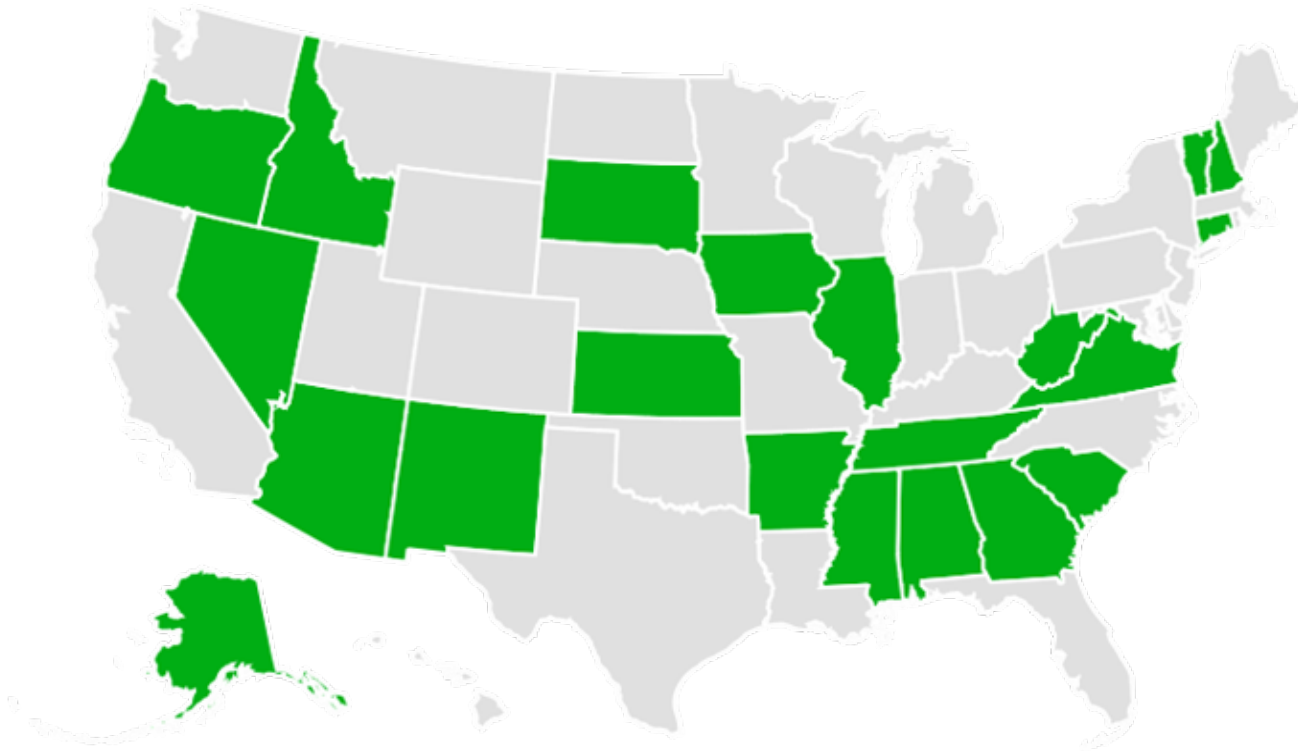


RESIDUAL MARKET STATE ADVISORY RESOURCES

South Dakota
March 2022

Plan Data

Includes 22 NCCI Plan Administration States



Alabama

Alaska

Arizona

Arkansas

Connecticut

DC

Georgia

Idaho

Illinois

Iowa

Kansas

Mississippi

Nevada

