



RESIDUAL **MARKET** MANAGEMENT SUMMARY



2021



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Residual Market Management Summary is an annual publication of year-end workers compensation residual market financial and statistical information for the assigned risk plans and reinsurance pools for which the National Council on Compensation Insurance (NCCI) provides residual market services. ***Residual Market Management Summary*** is published by:

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Phone: 800-NCCI-123 (800-622-4123)

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Bill Donnell, CPCU

President and Chief Executive Officer, NCCI

Susan L. Donegan, JD, LL.M.

Chief Regulatory Officer, NCCI

Cliff Merritt

Senior Division Executive—Residual Markets, NCCI

Residual Market Management Summary 2021

is available on ncci.com.

Founded in 1923, the mission of the **National Council on Compensation Insurance (NCCI)** is to foster a healthy workers compensation system. In support of this mission, NCCI gathers data, analyzes industry trends, and provides objective insurance rate and loss cost recommendations. These activities—combined with a comprehensive set of tools and services—make NCCI the source you trust for workers compensation information.

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To Our Readers:

NCCI's ***Residual Market Management Summary 2021*** is the best source for obtaining facts and figures about workers compensation residual market plans and reinsurance pools that are serviced by the National Council on Compensation Insurance (NCCI). You can view and print this and previous annual publications on [ncci.com](https://www.ncci.com).

Looking back on 2021, the residual market remained stable, with financial results similar to recent prior years, despite COVID-19-related concerns and general economic conditions. In fact, residual market COVID-19 claims during the pandemic period have been extremely limited, contributing less than 1% to the accident year loss ratios. However, the residual market has experienced an increase in uncollectible premium volume, which might be at least partially the indirect impact of the pandemic.


For all reinsurance pools serviced by NCCI, the combined ultimate written premium for Policy Year (PY) 2021 is projected to be \$741 million, representing a 3% decrease from the ultimate projection of \$762 million for PY 2020, representing the seventh consecutive annual decrease in pool premium volume. The net operating results for PY 2021 are currently projected to produce an ultimate loss of \$46 million, representing a combined ratio of 106%. It is noted that these ultimate projections are based on a partially earned policy year and are subject to potential material changes as additional premium is earned and losses are reported for the remainder of the policy period.

On a Calendar Year (CY) basis, including adjustments to prior period incurred loss estimates, 2021 reinsurance pool financial results reflect written premium of \$710 million, earned premium of \$725 million, a net operating gain of \$240 million, and a 67% combined ratio.

Total residual market calendar year 2021 premium in the states for which NCCI provides plan or pool services, including both reinsurance pools and direct assignment experience, was reported at \$1.149 billion and represents a 6.2% market share. This premium volume represents a 3% increase from CY 2020, but a market share decrease from 6.5%, and the seventh consecutive year of market share decreases.

Looking ahead to 2022 and beyond, NCCI remains committed to continuing to effectively work with all residual market stakeholders to ensure that the residual market operates in the most efficient manner, providing the service needed to meet the needs of employers and injured workers.

Sincerely,



Clifford G. Merritt

Senior Division Executive—Residual Markets, NCCI

Where NCCI Provides Residual Market Services

NCCI provides many services for the residual market in 30 jurisdictions, including administration of NCCI's Workers Compensation Insurance Plan (WCIP), the National Workers Compensation Reinsurance Pooling Mechanism (NWCRP or National Pool), and the New Mexico Workers' Compensation Assigned Risk Pool. NCCI also provides financial, actuarial, and carrier oversight services for other reinsurance pools and customers. Other types of residual market services are also provided through contractual agreements. Below are the types of services provided in these states.

State	WCIP	NWCRP	Other Services	Comments
AK	x	x		
AL	x	x		
AR	x	x		
AZ	x	x		
CT	x	x		
DC	x	x		
DE		x	x	The Delaware Compensation Rating Bureau contracts with NCCI to provide certain Plan Administration services.
GA	x	x		
IA	x	x		
ID	x	x		
IL	x	x		
IN			x	The Indiana Compensation Rating Bureau contracts with NCCI to provide certain Plan Administration services.
KS	x	x		
MA			x	NCCI provides financial, actuarial, and related services for the Massachusetts Workers' Compensation Assigned Risk Pool.
ME			x	NCCI provides limited financial services for the Maine Workers Compensation Residual Market Pool.
MI			x	NCCI provides financial, servicing carrier selection, carrier oversight, and actuarial services for the Michigan Workers' Compensation Placement Facility.
MO			x	NCCI is the appointed Reinsurance Administrator for the Aggregate Excess of Loss Reinsurance Mechanism.
MS	x			
NC		x	x	The North Carolina Rating Bureau contracts with NCCI to provide certain Plan Administration services.
NH	x	x		
NJ		x	x	NCCI provides certain Plan Administration services to the New Jersey Compensation Rating & Inspection Bureau.
NM			x	The New Mexico Workers' Compensation Assigned Risk Pool contracts with NCCI to provide Plan and Pool Administration services.
NV	x	x		
OR	x	x		
SC	x	x		
SD	x	x		
TN	x	x		
VA	x	x		
VT	x	x		
WV	x	x		

Overview—Plan and Pool Administration Highlights

Plan Administration

NCCI and the assigned carriers have successfully managed the residual market during the last year. To put some of these results into perspective, here is a sampling of the overall application processing performance statistics from 2021:

- Number of applications received = 54,239
- Number of applications bound = 44,890
- Percentage of applications submitted online = 99.9%
- Average processing time for online applications = 2.7 days
- Average processing time for mail-in applications = 3.4 days
- Other:
 - 118,607 calls were fielded; calls decreased by 9% from the prior year
 - No producer workshops were held in 2021 due to the COVID-19 pandemic

NCCI provides application processing, servicing carrier selection and oversight, and/or administrative services for its Workers Compensation Insurance Plans (WCIPs or Plans) for the 22 jurisdictions where it serves as Plan Administrator.

2022 Residual Market Forum

NCCI's ***Residual Market Forum 2022***, presented virtually for the second year, shared relevant industry information for carriers and regulators and provided updates on key issues affecting the residual market. This event offered essential training for current and potential workers compensation insurance servicing carriers and direct assignment carriers in the residual market. NCCI's enhanced the virtual experience through improved content, production, and technology.

The general session included:

- An "Introduction" from Brian Mourer, Director of Plan Administration—Residual Markets, including an update on recent

residual market activities and a preview of the program,

- "The State of the Residual Market" presented by Cliff Merritt, Senior Division Executive—Residual Markets, that provided an overview of 2021 residual market operating results, statistics, and other highlights regarding the state of the residual market,
- "State of Workers Compensation—An Actuarial Perspective" presented by Samantha McLeod, Director and Actuary, provided an analysis of residual market data, including recent shifts and potential implications,
- "Large Losses in the Residual Market" presented by Ryan Voll, Manager and Associate Actuary,
- "The Residual Market During the Pandemic" presented by Nadege Bernard-Ahrendts, Practice Leader and Senior Actuary, and
- Live Q&A session in NCCI's studio with Cliff Merritt, Samantha McLeod, and Nadege Bernard-Ahrendts.

Following the general session, two virtual breakout sessions were conducted:

- Assigned Carrier Engagement— was a live, open discussion on residual market topics that are of particular interest to assigned carriers and residual market stakeholders. Topics included those submitted by attendees in advance, as well as additional topics raised during the meeting, and
- Regulator Update—Overview of NCCI's Classification Inspection Program—This regulator-only session, presented NCCI's Classification Inspection Program and its objective to maintain accurate and consistent application of the classification system in the state. Also presented was the classification inspection process, what happens during a classification inspection, and the latest Classification Inspection Program results.

The ***Residual Market Forum 2022 Highlights Report*** is available on [ncci.com](https://www.ncci.com) and includes videos and presentations from the virtual event,

bonus on-demand content, and access to residual market training modules.

Bonus on-demand content includes:

- “NCCI’s Atlas Initiative Update” presented by Melissa Palmer, Executive Director-WC Projects and Tara Mercer, Information Solutions Manager,
- “Residual Market Leadership” virtual biographies for Cliff Merritt, Senior Division Executive, Residual Markets; Brian Mourer, Director of Plan Administration; Mike Kahlowsky, Director of Reinsurance; Heidi Boehringer, Director of Assigned Risk,
- “Plan and Pool Updates” from Brian Mourer, Director of Plan Administration and Mike Kahlowsky, Director of Reinsurance,
- “Filing and Research Updates” from Lesley O’Brien, Director—Workers Compensation Operations, and
- “Servicing Carrier Selection Process” presented by Heidi Mangum, Plan Administration Manager

We look forward to the next **Residual Market Forum** in 2023.

Voluntary Coverage Assistance Program

NCCI’s Voluntary Coverage Assistance Program, **VCAP® Service**, applies to employers seeking coverage in the Workers Compensation Insurance Plans (WCIPs) administered by NCCI, and operates as a supplemental program to NCCI’s residual market application processing system, **RMAPS® Online Application Service**.

Developed as a depopulation tool, **VCAP® Service** helps producers and employers find voluntary workers compensation coverage as a last-chance effort prior to entering the residual market. **VCAP® Service** applies in AK, AL, AR, AZ, CT, DC, GA, ID, IL, KS, MS, NH, NM, NV, OR, SC, SD, TN, VT, and WV.

Results for 2021 include the following:

- **VCAP® Service** redirected more than \$21 million in premium from the residual market to the voluntary market
- An approximate savings of \$2.8 million on 5,068 confirmed policies—or \$556 per

employer—was achieved, equaling an 13% savings per policy to the employer

For more information on **VCAP® Service**, contact Stacey Dever at 561-893-3628 or stacey_dever@ncci.com.

Filings and Manuals

NCCI’s **Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual)** contains critical residual market rules, including:

- Workers Compensation Insurance Plan (WCIP)
- Available coverages
- Initial or deposit premium and premium installments
- Producer fees
- Professional employer organization (PEO) arrangements
- Loss Sensitive Rating Plan
- Assigned Risk Adjustment Program (ARAP)
- Voluntary Coverage Assistance Program (**VCAP® Service**)
- Take-Out Credit Program

NCCI continues to monitor the residual market to determine future Plan enhancements. In 2021, NCCI worked on several filings that will impact the residual market including:

- Introduction of NCCI’s new **Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)** effective November 1, 2021.
- Introduction of NCCI’s new **Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual)** effective November 1, 2021.
- Elimination of the Residual Market Rule Related to Assigned Risk Applications Submitted by a Kansas Producer for Coverage in the Workers Compensation Insurance Plan (WCIP) effective November 1, 2021.
- Revisions to Basic Manual Rule for Assigned Risk Minimum Premium Policies in Mississippi effective March 1, 2021

- Revisions to Basic Manual Rule for Deposit and Premium Installment Basis for Assigned Risk Policies in Mississippi effective March 1, 2021
- Revision to Rules Related to Waiver of Right to Recover From Others (Subrogation) in Alaska effective January 1, 2021

- Revisions to Assigned Carrier Performance Standards in Kansas effective January 1, 2021

For more information on residual market filings and manuals, contact NCCI's Plan Administration Department at plan_administration@ncci.com.

NCCI Take-Out Credit Programs

	Calendar Year Credits					
	2019		2020		2021	
	Policies	Credit Amount (\$)	Policies	Credit Amount (\$)	Policies	Credit Amount (\$)
Alabama	179	1,406,419	170	1,201,524	151	1,041,592
Alaska	1,288	8,750,881	1,186	6,436,385	1,038	5,125,310
Arizona	2,729	18,176,844	2,416	13,814,998	2,159	12,406,207
Arkansas	1,235	6,268,518	1,051	5,378,187	887	4,062,895
Connecticut	1,271	7,314,824	1,099	5,322,433	1,018	3,660,060
District of Columbia	340	2,574,067	276	1,294,976	236	605,887
Georgia	1,552	20,715,914	1,542	15,353,291	1,432	12,978,578
Illinois	3,796	24,361,897	3,639	20,087,453	3,135	17,378,877
Iowa	947	4,859,805	827	3,807,416	676	5,329,942
Kansas	1,291	6,146,003	1,881	7,706,922	1,931	5,914,163
Mississippi	606	5,304,400	619	3,751,777	472	1,580,672
New Hampshire	1,151	5,266,494	1,122	3,206,705	1,052	2,766,494
New Mexico	534	3,247,818	457	2,413,883	644	2,303,777
Oregon	3,489	18,020,144	3,346	13,871,605	2,987	12,677,890
South Carolina	1,166	6,545,585	1,135	4,388,677	1,076	4,531,967
South Dakota	791	5,019,840	669	4,868,374	391	1,459,547
Tennessee	1,833	9,799,228	1,714	7,845,904	1,508	7,026,472
Vermont	810	4,088,380	762	3,088,635	637	2,766,002
Virginia	1,695	10,095,729	1,558	7,574,019	1,423	7,050,486
West Virginia	537	3,200,157	294	1,886,635	217	358,567
Totals	27,240	171,162,947	25,763	133,299,799	23,070	111,025,385

Take-Out Credit Program Update

NCCI's Take-Out Credit (TOC) Program encourages the depopulation of the residual market. This is achieved by providing a credit incentive to participating plan insurers for the removal of an employer from the residual market and replacement of coverage with a voluntary market policy. Credits are applied that reduce the amount of premium used in calculating the coverage provider's reinsurance pooling mechanism participation base or direct assignment carrier quota in a given state.

In 2021, more than \$111 million in credits were earned for policies removed from the residual market and placed in the voluntary market. This represents a 16.7% decrease in credits earned, and a 10.4% decrease in the number of qualifying policies over the previous year. These credits were derived from 23,070 policies and \$89 million in qualifying premium.

