

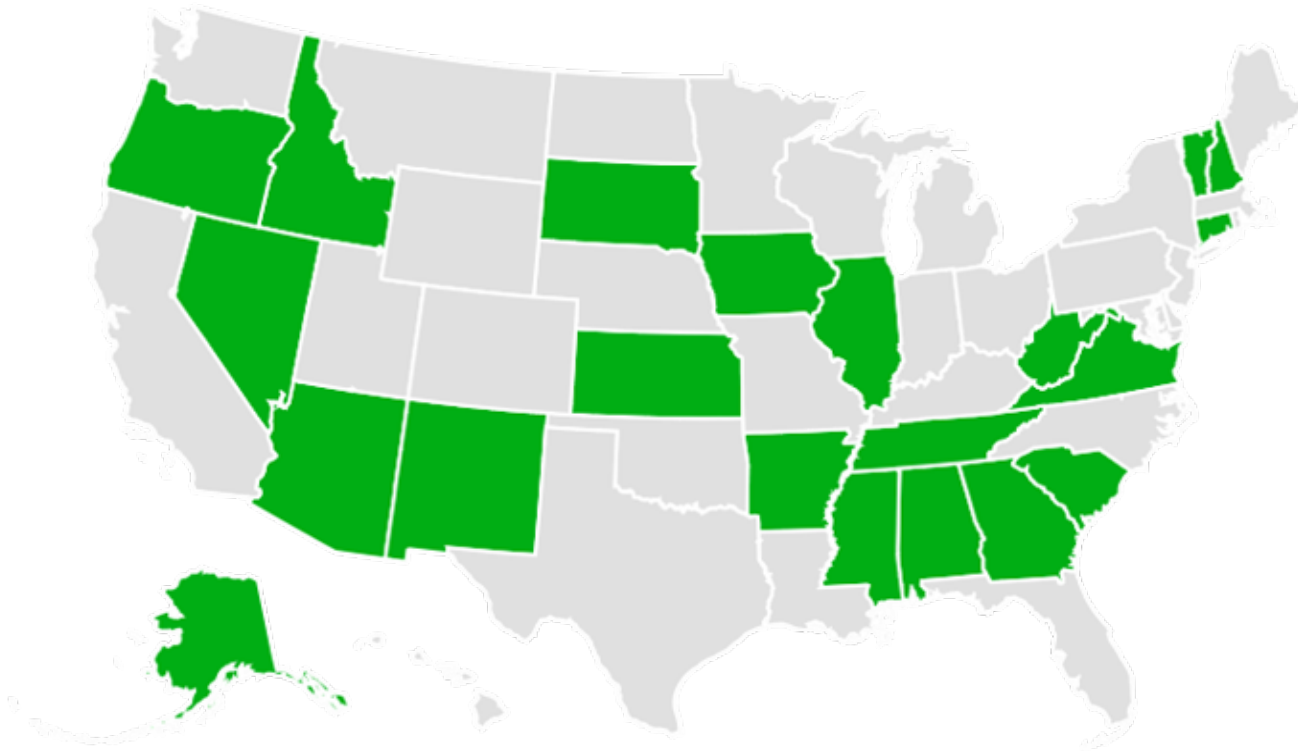
STATE ADVISORY RESOURCES

Arkansas Residual Market
March 2023



Plan Data

Includes 22 NCCI Plan Administration Jurisdictions



Alabama

Alaska

Arizona

Arkansas

Connecticut

DC

Georgia

Idaho

Illinois

Iowa

Kansas

Mississippi