New Hampshire

New Mexico

Oregon

South Carolina

South Dakota

Tennessee

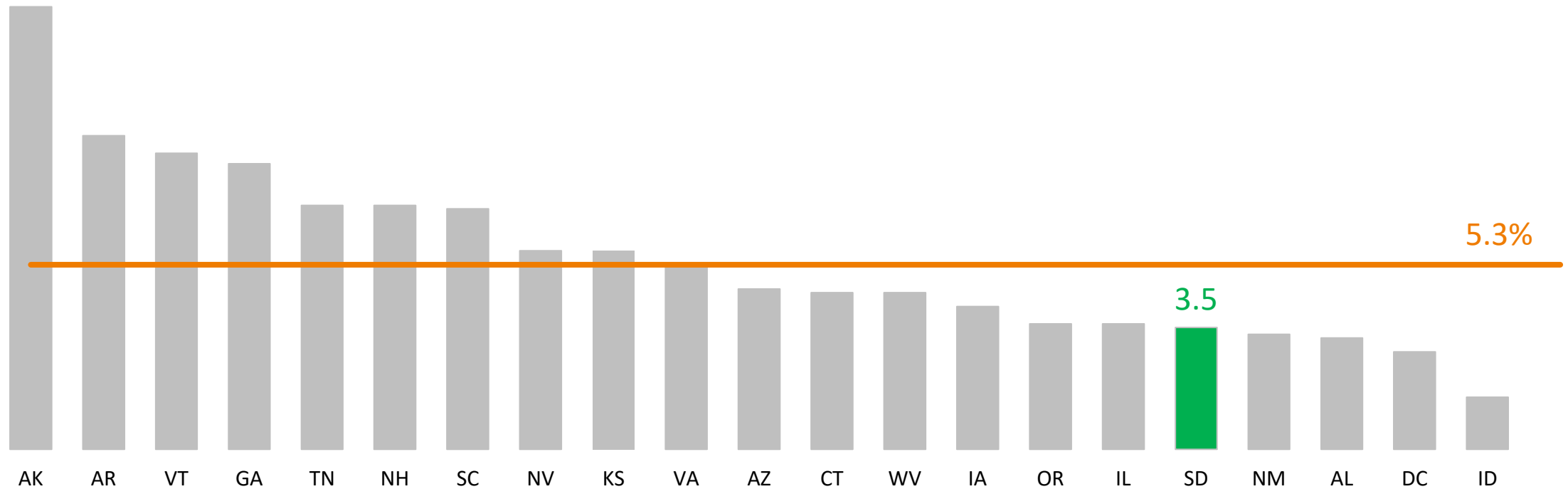
Vermont

Virginia

West Virginia

Assigned Risk Plan Market Share Percentage by State

As of 12/31/2020*

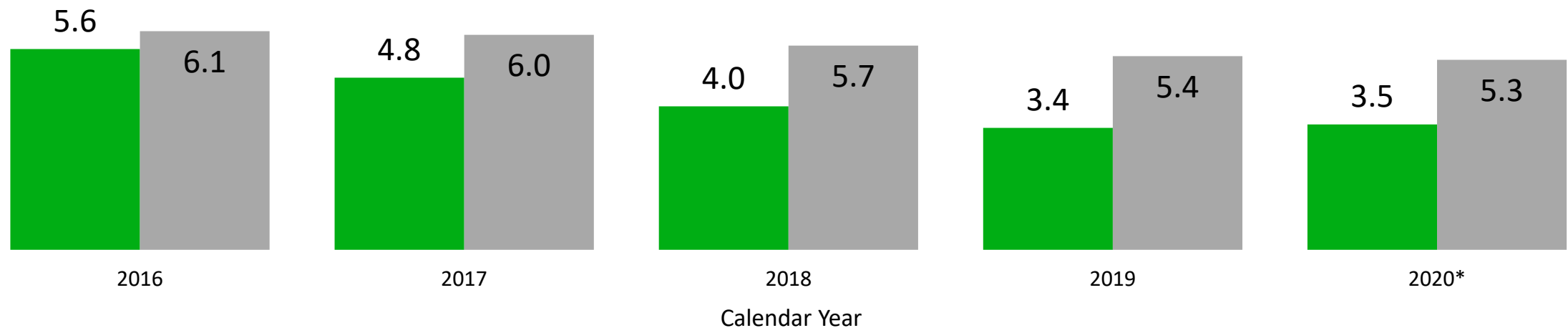


*Preliminary.

