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To Our Readers:

NCCI's **Residual Market Management Summary 2023** continues to be the best source for obtaining data on workers compensation residual market plans and reinsurance pools that are serviced by the National Council on Compensation Insurance (NCCI). Annual editions for prior years of the **Residual Market Management Summary** are also available on [ncci.com](https://www.ncci.com).

Looking back on 2023 and recent years, key metrics indicate that the residual market remains stable, effectively managed, and financially self-sufficient, providing a significant contribution to maintaining a healthy workers compensation system. The residual market continues to decline in both premium volume and market share with combined ratios representing self-funded reinsurance pooling mechanisms.

For the 26 states where NCCI provides plan or pool services, including both reinsurance pools and direct assignment experience, total residual market calendar year (CY) 2023 premium was reported at \$1.1 billion representing a 5.3% market share. This premium volume and market share represent decreases from CY 2022, with the 5.3% market share representing the lowest level since 2011.

Similarly, for the 21 states where NCCI is the Plan Administrator, CY 2023 residual market premium volume decreased to \$614 million and a market share of only 4.4%. This is also the smallest aggregate market share for this combination of states in more than a decade and is nearing historically low proportions of market share.

Despite decreasing premium volume, the reinsurance pools' combined ratios continue to reflect self-funding. Calendar Year 2023 financial results represent an aggregated combined ratio of 100.9%. The combined ratios for the five years 2019–2023 and 10 years 2014–2023 are 80.3% and 83.7%, respectively.

Looking ahead to 2024 and beyond, NCCI remains committed to its continuing partnership with all industry stakeholders in maintaining an effective and self-funded residual market—a critical component in fostering a healthy workers compensation system.

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.
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		
OK	x	x		NCCI’s Workers Compensation Plan is effective in Oklahoma beginning June 1, 2024
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 2023:

- Number of applications received = 51,825
- Number of applications bound = 42,855
- Average processing time for applications = 3.0 days
- Other:
 - 116,763 calls were fielded; calls decreased by 4.6% from the prior year

NCCI provides application processing, servicing carrier selection and oversight, and/or administrative services for its Workers Compensation Insurance Plans (WCIPs or Plans) for the 23 jurisdictions where it serves as Plan Administrator.

2024 Residual Market Forum

NCCI's **Residual Market Forum 2024** was held on February 15–16 at the Opal Grand Resort, Delray Beach, Florida. This event shared relevant industry information for carriers and regulators by providing updates on key issues affecting the residual market, as well as focus sessions for exchange of ideas and networking opportunities for attendees to engage in the important topics that impact this critical market. This event also serves as a certification requirement for both current and potential servicing carriers in the residual market. As a result of this successful event, NCCI's **Residual Market Forum 2024** received an overall attendee satisfaction rating of 9.36 out of 10.

The general session included:

- An “Introduction” from Brian Mourer, WCP®, Director of Plan Administration, NCCI that provided a preview of the program.
- The “State of the Residual Market” presented by Cliff Merritt, Senior Division Executive, Residual Markets, NCCI, provided an overview of 2023 residual market operating results, statistics, historical and emerging trends, and other highlights regarding the state of the residual market.
- The “Dispute Resolution Process Panel” with Cliff Merritt, Senior Division Executive, Residual Markets, NCCI; Brian Mourer, WCP®, Director of Plan Administration, NCCI; and Veruschka Zachtshinsky, Disputes Consultant, NCCI, provided an overview of NCCI's dispute resolution process. Included in the discussion were differences between disputes subject to NCCI's **Basic Manual** and **Residual Market Manual**, how they are handled, and what to expect in each process.
- An “Actuarial Perspective of the Residual Market” presented by Samantha McLeod, FCAS, MAAA, Executive Director and Actuary, NCCI, provided an analysis of residual market data, including any recent shifts and potential implications for the residual market.
- The “Economic Outlook” presented by Stephen Cooper, Executive Director and Senior Economist, NCCI; and Patrick Coate, PhD, Economist II, NCCI, discussed economic and labor market trends, with a focus on how these affect workers compensation and residual markets.
- “Claims Data Dashboard (CDD)” presented by Paul Hendrick, FCAS, Director and Actuary, NCCI, provided a live demonstration of NCCI's Claims Data Dashboard (CDD), a tool for affiliate carriers

and regulators that provides benchmarking capabilities for aggregated medical cost and lost-time claims statistics.

- The “Large Loss Overview” presented by Alessandra Bello, Actuarial Consultant, NCCI, presented an analysis of large losses in the residual market, and how they are affecting the reinsurance pools.
- “Residual Market Filings Update” presented by Lesley O’Brien, included an update of the proposed residual market and other related multistate item filings for 2024.
- **VCAP® Service** Update, presented by Brian Mourer, WCP®, Director of Plan Administration, NCCI, provided an overview of the success of NCCI’s **VCAP® Service** and a look at upcoming improvements.

Two focus sessions were held to facilitate focused content and conversations within each group. The Assigned Carrier Forum was for prospective and current assigned carriers, other residual market stakeholders such as Independent Bureaus, and others affiliated with the residual market. The Regulator Forum was held for regulators from numerous jurisdictions.

The **Residual Market Forum 2024 Highlights Report** is available on ncci.com and includes videos and slides of presentations from the general session and the Assigned Carrier Forum; as well as access to residual market training modules.

We look forward to the next **Residual Market Forum** on March 5-6, 2025, at the Opal Grand Resort, Delray Beach, FL.

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, OK, OR, SC, SD, TN, VT, and WV.

Results for 2023 include the following:

- **VCAP® Service** redirected more than \$23 million in premium from the residual market to the voluntary market
- An approximate savings of \$3.4 million on 4,779 confirmed policies—or \$708 per employer—was achieved, equaling an average 15% savings per policy to the employer

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

Oklahoma Plan Administration

Legislation enacted in 2022 called for the development and administration of an Oklahoma assigned risk plan to provide workers compensation insurance coverage to employers that are unable to procure coverage in the voluntary market. Pursuant to this new section of law codified in Section 608.2 of Title 36 of the Oklahoma Statutes, the Oklahoma Insurance Department (OID) appointed NCCI as the Administrator of the new assigned risk plan. In 2023, NCCI launched an Oklahoma Residual Market

Implementation project that incorporated both residual market system readiness, as well as manual updates, changes, and publications. The Oklahoma Insurance Department (OID) approved NCCI's Workers Compensation Insurance Plan (Plan) in February 2023 to be effective June 1, 2024. The Plan is published as the Oklahoma Residual Market Manual, with reinsurance through the National Workers Compensation Reinsurance Association's (NWCRA) quota share reinsurance pooling mechanism (National Pool). In addition, NCCI filed and received approval from OID for related revisions to the Oklahoma Basic Manual, Experience Rating Plan Manual, Statistical Plan, and Forms Manual to support the new Oklahoma Plan.

Also in 2023, a Servicing Carrier selection process was conducted by NCCI for contracts effective June 1, 2024. As a result of this process, the OID selected three servicing carriers. NCCI worked with these servicing carriers to address questions and ensure readiness for this new residual market.

Additionally, in 2024, NCCI conducted Agent Education Workshops both in the cities of Tulsa (April 9), Oklahoma City (April 10), and virtually on May 1 and June 5, to both educate agents on how to apply for coverage through RMAPS, as well as seeking to ensure a smooth transition to this new market.

Filings and Manuals

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

- State Workers Compensation Insurance Plans (WCIP)
- Available coverages
- Initial or deposit premium and premium installment schedules
- Producer fee tables
- Professional employer organization (PEO) arrangements
- Loss Sensitive Rating Plan (LSRP)
- 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 WCIP enhancements. In 2023, NCCI completed several filings that will impact the residual market including:

- Establishment of NCCI's Workers Compensation Insurance Plan Rules in Oklahoma effective June 1, 2024
- Revisions to the Residual Market Manual and Forms Manual Related to Loss Sensitive Rating Plan (LSRP) and Producer Fees effective June 1, 2024
- Revisions to the Assigned Carrier Performance Standards Related to Remote Loss Prevention Surveys and Audits effective January 1, 2024 (Alaska - March 1, 2024)
- Revisions to the Basic Manual Rules Related to Service Charges and Automatic Gratuities effective January 1, 2024
- Revisions to Basic Manual Rules Related to Payroll Inclusions and Payroll Exclusions effective January 1, 2024
- Revisions to NCCI Manual Rules Related to the COVID-19 (Coronavirus) Pandemic -Paid Furloughed Employees and Final Premium Reporting effective July 1, 2023

- Revisions to NCCI’s Residual Market Manual for Oregon Rules Related to Deposit Premium for Premium Financed Policies effective July 1, 2023
- Revisions to the Connecticut Contracting Classification Premium Adjustment Program (CCPAP) Rule Related to Calculating the State Average Hourly Wage effective July 1, 2023
- Elimination of the Assigned Risk Adjustment Program (ARAP) in Virginia effective April 1, 2023
- Revisions to the Residual Market Manual for Arkansas Rules Related to Removing References to the Loss Sensitive Rating Plan (LSRP) effective April 1, 2023