TOC Program rules and criteria are included in NCCI's **Residual Market Manual**. Please email ncci_toc_admin@ncci.com with any questions.

Pool Administration

NCCI provides accounting, actuarial, management, and administrative services for various reinsurance pooling mechanisms. During 2021, these pooling mechanisms provided reinsurance for the assigned risk plans in 26 jurisdictions, with 23 of these state plans reinsured through the National Workers Compensation Reinsurance Association's (NWCRA) quota share reinsurance pooling mechanism.

The NWCRA is responsible for all policymaking and oversight functions for the National Workers Compensation Reinsurance Pooling Mechanism (National Pool). The National Pool operates pursuant to the NWCRA bylaws and quota share reinsurance agreements, under the direction of the NWCRA Board of Directors. The NWCRA contracts with NCCI for the provision of administrative and operational services.

Reinsurance Pools Results and Information

The **Reinsurance Pools Results and Information (RPRI)** system on **ncci.com** provides Pool participants with the ability to view Pool-related data and download reports into Microsoft® Excel spreadsheets or PDFs.

RPRI contains reports and information for reinsurance pools for which NCCI acts as Pool Administrator or is contracted to provide financial reporting services. The Pools contained in **RPRI** are:

- National Workers Compensation Reinsurance Pooling Mechanism
- Massachusetts Workers' Compensation Assigned Risk Pool
- Michigan Workers' Compensation Placement Facility
- New Mexico Workers' Compensation Assigned Risk Pool

Pool participants can access their own operating results on an individual carrier level, group level, or aggregate level, as well as invoices and distribution notices, accident year data, and the Quarterly Summary of Operating Results circular.

RPRI also provides Pool participants with Premium Call data, displaying components for written premium and premium credits used in the calculation of each participating company's voluntary premium writings for the determination of quota share percentages. The premium ratio report provides data by state, year, industry premium totals, carrier premium totals, and the participation ratios (quota share). Other available information includes commutations and insolvencies, salvage and subrogation, and working fund advances.

Additional reports accessible to Pool participants through **RPRI** are audited financial statements of the Pools, Pool Reserving Committee Meeting Agendas and Minutes, and the Annual Actuarial Report on Pool Reserves, along with the Statements of Actuarial Opinion. Also, the report on the reserve liabilities by state and policy year related to the participation of insolvent companies, as referenced in the Quarterly Summary of Operating Results circular, can be accessed, as well as a variance analysis tool that allows two quarters of comparison of carrier operating results by state and policy year.

Pool participants can sign up for emails that notify them when results become available on **ncci.com** and when invoices and distribution notices are due. Remittance information is also provided on **RPRI**.

For more information on **RPRI**, contact Andy Kondoleon at 561-893-3014 or andy_kondoleon@ncci.com.

To obtain access to **RPRI**, contact our Customer Service Center at 800-NCCI-123 (800-622-4123).

Pool Quota Share Allocation Method

The reinsurance pooling mechanisms serviced by NCCI are a collection of state-specific quota share reinsurance agreements, with each participating company being responsible, on an assumed reinsurance basis, for the actual financial results of the residual market policies reinsured through these various pooling mechanisms.

Each state and policy year represent a separate quota share reinsurance agreement. Each participating company's quota share is based on its voluntary market share of direct workers compensation written premium (Annual Statement Statutory Page 14 basis) in each state during the calendar year corresponding to each policy year (e.g., Policy Year 2021 allocations based on Calendar Year 2021 market shares).

These reinsurance agreements are similar to quota share reinsurance agreements in the voluntary market, with the participating reinsurers continuing to receive assumption reports for their respective share of the reinsured activity until such time as all claims are closed. Until then, the results that are reinsured by the participating companies are subject to change as a result of loss development and the incurring of contractual administrative and other expenses.

Allocations and distributions of operating results are made on a quarterly basis, approximately 75 days following the last day of each calendar quarter, representing assumed reinsurance transactions for participating companies in these reinsurance pooling mechanisms.

Pool Data Reporting Guidebook

NCCI's ***Pool Data Reporting Guidebook*** provides the rules and requirements for the servicing carrier reporting of residual market Pool data to NCCI. It contains coding values, record layouts, and reporting examples. The guidebook complements the compliance requirements in NCCI's ***Servicing Carrier Reference Guide*** and is a detailed data reporting resource for servicing carriers. The ***Pool Data Reporting Guidebook*** can be accessed from NCCI's electronic **Manuals Library** on ncci.com.

For more information on the ***Pool Data Reporting Guidebook***, contact NCCI's Customer Service Center at 800-NCCI-123 (800-622-4123).

Pool Data Reporting

Servicing carriers for the NCCI-serviced reinsurance pooling mechanisms use the ***Pool Financial Data Collection*** tool at ncci.com to electronically report residual market data.

Features of the tool include:

- Action-oriented dashboard that displays a summary view of your expected and submitted data
- Capabilities to search, validate, import, create, view, modify, and delete Pool data
- Centralized access to all quarterly Pool-related data including edits, data by data type, attachments, and adjustments
- Rewritten and reformatted edits with improved descriptions
- The ability to upload detailed spreadsheets and attach the signed transmittal directly into the tool

Servicing carriers report residual market data such as:

- NP-1 Transmittal Letter
- Financial Summary (NP-4) data
- Expanded Financial (NPX) data
- Large Loss Claims (LGL) data
- Supplemental detail reports including NP-2, NP-3, NP-5, and NP-6

The following resources are available to support the quarterly Pool data submission process:

Learning Center

Targeted webinars (demos) are available in the Learning Center on the Pool Data page at ncci.com to assist users with navigating the tool.

Data Manager Dashboard

Data Manager Dashboard (DMD) provides servicing carrier users with the ability to monitor the quality and timeliness of their group's Pool data submissions by:

- Providing carrier group level timeliness and error volume trends for the current and prior four quarters
- Displaying a status indicator for on-time and late submissions

- Comparing and trending the volume of errors received from quarter to quarter

Pool Indemnification Management System

In July 2021, NCCI launched the ***Pool Indemnification Management System (PIMS)***.

The application gives servicing carriers an improved way to manage requests for indemnification and view submission details, driving an improved customer experience.

PIMS can be accessed at ncci.com.

PIMS allows servicing carriers of NCCI managed Reinsurance Pools the ability to view, submit, and update indemnification matters pursuant to the quota share reinsurance agreements and other various pool governing documents.

PIMS offers a new tool with modern features to manage requests electronically including:

- Smart search to quickly locate case records
- Simplified request for indemnification via single screen form submission
- Real-time status updates for indemnification and payment requests
- Case update quarterly reminders
- Centralized access to indemnification requests including case details, attachments, invoices, and quarterly status updates
- Improved data quality through standard fields and edits

For more information on **PIMS**, contact Mike Kahlowsky at 561-893-3015 or mike_kahlowsky@ncci.com.

Transition of the Tennessee Reinsurance Mechanism into the National Workers Compensation Reinsurance Association's Pooling Mechanism (National Pool)

In 2019, the Commissioner of the Tennessee Department of Commerce & Insurance authorized the transition of the Tennessee Reinsurance Mechanism (TRM) into the National Workers Compensation Reinsurance Association's (NWCRA) Pooling Mechanism (National Pool), effective January 1, 2021. Pursuant to this transition, the NWCRA bylaws are incorporated into the Tennessee Workers Compensation Reinsurance Plan for the period of January 1, 1998, through June 30, 2015, and the run-off rights and obligations of the policies in the TRM are transitioned to the National Pool for calendar periods following Fourth Quarter 2020. Therefore, operating results, which had been reported through the TRM, are now included in the National Pool beginning with First Quarter 2021.

Residual Market Results

As shown in Exhibit A, Policy Year (PY) 2021 ultimate written premium for all reinsurance pooling mechanisms serviced by NCCI is projected to be \$741 million, representing a 3% decrease in premium volume from the projected level of \$762 million for PY 2020.

After several years of relative consistency, premium volume has gradually decreased between 2015 and 2021 at an average of 7% year over year.

The declining premium trend continues with PY 2021, which represented a slightly smaller decrease of 3% in premium volume compared to a 9% premium volume decrease in PY 2020.

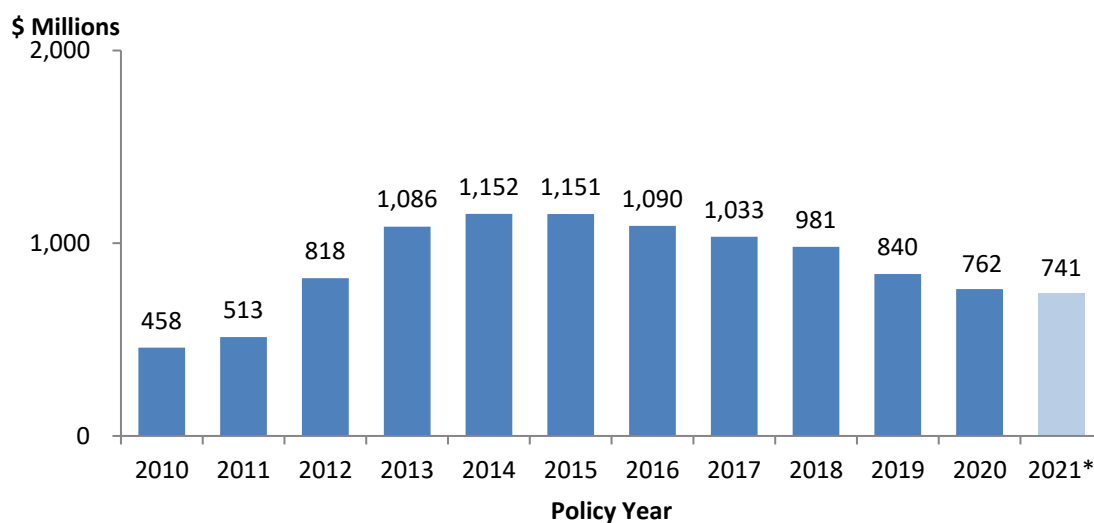
These premium volumes and year-over-year changes include the effect of new policies, renewals, cancellations, nonrenewals, and premium-level changes. Estimates of “true growth” in residual market premium volume, which consider various economic factors and market conditions, are discussed separately in a later section of this report.

NCCI is preliminarily projecting a residual market operating loss of \$46 million for PY 2021 (see Exhibit B) activity reinsured through these reinsurance pooling mechanisms. This is equivalent to a combined ratio of 106% (see Exhibit C). As reflected in Exhibit D, the residual market share of the total market direct written premium remained the same at 5.3% for Calendar Year (CY) 2021, compared to CY 2020 and down slightly from 5.4% for CY 2019—for states in which NCCI is both Plan and Pool Administrator.

Exhibit A

Written Premium[#]

All Pools Serviced by NCCI, as of December 31, 2021



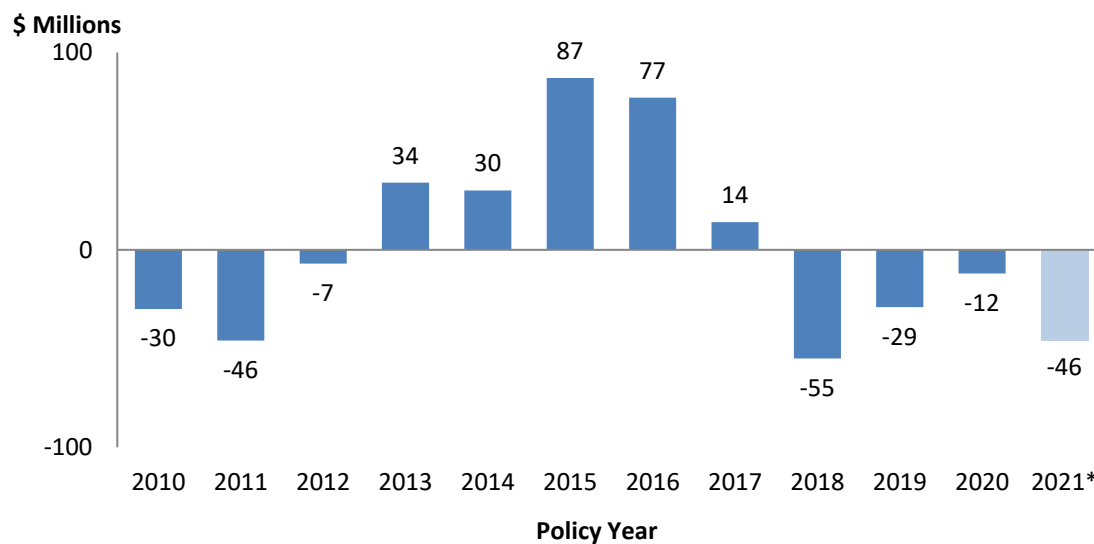
Projected to Ultimate; Tennessee Reinsurance Mechanism premium is not included.

* Incomplete Policy Year.