Nevada

New Hampshire

New Mexico

Oregon

South Carolina

South Dakota

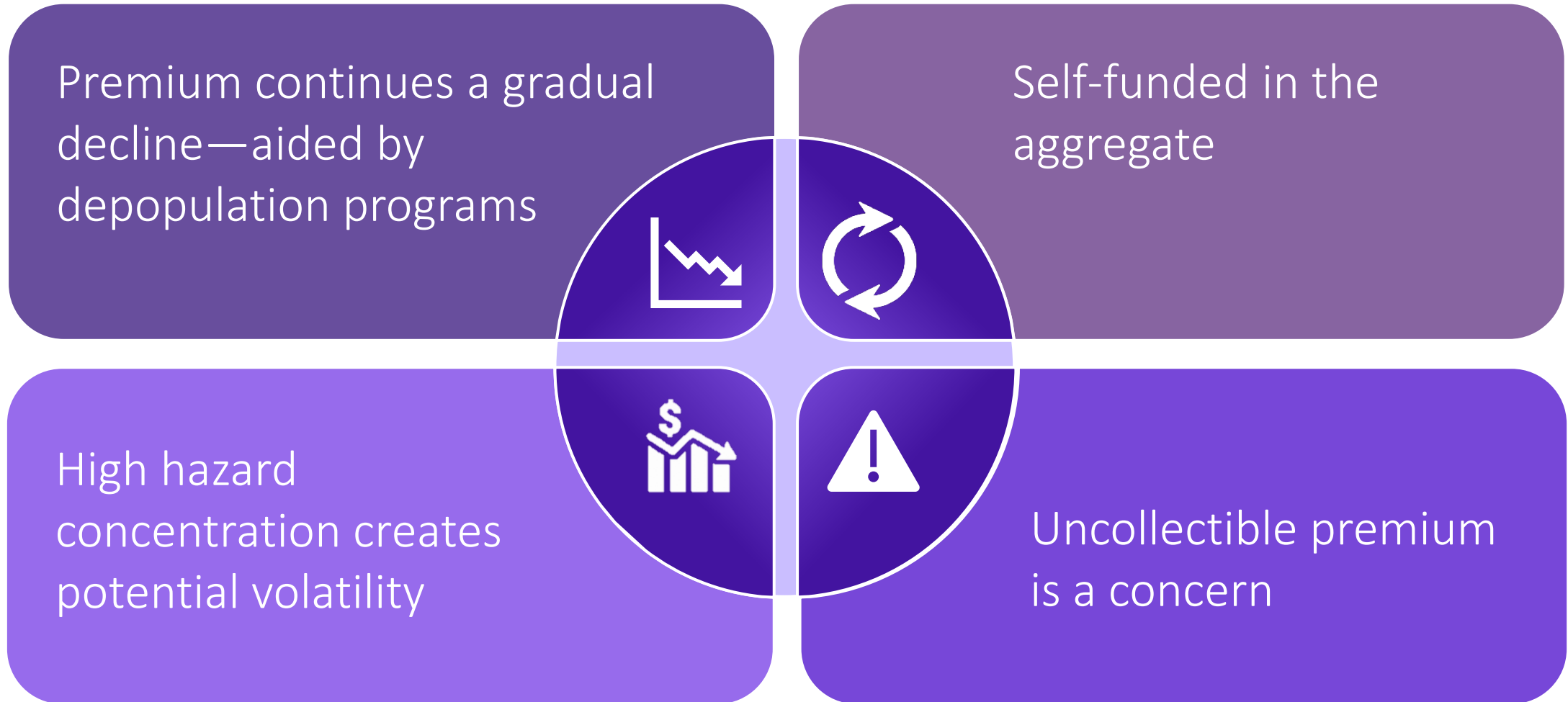
Tennessee

Vermont

Virginia

West Virginia

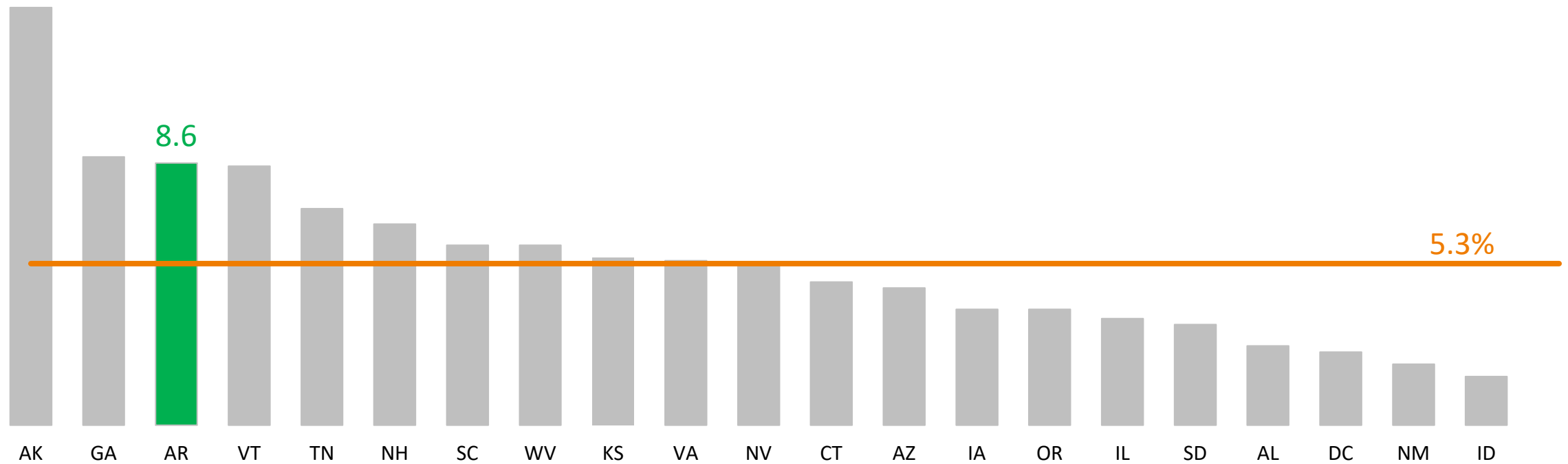
State of the Residual Market