Market share percentages are from NCCI's 2020 *Residual Market Management Summary*.

South Dakota Residual Market Share Compared to All Plan States Market Share

Plan Premium as a Percentage of Direct Written Premium

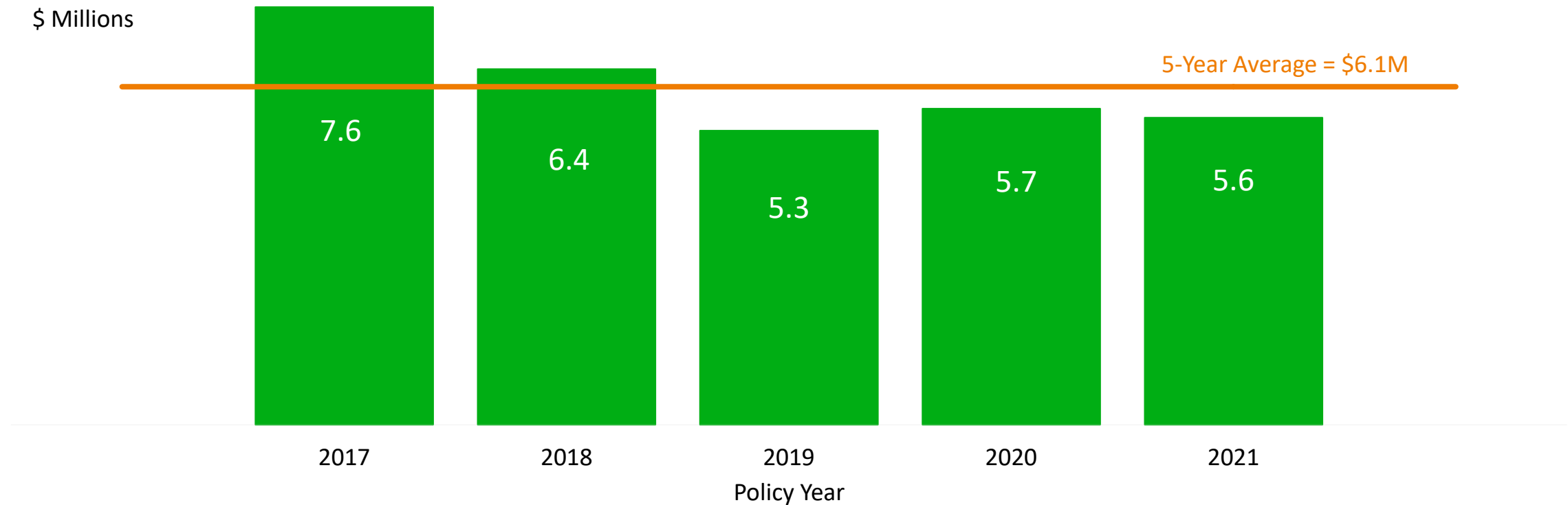


*Preliminary.

Market share percentages are from NCCI's 2020 *Residual Market Management Summary*.