Exhibit B

Operating Gain/Loss[#]

All Pools Serviced by NCCI, as of December 31, 2021



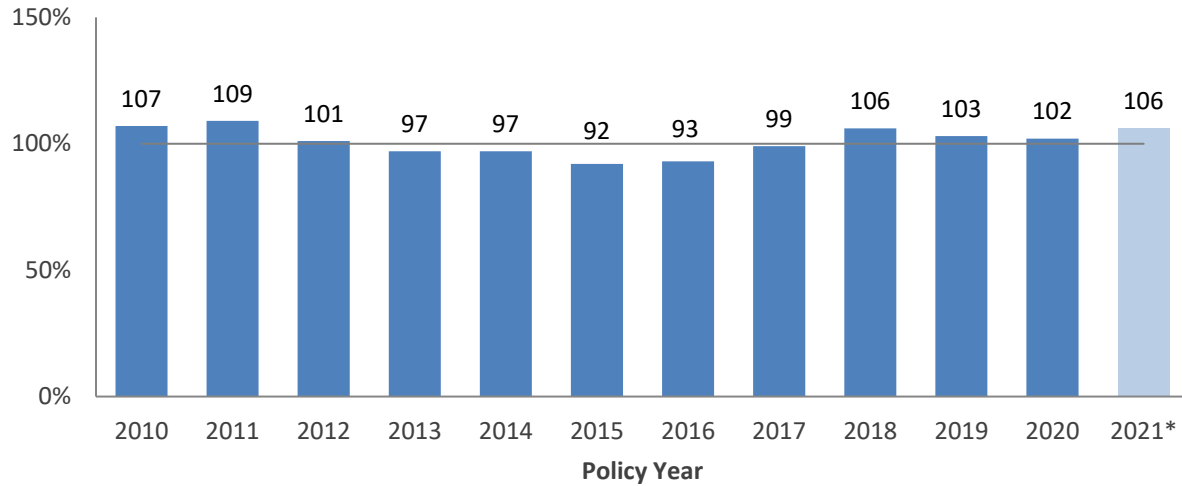
Projected to Ultimate; Tennessee Reinsurance Mechanism experience is not included in the operating results.

* Incomplete Policy Year.

Exhibit C

Combined Ratio[#]

All Pools Serviced by NCCI, as of December 31, 2021



[#] Projected to Ultimate; Tennessee Reinsurance Mechanism experience is not included in the combined ratios.

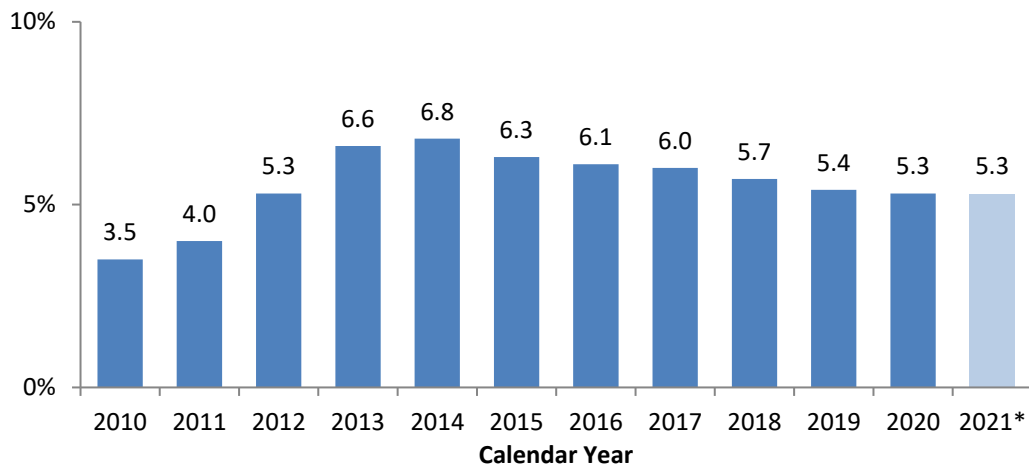
* Incomplete Policy Year.

Exhibit D

Residual Market Share

NCCI Pool- and Plan-Administered States (Includes Direct Assignments)

Plan Premium as a Percentage of Direct Written Premium



* Preliminary.

Servicing Carrier Oversight Process

NCCI uses a comprehensive oversight program composed of four components to ensure that the servicing carriers are fulfilling their obligations to the Plans and Pools. This program ensures that the assigned carriers are on track to meet performance expectations from the moment they begin writing policies and servicing claims. NCCI manages the oversight program using the following four components:

- Visitations
- Servicing Carrier Operations Reporting (SCOR)
- Self-Audits
- On-Site Audits

Visitations—A visitation is conducted early in the process of underwriting policies and managing claims to provide a new servicing carrier with a high-level synopsis of how it is handling residual market business per NCCI’s **Assigned Carrier Performance Standards (ACPS)**. NCCI reviews company procedures through internal control questionnaires and reviews a limited number of policies and claims to determine compliance with established standards of performance and any applicable bid enhancements.

The visitation is an opportunity to partner with the servicing carrier to help set expectations, review exceptions to the standard rules, and ensure that the carrier is on track by reviewing a small sampling of files and walking through company procedures.

Results from the visitation are provided to the servicing carrier for informational purposes only.

SCOR—Servicing Carrier Operations Reporting (SCOR) is a program in which the National Pool servicing carriers respond, on a quarterly or semiannual basis, to a series of questions at a high level. SCOR acts as an early indicator mechanism to advise servicing carriers and residual market administrators of servicing carrier compliance with the timeliness aspects of the **ACPS**. SCOR helps determine carrier compliance at a global level and helps the

carrier identify any deficiencies early on, instead of waiting for the self-audit or on-site audit.

If a servicing carrier scores 10 or more percentage points below the established compliance threshold for any individual attribute, a corrective action plan must be submitted. As of December 31, 2021, four servicing carriers reported detailed SCOR results. Exhibit E indicates the number of data elements rated and how many are rated at or above a “Satisfactory” level.

Self-Audits—The self-audit process is a Web-based application in which randomly selected policies and claims are reviewed. The carrier is required to respond to a series of standardized questions for each of the selected policies and claims. Carrier ratings are then determined for key attributes, which are specific areas of performance linked to individual performance standards as outlined in the established **ACPS**. The carrier is required to submit a corrective action plan for any attributes rated less than “Satisfactory.”

NCCI uses the self-audit process to determine a level of compliance with established standards of performance and applicable bid enhancements during the years in which an on-site audit is not conducted. It is applicable to all active and first-year run-off servicing carriers.

NCCI verifies a sampling of the servicing carrier’s self-audit responses during the next on-site audit.

Exhibit F shows the aggregate ratings, which summarize all key attribute ratings for the one National Pool servicing carrier self-audit in 2021. These ratings are used in the scoring of future servicing carrier bids.

On-Site Audits—On-site audits encompass a full-scope review of policies and claims handled by servicing carriers for various attributes outlined in NCCI’s on-site rating system for servicing carriers.

The on-site audit program consists of two separate reviews. The Operational Performance Review ties results from underwriting, audit, loss prevention, claims, and billing directly to information contained in the policy and/or claim file to the **ACPS**. The NCCI Operational Performance Review measures both accuracy and timeliness on all performance standards.

The Reporting Requirements and Processing Procedures Review focuses on:

- Accurate calculation and reporting of financial transactions to the appropriate reinsurance pooling mechanism
- Timely and accurate reporting of data to the Plan and Pool Administrators
- Adequacy of processing procedures and controls for handling assigned risk policies and claims

Ratings are provided and used as part of the scoring of future servicing carrier bids. The aggregate ratings for the six National Pool servicing carriers’ on-site audits conducted in 2021 are shown in Exhibit F.

Corrective programs that may result from the on-site audit process are:

- **Quantifications**—Quantifications result from NCCI’s review of Pool-reported financial transactions. If a servicing carrier has misreported transactions to the Pool, then NCCI works with the carrier to identify the issue, address the cause of misreporting, and correct the reporting to the Pool.
- There are three outstanding quantifications and one completed quantification as of December 31, 2021, resulting in \$223,621 in financial adjustments. Outstanding quantification amounts are not reflected in the summary. Refer to Exhibit G for a four-year summary of quantification results.

- **Self-Assessments**—The self-assessment process requires that the servicing carrier provide the status of the corrective actions resulting from the recommendations made during the on-site audit. This occurs about nine months after the on-site audit has concluded. NCCI reviews the servicing carrier’s self-assessment to ensure that the carrier has shown sufficient evidence that it has corrected the issue.
- **Remediation**—The remediation program is a two-tiered performance management initiative that provides a progressive discipline for servicing carriers that have not demonstrated adequate performance for either the self-audit or the on-site audit. Servicing carriers not performing satisfactorily are required to have additional levels of reporting, oversight, and/or financial penalties imposed.

The remediation program is divided into two tiers:

- Tier One remediation is implemented when a servicing carrier performs less than satisfactorily in certain ratable attributes, which are specific areas of performance linked to individual performance standards
- Tier Two remediation is implemented when a servicing carrier scores less than satisfactorily on an aggregate basis

In specific situations, NCCI may conduct a re-audit, reduce a servicing carrier’s quota, or terminate the servicing carrier’s contract to write policies. In addition, the servicing carrier may lose its certification, thereby making it ineligible to qualify to bid until its performance is brought up to acceptable levels.

There were three National Pool carriers who were assessed Tier One remediation penalties in 2021 totaling \$74,400. None were assessed Tier Two remediation. Remediation penalties are captured in the year in which they are billed. Refer to Exhibit H for a three-year summary of On-Site and Self-Audit Tier One remediation penalties.

Exhibit E

SCOR Results—National Pool

Data Elements Rated Below Satisfactory	Number of Carriers											
	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
0	4	4	3	5	4	2	4	4	3	4	5	2
1	1	1	0	0	1	2	0	1	1	0	0	2
2	0	0	1	0	0	0	0	0	0	0	0	0
3 or more	0	0	0	0	0	0	0	0	0	0	0	0

Exhibit F

Servicing Carrier Aggregate Ratings—National Pool

2019 Self-Audit Aggregate Ratings	Commendable	Satisfactory	Marginal	Unsatisfactory
Underwriting, Premium Audit, and Loss Prevention Performance Standards	1	0	0	0
Claims Performance Standards	1	0	0	0
2021 On-Site Audit Aggregate Ratings				
Reporting Requirements and Procedures	N/A	6	0	0
Underwriting, Premium Audit, and Loss Prevention Performance Standards	3	0	1	0
Claims Performance Standards	3	3	0	0

Exhibit G

On-Site Audit Financial Quantifications—National Pool

Year	Financial Adjustment Pool/(Carrier) (\$)
2018	280,096
2019	(80,549)
2020	90,316
2021	223,621
Total	513,484

Exhibit H

Tier One Remediation Penalties—National Pool

	2021	2020	2019
On-Site Audit			
Number of Carriers	3	0	1
Amount	\$74,400	\$0	\$2,000
Self-Audit			
Number of Carriers	0	0	2
Amount	\$0	\$0	\$29,500
Total	\$74,400	\$0	\$31,500

Servicing Carrier Audit Initiatives

NCCI's Carrier Audit Services Department continuously evaluates the processes for the four audit components: visitations, SCOR (Servicing Carrier Operations Reporting), self-audits, and on-site audits.

Initiatives in 2021 Included:

- Continued improvements to the electronic work papers and summarization in the ***Carrier Audit Program (CAP)***
- Implementing enhancements to ***CAP*** to improve customer experience and internal reporting and monitoring
- Conducting remote audits, whenever possible, using a secure and authorized connection to the servicing carriers' networks and systems
- Assisting the Pool External Audit Team

Financial and Actuarial Results for 2021

Comparative financial analyses and operating results for all pools serviced by NCCI are shown in Exhibits I through L. The 2021 calendar year results for the reinsurance pools administered by NCCI reflect a net operating gain for the National Workers' Compensation Reinsurance Pool, the Massachusetts Workers' Compensation Assigned Risk Pool, the Michigan Workers' Compensation Placement Facility, and the New Mexico Workers' Compensation Assigned Risk Pool (see Exhibits M through P).

The combined net operating gain for all pools managed by NCCI was approximately \$240 million in Calendar Year 2021, compared with the net operating gain of \$304 million in Calendar Year 2020.

- The National Pool results reflect an operating gain of \$220 million compared with an operating gain of \$262 million in the prior year (Exhibit M)
- The Massachusetts Pool results reflect an operating gain of \$6 million compared with a gain of \$13 million in the prior year (Exhibit N)
- The Michigan Pool results reflect an operating gain of \$10 million compared with a gain of \$26 million in the prior year (Exhibit O)
- The New Mexico Pool results reflect an operating gain of \$5 million compared with a gain of \$3 million in the prior year (Exhibit P)

Comparative Calendar Years Financial Analysis

Exhibit I

All Pools Serviced by NCCI—Calendar Years 2021 and 2020 (\$000s)

	Calendar Year 2021 Quarterly Results				Calendar Year	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	2021 (\$)	2020 (\$)
Premiums Written	185,640	204,175	148,701	171,711	710,227	795,953
Premiums Earned	181,864	199,749	157,434	186,107	725,154	817,548
Incurred Losses	12,542	99,313	(23,064)	125,837	214,628	244,362
Loss Ratio (%)	6.9	49.7	(14.6)	67.6	29.6	29.9
Paid Losses	141,988	148,372	144,871	139,422	574,653	615,887
ALAE for Black Lung	680	843	889	1,161	3,573	3,099
Servicing Carrier Allowance	49,575	53,666	43,511	43,796	190,548	198,753
Producer Fees	7,145	7,843	6,847	6,900	28,735	29,857
Administrative Expenses	2,974	3,032	3,298	3,564	12,868	13,516
Other Expenses	5,652	13,166	4,782	14,666	38,266	27,293
Net Underwriting Gain (Loss)	103,978	22,730	122,060	(8,656)	240,112	303,766
Investment Income	0	0	0	0	0	31
Net Operating Gain (Loss)	103,978	22,730	122,060	(8,656)	240,112	303,797
EBNR Premium Reserves	(45,586)	(39,395)	(47,980)	(37,382)	(37,382)	(24,461)
Loss Ratio With EBNR (%)	7.8	48.2	(15.5)	64.0	30.1	29.9
Unearned Premiums	267,853	272,280	263,546	249,150	249,150	264,077
Outstanding Losses	2,783,510	2,744,724	2,715,274	2,689,165	2,689,165	2,817,005
IBNR	1,738,270	1,727,996	1,589,512	1,602,035	1,602,035	1,800,843
Cash Flow	(21,693)	(21,903)	(54,608)	(36,638)	(134,842)	(89,323)
Uncollectible Premiums	37,248	41,609	58,614	23,866	161,337	118,854