Source: NCCI's *Residual Market Forum 2023*, State of the Residual Market presentation.

Assigned Risk Plan Market Share Percentage by Jurisdiction

As of 12/31/2021*

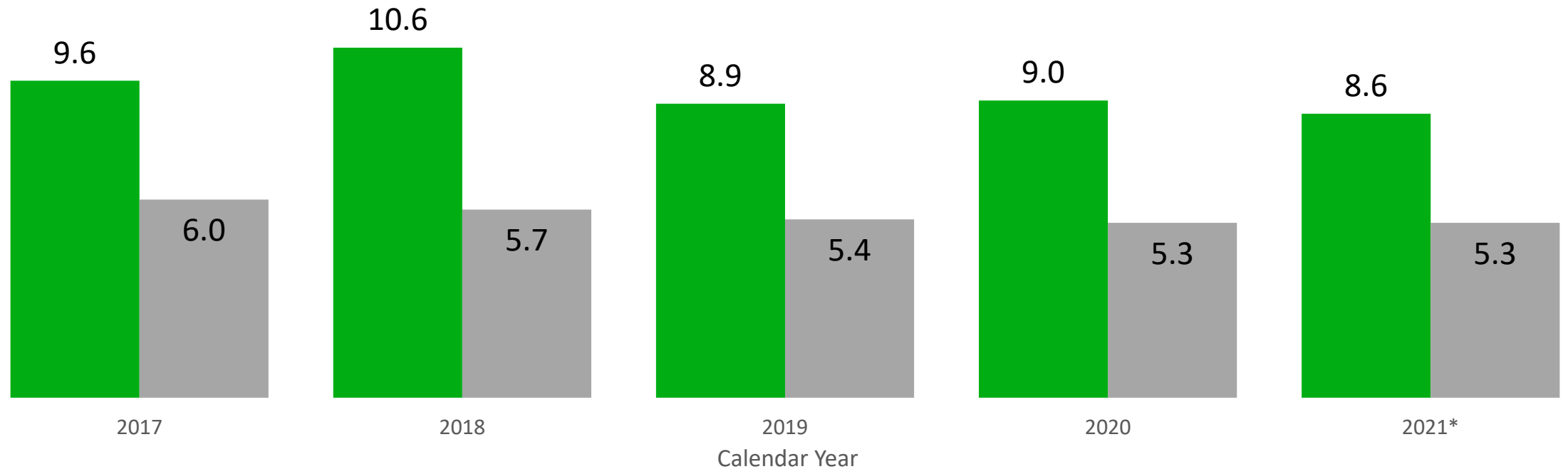


*Preliminary.

Market share percentages are from NCCI's 2021 *Residual Market Management Summary*.