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

State	Calendar Year Credits					
	2021		2022		2023	
	Policies	Credit Amount (\$)	Policies	Credit Amount (\$)	Policies	Credit Amount (\$)
Alabama	151	1,041,592	149	1,175,331	133	1,145,512
Alaska	1,038	5,125,310	965	4,730,374	913	5,017,124
Arizona	2,159	12,406,207	1,956	11,085,409	1,797	10,367,603
Arkansas	887	4,062,895	759	5,231,708	1,085	5,719,436
Connecticut	1,018	3,660,060	1,091	4,668,990	1,122	4,388,574
District of Columbia	236	605,887	203	236,768	178	290,272
Georgia	1,432	12,978,578	1,275	13,233,552	1,385	12,498,579
Illinois	3,135	17,378,877	2,840	15,998,020	2,747	15,127,003
Iowa	676	5,329,942	603	5,614,249	625	4,657,188
Kansas	1,931	5,914,163	1,842	5,509,428	1,258	4,909,587
Mississippi	472	1,580,672	416	2,923,668	352	2,081,158
New Hampshire	1,052	2,766,494	713	2,053,249	573	2,354,527
New Mexico	644	2,303,777	687	1,695,118	606	2,236,072
Oregon	2,987	12,677,890	2,239	11,628,855	1,953	12,069,735
South Carolina	1,076	4,531,967	936	3,364,137	920	3,292,673
South Dakota	391	1,459,547	276	3,364,573	227	896,609
Tennessee	1,508	7,026,472	1,473	8,602,785	1,687	9,011,850
Vermont	637	2,766,002	414	2,437,152	291	2,231,446
Virginia	1,423	7,050,486	1,203	6,699,322	1,141	6,529,242
West Virginia	217	358,567	166	850,547	143	947,907
Totals	23,070	111,025,385	20,206	111,103,235	19,136	105,772,097

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 2023, more than \$105 million in credits were earned for policies removed from the residual market and placed in the voluntary market. These credits were derived from 19,136 policies and approximately \$86 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 2023, 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 NCCI's 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 2023 allocations based on Calendar Year 2023 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

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
- Easy to use interface where users can search, validate, import, create, view, modify, and delete Pool data prior to each quarter's reporting due date
- Centralized access to all quarterly Pool-related data including edits, data by data type, attachments, and adjustments
- 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 to assist users with navigating the tool. Demos are on **ncci.com** under the heading **Learn@NCCI**.

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 Atlas** 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).

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

Residual Market Results

As shown in Exhibit A, Policy Year (PY) 2023 ultimate written premium for all reinsurance pooling mechanisms serviced by NCCI is projected to be \$699 million, representing an 8% decrease in premium volume from the projected level of \$763 million for PY 2022.

Premium volume gradually decreased from policy years 2015 to 2020 at an average of 8% year-over-year. For policy years 2021 and 2022, premiums remained relatively flat, then continued to decrease slightly in policy year 2023.

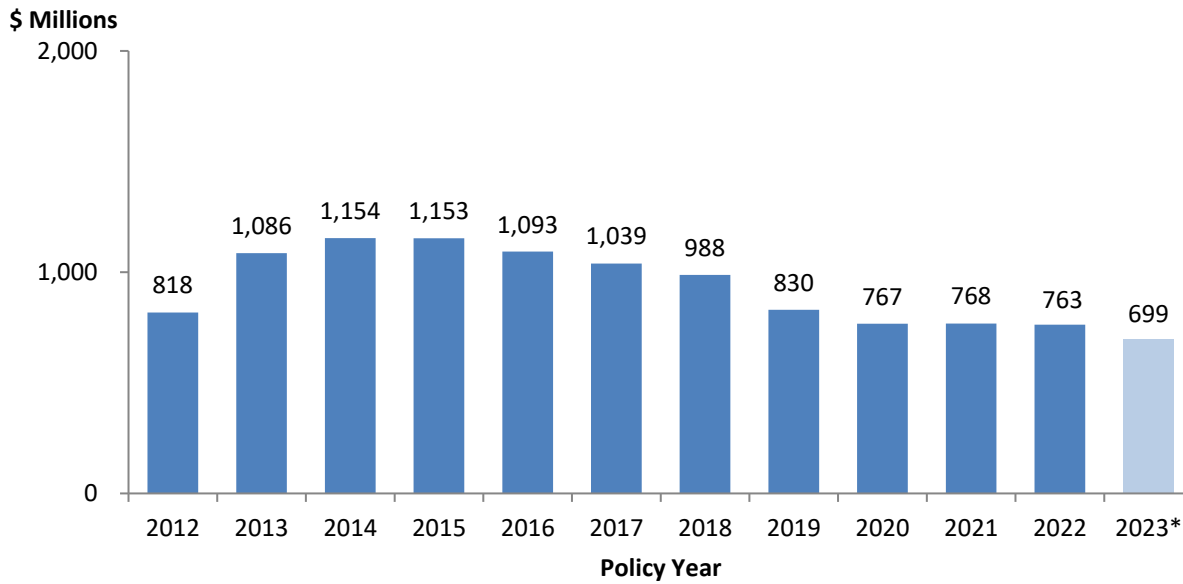
These premium volumes and year-over-year changes include the effect of new policies, renewals, cancellations, nonrenewals, and premium-level changes. Estimates of "true growth" in residual market premium volume, which consider various economic factors and market conditions, are discussed separately in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

NCCI is preliminarily projecting a residual market operating loss of \$82 million for PY 2023 (see Exhibit B) activity reinsured through these reinsurance pooling mechanisms. This is equivalent to a combined ratio of 112% (see Exhibit C). As reflected in Exhibit D, the residual market share of the total market direct written premium decreased to 4.4% in the preliminary Calendar Year (CY) 2023 results compared to 5.0% in CY 2022 for states in which NCCI is both Plan and Pool Administrator.

Exhibit A

Written Premium[#]

All Pools Serviced by NCCI, as of December 31, 2023



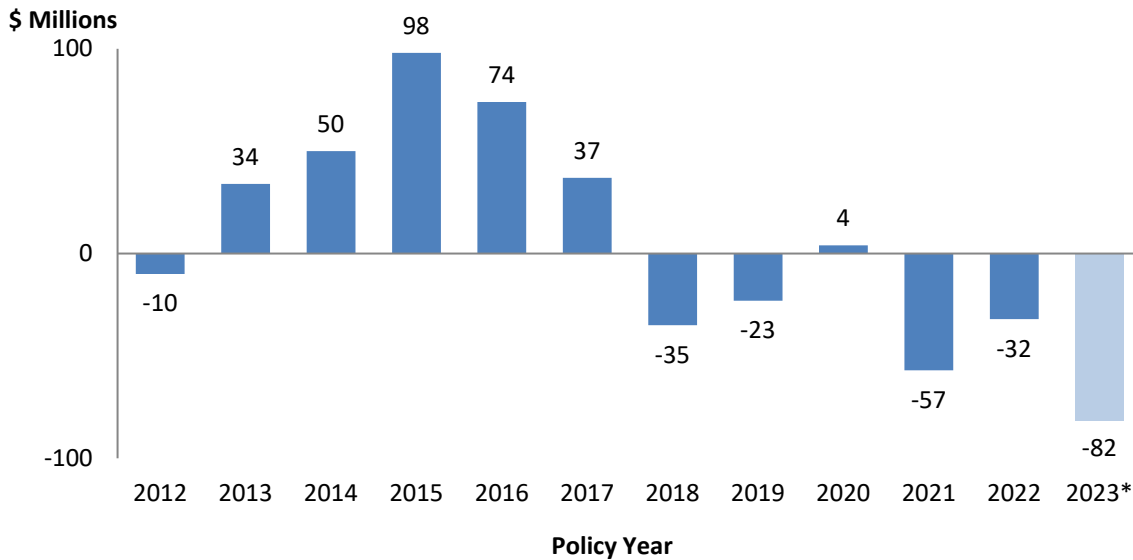
Projected to Ultimate; Tennessee Reinsurance Mechanism premium is not included in policy years prior to 2016.

* Incomplete Policy Year.

Exhibit B

Operating Gain/Loss[#]

All Pools Serviced by NCCI, as of December 31, 2023



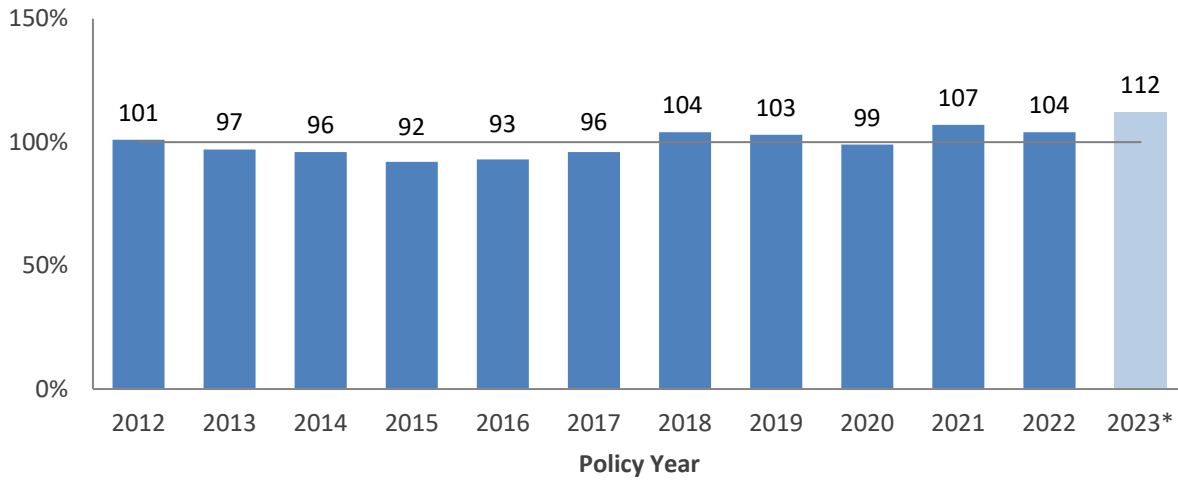
Projected to Ultimate; Tennessee Reinsurance Mechanism experience is not included in the operating results for policy years prior to 2016.

* Incomplete Policy Year.

