

Example Member  
North Carolina  
Workers' Compensation Emod Report

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## Warning in left_join_impl(x, y, by$x, by$y): joining factors
with different levels, coercing to character vector
```

# 1 Background

The workers compensation emod calculation is based off a the review of loss experience over the 3 most recent fully earned policy years ending 6 months prior to the incurred loss & ALAE evaluation date.

The calculation depends on weighting and exposure factors as determined by the [North Carolina Rating Bureau](#) (NCRB) statistical review of the workers' compensation insurance market.

## 1.1 Emod Formula

$$\frac{A_p + w * A_e + (1 - E_e) * b}{E_p + E_e + b}$$

Where:

- All claims consisting of only medical and expense incurred loss & ALAE are reduced by 70%
- $A$  are the actual incurred loss & ALAE
- $E$  are the exxpected incurred loss & ALAE
- The  $_p$  subscript indicates primary<sup>1</sup> incurred loss & ALAE
- The  $_e$  subscript indicate excess<sup>2</sup>
- $w$  is a weighting factor dependent on  $E$
- $b$  is weighting value dependent on  $E$

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<sup>1</sup>primary loss & ALAE are all losses below a certain dollar value determined by NCRB

<sup>2</sup>excess loss & ALAE are all losses above the dollar value used to determine primary loss & ALAE

## 2 Example Member Emod