Arkansas Residual Market Share Compared to All Plan Jurisdictions Market Share

Plan Premium as a Percentage of Direct Written Premium



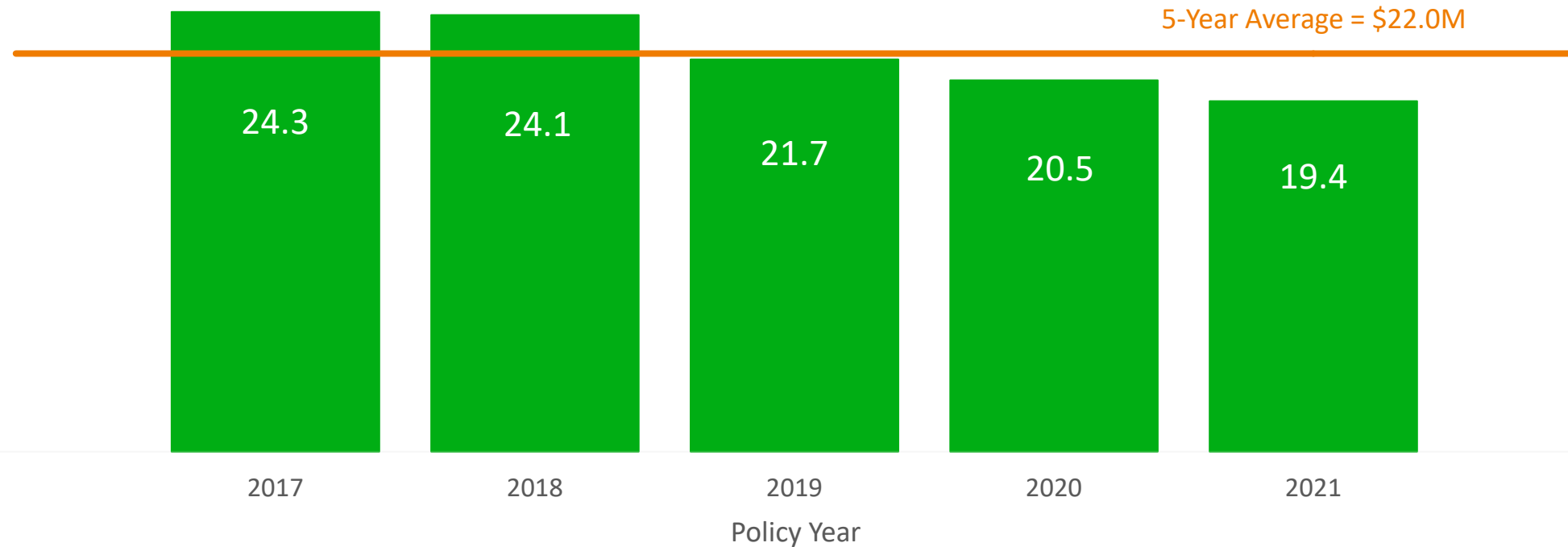
*Preliminary.

Market share percentages are from NCCI's 2021 *Residual Market Management Summary*.