Exhibit C

Combined Ratio[#]

All Pools Serviced by NCCI, as of December 31, 2023



[#] Projected to Ultimate; Tennessee Reinsurance Mechanism experience is not included in the combined ratios for policy years prior to 2016.

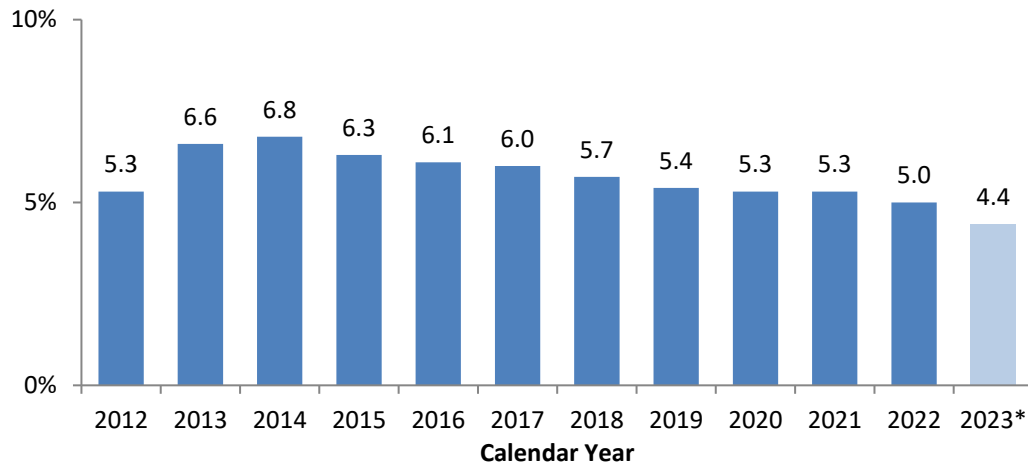
* Incomplete Policy Year.

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 and detailed SCOR reports must be submitted. As of December 31, 2023, three 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 five National Pool servicing carrier self-audits in 2023. These ratings are used as a component of 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 three National Pool servicing carriers’ on-site audits conducted in 2023 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. During 2023, two quantifications and related financial adjustments were completed and as of December 31, 2023, there were also three quantifications pending final review.
- **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 two National Pool servicing carriers who were assessed Tier One remediation penalties in 2023, and none were assessed a Tier Two remediation.

Exhibit E

SCOR Results—National Pool

Data Elements Rated Below Satisfactory	Number of Carriers											
	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
0	3	3	3	2	3	3	3	2	3	2	3	3
1	0	0	0	2	0	0	1	1	0	2	0	0
2	1	0	0	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

2023 Self-Audit Aggregate Ratings	Commendable	Satisfactory	Marginal	Unsatisfactory
Underwriting, Premium Audit, and Loss Prevention Performance Standards	4	1	0	0
Claims Performance Standards	5	0	0	0
2023 On-Site Audit Aggregate Ratings				
Reporting Requirements and Procedures	N/A	2	0	0
Underwriting, Premium Audit, and Loss Prevention Performance Standards	3	0	0	0
Claims Performance Standards	1	1	0	0

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 2023 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 2023

Comparative financial analyses and operating results for all pools serviced by NCCI are shown in Exhibits G through J. The 2023 calendar year results for the reinsurance pools administered by NCCI reflect a net operating loss for the National Workers' Compensation Reinsurance Pool. Conversely, the Massachusetts Workers' Compensation Assigned Risk Pool, the Michigan Workers' Compensation Placement Facility, and the New Mexico Workers' Compensation Assigned Risk Pool reflect net operating gains (see Exhibits K through N).

The combined net operating loss for all pools managed by NCCI was approximately \$1.1 million in Calendar Year 2023, compared with the net operating gain of \$130 million in Calendar Year 2022.

- The National Pool results reflect an operating loss of \$22 million compared with an operating gain of \$105 million in the prior year (Exhibit K)
- The Massachusetts Pool results reflect an operating gain of \$12 million compared with a gain of \$5 million in the prior year (Exhibit L)
- The Michigan Pool results reflect an operating gain of \$1 million compared with a gain of \$16 million in the prior year (Exhibit M)
- The New Mexico Pool results reflect an operating gain of \$8 million compared with a gain of \$3 million in the prior year (Exhibit N)

Comparative Calendar Years Financial Analysis

Exhibit G

All Pools Serviced by NCCI—Calendar Years 2023 and 2022 (\$000s)

	Calendar Year 2023 Quarterly Results				Calendar Year	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	2023 (\$)	2022 (\$)
Premiums Written	190,945	188,425	155,233	172,633	707,236	797,452
Premiums Earned	189,369	186,248	165,215	182,492	723,324	797,607
Incurred Losses	157,855	119,426	57,088	142,356	476,725	395,028
Loss Ratio (%)	83.4	64.1	34.6	78.0	65.9	49.5
Paid Losses	146,155	146,878	139,612	144,191	576,836	564,702
ALAE for Black Lung	946	1,223	918	980	4,067	3,664
Servicing Carrier Allowance	46,746	44,147	42,483	39,834	173,210	195,479
Producer Fees	7,259	7,526	6,113	6,793	27,691	32,087
Administrative Expenses	2,972	3,189	3,448	3,692	13,301	12,503
Other Expenses	9,055	5,070	7,622	12,254	34,001	32,381
Net Underwriting Gain (Loss)	(34,519)	6,890	48,461	(22,437)	(1,605)	130,130
Investment Income	65	116	172	118	471	59
Net Operating Gain (Loss)	(34,454)	7,006	48,633	(22,319)	(1,134)	130,189
EBNR Premium Reserves	(47,626)	(43,228)	(38,382)	(40,324)	(40,324)	(29,710)
Loss Ratio With EBNR (%)	92.1	62.6	33.6	78.8	66.9	49.1
Unearned Premiums	250,572	252,749	242,768	232,908	232,908	248,996
Outstanding Losses	2,669,237	2,670,423	2,667,748	2,689,231	2,689,231	2,674,517
IBNR	1,463,990	1,435,352	1,355,504	1,332,186	1,332,186	1,447,011
Cash Flow	(21,178)	(18,269)	(43,872)	(34,013)	(117,332)	(39,639)
Uncollectible Premiums	34,096	40,987	32,305	30,579	137,967	140,443

Exhibit H

All Pools Serviced by NCCI—Calendar Years 2022 and 2021 (\$000s)

	Calendar Year 2022 Quarterly Results				Calendar Year	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	2022 (\$)	2021 (\$)
Premiums Written	217,304	213,159	182,033	184,956	797,452	710,227
Premiums Earned	212,653	200,125	191,020	193,809	797,607	725,154
Incurred Losses	59,969	121,207	89,158	124,694	395,028	214,628
Loss Ratio (%)	28.2	60.6	46.7	64.3	49.5	29.6
Paid Losses	134,608	136,855	143,204	150,035	564,702	574,653
ALAE for Black Lung	780	845	938	1,101	3,664	3,573
Servicing Carrier Allowance	52,720	50,547	49,327	42,885	195,479	190,548
Producer Fees	7,597	9,074	7,295	8,121	32,087	28,735
Administrative Expenses	2,832	2,926	3,296	3,449	12,503	12,868
Other Expenses	7,133	5,314	10,045	9,889	32,381	38,266
Net Underwriting Gain (Loss)	82,402	11,058	31,900	4,770	130,130	240,112
Investment Income	0	0	2	57	59	0
Net Operating Gain (Loss)	82,402	11,058	31,902	4,827	130,189	240,112
EBNR Premium Reserves	(51,629)	(45,172)	(40,213)	(29,710)	(29,710)	(37,382)
Loss Ratio With EBNR (%)	30.2	58.7	45.5	61.0	49.1	30.1
Unearned Premiums	253,802	266,836	257,849	248,996	248,996	249,150
Outstanding Losses	2,656,643	2,643,005	2,670,378	2,674,517	2,674,517	2,689,165
IBNR	1,559,918	1,557,908	1,476,489	1,447,011	1,447,011	1,602,035
Cash Flow	12,414	8,444	(31,131)	(29,366)	(39,639)	(134,842)
Uncollectible Premiums	25,359	36,288	47,708	31,088	140,443	161,337

Exhibit I

Comparative Policy Years Financial Analysis

All Pools Serviced by NCCI—Policy Years 2023 and 2022 (\$000s)

	Policy Year 2023 Quarterly Results				As of December 31, 2023	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	PY 2023 (\$)	PY 2022 (\$)
Premiums Written	136,180	166,523	167,887	171,566	642,156	799,996
Premiums Earned	29,908	83,790	129,108	166,443	409,249	799,996
Incurred Losses	24,999	69,605	104,133	136,622	335,359	568,193
Loss Ratio (%)	83.6	83.1	80.7	82.1	81.9	71.0
Paid Losses	917	6,509	17,825	27,246	52,497	201,032
Net Expenses	38,616	46,371	44,740	46,181	175,908	222,974
Net Operating Gain (Loss)	(33,706)	(32,187)	(19,765)	(16,360)	(102,018)	8,831
EBNR Premium Reserves	0	0	0	0	0	(36,826)
Loss Ratio With EBNR (%)	83.6	83.1	80.7	82.1	81.9	74.5
Unearned Premiums	106,272	189,006	227,785	232,908	232,908	0
Outstanding Losses	7,324	35,576	69,032	125,405	125,405	191,581
IBNR	16,757	51,602	104,453	157,456	157,456	175,579
Cash Flow	96,648	113,643	105,322	98,139	413,752	375,991
Uncollectible Premiums	0	0	349	3,654	4,003	69,786

Exhibit J

Combined Calendar Years Operating Results

All Pools Serviced by NCCI—Calendar Years 2014–2023 (\$000s)