Exhibit J

All Pools Serviced by NCCI—Calendar Years 2020 and 2019 (\$000s)

	Calendar Year 2020 Quarterly Results				Calendar Year	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	2020 (\$)	2019 (\$)
Premiums Written	208,827	189,846	227,123	170,157	795,953	871,986
Premiums Earned	207,489	195,629	230,151	184,279	817,548	909,083
Incurred Losses	80,970	102,895	(19,339)	79,836	244,362	470,639
Loss Ratio (%)	39.0	52.6	(8.4)	43.3	29.9	51.8
Paid Losses	165,349	147,392	149,599	153,547	615,887	704,308
ALAE for Black Lung	704	802	732	861	3,099	2,960
Servicing Carrier Allowance	54,402	49,057	56,808	38,486	198,753	212,248
Producer Fees	7,745	7,447	7,867	6,798	29,857	34,385
Administrative Expenses	3,147	3,487	3,445	3,437	13,516	13,439
Other Expenses	6,692	5,413	6,069	9,119	27,293	36,096
Net Underwriting Gain (Loss)	54,533	27,329	175,301	46,603	303,766	142,276
Investment Income	30	1	0	0	31	229
Net Operating Gain (Loss)	54,563	27,330	175,301	46,603	303,797	142,505
EBNR Premium Reserves	(37,325)	(37,280)	(27,804)	(24,461)	(24,461)	(25,086)
Loss Ratio With EBNR (%)	41.5	52.6	(8.1)	42.6	29.9	52.0
Unearned Premiums	287,011	281,228	278,200	264,077	264,077	285,673
Outstanding Losses	2,938,099	2,895,952	2,860,797	2,817,005	2,817,005	2,960,158
IBNR	1,966,895	1,964,544	1,830,762	1,800,843	1,800,843	2,029,215
Cash Flow	(28,477)	(22,950)	3,335	(41,231)	(89,323)	(128,261)
Uncollectible Premiums	36,992	24,655	10,904	46,303	118,854	120,593

Exhibit K

Comparative Policy Years Financial Analysis

All Pools Serviced by NCCI—Policy Years 2021 and 2020 (\$000s)

	Policy Year 2021 Quarterly Results				As of December 31, 2021	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	PY 2021 (\$)	PY 2020 (\$)
Premiums Written	141,781	180,808	183,876	181,309	687,774	797,365
Premiums Earned	32,527	89,456	137,093	179,547	438,623	797,365
Incurred Losses	25,195	68,328	105,213	130,256	328,992	539,064
Loss Ratio (%)	77.5	76.4	76.7	72.5	75.0	67.6
Paid Losses	723	5,870	16,065	22,428	45,086	183,731
Net Expenses	42,523	53,282	51,891	51,318	199,014	233,469
Net Operating Gain (Loss)	(35,192)	(32,154)	(20,012)	(2,027)	(89,385)	24,832
EBNR Premium Reserves	0	0	0	0	0	(35,384)
Loss Ratio With EBNR (%)	77.5	76.4	76.7	72.5	75.0	70.7
Unearned Premiums	109,254	200,606	247,388	249,150	249,150	0
Outstanding Losses	6,759	27,185	60,534	100,497	100,497	167,347
IBNR	17,713	59,744	115,544	183,410	183,410	187,986
Cash Flow	98,535	121,656	115,919	107,563	443,673	380,165
Uncollectible Premiums	0	0	211	2,320	2,531	56,399

Exhibit L

Combined Calendar Years Operating Results

All Pools Serviced by NCCI—Calendar Years 2012–2021 (\$000s)

Calendar Year	Written Premium (%)	Increase (Decrease) Previous Year (%)	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
2021	710,227	(10.8)	725,154	214,628	29.6	240,112
2020	795,953	(8.7)	817,548	244,362	29.9	303,797
2019	871,986	(16.7)	909,083	470,639	51.8	142,505
2018	1,046,649	(1.9)	1,066,284	598,246	56.1	135,268
2017	1,066,968	(2.8)	1,051,430	556,583	52.9	151,369
2016	1,097,898	(6.2)	1,121,401	589,890	52.6	171,095
2015	1,170,721	2.0	1,161,220	480,926	41.4	292,985
2014	1,147,434	7.8	1,121,252	730,183	65.1	10,551
2013	1,064,293	39.8	990,445	708,843	71.6	(67,367)
2012	761,541	59.5	681,977	448,494	65.8	(35,957)

Individual Pools Calendar Year Operating Results

Quarterly Comparison for Calendar Year 2021; Annual Comparison for Calendar Years 2021 and 2020 (\$000s)

Exhibit M

National Workers' Compensation Reinsurance Pooling Mechanism

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2021	144,217	(4,602)	(3.2)	96,116
2nd Quarter 2021	163,532	80,137	49.0	18,179
3rd Quarter 2021	117,795	(42,408)	(36.0)	114,858
4th Quarter 2021	148,130	101,630	68.6	(9,334)
Calendar Year 2021	573,674	134,757	23.5	219,819
Calendar Year 2020	654,145	175,739	26.9	262,292

* Includes Inactive Pools Merged With National Pool Effective January 1, 1997.

Exhibit N

Massachusetts Workers' Compensation Assigned Risk Pool

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2021	23,463	15,143	64.5	567
2nd Quarter 2021	22,382	10,572	47.2	4,273
3rd Quarter 2021	23,998	14,349	59.8	1,750
4th Quarter 2021	25,459	17,967	70.6	(693)
Calendar Year 2021	95,302	58,031	60.9	5,897
Calendar Year 2020	102,086	56,295	55.1	13,234

Exhibit O

Michigan Workers' Compensation Placement Facility

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2021	12,560	2,502	19.9	5,905
2nd Quarter 2021	12,628	8,966	71.0	(672)
3rd Quarter 2021	14,360	6,164	42.9	3,684
4th Quarter 2021	11,192	6,255	55.9	768
Calendar Year 2021	50,740	23,887	47.1	9,685
Calendar Year 2020	53,572	11,083	20.7	25,558

Exhibit P

New Mexico Workers' Compensation Assigned Risk Pool

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2021	1,624	(501)	(30.8)	1,390
2nd Quarter 2021	1,207	(362)	(30.0)	949
3rd Quarter 2021	1,281	(1,169)	(91.3)	1,768
4th Quarter 2021	1,326	(16)	(1.2)	603
Calendar Year 2021	5,438	(2,048)	(37.7)	4,710
Calendar Year 2020	7,744	1,245	16.1	2,712

Premium Volume and True Growth

Pool premium volume changes are only part of the picture when measuring residual market growth from year to year. True residual market growth compares pool premium for the current and prior policy years at the same level of maturity (measured in quarters) and then adjusts for shifts in direct assignment volume, the impacts of premium level changes, and wage growth.

NCCI's latest projections of adjusted premium volume changes indicate a 10% decrease from Policy Year 2020 to Policy Year 2021. This amount differs from the pool premium volume decrease of 3% shown in Exhibit A due to the adjustments described above. The depopulation that began in Policy Year 2016 has continued in Policy Year 2021. It is difficult to determine whether the recent decline in pool premium is attributable to COVID-19 and the subsequent economic events or to the continuation of the underwriting cycle. However, due to the industry-sector distribution, risks insured through the pooling mechanism may not be as heavily impacted by recent events.

Reserving

NCCI reviews reserving methodologies and indications each quarter. In addition, Pool Reserving Committees, composed of six insurance company actuaries, perform a quarterly peer review of NCCI methodologies and reserve recommendations for the reinsurance pools serviced by NCCI. These recommendations are then reviewed by the applicable Pool Board and/or Pool Administrators for final acceptance.

For carrier annual statement purposes, NCCI's chief actuary issues a Statement of Actuarial Opinion on pool reserves. This certification encompasses all states with active pools serviced by NCCI, as well as all states within the National Pool.

The Policy Year 2021 combined ratio estimate for "All Pools Serviced by NCCI" is 106%, which is higher than the current estimate of Policy Year 2020 (see Exhibit C). However, estimates

for "incomplete policy years" are likely to change as they mature.

NCCI uses generally accepted actuarial standards of practice to book the respective pools' loss reserves and believes that current reserve levels are adequate.

NCCI calculates reserves on both an undiscounted and a discounted basis for pool participants. The amount of discount reflects the tabular discount for the indemnity portion of pension claim reserves.

Comparison of Operating Expenses for Calendar Years 2021, 2020, and 2019

The operating expenses for Calendar Year (CY) 2021 were \$270 million compared with \$269 million in CY 2020 and \$296 million in CY 2019. As a percentage of premiums written, the expenses were 38%, 34%, and 34% for CYs 2021, 2020, and 2019, respectively. The largest component of the operating expenses is the servicing carrier allowance, which accounted for approximately 71% of these expenses in CY 2021.

The servicing carrier allowance in 2021 was \$191 million compared with \$199 million in 2020 and \$212 million in 2019. This decrease is primarily due to a 11% decrease in written premiums in 2021.

Producer fees for CYs 2021, 2020, and 2019 were \$29 million, \$30 million, and \$34 million, respectively.

Other expenses, which include servicing carrier indemnification expenses, collection costs, and other reimbursable expenses, increased to \$38 million compared with \$27 million in 2020 and \$36 million in 2019. The increase in other expenses for CY 2021 is due to an increase in taxes and assessments that were reimbursed directly to servicing carriers.

Administrative expenses were \$13 million for CY 2021 and \$14 million for CY 2020 and \$13 million in 2019.

Comparison of Residual Market Written Premium to Total Direct Written Premium

Reinsurance Pools Serviced by NCCI

Calendar Years 2021 and 2020

Preliminary 2021						Final 2020				
State	Direct Written Premium (\$)	Reinsurance Pool Written Premium (\$)	Direct Assignment Written Premium (\$)	Total Residual Market Written Premium (\$)	(%)	Direct Written Premium (\$)	Reinsurance Pool Written Premium (\$)	Direct Assignment Written Premium (\$)	Total Residual Market Written Premium (\$)	(%)
AL	394,565,395	7,071,099	3,026,775	10,097,874	2.6	356,133,371	7,500,231	3,996,878	11,497,109	3.2
AK	179,252,245	23,302,020	1,266,383	24,568,403	13.7	196,813,031	23,817,251	1,112,829	24,930,080	12.7
AZ	826,237,982	37,273,352	—	37,273,352	4.5	800,271,082	37,129,036	—	37,129,036	4.6
AR	241,354,855	20,741,222	—	20,741,222	8.6	241,753,582	21,746,694	—	21,746,694	9.0
CT	713,393,647	20,796,265	13,011,193	33,807,458	4.7	687,745,262	17,917,073	12,983,602	30,900,675	4.5
DC	152,137,781	3,634,207	—	3,634,207	2.4	164,657,854	4,536,209	—	4,536,209	2.8
GA	1,699,041,054	118,481,903	31,818,776	150,300,679	8.8	1,635,950,148	111,019,632	23,865,399	134,885,031	8.2
ID	478,165,646	7,537,819	—	7,537,819	1.6	435,704,819	6,581,316	—	6,581,316	1.5
IL	2,278,390,375	79,742,822	—	79,742,822	3.5	2,216,163,900	79,908,096	—	79,908,096	3.6
IA	645,978,076	20,285,955	4,309,679	24,595,634	3.8	622,383,220	21,273,560	3,951,194	25,224,754	4.1
KS	392,376,861	21,554,828	—	21,554,828	5.5	376,038,397	21,282,445	—	21,282,445	5.7
NV	417,482,286	21,658,060	—	21,658,060	5.2	409,259,441	23,285,915	—	23,285,915	5.7
NH	222,351,106	12,644,509	2,081,880	14,726,389	6.6	201,391,283	11,911,910	2,212,279	14,124,189	7.0
NM	256,105,678	5,218,731	—	5,218,731	2.0	248,760,121	8,290,966	—	8,290,966	3.3
OR	709,626,789	27,102,402	—	27,102,402	3.8	638,430,532	22,746,322	—	22,746,322	3.6
SC	790,694,614	38,838,393	8,171,567	47,009,960	5.9	779,467,006	43,920,810	9,902,025	53,822,835	6.9
SD	167,063,766	5,518,889	—	5,518,889	3.3	157,517,620	5,542,657	—	5,542,657	3.5
TN	761,181,786	43,296,980	10,488,543	53,785,523	7.1	724,009,424	38,621,473	11,668,751	50,290,224	6.9
VT	165,954,160	12,138,985	1,946,941	14,085,926	8.5	167,833,079	12,467,584	1,847,344	14,314,928	8.5
VA	979,458,781	35,798,502	17,212,223	53,010,725	5.4	1,013,949,129	35,365,162	18,627,544	53,992,706	5.3
WV	222,966,646	13,201,527	—	13,201,527	5.9	220,740,385	9,896,454	—	9,896,454	4.5
Sub Totals¹	12,693,779,529	575,838,471	93,333,960	669,172,431	5.3	12,294,972,686	564,760,797	90,167,845	654,928,642	5.3
DE	199,350,907	8,966,679	2,505,830	11,472,509	5.8	202,890,701	10,737,867	4,264,734	15,002,601	7.4
MA	1,199,739,803	94,993,670	115,472,061	210,465,731	17.5	1,221,921,448	99,302,986	119,262,355	218,565,341	17.9
MI	949,474,015	52,006,788	—	52,006,788	5.5	949,604,479	54,662,565	—	54,662,565	5.8
NJ	2,289,467,614	85,390,837	44,386,317	129,777,154	5.7	2,188,135,964	115,912,147	52,202,817	168,114,964	7.7
NC	1,320,255,648	56,825,712	19,013,192	75,838,904	5.7	1,299,669,978	55,313,754	17,609,793	72,923,547	5.6
Grand Totals	18,652,067,516	874,022,157	274,711,360	1,148,733,517	6.2	18,157,195,256	900,690,116	283,507,544	1,184,197,660	6.5

¹ Subtotals in this chart represent the results for NCCI Plan-administered states.