Arkansas Residual Market Plan Premium

As of 12/31/2021

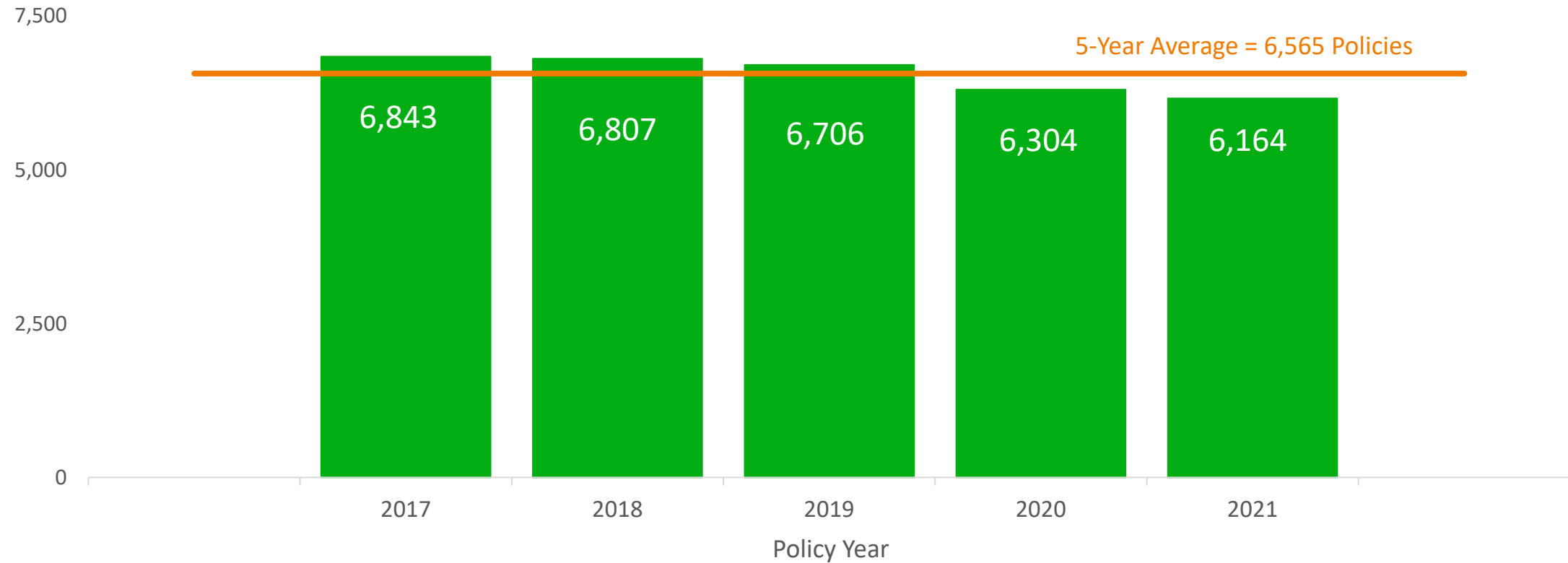
\$ Millions



Premium data is on a policy year basis as reported to NCCI, for policies effective from January 1 through December 31, including prorated cancellations, with all policies' premium associated with the dominant state.

Arkansas Residual Market Policy Counts

As of 12/31/2021



Policy data is on a policy year basis as reported to NCCI, for policies effective from January 1 through December 31, including prorated cancellations, with all policies' premium associated with the dominant state.