Calendar Year	Written Premium (%)	Increase (Decrease) Previous Year (%)	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
2023	707,236	(11.3)	723,324	476,725	65.9	(1,134)
2022	797,452	12.3	797,607	395,028	49.5	130,189
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

Individual Pools Calendar Year Operating Results

Quarterly Comparison for Calendar Year 2023; Annual Comparison for Calendar Years 2023 and 2022 (\$000s)

Exhibit K

National Workers' Compensation Reinsurance Pooling Mechanism

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2023	149,604	130,141	87.0	(34,321)
2nd Quarter 2023	146,416	97,757	66.8	1,872
3rd Quarter 2023	125,735	35,447	28.2	42,450
4th Quarter 2023	149,366	130,606	87.4	(32,008)
Calendar Year 2023	571,121	393,951	69.0	(22,007)
Calendar Year 2022	633,087	309,426	48.9	105,425

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

Exhibit L

Massachusetts Workers' Compensation Assigned Risk Pool

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2023	24,593	16,129	65.6	632
2nd Quarter 2023	24,603	17,333	70.5	(1,423)
3rd Quarter 2023	24,694	14,959	60.6	2,075
4th Quarter 2023	23,498	5,612	23.9	10,453
Calendar Year 2023	97,388	54,033	55.5	11,737
Calendar Year 2022	99,746	61,118	61.3	5,417

Exhibit M

Michigan Workers' Compensation Placement Facility

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2023	13,678	12,310	90.0	(2,181)
2nd Quarter 2023	14,021	7,943	56.7	2,377
3rd Quarter 2023	13,560	7,713	56.9	2,568
4th Quarter 2023	8,279	6,304	76.1	(1,613)
Calendar Year 2023	49,538	34,270	69.2	1,151
Calendar Year 2022	59,273	25,058	42.3	16,404

Exhibit N

New Mexico Workers' Compensation Assigned Risk Pool

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2023	1,494	(724)	(48.5)	1,416
2nd Quarter 2023	1,207	(3,607)	(298.8)	4,179
3rd Quarter 2023	1,225	(1,030)	(84.1)	1,540
4th Quarter 2023	1,349	(165)	(12.2)	849
Calendar Year 2023	5,275	(5,526)	(104.8)	7,984
Calendar Year 2022	5,501	(576)	(10.5)	2,943

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 6% decrease from Policy Year 2022 to Policy Year 2023. This amount differs from the pool premium volume decrease of 8% shown in Exhibit A due to the adjustments described above. The premium volume in the prior three policy years is relatively stable.

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 Administrator 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 2023 combined ratio estimate for "All Pools Serviced by NCCI" is 112%, which is higher than the current estimate of Policy Year 2022 (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 2023, 2022, and 2021

The operating expenses for Calendar Year (CY) 2023 were \$248 million compared with \$272 million in CY 2022 and \$270 million in CY 2021. As a percentage of premiums written, the expenses were 35%, 34%, and 38% for CYs 2023, 2022, and 2021, respectively. The largest component of the operating expenses is the servicing carrier allowance, which accounted for approximately 70% of these expenses in CY 2023.

The servicing carrier allowance in 2023 was \$173 million compared with \$195 million in 2022 and \$191 million in 2021. This decrease is primarily due to an 11% decrease in written premiums in 2023.

Producer fees for CYs 2023, 2022, and 2021 were \$28 million, \$32 million, and \$29 million, respectively.

Other expenses, which include servicing carrier indemnification expenses, collection costs, and other reimbursable expenses, increased to \$34 million, compared to \$32 million in 2022 and \$38 million in 2021. The increase in other expenses for CY 2023 is due to an increase in taxes and assessments that were reimbursed directly to servicing carriers.

Administrative expenses were \$13 million in each of the Calendar Years 2021, 2022, and 2023.

Exhibit O

Comparison of Residual Market Written Premium to Total Direct Written Premium

Reinsurance Pools Serviced by NCCI Calendar Years 2023 and 2022

State	Preliminary 2023					Final 2022				
	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	438,656,269	10,708,284	3,260,066	13,968,350	3.2	418,002,718	10,251,161	5,599,035	15,850,196	3.8
AK	187,271,198	25,772,952	166,676	25,939,628	13.9	182,520,690	24,378,706	1,360,079	25,738,785	14.1
AZ	893,314,406	33,531,883	—	33,531,883	3.8	865,450,416	33,774,419	—	33,774,419	3.9
AR	274,356,669	21,132,578	—	21,132,578	7.7	254,552,197	23,461,024	—	23,461,024	9.2
CT	746,590,654	20,881,164	8,622,904	29,504,068	4.0	742,221,442	21,398,110	9,078,517	30,476,627	4.1
DC	162,796,806	3,388,128	—	3,388,128	2.1	158,899,554	3,527,235	—	3,527,235	2.2
GA	1,835,843,306	96,583,258	22,012,184	118,595,442	6.5	1,827,358,548	110,187,948	29,071,521	139,259,469	7.6
ID	526,362,114	8,981,489	—	8,981,489	1.7	620,311,334	10,643,779	—	10,643,779	1.7
IL	2,526,953,750	79,177,244	—	79,177,244	3.1	2,417,168,636	75,239,571	—	75,239,571	3.1
IA	696,185,574	17,358,703	4,004,916	21,363,619	3.1	696,352,587	21,466,726	4,445,541	25,912,267	3.7
KS	436,080,323	19,843,495	—	19,843,495	4.6	412,215,587	23,082,347	—	23,082,347	5.6
NV	482,930,096	18,931,052	—	18,931,052	3.9	461,467,850	19,986,172	—	19,986,172	4.3
NH	232,728,126	12,063,417	2,479,524	14,542,941	6.2	228,354,869	13,196,349	2,813,769	16,010,118	7.0
NM	303,499,253	6,909,433	—	6,909,433	2.3	297,773,633	6,244,775	—	6,244,775	2.1
OR	804,368,083	19,411,423	—	19,411,423	2.4	752,076,350	25,587,332	—	25,587,332	3.4
SC	879,416,007	54,534,855	8,439,094	62,973,949	7.2	865,821,293	59,846,435	10,254,529	70,100,964	8.1
SD	194,708,822	6,116,803	—	6,116,803	3.1	181,201,041	6,683,014	—	6,683,014	3.7
TN	837,513,658	28,769,996	11,957,792	40,727,788	4.9	826,133,292	38,396,842	13,256,938	51,653,780	6.3
VT	185,837,737	12,699,141	1,723,134	14,422,275	7.8	176,159,085	12,920,035	2,245,900	15,165,935	8.6
VA	1,000,235,071	29,892,834	13,755,433	43,648,267	4.4	1,007,108,985	35,793,648	19,218,794	55,012,442	5.5
WV	260,478,015	10,522,361	—	10,522,361	4.0	244,922,750	8,298,220	—	8,298,220	3.4
Sub Totals¹	13,906,125,937	537,210,494	76,421,723	613,632,217	4.4	13,636,072,857	584,363,846	97,344,623	681,708,469	5.0
DE	182,251,796	7,263,779	1,233,270	8,497,049	4.7	189,780,786	8,520,087	2,099,926	10,620,013	5.6
MA	1,399,937,687	94,703,397	117,677,306	212,380,703	15.2	1,350,910,095	103,720,683	128,744,261	232,464,944	17.2
MI	1,083,434,148	50,260,085	—	50,260,085	4.6	1,036,807,342	61,386,387	—	61,386,387	5.9
NJ	2,644,093,387	98,708,698	39,752,084	138,460,782	5.2	2,586,376,379	119,508,801	36,604,144	156,112,945	6.0
NC	1,521,493,779	53,319,821	25,422,937	78,742,758	5.2	1,446,028,011	58,767,981	28,443,562	87,211,543	6.0
Grand Totals	20,737,336,734	841,466,274	260,507,320	1,101,973,594	5.3	20,245,975,470	936,267,785	293,236,516	1,229,504,301	6.1

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

Exhibit P

Residual Market Share

Reinsurance Pools Serviced by NCCI

Residual Market Written Premium as a Percentage of Total Direct Written Premium Calendar Years 2019–2023