Residual Market Share

Reinsurance Pools Serviced by NCCI

Residual Market Written Premium as a Percentage of Total Direct Written Premium
Calendar Years 2017–2021

State	2021 ¹ (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)
Alabama	2.6	3.2	3.4	3.3	3.0
Alaska	13.7	12.7	14.2	15.1	16.1
Arizona	4.5	4.6	4.5	5.3	5.1
Arkansas	8.6	9.0	8.9	10.6	9.6
Connecticut	4.7	4.5	4.6	5.4	5.6
District of Columbia	2.4	2.8	3.4	4.6	3.9
Georgia	8.8	8.2	7.7	6.7	6.0
Idaho	1.6	1.5	1.1	1.1	0.6
Illinois	3.5	3.6	3.6	4.0	4.5
Iowa	3.8	4.1	3.9	4.1	4.6
Kansas	5.5	5.7	6.3	7.8	8.6
Nevada	5.2	5.7	7.1	7.0	7.6
New Hampshire	6.6	7.0	6.9	7.6	7.8
New Mexico	2.0	3.3	3.7	3.4	4.0
Oregon	3.8	3.6	4.2	5.8	6.1
South Carolina	5.9	6.9	5.4	5.5	6.8
South Dakota	3.3	3.5	3.4	4.0	4.8
Tennessee	7.1	6.9	7.4	8.0	8.7
Vermont	8.5	8.5	7.9	9.5	10.3
Virginia	5.4	5.3	6.0	6.5	7.1
West Virginia	5.9	4.5	4.5	3.7	6.4
Subtotals²	5.3	5.3	5.4	5.7	6.0
Delaware	5.8	7.4	7.7	8.3	10.4
Massachusetts	17.5	17.9	18.9	20.8	22.1
Michigan	5.5	5.8	5.6	5.7	5.3
New Jersey	5.7	7.7	8.5	9.2	10.0
North Carolina	5.7	5.6	5.9	6.3	5.4
Grand Totals	6.2	6.5	6.7	7.2	7.5

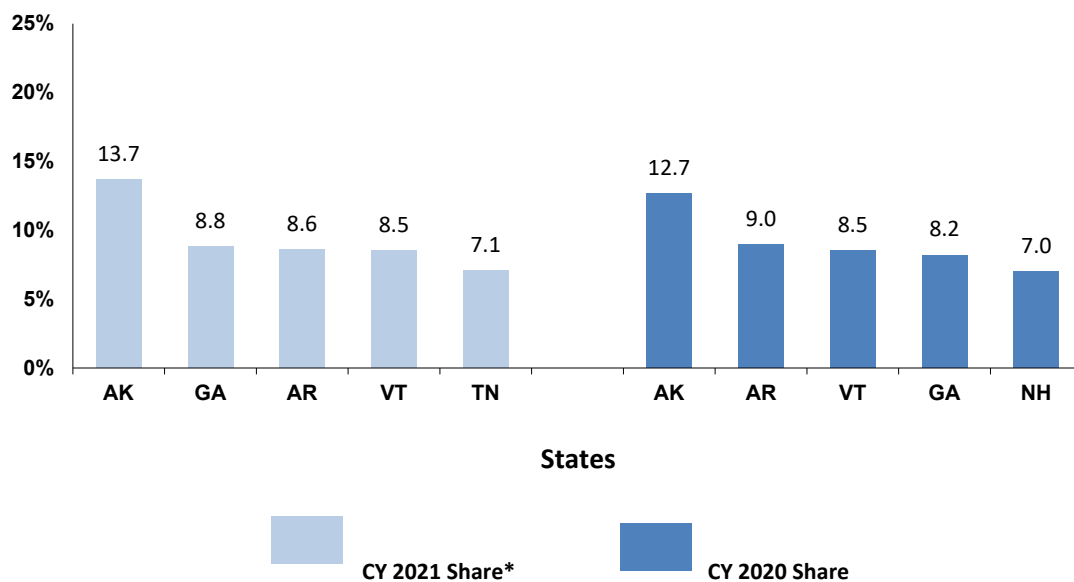
¹ 2021 Preliminary.

² Subtotals in this chart represent the market shares for NCCI Plan-administered states.

NCCI Plan-Administered States With Highest Residual Market Share

Calendar Years 2021 and 2020

Residual Market Written Premium as a Percentage of Total Direct Written Premium

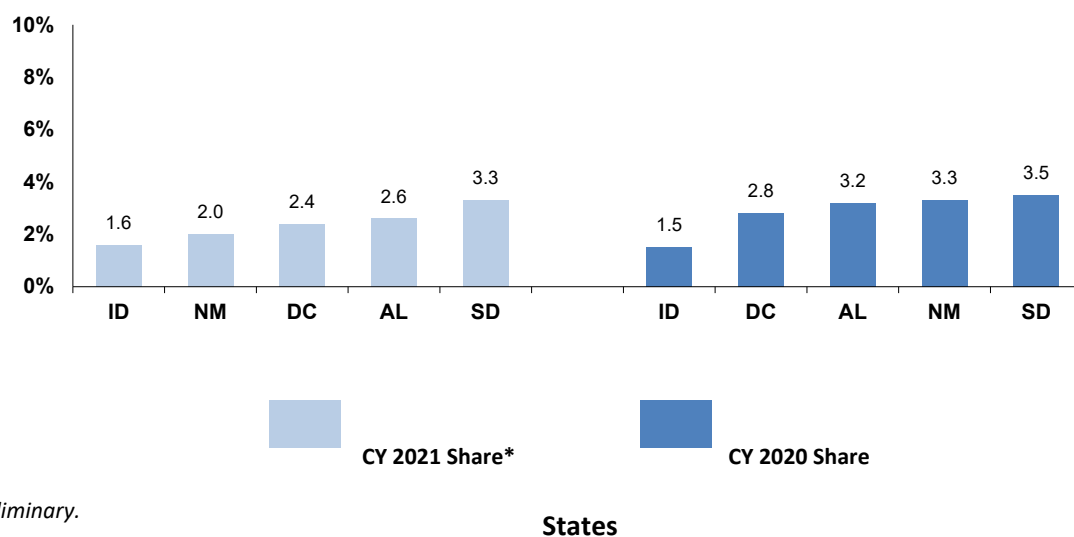


* Preliminary.

NCCI Plan-Administered States With Lowest Residual Market Share

Calendar Years 2021 and 2020

Residual Market Written Premium as a Percentage of Total Direct Written Premium



* Preliminary.

Exhibit S

Net Underwriting Results—All Pools Serviced by NCCI

Calendar Years 2019–2021 (excluding results for states in which only federal or extraordinary coverage is reinsured)

State	Net Underwriting Gain/(Loss) by Calendar Year		
	2021 (\$)	2020 (\$)	2019 (\$)
Alabama	6,215,563	15,839,832	10,764,066
Alaska	12,059,866	16,167,288	14,153,738
Arizona	14,576,611	14,901,673	15,905,251
Arkansas	1,825,412	5,708,758	(4,682,996)
Connecticut	13,663,758	7,891,063	2,031,109
Delaware	3,836,998	9,375,675	13,994,755
District of Columbia	(434,164)	955,418	(519,468)
Georgia	(27,841,579)	(19,441,436)	(31,172,356)
Idaho	(1,823,775)	1,132,412	21,331
Illinois	14,065,670	35,938,336	13,005,901
Iowa	16,357,108	15,355,004	9,594,583
Kansas	292,025	9,807,423	(1,030,762)
Massachusetts	26,956,326	20,732,982	(19,833,055)
Michigan	10,058,486	25,826,721	27,300,431
Nevada	4,416,894	9,823,398	13,103,697
New Hampshire	12,348,170	13,327,230	10,479,167
New Jersey	23,635,179	29,675,821	28,055,145
New Mexico	4,710,045	2,710,001	(221,715)
North Carolina	7,220,934	9,590,354	4,503,950
Oregon	5,688,950	11,169,502	4,716,425
South Carolina ¹	6,771,432	8,122,395	1,807,555
South Dakota	6,960,001	5,960,043	3,493,878
Tennessee ²	15,678,286	24,866,490	22,913,221
Vermont	5,325,058	1,842,184	3,425,284
Virginia	14,746,685	13,597,967	(534,870)
West Virginia	1,249,703	3,668,841	2,540,031
Subtotals	198,559,642	294,545,375	143,814,298
Runoff States:			
Florida ³	5,008,922	4,754,135	3,321,243
Hawaii ⁴	1,339,168	1,156,711	(110,198)
Indiana ⁵	444,283	1,005,076	(1,414,759)
Kentucky ⁶	22,519,787	1,678,949	(686,288)
Louisiana ⁷	8,463,914	325,933	1,713,293
Maine ⁸	9,520,646	(1,887,537)	127,696
Mississippi ⁸	(10,453,108)	2,040,328	1,217,797
Missouri ⁹	3,318,427	2,048,900	1,749,095
Nebraska ¹⁰	(222,183)	749,651	281,426
Rhode Island ⁸	1,130,419	503,243	301,726
Totals	239,629,916	306,920,764	150,315,328

¹ South Carolina underwriting results represent policies with effective dates prior to May 1, 2000, and subsequent to April 30, 2003.

² Tennessee: The TRM Mechanism transitioned into the National Pool effective January 1, 2021. CY 2020 and 2019 results have been restated to include the TRM Mechanism's net u/w gain/loss.

³ Florida underwriting results represent policies with effective dates prior to January 1, 1994.

⁴ Hawaii underwriting results represent policies with effective dates prior to July 20, 1997.

⁵ Indiana underwriting results represent policies with effective dates prior to January 1, 2005.

⁶ Kentucky underwriting results represent policies with effective dates prior to September 1, 1995.

⁷ Louisiana underwriting results represent policies with effective dates prior to October 1, 1992.

⁸ Maine, Mississippi and Rhode Island underwriting results represent policies with effective dates prior to January 1, 1993.

⁹ Missouri underwriting results represent policies with effective dates prior to July 1, 1995.

¹⁰ Nebraska underwriting results represent policies with effective dates prior to July 1, 1997.

Exhibit T

Comparative Number of Residual Market Policies

Policy Years 2021 and 2020*

State	2021 Policies	2020 Policies	Number Change	Percent Change (%)
Alabama	1,711	1,689	22	1.3
Alaska	6,426	6,599	(173)	(2.6)
Arizona	4,981	5,584	(603)	(10.8)
Arkansas	6,163	6,305	(142)	(2.3)
Connecticut	12,539	12,490	49	0.4
District of Columbia	802	815	(13)	(1.6)
Georgia	22,267	23,099	(832)	(3.6)
Idaho	3,136	2,489	647	26.0
Illinois	27,827	29,211	(1,384)	(4.7)
Iowa	3,894	3,914	(20)	(0.5)
Kansas	5,712	5,899	(187)	(3.2)
Mississippi	2,079	2,141	(62)	(2.9)
Nevada	3,958	4,227	(269)	(6.4)
New Hampshire	3,878	3,822	56	1.5
New Mexico	743	1,388	(645)	(46.5)
Oregon	6,158	6,705	(547)	(8.2)
South Carolina	12,231	12,657	(426)	(3.4)
South Dakota	964	982	(18)	(1.8)
Tennessee	10,457	11,632	(1,175)	(10.1)
Vermont	2,888	2,928	(40)	(1.4)
Virginia	14,622	14,808	(186)	(1.3)
West Virginia	1,921	1,882	39	2.1
Subtotal	155,357	161,266	(5,909)	(3.7)
Other Pool States				
Delaware	1,654	1,921	(267)	(13.9)
Indiana	9,015	9,336	(321)	(3.4)
New Jersey	56,758	53,508	3,250	6.1
North Carolina	25,571	25,856	(285)	(1.1)
Subtotal	92,998	90,621	2,377	2.6
Grand Totals	248,355	251,887	(3,532)	(1.4)

*2020 figures have been restated to account for additional data available since the publication of **Residual Market Management Summary 2020**.

Exhibit U

Residual Market Premium Size Profile

Policy Year 2021*

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	193,180	77.8	186,858,401	23.4	967
2,500– 4,999	24,733	10.0	87,669,698	11.0	3,545
5,000– 9,999	16,489	6.6	115,137,114	14.4	6,983
10,000– 19,999	8,399	3.4	115,675,865	14.5	13,773
20,000– 49,999	3,984	1.6	119,577,496	15.0	30,014
50,000– 99,999	1,046	0.4	70,851,677	8.9	67,736
100,000–199,999	386	0.2	52,070,756	6.5	134,898
200,000+	138	0.1	50,942,196	6.4	369,146
Totals	248,355	100.0	798,783,202	100.0	3,216

*Total policy and estimated annual plan premium totals include servicing and direct assignment carriers for those states where NCCI provides Plan Administration, Pool Administration, or other services including policies cancelled short-term and the associated prorated premium. All premium totals in the state exhibits are estimated annual premiums because direct written premium is not available on an individual policy basis until 18 months after policy inception, according to NCCI's **Statistical Plan for Workers Compensation and Employers Liability Insurance**.

