina. She is based in Raleigh and speaks regularly on workers' compensation topics.

Higher temps lead to higher work-related incidents

Exceptionally hot weather in recent weeks is once again drawing attention to research which shows higher temperatures lead to higher work-related incidents.

Last October, a study published in Environmental Health found work injury risk starts to climb when the daily heat index hits about 85 degrees F and rises steeply past 90 degrees F. Work injuries tied to exposure to extreme heat were seen across almost all industry sectors including jobs that are done indoors. The study was conducted by researchers at the George Washington University and Harvard T.H. Chan School of Public Health.

“Extreme heat can result in fatal heatstroke. But before we get to these levels, we found that even moderate hot conditions can subtly increase the risk of workplace injuries. A finding that was remarkably consistent in almost all industries we examined,” said Barrak Alahmad, first author and director of occupational health and climate change program at the Harvard T.H. Chan School of Public Health. This is the first nationwide model on this subject and it shows a previously unrecognized danger of heat in the workplace. Researchers noted most heat-related injuries are not recorded as such and it is likely the reported 28,000 workplace injuries every year are an underestimate.

Separately, a 2024 study by the Workers Compensation Research Institute found the probability of work-related accidents increases by 5 to 6 percent when the maximum daily temperature rises above 90°F, relative to a day with temperatures in the 65–70°F range. The effect is stronger in the South and for construction workers. Also, the effect of excessive heat is greater on traumatic injuries, including fractures, dislocations, contusions, and lacerations, WCRI added.

Excessive heat compounds other dangerous workplace conditions. “Notably, the sectors in which extreme heat poses the highest danger to workers—construction, landscaping, and agriculture—tend to employ high numbers of low wage contract workers, people of color, and immigrants who are less likely to challenge employers or report unsafe working conditions for fear of being fired or reported for deportation,” notes the American Bar Association.

ABA says recent efforts by OSHA to create an enforceable heat stress and illness prevention standard are facing severe headwinds. In August 2024, OSHA proposed the Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings, a new standard that would have replaced the existing guidance on heat protection in the workplace. Less than a week after the comment period closed, the Trump administration issued executive orders which paused further action on the proposed standard.

The North Carolina State Climate Office reports this summer isn’t (yet) producing the kind of sustained 100°F+ streaks that made 1952, 1954, 1977, or 2012 into historic events for several cities in North Carolina. But it’s arriving on top of an unusual setup: a warmer-than-normal June statewide, exceptional drought still gripping the northern Piedmont, and a seasonal outlook from National Weather Service Wilmington that flagged increased odds of an above-normal-temperature summer overall, tied partly to longer-term climate-change warming trends layered on top of soil-moisture effects from the drought. Dry soil heats faster and evaporates less to cool the air.

The state climate office notes that the past five years have been warmer than usual. Every one of these years falls in the top 25 warmest, while 2024 was the second-warmest year in the past 131 years.

coming up

Wednesday, March 31 - Friday, April 2
NCASI Annual Conference 2027

Holiday Inn Resort Lumina on Wrightsville Beach

Make reservations by February 28, 2027 to get the discounted rate.
Our group code is ASI. Use this link for reservations: [NCASI 2027 Conf.](#)

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www.ncselfinsurers.com

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The employers' voice in workers' comp

NC Industrial Commission Update

Commission Warns of Fraudsters Targeting Injured Workers

The North Carolina Industrial Commission, along with attorneys general in several states, is alerting the public to a sophisticated fraud scheme which targets workers' compensation claimants by impersonating judicial officials, various government employees, attorneys, and other workers' compensation professionals.

"Fraudulent actors have contacted injured workers through multiple channels — including phone, email, text, video call, and social media — convincing them to attend an online workers' compensation hearing and pay money to receive an award of workers' compensation benefits or a settlement," the commission says.

The fraud scheme appears to target Spanish-speaking workers' compensation claimants in particular. Incidents have been reported in several Western and South Central states, as well as in Tennessee.

Important Information for Injured Workers

- Do not make any payment in exchange for workers' compensation benefits or a workers' compensation settlement.
- If you are asked to make such a payment, immediately report the incident to the Industrial Commission by emailing fraudcomplaints@ic.nc.gov or calling 888-891-4895.
- If you have concerns about the legitimacy of an email or phone call purporting to be from the Industrial Commission, do not respond to or click any links in the email, and do not give any information to the caller. Instead, call the Industrial Commission Information Specialists at 800-688-8349 or 919-716-1700. They will help you determine whether the communication was legitimate.
- Do not respond to any texts, video calls, or social media requests purporting to be from the Industrial Commission. The Industrial Commission does not contact workers' compensation claimants by text, video call, or social media

Kendra D. Roberts Appointed Deputy Commissioner

Kendra Roberts, previously an attorney with Hedrick Gardner will be assigned to the Commission's Charlotte regional office beginning August 3, 2026. She earned her undergraduate degree from the University of North Carolina at Chapel Hill, a master's in education from Wake Forest University, and a law degree from UNC-Chapel Hill.

Josh D. Smith Appointed to Serve as Deputy Commissioner

Josh Smith, who will be assigned to the Raleigh office, is a graduate of North Carolina State University and Elon University School of Law.