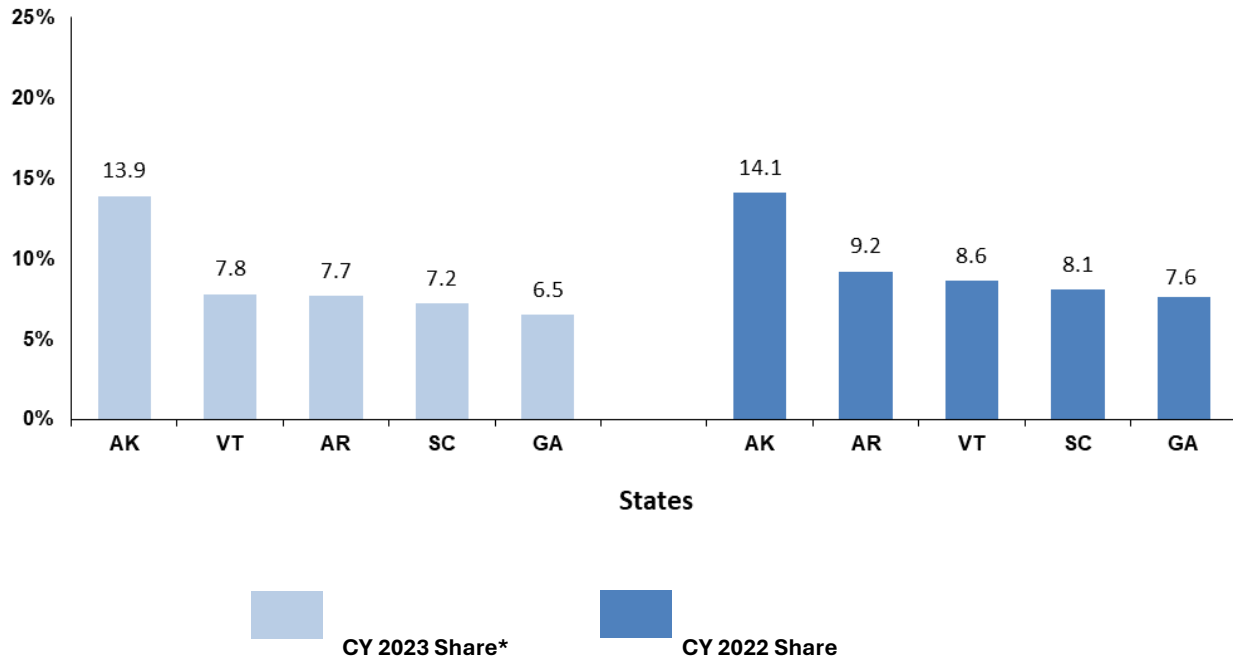
State	2023 ¹ (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)
Alabama	3.2	3.8	2.6	3.2	3.4
Alaska	13.9	14.1	13.7	12.7	14.2
Arizona	3.8	3.9	4.5	4.6	4.5
Arkansas	7.7	9.2	8.6	9.0	8.9
Connecticut	4.0	4.1	4.7	4.5	4.6
District of Columbia	2.1	2.2	2.4	2.8	3.4
Georgia	6.5	7.6	8.8	8.2	7.7
Idaho	1.7	1.7	1.6	1.5	1.1
Illinois	3.1	3.1	3.5	3.6	3.6
Iowa	3.1	3.7	3.8	4.1	3.9
Kansas	4.6	5.6	5.5	5.7	6.3
Nevada	3.9	4.3	5.2	5.7	7.1
New Hampshire	6.2	7.0	6.6	7.0	6.9
New Mexico	2.3	2.1	2.0	3.3	3.7
Oregon	2.4	3.4	3.8	3.6	4.2
South Carolina	7.2	8.1	5.9	6.9	5.4
South Dakota	3.1	3.7	3.3	3.5	3.4
Tennessee	4.9	6.3	7.1	6.9	7.4
Vermont	7.8	8.6	8.5	8.5	7.9
Virginia	4.4	5.5	5.4	5.3	6.0
West Virginia	4.0	3.4	5.9	4.5	4.5
Subtotals²	4.4	5.0	5.3	5.3	5.4
Delaware	4.7	5.6	5.8	7.4	7.7
Massachusetts	15.2	17.2	17.5	17.9	18.9
Michigan	4.6	5.9	5.5	5.8	5.6
New Jersey	5.2	6.0	5.7	7.7	8.5
North Carolina	5.2	6.0	5.7	5.6	5.9
Grand Totals	5.3	6.1	6.2	6.5	6.7

¹ 2023 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 2023 and 2022

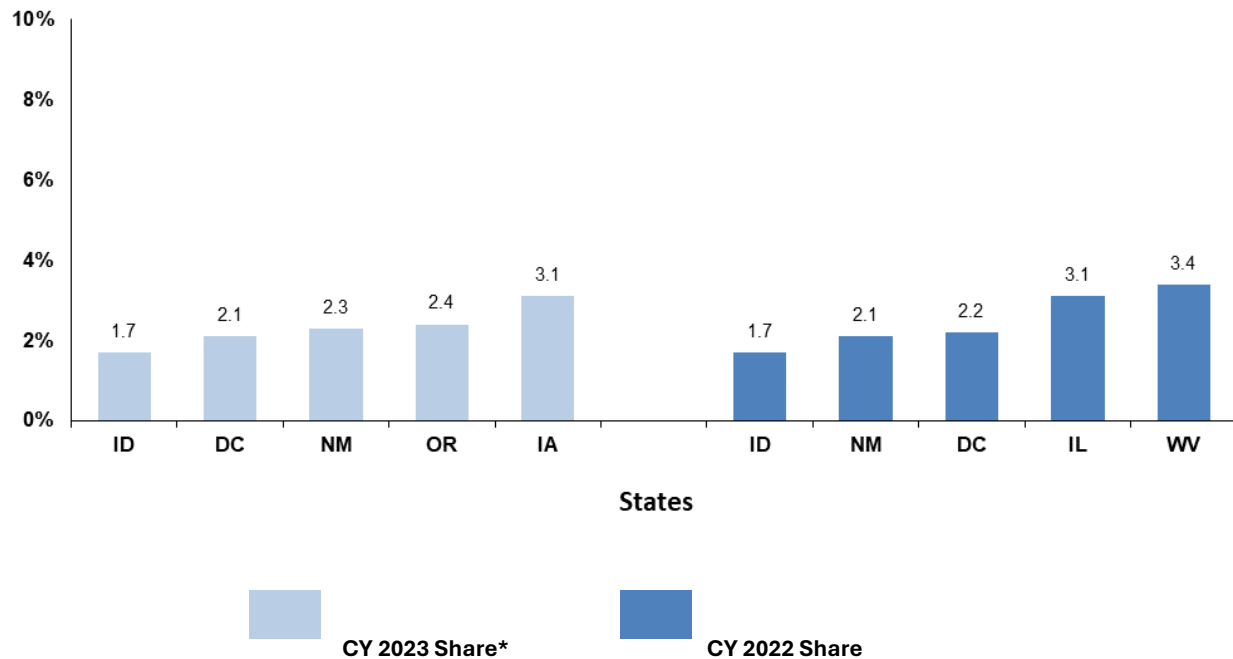
Residual Market Written Premium as a Percentage of Total Direct Written Premium



*Preliminary.

NCCI Plan-Administered States With Lowest Residual Market Share Calendar Years 2023 and 2022

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



*Preliminary.

Exhibit Q

Net Underwriting Results—All Pools Serviced by NCCI

Calendar Years 2021–2023 (excluding results for states in which only federal or extraordinary coverage is reinsured)

State	Net Underwriting Gain/(Loss) by Calendar Year		
	2023 (\$)	2022 (\$)	2021 (\$)
Alabama	18,414,116	4,037,123	6,215,563
Alaska	12,404,727	6,772,962	12,059,866
Arizona	527,478	5,545,972	14,576,611
Arkansas	(21,018,794)	5,456,173	1,825,412
Connecticut	7,592,980	6,090,664	13,663,758
Delaware	3,981,703	5,992,622	3,836,998
District of Columbia	930,525	(239,426)	(434,162)
Georgia	(27,718,730)	(18,071,000)	(27,841,579)
Idaho	7,064,920	683,486	(1,823,775)
Illinois	(6,250,469)	26,505,542	14,065,670
Iowa	(7,501,752)	1,331,100	16,357,108
Kansas	(6,784,224)	51,355	292,025
Massachusetts	3,632,673	16,493,885	26,956,326
Michigan	962,661	16,536,559	10,058,486
Nevada	(825,095)	2,103,333	4,416,894
New Hampshire	2,061,253	5,628,067	12,348,170
New Jersey	(3,425,332)	7,039,350	23,635,179
New Mexico	7,953,644	2,932,575	4,710,045
North Carolina	(8,131,504)	18,545,557	7,220,934
Oregon	10,209,502	(7,980,571)	5,688,950
South Carolina ¹	(12,634,829)	(8,223,307)	6,771,432
South Dakota	(79,856)	1,212,967	6,960,001
Tennessee	6,993,356	25,046,450	15,678,286
Vermont	(991,315)	1,257,279	5,325,058
Virginia	19,735,137	6,894,091	14,746,685
West Virginia	(1,619,471)	(664,019)	1,249,703
Subtotals	5,483,304	130,978,789	198,559,642
Runoff States:			
Florida ²	(1,979,386)	(771,156)	5,008,922
Hawaii ³	365,987	453,222	1,339,168
Indiana ⁴	(1,110,293)	32,089	444,283
Kentucky ⁵	(1,163,627)	9,168,654	22,519,787
Louisiana ⁶	1,756,454	(4,499,092)	8,463,914
Maine ⁷	(250,610)	(550,695)	9,520,646
Mississippi ⁷	(330,969)	(523,752)	(10,453,108)
Missouri ⁸	(2,481,067)	(3,463,731)	3,318,427
Nebraska ⁹	135,187	(189,705)	(222,183)
Rhode Island ⁷	(2,029,958)	(123,543)	1,130,419
Totals	(1,604,976)	130,511,081	239,629,916

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

² Florida underwriting results represent policies with effective dates prior to January 1, 1994.

³ Hawaii underwriting results represent policies with effective dates prior to July 20, 1997.

⁴ Indiana underwriting results represent policies with effective dates prior to January 1, 2005.

⁵ Kentucky underwriting results represent policies with effective dates prior to September 1, 1995.

⁶ Louisiana underwriting results represent policies with effective dates prior to October 1, 1992.

⁷ Maine, Mississippi and Rhode Island underwriting results represent policies with effective dates prior to January 1, 1993.

⁸ Missouri underwriting results represent policies with effective dates prior to July 1, 1995.

⁹ Nebraska underwriting results represent policies with effective dates prior to July 1, 1997.