South Dakota Residual Market Plan Premium

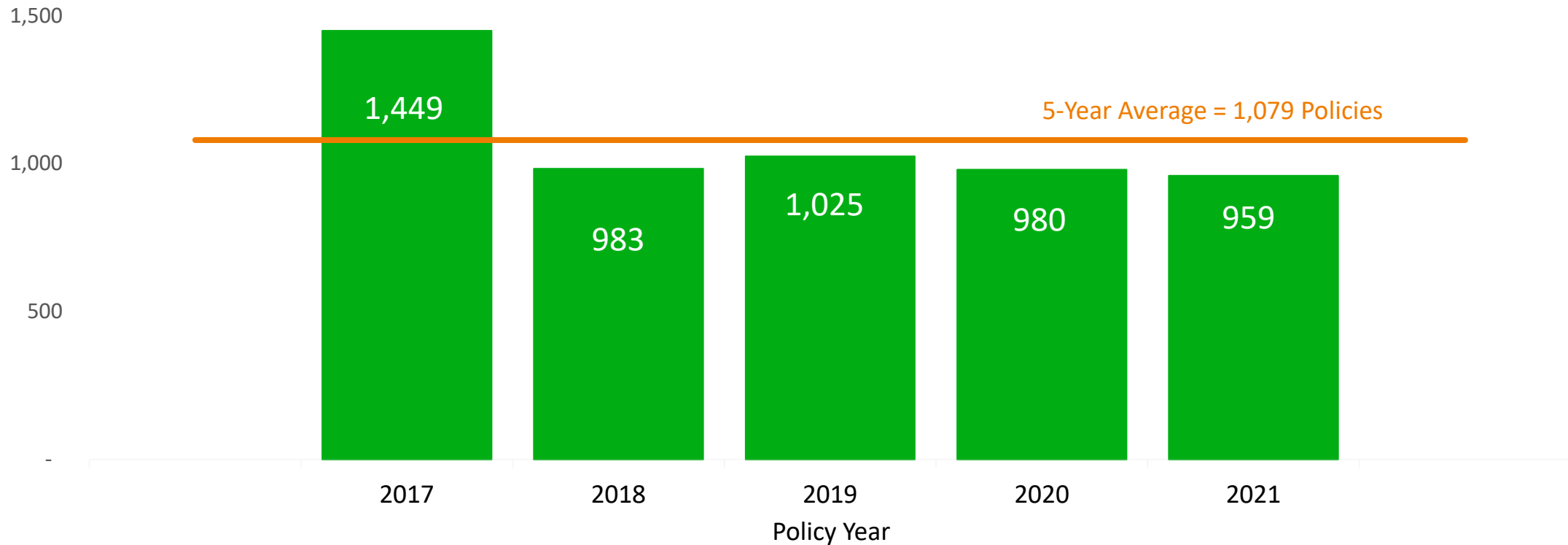
As of 12/31/2021



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.

South Dakota 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.

