



NCCI Holdings, Inc.

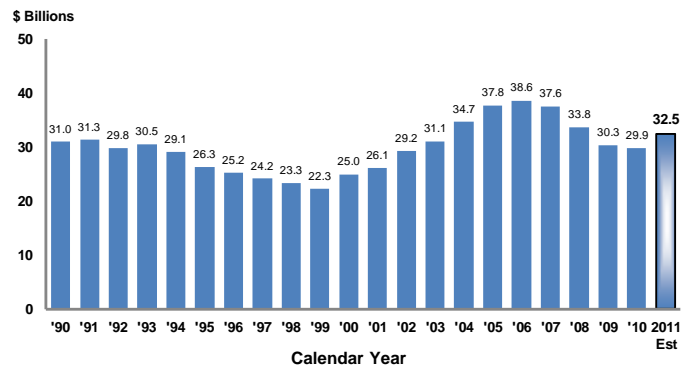
Workers Compensation Financial Update

November 2011

WC Financial Results Update

The decline in net written premiums for workers compensation appears to have halted with 2011 showing growth over 2010. Current estimates for 2011 Net Written Premiums are at \$32.5 Billion, which represents 8.8% growth over 2010. Countrywide direct written premiums are estimated to be up 9.2% for private carriers. These estimates are based on private carrier reported direct written premium and the historical relation between direct and net written premium over the past decade. The estimates are based on data for the first 6 months of 2011.

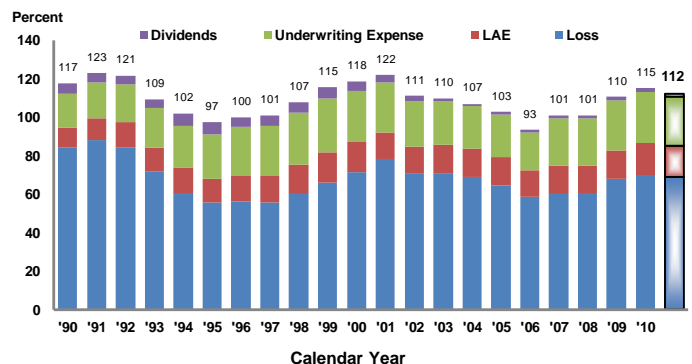
**Workers Compensation Premium Volume Level:
Estimated Premium Growth for 2011
Private Carriers**



Source: 1990-2010, A.M. Best Aggregates & Averages, Annual Statement data; 2011 Est, NCCI estimate based on reported direct premium as of 2nd Quarter 2011

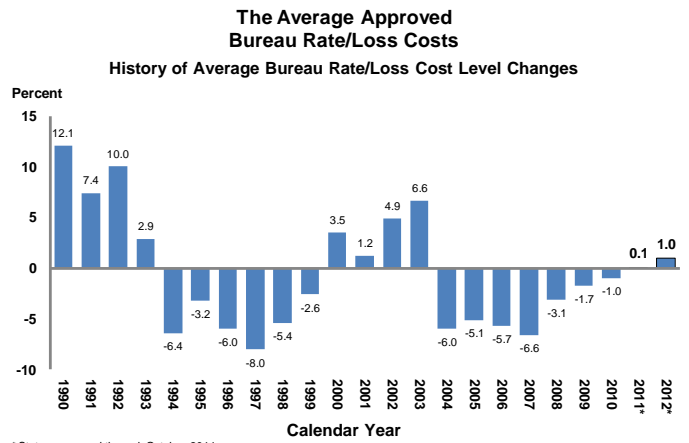
The net combined ratio for workers compensation has reversed the pattern of the last few years and is currently projected to be 112 for 2011. In 2010, 3 percentage points in the combined ratio was due to one carrier strengthening excess workers compensation reserves for old accident years. Without that carrier's impact, the estimated combined ratio for 2011 is essentially flat versus 2010. The combined ratio 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 2011 data for the first 6 months.

**WC Calendar Year Combined Ratio:
A Change from Recent Declines for 2011
Private Carriers**



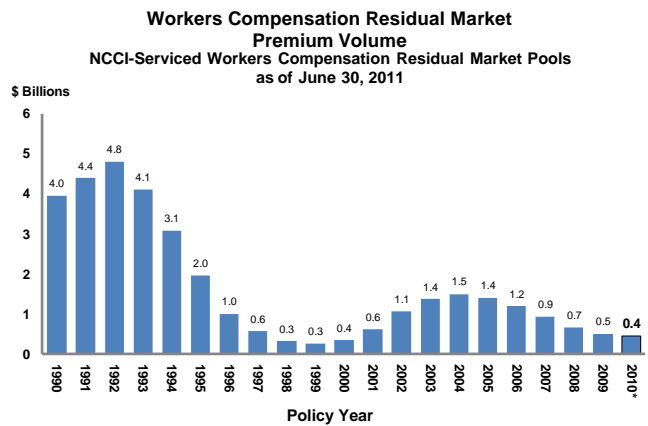
Source: 1990-2010, A.M. Best Aggregates & Averages, Annual Statement data; 2011 Est, NCCI estimates based on projection of direct premium and direct incurred losses as of 2nd Quarter 2011

On average the approved WC bureau rates/loss costs are flat for 2011 and increasing for 2012, ending the 7 year period of nearly 26% declines. The more significant decreases in that period were largely driven by California.



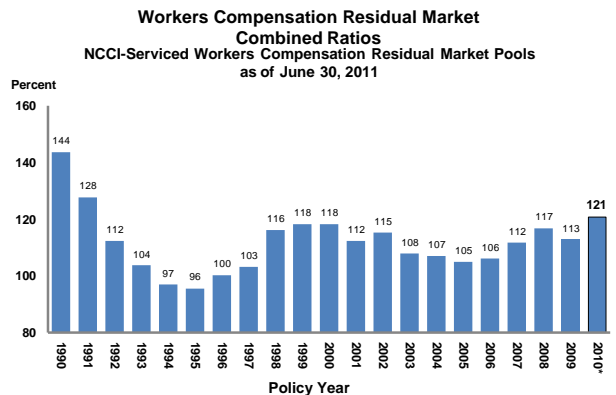
* States approved through October 2011
 Countrywide approved changes in advisory rates, loss costs, and assigned risk rates as filed by the applicable rating organization. The countrywide change is a weighted average of individual state changes based on state premium volumes and ignoring effective dates.

Residual market premium showed little change for policy year 2010 but continues to be low relative to historic levels. Policy Year 2010 continues the pattern of declining premium volume and fewer assignments for the residual market.



*Incomplete Policy Year Projected to Ultimate

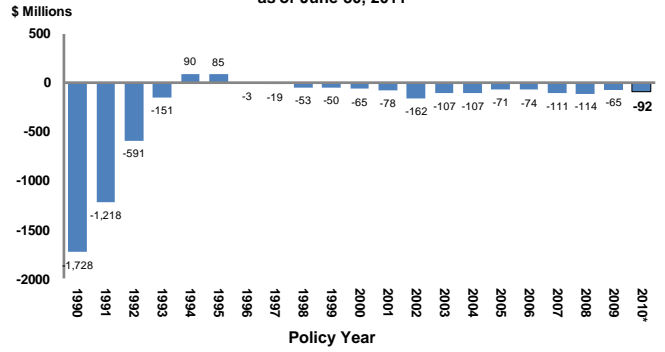
The combined ratio for the residual market pools serviced by NCCI grew materially for Policy Year 2010 and is currently near the top of historic levels. This policy year projection is based on data for the first 6 months of 2011.



*Incomplete Policy Year Projected to Ultimate

The underwriting loss in policy year 2010 for NCCI-administered residual market pools is projected to deteriorate. However, these losses remain comparable to results over the last decade, and well below the debilitating levels of early 1990s.

**Workers Compensation Residual Market
Underwriting Results Continue to Decline
NCCI-Serviced Workers Compensation Residual Market Pools
as of June 30, 2011**



*Incomplete Policy Year Projected to Ultimate



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