Exhibit R

Comparative Number of Residual Market Policies

Policy Years 2023 and 2022*

State	2023 Policies	2022 Policies	Number Change	Percent Change (%)
Alabama	1,654	1,667	(13)	(0.8)
Alaska	5,737	6,164	(427)	(6.9)
Arizona	4,421	4,505	(84)	(1.9)
Arkansas	5,317	6,158	(841)	(13.7)
Connecticut	12,068	12,179	(111)	(0.9)
District of Columbia	672	738	(66)	(8.9)
Georgia	20,336	21,573	(1,237)	(5.7)
Idaho	3,250	3,240	10	0.3
Illinois	26,317	26,305	12	0.0
Iowa	3,566	3,651	(85)	(2.3)
Kansas	4,920	5,590	(670)	(12.0)
Mississippi	1,858	2,043	(185)	(9.1)
Nevada	3,605	3,739	(134)	(3.6)
New Hampshire	3,717	3,813	(96)	(2.5)
New Mexico	796	802	(6)	(0.7)
Oregon	5,106	5,594	(488)	(8.7)
South Carolina	11,951	12,102	(151)	(1.2)
South Dakota	897	911	(14)	(1.5)
Tennessee	7,880	9,294	(1,414)	(15.2)
Vermont	2,772	2,844	(72)	(2.5)
Virginia	13,213	14,052	(839)	(6.0)
West Virginia	2,042	1,998	44	2.2
Subtotal	142,095	148,962	(6,867)	(4.6)
Other Pool States				
Delaware	1,573	1,749	(176)	(10.1)
Indiana	8,520	8,971	(451)	(5.0)
New Jersey	62,474	59,915	2,559	4.3
North Carolina	23,832	24,830	(998)	(4.0)
Subtotal	96,399	95,465	934	1.0
Grand Totals	238,494	244,427	(5,933)	(2.4)

*2022 figures have been restated to account for additional data available since the publication of *Residual Market Management Summary 2022*.

Exhibit S

Residual Market Premium Size Profile

Policy Year 2023*

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0–2,499	188,183	78.9	175,502,147	24.2	933
2,500–4,999	21,484	9.0	78,182,769	10.8	3,639
5,000–9,999	15,800	6.6	106,783,517	14.7	6,758
10,000–19,999	7,861	3.3	107,967,344	14.9	13,735
20,000–49,999	3,824	1.6	114,422,547	15.8	29,922
50,000–99,999	932	0.4	63,519,616	8.7	68,154
100,000–199,999	312	0.1	42,231,245	5.8	135,357
200,000+	98	0.0	37,539,103	5.2	383,052
Totals	238,494	100.0	726,148,287	100.0	3,045

*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 2023

Total Plan policy and estimated annual premium totals include servicing carriers 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 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	1,151	69.6	1,469,599	16.9	1,277
2,500– 4,999	201	12.2	731,383	8.4	3,639
5,000– 9,999	137	8.3	960,181	11.0	7,009
10,000– 19,999	91	5.5	1,238,101	14.2	13,606
20,000– 49,999	51	3.1	1,497,503	17.2	29,363
50,000– 99,999	15	0.9	1,002,103	11.5	66,807
100,000–199,999	7	0.4	860,918	9.9	122,988
200,000+	1	0.1	948,197	10.9	948,197
Totals	1,654	100.0	8,707,985	100.0	5,265

Alaska Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	4,031	70.3	3,114,489	12.7	773
2,500– 4,999	656	11.4	2,288,278	9.4	3,488
5,000– 9,999	522	9.1	3,672,404	15.0	7,035
10,000– 19,999	300	5.2	4,114,799	16.8	13,716
20,000– 49,999	164	2.9	4,881,164	20.0	29,763
50,000– 99,999	43	0.7	2,989,620	12.2	69,526
100,000–199,999	18	0.3	2,547,899	10.4	141,550
200,000+	3	0.1	839,319	3.4	279,773
Totals	5,737	100.0	24,447,972	100.0	4,261

Arizona Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	2,643	59.8	2,770,801	10.9	1,048
2,500– 4,999	648	14.7	2,343,201	9.2	3,616
5,000– 9,999	509	11.5	3,597,562	14.2	7,068
10,000– 19,999	343	7.8	4,759,641	18.8	13,877
20,000– 49,999	211	4.8	6,350,305	25.0	30,096
50,000– 99,999	52	1.2	3,387,780	13.4	65,150
100,000–199,999	14	0.3	1,943,733	7.7	138,838
200,000+	1	0.0	208,318	0.8	208,318
Totals	4,421	100.0	25,361,341	100.0	5,737

Premium Size Profiles by State (Cont'd)

Arkansas Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	3,740	70.3	4,033,408	22.9	1,078
2,500– 4,999	850	16.0	3,031,028	17.2	3,566
5,000– 9,999	444	8.4	3,032,278	17.2	6,829
10,000– 19,999	177	3.3	2,416,951	13.7	13,655
20,000– 49,999	79	1.5	2,403,771	13.7	30,427
50,000– 99,999	19	0.4	1,245,197	7.1	65,537
100,000–199,999	6	0.1	885,951	5.0	147,659
200,000+	2	0.0	551,351	3.1	275,676
Totals	5,317	100.0	17,599,935	100.0	3,310

Connecticut Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	10,128	83.9	12,713,399	38.3	1,255
2,500– 4,999	871	7.2	3,124,421	9.4	3,587
5,000– 9,999	570	4.7	3,942,073	11.9	6,916
10,000– 19,999	308	2.6	4,292,401	12.9	13,936
20,000– 49,999	150	1.2	4,430,516	13.4	29,537
50,000– 99,999	27	0.2	1,949,118	5.9	72,190
100,000–199,999	11	0.1	1,511,218	4.6	137,383
200,000+	3	0.0	1,221,541	3.7	407,180
Totals	12,068	100.0	33,184,687	100.0	2,750

Delaware Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	835	53.1%	935,272	10.9%	1,120
2,500– 4,999	313	19.9%	1,126,530	13.1%	3,599
5,000– 9,999	239	15.2%	1,678,264	19.6%	7,022
10,000– 19,999	119	7.6%	1,687,653	19.7%	14,182
20,000– 49,999	47	3.0%	1,361,279	15.9%	28,963
50,000– 99,999	17	1.1%	1,187,013	13.8%	69,824
100,000–199,999	1	0.1%	107,339	1.3%	107,339
200,000+	2	0.1%	488,720	5.7%	244,360
Totals	1,573	100.0%	8,572,070	100.0%	5,450

District of Columbia Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	488	72.6	424,496	14.8	870
2,500– 4,999	70	10.4	246,932	8.6	3,528
5,000– 9,999	51	7.6	359,975	12.5	7,058
10,000– 19,999	32	4.8	456,041	15.9	14,251
20,000– 49,999	21	3.1	624,217	21.8	29,725
50,000– 99,999	8	1.2	507,899	17.7	63,487
100,000–199,999	2	0.3	249,974	8.7	124,987
200,000+	0	0.0	0	0.0	0
Totals	672	100.0	2,869,534	100.0	4,270

Premium Size Profiles by State (Cont'd)

Georgia Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	17,435	85.7	23,533,050	40.8	1,350
2,500– 4,999	1,404	6.9	4,893,576	8.5	3,485
5,000– 9,999	820	4.0	5,820,883	10.1	7,099
10,000– 19,999	397	2.0	5,405,646	9.4	13,616
20,000– 49,999	188	0.9	5,461,707	9.5	29,052
50,000– 99,999	57	0.3	3,806,603	6.6	66,783
100,000–199,999	22	0.1	3,013,209	5.2	136,964
200,000+	13	0.1	5,786,238	10.0	445,095
Totals	20,336	100.0	57,720,912	100.0	2,838

Idaho Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	2,820	86.8	1,443,494	20.0	512
2,500– 4,999	166	5.1	601,492	8.3	3,623
5,000– 9,999	129	4.0	889,564	12.3	6,896
10,000– 19,999	67	2.1	873,645	12.1	13,039
20,000– 49,999	50	1.5	1,634,125	22.6	32,683
50,000– 99,999	14	0.4	922,746	12.8	65,910
100,000–199,999	3	0.1	364,762	5.1	121,587
200,000+	1	0.0	488,450	6.8	488,450
Totals	3,250	100.0	7,218,278	100.0	2,221

Illinois Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	22,997	87.4	30,499,732	43.1	1,326
2,500– 4,999	1,449	5.5	5,113,357	7.2	3,529
5,000– 9,999	987	3.8	6,947,150	9.8	7,039
10,000– 19,999	534	2.0	7,462,978	10.5	13,976
20,000– 49,999	242	0.9	7,315,208	10.3	30,228
50,000– 99,999	73	0.3	4,851,473	6.9	66,459
100,000–199,999	26	0.1	3,359,761	4.7	129,222
200,000+	9	0.0	5,256,159	7.4	584,018
Totals	26,317	100.0	70,805,818	100.0	2,690

Indiana Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	5,473	64.2	6,165,314	16.2	1,126
2,500– 4,999	844	9.9	4,804,118	12.6	5,692
5,000– 9,999	1,366	16.0	5,904,933	15.5	4,323
10,000– 19,999	522	6.1	7,251,794	19.0	13,892
20,000– 49,999	241	2.8	7,104,595	18.6	29,480
50,000– 99,999	52	0.6	3,577,765	9.4	68,803
100,000–199,999	20	0.2	2,701,747	7.1	135,087
200,000+	2	0.0	658,029	1.7	329,015
Totals	8,520	100.0	38,168,294	100.0	4,480

Premium Size Profiles by State (Cont'd)

Iowa Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	1,967	55.2	2,009,761	9.5	1,022
2,500– 4,999	677	19.0	2,438,075	11.5	3,601
5,000– 9,999	454	12.7	3,162,492	14.9	6,966
10,000– 19,999	268	7.5	3,703,242	17.5	13,818
20,000– 49,999	139	3.9	4,293,254	20.3	30,887
50,000– 99,999	45	1.3	2,981,887	14.1	66,264
100,000–199,999	13	0.4	1,830,027	8.6	140,771
200,000+	3	0.1	748,815	3.5	249,605
Totals	3,566	100.0	21,167,553	100.0	5,936