Arkansas Residual Market (RM) Policy Information



\$3,145

Average RM Policy Size



72.4%

% of RM Policies Under \$2,500

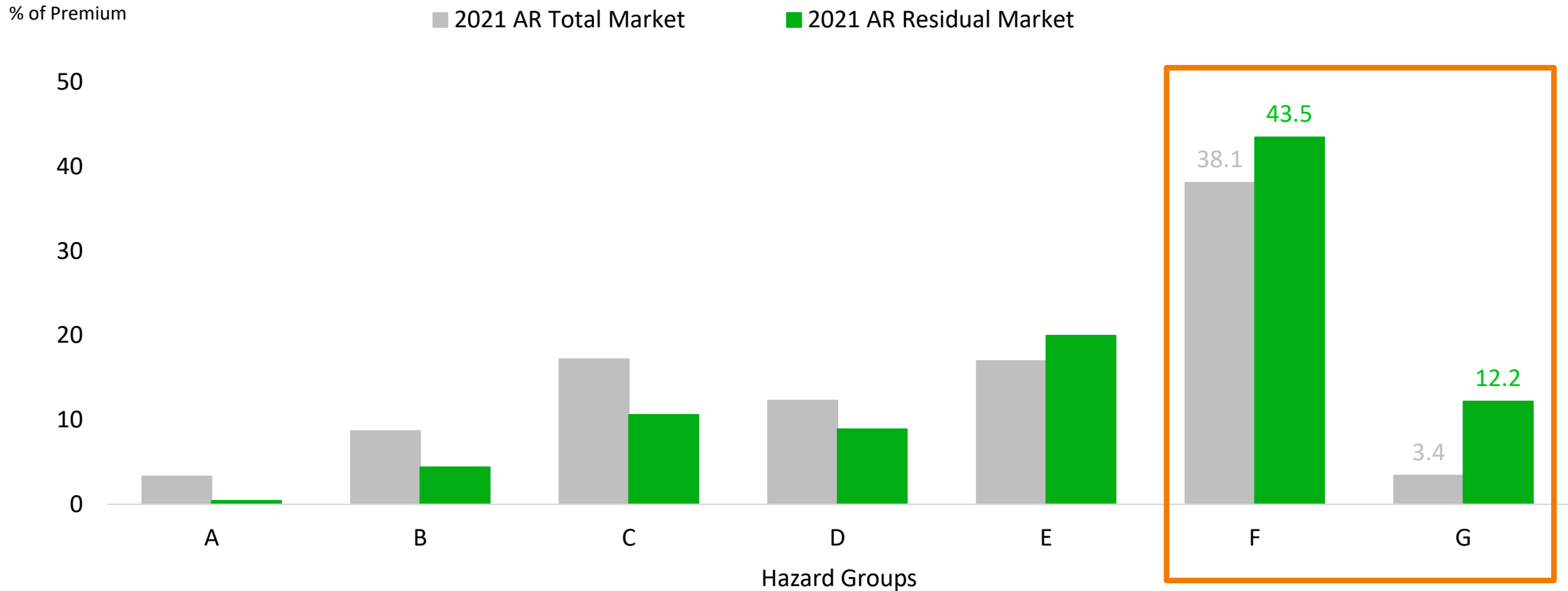


23.5%

% of RM Premium Generated
by Policies Under \$2,500

Premium and policy data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2021, to December 31, 2021, including prorated cancellations, with all policies' premium associated with the dominant state.

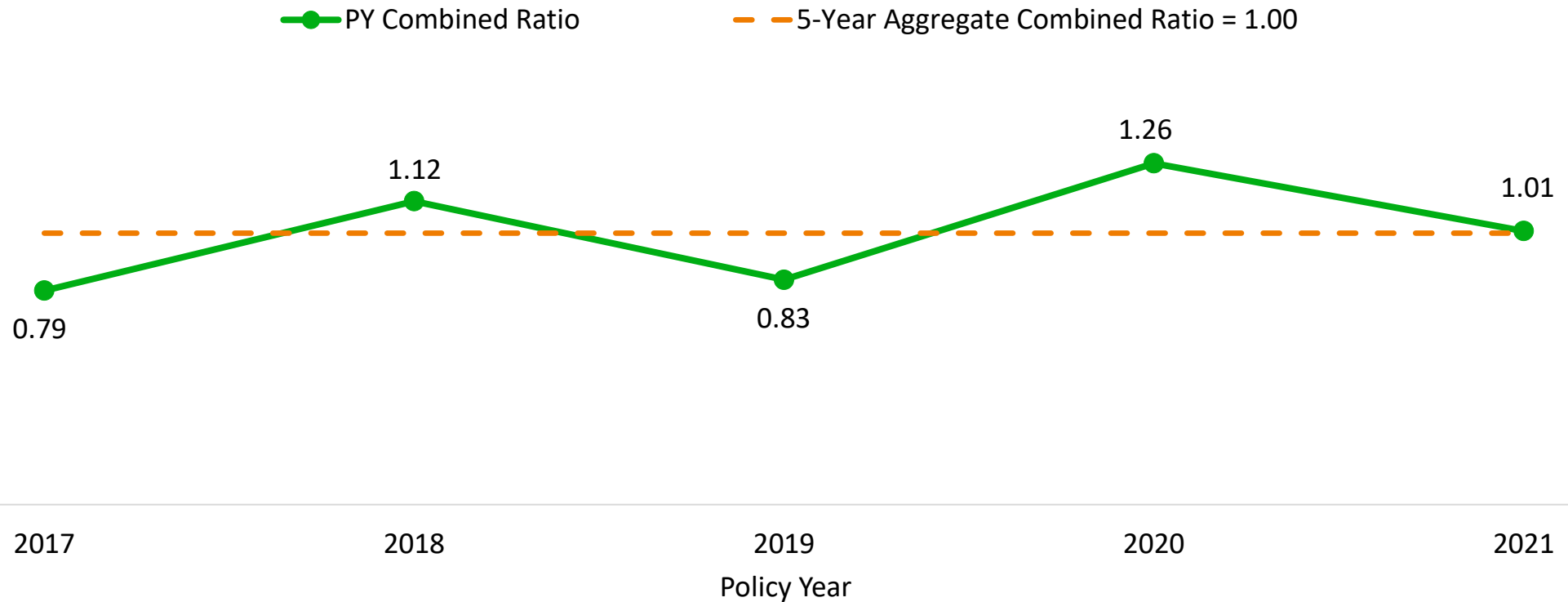
Hazard Groups **F and G** Account for 56% of the Residual Market Premium



Premium data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2021, to December 31, 2021, including prorated cancellations, with all policies' premium associated with the dominant state.