South Dakota Residual Market (RM) Policy Information



\$5,789

Average RM Policy Size



54.0%

% of RM Policies Under \$2,500

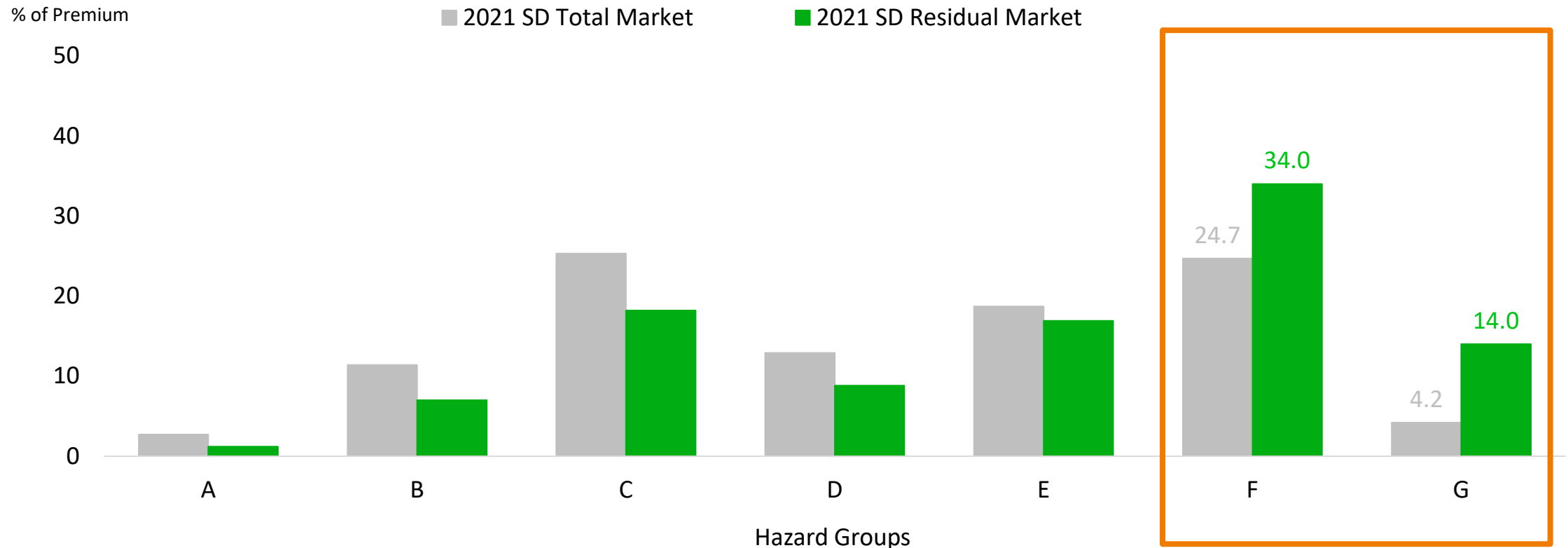


12.6%

% 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 48% of the Residual Market Premium

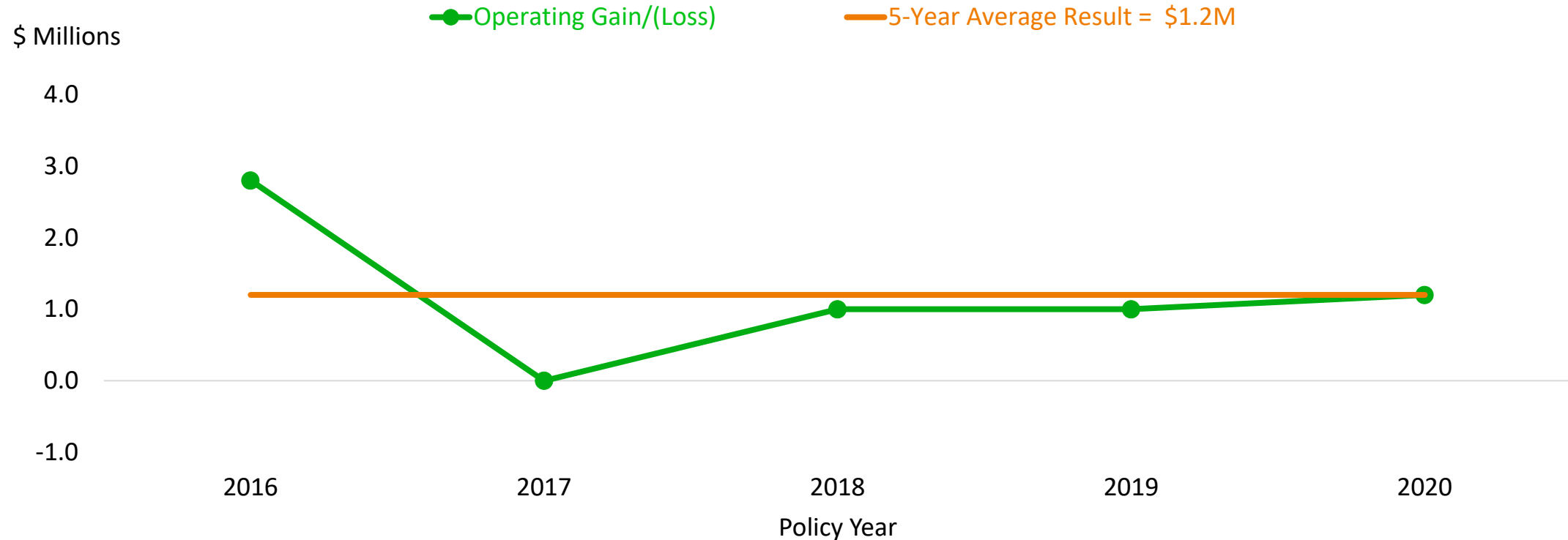


Premium data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2021, to December 31, 2021, including prorated cancellations, with all policies' premium associated with the dominant state.