Kansas Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	3,337	67.8	3,204,924	17.5	960
2,500– 4,999	790	16.1	2,775,159	15.2	3,513
5,000– 9,999	469	9.5	3,216,421	17.6	6,858
10,000– 19,999	204	4.1	2,749,526	15.0	13,478
20,000– 49,999	86	1.7	2,570,136	14.0	29,885
50,000– 99,999	22	0.4	1,490,584	8.1	67,754
100,000–199,999	9	0.2	1,104,256	6.0	122,695
200,000+	3	0.1	1,191,229	6.5	397,076
Totals	4,920	100.0	18,302,235	100.0	3,720

Mississippi Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	1,060	57.1	1,206,004	11.7	1,138
2,500– 4,999	325	17.5	1,156,142	11.2	3,557
5,000– 9,999	249	13.4	1,713,306	16.7	6,881
10,000– 19,999	137	7.4	1,876,653	18.3	13,698
20,000– 49,999	63	3.4	1,825,394	17.8	28,975
50,000– 99,999	17	0.9	1,221,475	11.9	71,851
100,000–199,999	4	0.2	547,066	5.3	136,767
200,000+	3	0.2	732,332	7.1	244,111
Totals	1,858	100.0	10,278,372	100.0	5,532

Nevada Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	2,379	66.0	2,468,221	15.4	1,038
2,500– 4,999	526	14.6	1,841,642	11.5	3,501
5,000– 9,999	367	10.2	2,604,339	16.2	7,096
10,000– 19,999	211	5.9	2,925,512	18.2	13,865
20,000– 49,999	81	2.2	2,481,669	15.5	30,638
50,000– 99,999	32	0.9	2,262,436	14.1	70,701
100,000–199,999	8	0.2	1,061,732	6.6	132,717
200,000+	1	0.0	413,580	2.6	413,580
Totals	3,605	100.0	16,059,131	100.0	4,455

Premium Size Profiles by State (Cont'd)

New Hampshire Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	2,538	68.3	2,681,378	19.3	1,056
2,500– 4,999	511	13.7	1,806,357	13.0	3,535
5,000– 9,999	349	9.4	2,408,732	17.4	6,902
10,000– 19,999	206	5.5	2,780,767	20.1	13,499
20,000– 49,999	95	2.6	2,656,669	19.2	27,965
50,000– 99,999	14	0.4	984,708	7.1	70,336
100,000–199,999	4	0.1	544,770	3.9	136,193
200,000+	0	0.0	0	0.0	0
Totals	3,717	100.0	13,863,381	100.0	3,730

New Jersey Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	53,950	86.4%	20,541,770	15.7%	381
2,500– 4,999	3,053	4.9%	11,003,535	8.4%	3,604
5,000– 9,999	2,851	4.6%	20,212,411	15.4%	7,090
10,000– 19,999	1,507	2.4%	20,613,193	15.7%	13,678
20,000– 49,999	834	1.3%	25,283,206	19.3%	30,316
50,000– 99,999	181	0.3%	12,574,698	9.6%	69,473
100,000–199,999	69	0.1%	9,481,064	7.2%	137,407
200,000+	29	0.0%	11,244,922	8.6%	387,756
Totals	62,474	100.0%	130,954,799	100.0%	2,096

New Mexico Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	566	71.1	627,505	16.0	1,109
2,500– 4,999	88	11.1	319,623	8.1	3,632
5,000– 9,999	58	7.3	394,668	10.1	6,805
10,000– 19,999	40	5.0	542,647	13.8	13,566
20,000– 49,999	35	4.4	1,044,668	26.6	29,848
50,000– 99,999	5	0.6	360,710	9.2	72,142
100,000–199,999	4	0.5	633,994	16.2	158,499
200,000+	0	0.0	0	0.0	0
Totals	796	100.0	3,923,815	100.0	4,929

North Carolina Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	18,474	77.5%	24,319,600	35.9%	1,316
2,500– 4,999	2,760	11.6%	9,762,340	14.4%	3,537
5,000– 9,999	1,628	6.8%	11,228,142	16.6%	6,897
10,000– 19,999	651	2.7%	8,822,788	13.0%	13,553
20,000– 49,999	260	1.1%	7,688,217	11.3%	29,570
50,000– 99,999	41	0.2%	2,766,405	4.1%	67,473
100,000–199,999	12	0.1%	1,616,367	2.4%	134,697
200,000+	6	0.0%	1,632,259	2.4%	272,043
Totals	23,832	100.0%	67,836,118	100.0%	2,846

Premium Size Profiles by State (Cont'd)

Oregon Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	3,812	74.7	2,687,264	14.8	705
2,500– 4,999	534	10.5	1,887,515	10.4	3,535
5,000– 9,999	374	7.3	2,639,792	14.6	7,058
10,000– 19,999	224	4.4	3,146,467	17.4	14,047
20,000– 49,999	116	2.3	3,630,187	20.0	31,295
50,000– 99,999	34	0.7	2,278,734	12.6	67,022
100,000–199,999	11	0.2	1,427,080	7.9	129,735
200,000+	1	0.0	426,133	2.4	426,133
Totals	5,106	100.0	18,123,172	100.0	3,549

South Carolina Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	10,326	86.4	10,090,658	36.9	977
2,500– 4,999	761	6.4	2,703,458	9.9	3,553
5,000– 9,999	486	4.1	3,401,858	12.4	7,000
10,000– 19,999	209	1.7	2,947,400	10.8	14,102
20,000– 49,999	132	1.1	3,802,712	13.9	28,808
50,000– 99,999	22	0.2	1,536,572	5.6	69,844
100,000–199,999	12	0.1	1,735,450	6.3	144,621
200,000+	3	0.0	1,113,799	4.1	371,266
Totals	11,951	100.0	27,331,907	100.0	2,287

South Dakota Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	458	51.1	639,285	10.5	1,396
2,500– 4,999	174	19.4	638,592	10.5	3,670
5,000– 9,999	126	14.0	900,522	14.9	7,147
10,000– 19,999	83	9.3	1,170,341	19.3	14,100
20,000– 49,999	42	4.7	1,399,699	23.1	33,326
50,000– 99,999	10	1.1	689,304	11.4	68,930
100,000–199,999	3	0.3	385,719	6.4	128,573
200,000+	1	0.1	239,079	3.9	239,079
Totals	897	100.0	6,062,541	100.0	6,759

Tennessee Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	5,184	65.8	5,162,624	15.6	996
2,500– 4,999	1,160	14.7	4,142,886	12.5	3,571
5,000– 9,999	869	11.0	6,033,962	18.2	6,944
10,000– 19,999	410	5.2	5,544,826	16.7	13,524
20,000– 49,999	182	2.3	5,410,174	16.3	29,726
50,000– 99,999	61	0.8	4,128,805	12.5	67,685
100,000–199,999	9	0.1	1,180,758	3.6	131,195
200,000+	5	0.1	1,505,572	4.5	301,114
Totals	7,880	100.0	33,109,607	100.0	4,202

Premium Size Profiles by State (Cont'd)

Vermont Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	1,757	63.4	2,008,863	13.5	1,143
2,500– 4,999	377	13.6	1,331,241	9.0	3,531
5,000– 9,999	291	10.5	2,046,768	13.8	7,034
10,000– 19,999	204	7.4	2,783,567	18.7	13,645
20,000– 49,999	108	3.9	3,302,026	22.2	30,574
50,000– 99,999	21	0.8	1,337,289	9.0	63,680
100,000–199,999	11	0.4	1,382,741	9.3	125,704
200,000+	3	0.1	659,943	4.4	219,981
Totals	2,772	100.0	14,852,438	100.0	5,358

Virginia Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	9,373	70.9	9,246,621	22.8	987
2,500– 4,999	1,865	14.1	6,638,730	16.3	3,560
5,000– 9,999	1,231	9.3	8,469,607	20.9	6,880
10,000– 19,999	525	4.0	7,137,872	17.6	13,596
20,000– 49,999	171	1.3	4,963,938	12.2	29,029
50,000– 99,999	37	0.3	2,595,319	6.4	70,144
100,000–199,999	10	0.1	1,366,210	3.4	136,621
200,000+	1	0.0	201,215	0.5	201,215
Totals	13,213	100.0	40,619,512	100.0	3,074

West Virginia Premium Size Profile—Policy Year 2023

Premium Size (\$)	Policy Count	% of Total Policies (%)	Estimated Annual Premium (\$)	% of Total Premium (%)	Average Premium (\$)
0– 2,499	1,261	61.8	1,504,615	16.7	1,193
2,500– 4,999	411	20.1	1,433,158	15.9	3,487
5,000– 9,999	224	11.0	1,545,230	17.2	6,898
10,000– 19,999	92	4.5	1,262,893	14.0	13,727
20,000– 49,999	36	1.8	1,006,208	11.2	27,950
50,000– 99,999	13	0.6	883,373	9.8	67,952
100,000–199,999	3	0.1	387,500	4.3	129,167
200,000+	2	0.1	983,903	10.9	491,952
Totals	2,042	100.0	9,006,880	100.0	4,411

Exhibit T

Classifications With Largest Premium Volume

Policy Year 2023*

Classification Code	Classification Description	Premium Amount (\$)
5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	49,888,887
5551	Roofing-All Kinds & Drivers	41,316,611
7219	Trucking - NOC-All Employees & Drivers	19,090,807
5474	Painting NOC & Shop Operations, Drivers	16,415,579
5437	Carpentry-Installation of Cabinet Work or Interior Trim	14,490,988
0106	Tree Pruning, Spraying, Repairing - All Operations & Drivers	11,071,283
9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	9,673,848
5445	Wallboard, Sheetrock, Drywall, Plasterboard, Or Cement Board Installation - Within Buildings & Drivers	8,613,077
5403	Carpentry NOC	8,344,222
7720	Police Officers & Drivers	7,853,217

