



NCCI Holdings, Inc.

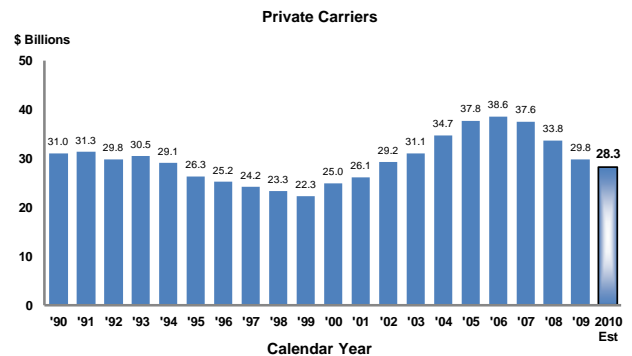
Workers Compensation Financial Update

January 2011

Workers Compensation Financial Results Update

The decline in net written premiums for workers compensation is projected to continue this year with current 2010 estimates at 4% less than 2009 levels. This estimate is based on private carrier reported direct written premium and the historical relation between direct and net written premium over the past decade. The estimate is based on data for the first six months of 2010 and early third quarter reporting.

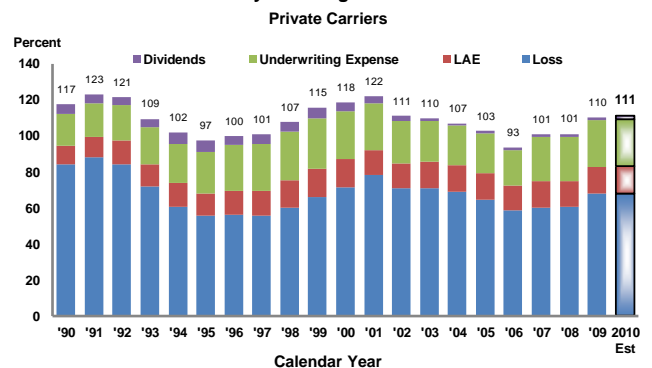
**Workers Compensation Premium Volume Level:
A Modest Decline for 2010**



Source: 1990-2009, A.M. Best Aggregates & Averages, Highline Data;
2010 Est, NCCI estimate based on reported direct premium as of 2nd Quarter 2010

The net combined ratio for workers compensation is projected to show little change in 2010 compared to 2009. This estimate is based on private carrier direct calendar period losses incurred, direct earned premium, and the historical relation between direct and net losses and premium. The estimate is based on 2010 data for the first six months as well as early third quarter reporting.

**WC Calendar Year Combined Ratio:
Nearly Unchanged for 2010**

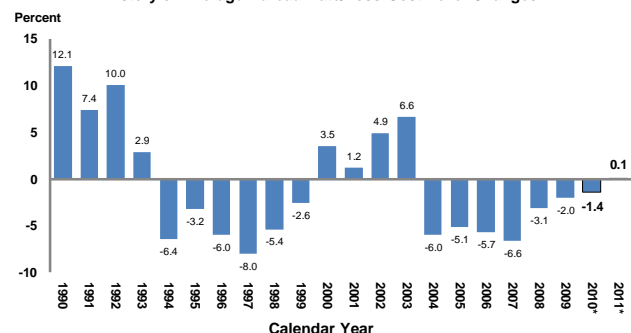


Source: 1990-2009, A.M. Best Aggregates & Averages, Highline Data;
2010 Est, NCCI estimates based on projection of direct premium and direct incurred losses as of 2nd Quarter 2010

On average, the approved WC bureau rates/loss costs decreased in 2010, ending the seven-year period of nearly 26% declines. The more significant decreases in that period were largely driven by California.

**The Average Approved
Bureau Rate/Loss Costs**

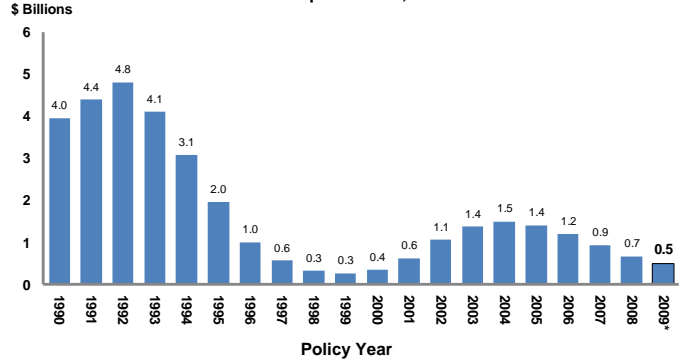
History of Average Bureau Rate/Loss Cost Level Changes



* States approved through October 2010.
Countrywide approved changes in advisory rates, loss costs, and assigned risk rates as filed by the applicable rating organization. The countrywide change is a weighted average of individual state changes based on state premium volumes and ignoring effective dates.

Residual market premium continues to shrink for Policy Year 2009, continuing the pattern of declining premium volume and fewer assignments for the residual market.

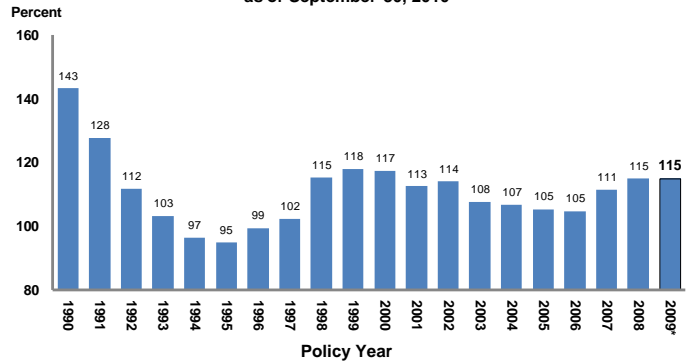
**Workers Compensation Residual Market
Premium Volume**
NCCI-Serviced Workers Compensation Residual Market Pools
as of September 30, 2010



*Incomplete Policy Year Projected to Ultimate

The combined ratio for the residual market pools serviced by NCCI remains unchanged for Policy Year 2009, but remains slightly higher than recent levels. This policy year projection is based on data for the first nine months of 2010.

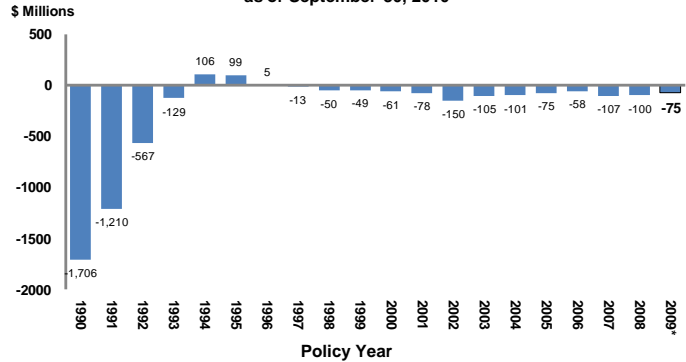
**Workers Compensation Residual Market
Combined Ratios**
NCCI-Serviced Workers Compensation Residual Market Pools
as of September 30, 2010



*Incomplete Policy Year Projected to Ultimate

The underwriting loss in Policy Year 2009 for NCCI-administered residual market pools is projected to improve slightly due to the continued reduction in risks insured by these pools.

**Workers Compensation Residual Market
Underwriting Results Continue to Decline**
NCCI-Serviced Workers Compensation Residual Market Pools
as of September 30, 2010



*Incomplete Policy Year Projected to Ultimate



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