Premium Size Profiles by State

Policy Year 2021

Total Plan policy and estimated annual premium totals include servicing carrier assignments and direct assignment carriers for those states where NCCI provides Plan Administration, Pool Administration, or other services, including policies cancelled short-term and the associated prorated premium. The following state profile policy and premium totals were calculated using the dominant state theory for multistate policies.

Alabama Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,155	67.5	1,481,325	17.0	1,283
2,500– 4,999	218	12.7	767,734	8.8	3,522
5,000– 9,999	152	8.9	1,064,048	12.2	7,000
10,000– 19,999	98	5.7	1,373,728	15.8	14,018
20,000– 49,999	63	3.7	1,886,457	21.7	29,944
50,000– 99,999	19	1.1	1,293,601	14.9	68,084
100,000–199,999	6	0.4	825,840	9.5	137,640
200,000+	0	0.0	0	0.0	0
Totals	1,711	100.0	8,692,733	100.0	5,080

Alaska Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	4,569	71.1	3,467,293	15.8	759
2,500– 4,999	847	13.2	2,988,306	13.6	3,528
5,000– 9,999	550	8.6	3,916,353	17.8	7,121
10,000– 19,999	292	4.5	4,067,858	18.5	13,931
20,000– 49,999	130	2.0	3,855,958	17.6	29,661
50,000– 99,999	25	0.4	1,802,009	8.2	72,080
100,000–199,999	12	0.2	1,647,171	7.5	137,264
200,000+	1	0.0	223,726	1.0	223,726
Totals	6,426	100.0	21,968,674	100.0	3,419

Arizona Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,833	56.9	3,256,240	9.9	1,149
2,500– 4,999	855	17.2	3,052,476	9.3	3,570
5,000– 9,999	630	12.6	4,413,545	13.5	7,006
10,000– 19,999	363	7.3	5,007,659	15.3	13,795
20,000– 49,999	198	4.0	5,836,507	17.8	29,477
50,000– 99,999	68	1.4	4,513,700	13.8	66,378
100,000–199,999	28	0.6	3,899,352	11.9	139,263
200,000+	6	0.1	2,776,214	8.5	462,702
Totals	4,981	100.0	32,755,693	100.0	6,576

Premium Size Profiles by State (Cont'd)

Arkansas Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	4,453	72.3	4,698,377	24.3	1,055
2,500– 4,999	889	14.4	3,147,687	16.3	3,541
5,000– 9,999	486	7.9	3,348,074	17.3	6,889
10,000– 19,999	215	3.5	2,894,177	15.0	13,461
20,000– 49,999	92	1.5	2,742,674	14.2	29,812
50,000– 99,999	22	0.4	1,571,603	8.1	71,437
100,000–199,999	5	0.1	700,513	3.6	140,103
200,000+	1	0.0	248,417	1.3	248,417
Totals	6,163	100.0	19,351,522	100.0	3,140

Connecticut Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	10,528	84.0	13,372,049	37.5	1,270
2,500– 4,999	937	7.5	3,325,175	9.3	3,549
5,000– 9,999	574	4.6	4,035,311	11.3	7,030
10,000– 19,999	296	2.4	4,056,711	11.4	13,705
20,000– 49,999	142	1.1	4,380,293	12.3	30,847
50,000– 99,999	38	0.3	2,670,448	7.5	70,275
100,000–199,999	19	0.2	2,479,422	7.0	130,496
200,000+	5	0.0	1,326,205	3.7	265,241
Totals	12,539	100.0	35,645,614	100.0	2,843

Delaware Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	765	46.3	905,905	8.5	1,184
2,500– 4,999	339	20.5	1,176,512	11.0	3,471
5,000– 9,999	316	19.1	2,228,377	20.9	7,052
10,000– 19,999	143	8.6	1,920,964	18.0	13,433
20,000– 49,999	72	4.4	2,219,216	20.8	30,822
50,000– 99,999	12	0.7	839,182	7.9	69,932
100,000–199,999	6	0.4	906,343	8.5	151,057
200,000+	1	0.1	485,147	4.5	485,147
Totals	1,654	100.0	10,681,646	100.0	6,458

District of Columbia Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	580	72.3	536,043	11.0	924
2,500– 4,999	92	11.5	326,251	6.7	3,546
5,000– 9,999	59	7.4	426,436	8.8	7,228
10,000– 19,999	38	4.7	536,082	11.0	14,107
20,000– 49,999	22	2.7	634,129	13.1	28,824
50,000– 99,999	6	0.7	389,262	8.0	64,877
100,000–199,999	3	0.4	377,088	7.8	125,696
200,000+	2	0.2	1,633,822	33.6	816,911
Totals	802	100.0	4,859,113	100.0	6,059

Premium Size Profiles by State (Cont'd)

Georgia Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	18,663	83.8	25,141,352	35.4	1,347
2,500– 4,999	1,623	7.3	5,668,815	8.0	3,493
5,000– 9,999	1,026	4.6	7,243,067	10.2	7,060
10,000– 19,999	589	2.6	8,005,172	11.3	13,591
20,000– 49,999	238	1.1	7,461,244	10.5	31,350
50,000– 99,999	76	0.3	5,134,851	7.2	67,564
100,000–199,999	32	0.1	4,376,064	6.2	136,752
200,000+	20	0.1	7,909,096	11.1	395,455
Totals	22,267	100.0	70,939,661	100.0	3,186

Idaho Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,751	87.7	1,103,688	16.7	401
2,500– 4,999	145	4.6	518,836	7.8	3,578
5,000– 9,999	113	3.6	796,423	12.0	7,048
10,000– 19,999	80	2.6	1,133,822	17.1	14,173
20,000– 49,999	29	0.9	926,807	14.0	31,959
50,000– 99,999	10	0.3	689,336	10.4	68,934
100,000–199,999	6	0.2	733,619	11.1	122,270
200,000+	2	0.1	720,306	10.9	360,153
Totals	3,136	100.0	6,622,837	100.0	2,112

Illinois Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	23,898	85.9	32,326,294	41.3	1,353
2,500– 4,999	1,756	6.3	6,236,030	8.0	3,551
5,000– 9,999	1,115	4.0	7,771,778	9.9	6,970
10,000– 19,999	597	2.1	8,299,544	10.6	13,902
20,000– 49,999	330	1.2	9,771,186	12.5	29,610
50,000– 99,999	95	0.3	6,635,583	8.5	69,848
100,000–199,999	26	0.1	3,450,476	4.4	132,711
200,000+	10	0.0	3,726,486	4.8	372,649
Totals	27,827	100.0	78,217,377	100.0	2,811

Indiana Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	6,026	66.8	6,980,716	17.2	1,158
2,500– 4,999	1,367	15.2	4,803,306	11.9	3,514
5,000– 9,999	819	9.1	5,656,702	14.0	6,907
10,000– 19,999	452	5.0	6,197,973	15.3	13,712
20,000– 49,999	255	2.8	7,755,884	19.2	30,415
50,000– 99,999	70	0.8	4,771,580	11.8	68,165
100,000–199,999	20	0.2	2,651,074	6.6	132,554
200,000+	6	0.1	1,653,302	4.1	275,550
Totals	9,015	100.0	40,470,536	100.0	4,489

Premium Size Profiles by State (Cont'd)

Iowa Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,154	55.3	2,184,084	9.0	1,014
2,500– 4,999	696	17.9	2,494,635	10.3	3,584
5,000– 9,999	531	13.6	3,707,518	15.3	6,982
10,000– 19,999	275	7.1	3,867,484	16.0	14,064
20,000– 49,999	166	4.3	5,136,043	21.3	30,940
50,000– 99,999	52	1.3	3,493,327	14.5	67,179
100,000–199,999	15	0.4	1,896,816	7.9	126,454
200,000+	5	0.1	1,380,662	5.7	276,132
Totals	3,894	100.0	24,160,569	100.0	6,205

Kansas Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	4,083	71.5	3,997,394	20.8	979
2,500– 4,999	855	15.0	2,984,690	15.5	3,491
5,000– 9,999	451	7.9	3,102,201	16.1	6,878
10,000– 19,999	202	3.5	2,809,848	14.6	13,910
20,000– 49,999	84	1.5	2,501,066	13.0	29,775
50,000– 99,999	21	0.4	1,417,746	7.4	67,512
100,000–199,999	14	0.2	1,872,394	9.7	133,742
200,000+	2	0.0	566,202	2.9	283,101
Totals	5,712	100.0	19,251,541	100.0	3,370

Mississippi Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,244	59.8	1,558,904	13.5	1,253
2,500– 4,999	355	17.1	1,260,080	10.9	3,550
5,000– 9,999	252	12.1	1,759,450	15.2	6,982
10,000– 19,999	145	7.0	1,994,446	17.2	13,755
20,000– 49,999	53	2.5	1,566,666	13.5	29,560
50,000– 99,999	18	0.9	1,218,506	10.5	67,695
100,000–199,999	7	0.3	861,521	7.4	123,074
200,000+	5	0.2	1,353,915	11.7	270,783
Totals	2,079	100.0	11,573,488	100.0	5,567

Nevada Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,469	62.4	2,603,073	13.3	1,054
2,500– 4,999	636	16.1	2,264,553	11.6	3,561
5,000– 9,999	446	11.3	3,144,293	16.1	7,050
10,000– 19,999	246	6.2	3,360,136	17.2	13,659
20,000– 49,999	114	2.9	3,362,712	17.2	29,497
50,000– 99,999	30	0.8	2,080,322	10.7	69,344
100,000–199,999	14	0.4	1,903,019	9.8	135,930
200,000+	3	0.1	784,937	4.0	261,646
Totals	3,958	100.0	19,503,045	100.0	4,928

Premium Size Profiles by State (Cont'd)

New Hampshire Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,711	69.9	2,839,525	19.3	1,047
2,500– 4,999	483	12.5	1,722,468	11.7	3,566
5,000– 9,999	374	9.6	2,625,854	17.9	7,021
10,000– 19,999	197	5.1	2,718,896	18.5	13,802
20,000– 49,999	88	2.3	2,587,632	17.6	29,405
50,000– 99,999	18	0.5	1,111,340	7.6	61,741
100,000–199,999	5	0.1	622,575	4.2	124,515
200,000+	2	0.1	461,434	3.1	230,717
Totals	3,878	100.0	14,689,724	100.0	3,788

New Jersey Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	47,770	84.2	14,413,381	11.0	302
2,500– 4,999	3,364	5.9	12,174,704	9.3	3,619
5,000– 9,999	2,931	5.2	20,709,752	15.8	7,066
10,000– 19,999	1,593	2.8	21,925,078	16.7	13,763
20,000– 49,999	786	1.4	23,715,006	18.0	30,172
50,000– 99,999	202	0.4	13,548,787	10.3	67,073
100,000–199,999	80	0.1	11,009,583	8.4	137,620
200,000+	32	0.1	13,899,770	10.6	434,368
Totals	56,758	100.0	131,396,061	100.0	2,315

New Mexico Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	549	73.9	629,709	17.1	1,147
2,500– 4,999	72	9.7	260,681	7.1	3,621
5,000– 9,999	47	6.3	331,630	9.0	7,056
10,000– 19,999	37	5.0	511,158	13.9	13,815
20,000– 49,999	30	4.0	888,128	24.1	29,604
50,000– 99,999	5	0.7	364,498	9.9	72,900
100,000–199,999	1	0.1	152,502	4.1	152,502
200,000+	2	0.3	540,174	14.7	270,087
Totals	743	100.0	3,678,480	100.0	4,951

North Carolina Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	20,236	79.1	26,344,386	39.9	1,302
2,500– 4,999	2,939	11.5	10,236,239	15.5	3,483
5,000– 9,999	1,584	6.2	10,772,059	16.3	6,801
10,000– 19,999	554	2.2	7,533,085	11.4	13,598
20,000– 49,999	203	0.8	5,905,953	8.9	29,093
50,000– 99,999	38	0.1	2,414,840	3.7	63,548
100,000–199,999	13	0.1	1,766,284	2.7	135,868
200,000+	4	0.0	1,113,817	1.7	278,454
Totals	25,571	100.0	66,086,663	100.0	2,584

Premium Size Profiles by State (Cont'd)

Oregon Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	4,627	75.1	3,168,837	13.5	685
2,500– 4,999	641	10.4	2,351,244	10.0	3,668
5,000– 9,999	421	6.8	2,899,466	12.4	6,887
10,000– 19,999	241	3.9	3,367,648	14.4	13,974
20,000– 49,999	158	2.6	4,688,972	20.0	29,677
50,000– 99,999	46	0.7	3,078,183	13.1	66,917
100,000–199,999	20	0.3	2,552,359	10.9	127,618
200,000+	4	0.1	1,359,710	5.8	339,928
Totals	6,158	100.0	23,466,419	100.0	3,811

South Carolina Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	10,421	85.2	13,866,637	42.9	1,331
2,500– 4,999	854	7.0	3,021,358	9.3	3,538
5,000– 9,999	559	4.6	3,872,164	12.0	6,927
10,000– 19,999	248	2.0	3,486,015	10.8	14,057
20,000– 49,999	110	0.9	3,185,738	9.8	28,961
50,000– 99,999	25	0.2	1,626,025	5.0	65,041
100,000–199,999	10	0.1	1,377,700	4.3	137,770
200,000+	4	0.0	1,908,439	5.9	477,110
Totals	12,231	100.0	32,344,076	100.0	2,644

South Dakota Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	529	54.9	693,266	12.2	1,311
2,500– 4,999	211	21.9	751,586	13.2	3,562
5,000– 9,999	124	12.9	888,481	15.6	7,165
10,000– 19,999	59	6.1	854,253	15.0	14,479
20,000– 49,999	24	2.5	766,940	13.5	31,956
50,000– 99,999	12	1.2	885,076	15.6	73,756
100,000–199,999	4	0.4	636,477	11.2	159,119
200,000+	1	0.1	209,469	3.7	209,469
Totals	964	100.0	5,685,548	100.0	5,898

Tennessee Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	6,788	64.9	6,945,374	15.8	1,023
2,500– 4,999	1,663	15.9	5,936,717	13.5	3,570
5,000– 9,999	1,087	10.4	7,521,235	17.2	6,919
10,000– 19,999	596	5.7	8,208,854	18.7	13,773
20,000– 49,999	238	2.3	7,094,424	16.2	29,809
50,000– 99,999	65	0.6	4,262,317	9.7	65,574
100,000–199,999	13	0.1	1,779,016	4.1	136,847
200,000+	7	0.1	2,075,772	4.7	296,539
Totals	10,457	100.0	43,823,709	100.0	4,191

Premium Size Profiles by State (Cont'd)

Vermont Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,843	63.8	2,168,280	14.1	1,176
2,500– 4,999	415	14.4	1,467,497	9.6	3,536
5,000– 9,999	296	10.2	2,120,384	13.8	7,163
10,000– 19,999	186	6.4	2,604,414	17.0	14,002
20,000– 49,999	113	3.9	3,556,804	23.2	31,476
50,000– 99,999	24	0.8	1,672,087	10.9	69,670
100,000–199,999	8	0.3	1,080,233	7.0	135,029
200,000+	3	0.1	687,096	4.5	229,032
Totals	2,888	100.0	15,356,795	100.0	5,317

Virginia Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	10,385	71.0	10,811,203	22.5	1,041
2,500– 4,999	2,055	14.1	7,240,107	15.1	3,523
5,000– 9,999	1,354	9.3	9,419,394	19.6	6,957
10,000– 19,999	565	3.9	7,667,071	16.0	13,570
20,000– 49,999	200	1.4	5,844,710	12.2	29,224
50,000– 99,999	39	0.3	2,606,313	5.4	66,829
100,000–199,999	17	0.1	2,287,353	4.8	134,550
200,000+	7	0.0	2,134,090	4.4	304,870
Totals	14,622	100.0	48,010,241	100.0	3,283

West Virginia Premium Size Profile—Policy Year 2021

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,150	59.9	1,365,066	14.3	1,187
2,500– 4,999	426	22.2	1,492,011	15.6	3,502
5,000– 9,999	192	10.0	1,363,119	14.3	7,100
10,000– 19,999	92	4.8	1,273,789	13.3	13,846
20,000– 49,999	46	2.4	1,306,347	13.7	28,399
50,000– 99,999	10	0.5	761,155	8.0	76,116
100,000–199,999	2	0.1	225,962	2.4	112,981
200,000+	3	0.2	1,763,988	18.5	587,996
Totals	1,921	100.0	9,551,437	100.0	4,972

Exhibit V

Classifications With Largest Premium Volume

Policy Year 2021*

Plan Estimated Annual Premium totals were accumulated using the dominant state theory for multistate policies.

Classification Code	Premium Amount (\$)	Classification Description
5645	\$59,231,104	Carpentry—Construction of Residential Dwellings Not Exceeding Three Stories In Height
5551	\$40,192,024	Roofing—All Kinds & Drivers
7219	\$23,993,169	Trucking NOC—All Employees & Drivers
5474	\$18,867,738	Painting NOC & Shop Operations, Drivers
5437	\$16,418,125	Carpentry—Installation of Cabinet Work or Interior Trim
0106	\$14,026,642	Tree Pruning, Spraying, Repairing—All Operations & Drivers
9014	\$11,163,365	Janitorial Services by Contractors—No Window Cleaning Above Ground Level & Drivers
5445	\$10,514,205	Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation—Within Buildings & Drivers
5022	\$9,809,048	Masonry NOC
5403	\$8,707,177	Carpentry NOC

NOC = Not Otherwise Classified

*Estimated Annual Premium totals include servicing and direct assignment carriers for those states where NCCI provides Plan Administration services.

Exhibit W

Classifications With Largest Policy Count

Policy Year 2021*

Plan Policy count totals were accumulated using the dominant state theory for multistate policies.

Classification Code	Policy Count	Classification Description
5645	20,067	Carpentry—Construction of Residential Dwellings Not Exceeding Three Stories in Height
5437	9,679	Carpentry—Installation of Cabinet Work or Interior Trim
5551	9,004	Roofing—All Kinds & Drivers
5474	8,845	Painting NOC & Shop Operations, Drivers
7219	8,194	Trucking NOC—All Employees & Drivers
5445	4,186	Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation—Within Buildings & Drivers
9014	3,904	Janitorial Services by Contractors—No Window Cleaning Above Ground Level & Drivers
5022	3,484	Masonry NOC
5190	2,606	Electrical Wiring—Within Buildings & Drivers
8810	2,558	Clerical Office Employees NOC

NOC = Not Otherwise Classified

*Policy count totals include servicing and direct assignment carriers for those states where NCCI provides Plan Administration services.

Hazard Group Distribution

Policy Year 2021

Exhibit X shows that the residual markets have a higher percentage of high hazard group (increased operational exposure) accounts than the voluntary market. The policy count and premium totals were calculated using the dominant state theory for multistate policies. Assigned Risk Plan total policy counts and estimated annual premium totals include servicing carrier and direct assignment carrier experience for those states where NCCI provides Plan Administration services, including policies cancelled short-term and the associated prorated premium.

Hazard Group	Voluntary Market 2021				Assigned Risk Plan 2021			
	Policy Count	Total Percent (%)	Estimated Annual Premium (\$)	Total Percent (%)	Policy Count	Total Percent (%)	Estimated Annual Premium (\$)	Total Percent (%)
A	109,286	8.5	969,763,448	6.5	3,015	1.8	20,433,276	3.1
B	198,496	15.5	1,537,258,920	10.3	8,006	4.9	31,821,622	4.9
C	308,308	24.1	3,463,935,005	23.1	16,974	10.3	81,178,653	12.5
D	188,867	14.7	2,292,050,271	15.3	14,185	8.6	62,922,625	9.7
E	195,872	15.3	2,023,681,988	13.5	18,931	11.5	72,696,891	11.2
F	161,860	12.6	2,870,243,140	19.2	47,571	28.9	160,929,673	24.8
G	118,088	9.2	1,813,600,982	12.1	55,642	33.9	219,521,992	33.8
Not Classified	69	0.0	13,777,974	0.1	0	0.0	0	0.0

Note: Variances in the number of policies occur due to timing of reports and availability of data in some states.

Projected Ultimate Policy Year Results by State

Policy Years 2017–2021 (based on data reported to NCCI through December 31, 2021)

This exhibit shows premium, losses, and expenses in the following states reinsured through NCCI-serviced pools (excluding direct assignment experience):

Alabama	Illinois	North Carolina
Alaska	Iowa	Oregon
Arizona	Kansas	South Carolina
Arkansas	Massachusetts	South Dakota
Connecticut	Michigan	Tennessee
Delaware	Nevada	Vermont
District of Columbia	New Hampshire	Virginia
Georgia	New Jersey	West Virginia
Idaho	New Mexico	

All results shown in this section are projected to an ultimate basis. Estimates of ultimate losses may change as losses emerge, impacting the overall operating results. These results can change on a statewide basis, particularly for the recent policy years. In fact, due to the immaturity of Policy Year 2021 data, significant changes may occur.

The incurred losses and booked loss ratios shown do not include any Loss Adjustment Expense (LAE). The incurred losses equal written premium times booked loss ratio. LAE is included in the expenses used in the projection of net operating results for each state. The operating gain or loss does not include income earned on investments by participating companies. However, it does include the short-term interest income earned on investments by the Pool Administrator for the benefit of the Pool participating companies while in possession of the cash flow, pending settlement of the servicing carrier and participating company balances. The operating gain or loss also reflects an estimate of the full ultimate cost of taxes and assessments that are reimbursed to servicing carriers on a pass-through basis.

Amounts Projected to Ultimate

Policy Year Financial Results Through Fourth Quarter 2021 (Projected to Ultimate) (\$000s)

Alabama

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	6,578	85.2	5,604	(943)
2020	5,751	135.7	7,804	(3,847)
2019	5,801	52.6	3,052	653
2018	7,553	65.8	4,970	107
2017	7,288	55.0	4,009	1,004

Alaska

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	21,432	60.0	12,859	594
2020	21,824	65.6	14,316	(904)
2019	26,401	38.3	10,111	5,629
2018	34,410	30.9	10,633	10,416
2017	37,153	67.0	24,893	(2,270)

Projected Ultimate Policy Year Results by State (Cont'd)

Arizona

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	33,796	80.0	27,037	(3,163)
2020	34,773	70.7	24,585	118
2019	36,848	72.5	26,714	(508)
2018	40,116	51.9	20,820	7,799
2017	44,282	43.0	19,041	12,328

Arkansas

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	19,573	73.0	14,289	(1,118)
2020	20,867	61.6	12,854	1,575
2019	21,618	55.4	11,976	2,419
2018	23,043	84.8	19,541	(4,079)
2017	25,191	49.0	12,344	4,963

Connecticut

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	18,741	75.0	14,055	(911)
2020	18,177	65.6	11,924	876
2019	17,322	114.8	19,885	(8,522)
2018	23,453	63.9	14,987	406
2017	26,362	48.0	12,654	5,441

Delaware

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	8,625	68.0	5,865	(116)
2020	9,933	55.5	5,513	1,007
2019	10,138	55.4	5,617	1,022
2018	13,388	51.9	6,948	1,902
2017	15,186	52.0	7,897	2,515

Projected Ultimate Policy Year Results by State (Cont'd)

District of Columbia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	3,572	45.0	1,608	681
2020	3,540	56.5	2,000	221
2019	5,238	104.8	5,490	(2,582)
2018	7,730	72.8	5,627	(758)
2017	8,010	37.0	2,964	2,660

Georgia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	49,405	85.0	41,994	(10,316)
2020	54,965	90.9	49,963	(14,868)
2019	57,997	92.7	53,763	(21,697)
2018	74,225	130.7	97,012	(66,305)
2017	59,526	86.0	51,192	(23,477)

Idaho

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	6,951	85.0	5,908	(1,260)
2020	4,971	60.6	3,013	(5)
2019	4,774	70.5	3,366	(458)
2018	3,556	139.7	4,967	(2,965)
2017	3,123	41.0	1,280	418

Illinois

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	72,132	70.0	50,493	1,147
2020	72,285	70.7	51,105	737
2019	77,998	65.5	51,089	3,167
2018	85,299	71.8	61,245	(3,779)
2017	95,683	77.0	73,676	(8,009)

Projected Ultimate Policy Year Results by State (Cont'd)

Iowa

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	20,529	68.0	13,960	1,388
2020	20,258	58.6	11,871	2,739
2019	21,193	58.4	12,377	2,927
2018	22,449	41.9	9,406	6,275
2017	25,614	50.0	12,807	5,515

Kansas

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	20,239	70.0	14,168	(642)
2020	20,455	65.6	13,419	436
2019	23,634	74.5	17,607	(2,250)
2018	28,622	96.8	27,706	(8,535)
2017	32,988	69.0	22,762	(66)

Massachusetts

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	93,458	85.0	79,439	(20,299)
2020	100,539	67.0	67,361	(1,156)
2019	104,005	65.0	67,603	1,019
2018	120,382	73.0	87,878	(9,077)
2017	121,215	77.0	93,336	(13,140)

Michigan

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	53,030	70.0	37,121	(536)
2020	52,208	80.0	41,767	(6,009)
2019	55,524	65.0	36,090	3,026
2018	59,564	53.0	31,569	10,388
2017	57,935	60.0	34,761	5,289

Projected Ultimate Policy Year Results by State (Cont'd)

Nevada

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	21,489	59.0	12,679	2,845
2020	21,141	53.5	11,310	3,467
2019	25,603	43.3	11,086	6,498
2018	27,379	41.9	11,472	7,699
2017	27,129	49.0	13,293	6,066

New Hampshire

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	11,932	72.0	8,591	(1,079)
2020	11,443	97.9	11,202	(3,979)
2019	11,668	63.5	7,409	(196)
2018	14,851	46.9	6,965	2,407
2017	16,288	55.0	8,958	1,355

New Jersey

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	83,270	80.0	66,616	(11,300)
2020	87,274	75.7	66,067	(5,716)
2019	111,836	72.5	81,081	(5,793)
2018	141,065	80.8	113,981	(17,563)
2017	160,932	64.0	102,997	7,564

New Mexico

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	4,004	46.0	1,842	(140)
2020	6,711	27.0	1,812	1,577
2019	9,076	60.0	5,445	(750)
2018	9,265	54.0	5,003	(210)
2017	9,444	47.0	4,439	343

Projected Ultimate Policy Year Results by State (Cont'd)

North Carolina

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	45,913	60.0	27,548	4,825
2020	46,749	58.6	27,395	6,311
2019	49,664	97.7	48,521	(15,694)
2018	54,704	79.8	43,654	(7,314)
2017	54,663	57.0	31,158	5,904

Oregon

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	24,000	105.0	25,200	(9,607)
2020	24,500	65.6	16,072	(47)
2019	28,050	71.5	20,056	(1,938)
2018	37,140	61.9	22,989	1,564
2017	42,894	109.0	46,755	(17,835)

South Carolina

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	21,136	65.0	13,739	1,122
2020	20,991	69.7	14,631	(42)
2019	25,346	62.5	15,841	329
2018	29,179	57.9	16,895	624
2017	27,592	77.0	21,246	(4,602)

South Dakota

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	5,127	70.0	3,589	87
2020	5,469	45.4	2,483	1,439
2019	5,463	50.4	2,753	1,158
2018	6,696	56.9	3,810	1,020
2017	8,701	64.0	5,568	26

Projected Ultimate Policy Year Results by State (Cont'd)

Tennessee

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	36,627	60.0	21,976	2,820
2020	38,284	65.6	25,114	1,283
2019	41,905	73.5	30,801	(3,093)
2018	49,297	51.9	25,585	7,922
2017	50,656	44.0	22,289	12,335

Vermont

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	12,109	70.0	8,476	320
2020	12,290	55.5	6,821	2,142
2019	11,964	68.5	8,195	331
2018	12,727	45.9	5,842	3,239
2017	14,027	40.0	5,611	4,550

Virginia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	34,309	70.2	24,085	1,595
2020	34,849	68.8	23,976	2,164
2019	40,866	58.0	23,702	6,204
2018	42,755	69.4	29,672	1,586
2017	45,415	65.2	29,611	3,333

West Virginia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2021	12,819	86.6	11,101	(1,692)
2020	11,606	79.7	9,250	(1,090)
2019	10,099	70.2	7,090	(270)
2018	11,920	49.3	5,876	2,321
2017	15,773	63.8	10,063	1,511

Available Residual Market Programs

As of June 1, 2022

State	ARAP	LSRP	Merit Rating	Small Deductible Insurance	Premium Discount	Take-Out Credit	VCAP	Other Programs
AK						x	x	<ul style="list-style-type: none"> Alaska Residual Market Safe Workplace Incentive Program Alaska Contracting Classification Premium Adjustment Program
AL	x	x	x	x		x	x	<ul style="list-style-type: none"> Alabama Drug-Free Workplace Premium Credit Program
AR			x	x		x	x	<ul style="list-style-type: none"> Arkansas Tabular Adjustment Program Arkansas Assigned Risk Alternate Preferred Plan Arkansas Alcohol- and Drug- Free Workplace Premium Credit
AZ	x	x				x	x	<ul style="list-style-type: none"> Arizona Alcohol- and Drug-Free Workplace Premium Credit
CT	x	x		x	x ¹	x	x	<ul style="list-style-type: none"> Connecticut Contracting Classification Premium Adjustment Program
DC	x	x				x	x	<ul style="list-style-type: none"> District of Columbia Safe Workplace Program
GA		x	x	x		x	x	<ul style="list-style-type: none"> Georgia Workers Compensation Assigned Risk Insurance Plan—Three Tier Rating Program Georgia Put-In Debit Program Georgia Drug-Free Workplace Premium Credit Program Georgia Managed Care Arrangement Premium Credit Data Reporting Program Georgia Work-Based Learning Program Premium Credit
IA	x			x		x		
ID	x	x					x	<ul style="list-style-type: none"> Idaho Alcohol- and Drug-Free Workplace Premium Credit
IL	x	x		x		x	x	<ul style="list-style-type: none"> Illinois Contracting Classification Premium Adjustment Program
IN		x		x		x		
KS	x	x		x		x	x	<ul style="list-style-type: none"> Kansas Assigned Risk Retrospective Rating Plan Kansas Assigned Risk Small Employer Loss-Free Policy Premium Credit Program
MS		x				x	x	<ul style="list-style-type: none"> Mississippi Small Employer Loss-Free Credit Program
NH		x		x	x ²	x	x	<ul style="list-style-type: none"> New Hampshire Residual Market Safety Incentive Program
NM	x			x		x	x	<ul style="list-style-type: none"> New Mexico Workers Compensation Premium Adjustment Program for Qualifying Classifications
NV	x	x		x			x	
OR	x	x	x			x	x	<ul style="list-style-type: none"> Oregon Non-Experience Rated Premium Credit Oregon WCIP New Small Employer Credit Oregon Contracting Classification Premium Adjustment Program
SC	x	x		x		x	x	<ul style="list-style-type: none"> South Carolina Drug- and Alcohol-Free Workplace Premium Credit Program
SD	x	x	x	x		x	x	
TN	x	x				x	x	<ul style="list-style-type: none"> Tennessee Drug-Free Workplace Premium Credit Program Tennessee Small Employer Plan Tennessee Special Risk Plan
VA	x					x		<ul style="list-style-type: none"> Virginia Residual Market Drug-Free Workplace Premium Credit Virginia Contracting Classification Premium Adjustment Program
VT		x	x	x		x	x	
WV	x	x				x	x	

¹ Connecticut—Premium discounts are only available for risks with standard premium > \$10,000.

² New Hampshire—Premium discounts are only available for risks with standard premium > \$10,000 and experience modification < 1.50.

2022 Assigned Carriers

As of January 1, 2022

S = Servicing carrier in state; D = Direct Assignment carrier in state

Carrier Name	A K	A L	A R	A Z	C T	D C	D E	G A	I A	I D	I L	K S	M S	N C	N H	N J	N M	N V	O R	S C	S D	T N	V A	V T	W V
Accident Fund Insurance Co. of America										S				D						S			S		
Ace American Insurance Co.		D			D		D	D	D					D	D					D		D	D	D	
Alaska National Insurance Co.	S																								
American Interstate Insurance Co.	D	D												D											
American Zurich Insurance Co.		D			D		D	D	D					D	D					D		D	D	D	
AmFed National Insurance Co.													S												
AmGUARD Insurance Co. (Berkshire Hathaway GUARD Companies)	S		S	S	S			D			S	S		S		S						S			
Auto Owners Insurance Co.		D						D	D					D						D		D	D		
Builders Mutual Insurance Co.								D						D						D		D	D		
Cincinnati Insurance Co.		D			D		D	D	D					D	D					D		D	D	D	
Continental Casualty Co.		D					D	D	D					D	D					D		D	D	D	
Continental Insurance Co. of NJ																D									
Hartford Underwriters Insurance Co.		D			D		D	D	D					D	D	D				D		D	D	D	
LM Insurance Corporation	S	S	S		S	S	S	S	S		S	S	S	S	S	S		S	S	S		S	S	S	S
National Fire Insurance Co. of Hartford					D																				
New Jersey Casualty Insurance Co.																D									
New Mexico Mutual Casualty Co.																	S								
Pennsylvania Manufacturers' Association Insurance Co. (PMA Companies)	S			S			S	S								S									
SAIF Corporation																			S						
St. Paul Protective Insurance Co.																S									
Technology Insurance Co.			S			S		S	S	S	S				S	S				S	S			S	
Travelers Property Casualty Co. of America	S	S	S	S	S	S	S	S	S	S	S	S		S	S			S	S	S		S	D	S	S
	A K	A L	A R	A Z	C T	D C	D E	G A	I A	I D	I L	K S	M S	N C	N H	N J	N M	N V	O R	S C	S D	T N	V A	V T	W V

Glossary of Residual Market Terms

Any-Exposure Theory—Applicable to multistate policies, this theory attributes the policy and related state premium to each state on the policy. For example, a policy providing coverage in SC, GA, and AL with state premiums of \$25,000, \$52,000, and \$11,000, respectively, would be counted as an SC policy with \$25,000 in premium, as a GA policy with \$52,000 in premium, and as an AL policy with \$11,000 in premium.

Assigned Carrier—The insurer assigned to provide coverage to an eligible employer that has applied for workers compensation insurance under a state’s assigned risk plan. An assigned carrier can be either a servicing carrier or a direct assignment carrier.

Assigned Risk Adjustment Program (ARAP)—An assigned risk pricing program that surcharges insureds with a record of losses greater than expected under NCCI’s current Experience Rating Plan.

Assigned Risk Differential—A factor to reflect the difference in aggregate loss experience between the voluntary and assigned risk markets.

Calendar Year—The 12-month period, beginning January 1, in which a transaction either occurred or was included in the financial statements.

Combined Ratio—The sum of the loss ratio and the expense ratio for a given period. The formula for combined ratio is $[\text{Losses} / \text{Earned Premium}] + [(\text{Expenses and Allowances}) / \text{Written Premium}]$.

Deductible Insurance/Programs—There are two types of deductible programs, small and large. Small deductibles are less than \$100,000, while large deductibles are \$100,000 and greater. Only NCCI-filed small-deductible programs are applicable in the residual market.

Direct Assignment Carrier—An insurance company authorized by the Insurance Department to write and service assigned risk

business directly without reinsurance through the National Workers Compensation Reinsurance Pooling Mechanism or other reinsurance pool.

Dominant State Theory—Applicable to multistate policies, this theory attributes the policy and *entire* premium to the state on the policy with the highest payroll to eliminate duplicate counting of policies. For example, a policy providing coverage in SC, GA, and AL with state payrolls of \$25,000, \$52,000, and \$11,000, respectively, would be counted as a GA policy.

Earned but Not Reported (EBNR) Premium Reserve—A projection of additional premium expected to be uncovered after auditing at the end of the policy (also commonly referred to as Earned but Unbilled [EBUB] Premium).

Estimated Annual Premium—Premium charged by an insurance company, at the time the policy is issued, for coverage provided by an insurance contract for a period of time. Estimated premium is reported before endorsements or audits.

Incurred but Not Reported (IBNR)—Pertaining to losses where the events that will result in a loss, and eventually a claim, have occurred, but have not yet been reported to the insurance company. The term may also include “bulk” reserves for estimated future development of case reserves.

Incurred Losses—Calendar year incurred losses equal paid losses plus the *change* in case and IBNR reserves during the 12-month period in question. Policy year incurred losses reflect paid losses, case reserves, and IBNR reserves for policies written in a particular policy year. They provide a matching of accidents that have occurred on premiums that have already been earned.

Loss Adjustment Expense (LAE)—Expenses of an insurance company, such as the costs of investigating cases, representing an employer before bodies that adjudicate claims, and defending lawsuits that are directly chargeable to settlement of losses. Also, operating expenses that can be allocated specifically to the settlement of losses.

Loss Ratio—The ratio of total incurred losses to total earned premiums in a given period, expressed as a percentage.

Loss Sensitive Rating Plan (LSRP)—A mandatory assigned risk retrospective rating plan for employers that have an assigned risk standard premium of \$250,000 and greater.

Merit Rating—An assigned risk pricing program that applies to manual premium for employers that do not generate adequate premium to be eligible for experience rating but that have had coverage during a specified time period.

National Workers Compensation Reinsurance Pooling Mechanism (NWCPR or National Pool)—A contractual quota share reinsurance pooling mechanism. It affords participating workers compensation insurers an option for complying with state insurance plan requirements by sharing in the operating results of certain policies written under such insurance plans. Insurance companies participate in this reinsurance pooling mechanism as members of the National Workers Compensation Reinsurance Association NFP (NWCRA).

Operating Gain/(Loss)—The financial statement presentation that reflects the excess of earned premium over incurred losses and net operating expenses.

Policy Year—The year of the effective date of the policy. Policy year financial results summarize experience for all policies with effective dates in a given calendar year period.

Premiums Earned—That portion of written premiums applicable to the expired portion of the time the insurance was in effect.

Premiums Written—The premium charged by an insurance company for coverage provided by an insurance contract for a period of time after the application of endorsements, audits, etc.

Projected to Ultimate—Estimates of the total losses, premium collected, and net operating gain or loss for a policy year after all claims have been paid, premiums collected after all audits and other premium adjustments are finalized, and all pool operating and administrative expenses are paid.

Reinsurance Pool—A financial agreement among participating insurers to share in the experience of certain assigned risks. This reduces both administrative costs and annual fluctuations in the liability of participating insurers resulting from the operation of state insurance plans.

Residual Market—State insurance plans that provide eligible employers unable to secure coverage in the voluntary market with a means for insuring their operations through a designated insurance carrier. Also known as the “involuntary market,” “assigned risk market,” or “market of last resort.”

Residual Market Share—The ratio of assigned risk premium (pool plus direct assignment) to the total net direct written premium.

Servicing Carrier—An insurer, other than a direct assignment carrier, authorized to receive plan assignments and provide coverage to eligible employers on behalf of insurance company members of the NWCRA—or participants in other reinsurance pooling mechanisms—incorporated as a part of the Plan in a state.

Servicing Carrier Allowance—The ceding commission, often expressed as a percentage of premium, retained by a servicing carrier as compensation for the expenses of servicing an employer under a Workers Compensation Insurance Plan or similar program. In states with a servicing carrier selection process, it is a component of the carrier’s proposal that is awarded in the selection process.

Surcharges—Additional charges included when calculating premium for assigned risk policies.

Take-Out Credit Program—A depopulation program that provides financial incentives for carriers when they remove employers from the residual market by writing those policies voluntarily. Credits reduce the amount of premium used in calculating a carrier’s reinsurance pool participation base or direct assignment carrier quota in a given state.

Underwriting Gain/(Loss)—The financial statement presentation of the excess of earned premium over incurred losses.


Voluntary Coverage Assistance Program (VCAP® Service)—A free Internet-based depopulation program that is supplemental to NCCI's Workers Compensation Insurance Plan and is designed to provide an additional source for producers and employers to secure workers compensation insurance in the voluntary market.

Workers Compensation Insurance Plan (WCIP or Plan)—A program established and maintained by NCCI and approved by state insurance regulatory authorities whereby workers compensation insurance may be secured by eligible employers unable to secure such coverage in the voluntary market.

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An abstract graphic on the right side of the page. It features a large, stylized white arrow pointing upwards and to the right, set against a background of overlapping translucent shapes in shades of blue and green. In the upper right, there are faint, semi-transparent financial charts, including a bar chart and a line graph. Text elements like '1037.06', '1051.32', 'Open', and 'High' are visible, along with a 'Dec' label. The overall aesthetic is modern and corporate, suggesting growth and financial performance.

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National Council on Compensation Insurance
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362
800-NCCI-123 (800-622-4123)
ncci.com