Arkansas Reinsurance Pool's Combined Ratios Over the Past Five Years

Estimated Policy Year Combined Ratios as of 9/30/2022



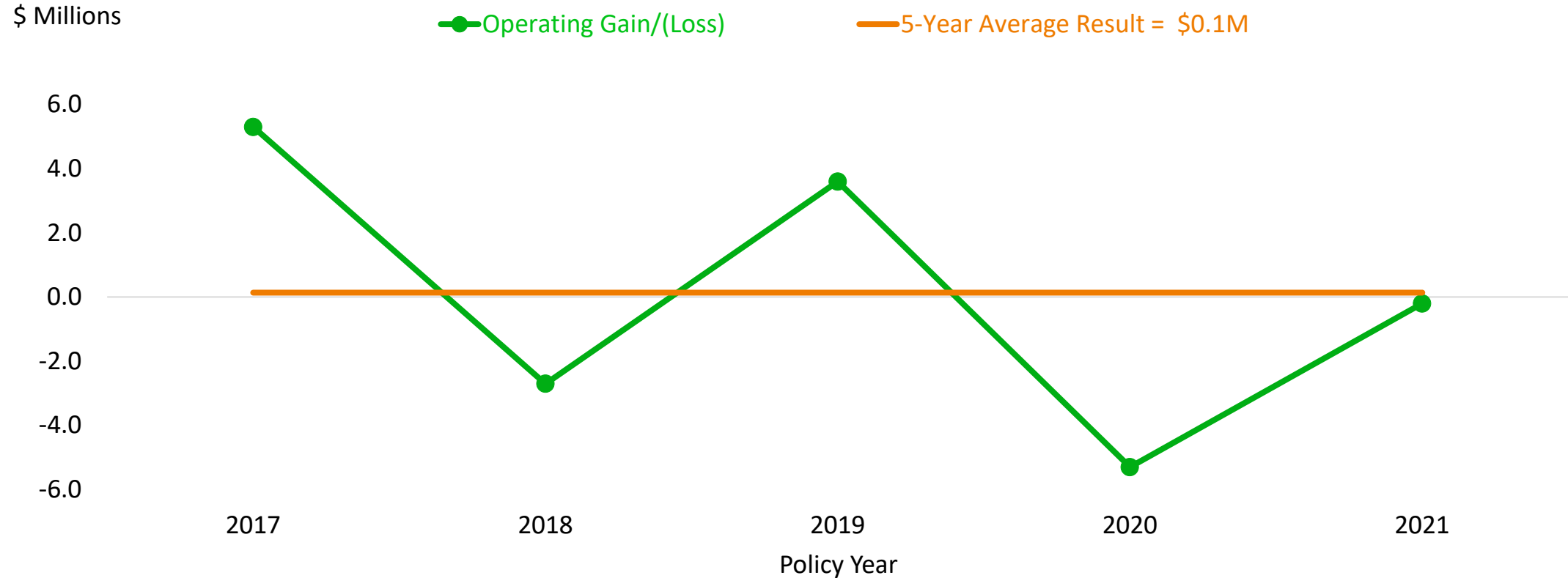
From NCCI's *Residual Market Quarterly Results*—equals $[1.0 - \text{Residual Market Operating Gain (Loss)}] / \text{Pool Written Premium}$.

Updates to the *Residual Market Quarterly Results* are posted on [ncci.com](https://www.ncci.com). Click the **Residual Markets** tab. Then, under Publications/Reports, click **Quarterly Results**.

Arkansas Residual Market Reinsurance Pool

Net Operating Results

Estimated Net Operating Gains and Losses Projected to Ultimate as of 9/30/2022



From NCCI's *Residual Market Quarterly Results*—the financial statement presentation that reflects the excess of earned premium over incurred losses, less all operating expenses, plus all investment income in this state. Updates to the *Residual Market Quarterly Results* are posted on [ncci.com](https://www.ncci.com). Click the **Residual Markets** tab. Then, under Publications/Reports, click **Quarterly Results**.

Arkansas Residual Market

COVID-19 Claims

- Limited direct impact on residual market losses
- Uncertain indirect impact on premium/collectability



Volume and Market Share

- Overall decrease in premium and policy count
- Relatively high residual market share



Approximately 56% of residual market premium in high hazard groups F and G reflects possible volatility in losses and operating results



The residual market has been near break-even over the past five years

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