South Dakota Residual Market Reinsurance Pool

Net Operating Results

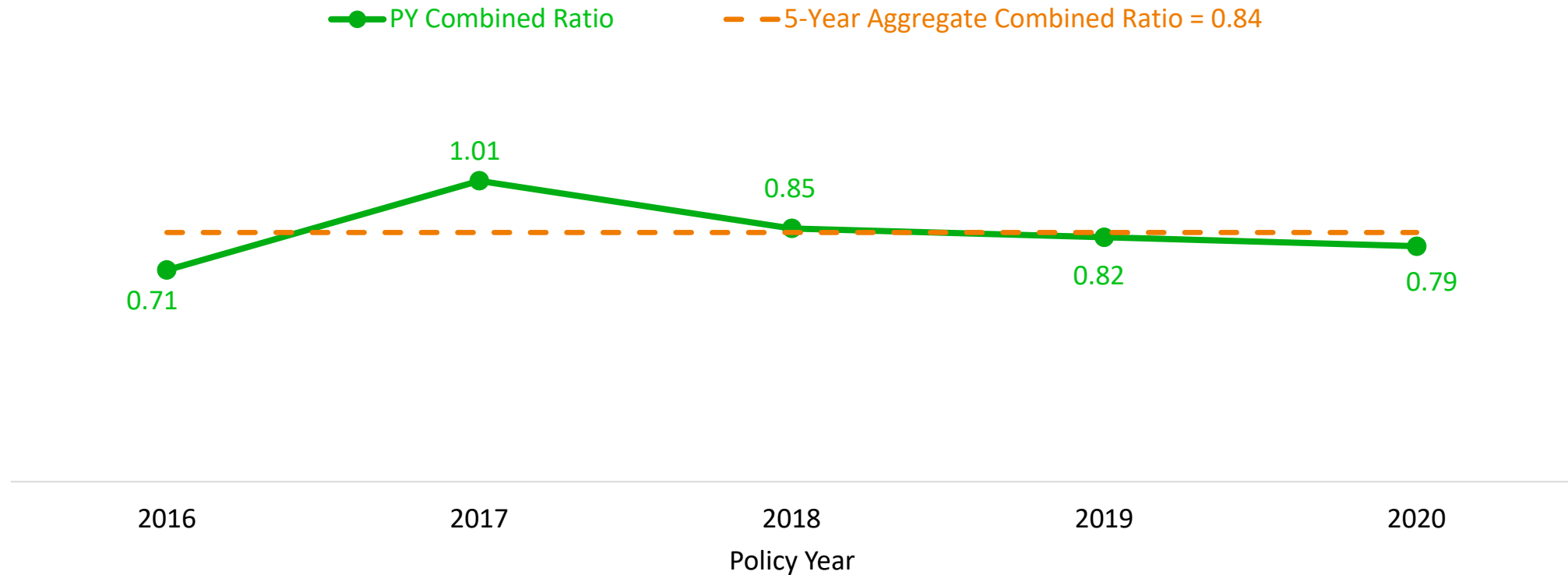
Estimated Net Operating Gains and Losses Projected to Ultimate as of 9/30/2021



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.

South Dakota Reinsurance Pool's Combined Ratios Over the Past Five Years

Estimated Policy Year Combined Ratios as of 9/30/2021



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

South Dakota Residual Market

- Overall decreasing premium and policy count
- Relatively low residual market share
- Residual market has been self-funded over the past five years

State of the Residual Market

COVID-19 Claims

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

Concentration in high hazard groups reflects possible volatility in losses and operating results

Residual market premium and market share are on a gradual decline

The residual market is self-funded in the aggregate, but this varies by state

CONTACT US



Dan Nelson

State Relations Executive
dan_nelson@ncci.com



Robert Moss

Actuary I
Robert_moss@ncci.com