NOC = Not Otherwise Classified

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

Exhibit U

Classifications With Largest Policy Count

Policy Year 2023*

Classification Code	Classification Description	Policy Count
5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	18,484
5551	Roofing-All Kinds & Drivers	9,583
5437	Carpentry-Installation of Cabinet Work or Interior Trim	8,696
5474	Painting NOC & Shop Operations, Drivers	8,247
7219	Trucking - NOC-All Employees & Drivers	7,425
5445	Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	3,912
9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	3,247
5022	Masonry NOC	3,122
5190	Electrical Wiring-Within Buildings & Drivers	2,379
0106	Tree Pruning, Spraying, Repairing - All Operations & Drivers	2,333

NOC = Not Otherwise Classified

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

Exhibit V

Hazard Group Distribution

Policy Year 2023

Exhibit V shows that the residual markets have a higher percentage of high hazard group (increased operational exposure) accounts than the voluntary market. 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 2023				Assigned Risk Plan 2023			
	Policy Count	% of Total	Estimated Standard Premium (\$)	% of Total	Policy Count	% of Total	Estimated Standard Premium (\$)	% of Total
A	116,178	8.5%	1,030,274,708	6.7%	2,685	1.8%	18,394,003	3.1%
B	209,355	15.4%	1,559,042,082	10.1%	7,176	4.8%	30,475,674	5.1%
C	320,971	23.6%	3,464,238,630	22.4%	13,843	9.2%	66,175,393	11.1%
D	195,399	14.4%	2,420,148,832	15.6%	12,368	8.2%	57,621,294	9.7%
E	202,163	14.9%	1,994,418,157	12.9%	16,123	10.7%	64,341,448	10.8%
F	179,084	13.2%	2,927,006,517	18.9%	42,957	28.5%	148,218,713	24.8%
G	136,035	10.0%	2,051,708,549	13.3%	55,475	36.8%	211,706,605	35.5%
Not Classified	333	0.0%	27,462,947	0.2%	0	0.0%	0	0.0%
Total	1,359,518	100.0%	15,474,300,422	100.0%	150,627	100.0%	596,933,130	100.0%

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 2019–2023 (based on data reported to NCCI through December 31, 2023)

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 2023 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 2023 (Projected to Ultimate) (\$000s)

Alabama

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	7,066	127.5	9,010	(4,007)
2022	9,861	146.0	14,397	(7,592)
2021	5,576	51.1	2,849	497
2020	6,689	99.4	6,648	(2,170)
2019	6,069	39.1	2,373	1,699

Alaska

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	23,724	70.6	16,749	(1,756)
2022	20,748	60.9	12,636	189
2021	22,312	43.5	9,706	3,427
2020	22,190	47.7	10,585	2,445
2019	26,057	30.7	7,999	7,398

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

Arizona

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	29,365	58.9	17,296	4,179
2022	31,204	53.8	16,788	6,054
2021	35,472	86.0	30,506	(5,399)
2020	35,847	87.5	31,366	(6,029)
2019	36,770	69.3	25,482	243

Arkansas

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	18,888	68.7	12,976	6
2022	22,596	76.2	17,218	(1,837)
2021	20,529	195.6	40,155	(26,306)
2020	20,814	86.5	18,004	(3,973)
2019	21,800	48.5	10,573	3,819

Connecticut

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	19,481	63.8	12,429	1,475
2022	20,496	60.9	12,482	1,990
2021	18,419	51.4	9,467	2,899
2020	17,785	58.6	10,422	1,296
2019	17,528	95.0	16,652	(5,041)

Delaware

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	6,841	107.9	7,382	(2,961)
2022	8,394	59.9	5,028	525
2021	8,451	49.5	4,183	1,358
2020	9,842	28.8	2,835	3,527
2019	9,959	49.5	4,930	1,644

District of Columbia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	3,202	58.9	1,886	80
2022	3,687	45.7	1,685	536
2021	3,689	47.5	1,752	501
2020	3,759	39.8	1,496	759
2019	5,234	113.7	5,951	(3,083)

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

Georgia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	45,066	96.1	43,308	(14,178)
2022	48,949	113.7	55,655	(24,196)
2021	49,785	77.2	38,434	(10,649)
2020	51,431	89.5	46,031	(19,842)
2019	54,851	94.0	51,560	(27,360)

Idaho

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	8,176	48.1	3,932	1,453
2022	8,988	53.8	4,836	1,265
2021	8,021	61.3	4,917	437
2020	5,452	44.7	2,437	663
2019	4,661	59.3	2,764	(12)

Illinois

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	67,829	80.4	54,534	(4,707)
2022	69,217	68.1	47,137	3,405
2021	71,118	66.3	47,151	2,560
2020	70,823	70.6	50,001	(2,422)
2019	77,411	64.3	49,775	3,398

Iowa

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	17,238	161.9	27,908	(15,216)
2022	19,546	73.1	14,288	293
2021	21,797	58.4	12,729	3,564
2020	20,526	48.7	9,996	4,727
2019	21,117	46.5	9,819	5,271

Kansas

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	19,423	103.0	20,005	(6,625)
2022	20,806	94.4	19,641	(5,578)
2021	20,600	57.4	11,824	2,134
2020	20,247	57.6	11,662	1,731
2019	23,578	78.1	18,414	(3,221)

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

Massachusetts

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	92,316	75.0	69,237	(10,312)
2022	99,219	73.0	72,430	(8,255)
2021	95,541	82.0	78,344	(16,290)
2020	100,832	65.0	65,541	1,875
2019	103,516	68.0	70,391	(1,677)

Michigan

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	54,151	80.0	43,321	(4,256)
2022	56,186	64.0	35,959	4,293
2021	57,718	46.0	26,550	12,842
2020	52,522	66.0	34,665	1,213
2019	50,493	70.0	35,345	(879)

Nevada

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	17,884	59.8	10,694	1,990
2022	19,387	76.1	14,753	(909)
2021	22,160	68.2	15,113	833
2020	21,331	41.7	8,895	5,574
2019	25,462	39.6	10,083	7,646

New Hampshire

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	11,786	73.6	8,675	(1,009)
2022	12,132	66.0	8,007	(55)
2021	12,374	58.4	7,226	539
2020	11,275	108.3	12,210	(5,300)
2019	11,798	54.4	6,418	879

New Jersey

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	79,272	88.3	69,997	(15,252)
2022	94,928	73.1	69,393	(1,652)
2021	94,360	87.0	82,094	(22,930)
2020	91,222	72.6	66,227	(8,027)
2019	110,727	67.3	74,520	(2,912)

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

New Mexico

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	4,889	45.0	2,200	147
2022	6,387	31.0	1,980	1,248
2021	4,955	39.0	1,932	273
2020	6,643	17.0	1,129	2,004
2019	8,860	52.0	4,607	(96)

North Carolina

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	42,965	55.9	24,018	6,965
2022	42,749	96.4	41,210	(11,440)
2021	46,713	52.4	24,477	7,535
2020	47,687	42.7	20,363	11,826
2019	50,092	105.8	52,997	(20,352)

Oregon

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	19,100	73.6	14,058	(1,161)
2022	22,200	55.8	12,388	2,258
2021	24,753	163.2	40,397	(24,184)
2020	24,726	54.7	13,525	2,411
2019	27,796	67.3	18,707	(667)

South Carolina

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	25,754	117.7	30,313	(12,159)
2022	30,133	71.1	21,424	1,103
2021	23,832	94.0	22,403	(7,407)
2020	22,597	74.5	16,835	(3,116)
2019	25,414	59.3	15,071	(1,939)

South Dakota

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	6,149	147.2	9,051	(4,593)
2022	6,101	72.1	4,398	28
2021	5,580	87.0	4,854	(869)
2020	5,706	22.9	1,307	2,748
2019	5,585	36.6	2,044	1,975

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

Tennessee

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	26,677	68.7	18,327	(227)
2022	34,833	63.0	21,945	1,630
2021	37,039	44.5	16,482	8,482
2020	38,226	52.7	20,145	5,275
2019	41,323	63.3	26,157	719

Vermont

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	12,430	68.7	8,540	763
2022	12,850	73.1	9,393	220
2021	12,729	57.4	7,306	1,930
2020	12,253	44.7	5,477	3,351
2019	11,984	68.2	8,173	475

Virginia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	28,656	64.0	18,340	3,783
2022	31,892	58.2	18,561	6,008
2021	35,620	51.4	18,308	7,583
2020	36,070	60.9	21,967	4,282
2019	41,496	49.5	20,541	9,332

West Virginia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2023	10,173	115.1	11,709	(4,402)
2022	9,785	88.8	8,689	(1,597)
2021	9,047	67.1	6,071	(77)
2020	10,333	70.2	7,254	(614)
2019	10,128	68.3	6,918	(252)

Available Residual Market Programs

As of June 1, 2024

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	
OK	x	x	x	x		x	x	<ul style="list-style-type: none"> Oklahoma Contracting Classification Premium Adjustment Program
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		<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.

2024 Assigned Carriers

As of January 1, 2024

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 K	O R	S C	S D	T N	V A	V T	W V	
Accident Fund Insurance Co. of America					D			D	D		S			D								S		D	S		
Ace American Insurance Co.		D			D		D	D	D					D	D							D		D	D	D	
Alaska National Insurance Co.	S																										
American Zurich Insurance Co.		D			D		D	D	D					D	D							D		D	D	D	
AmFed National Insurance Co.													S														
AmGUARD Insurance Co.	S		S	S	S						S	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	
Concord General Mutual Insurance Co.															D												D
Continental Casualty Co.		D					D	D	D					D	D							D		D	D	D	
Continental Indemnity Co.			S																S								
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	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.	S			S			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	
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

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 (NWCRP 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.

Notes: