

State of the Residual Market

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State of the Residual Market

Premium and market share
continue to decline



Combined ratios reflect
aggregate self-sufficiency—
with some state exceptions

Loss ratios are stable on
a year-over-year basis



Uncollectible premium
remains a concern



Agenda



Reinsurance Pool
financial results
and trends



Assigned Risk Plan
volumes,
composition, and
year-over-year trends



2024 Administration
Achievements



Initiatives and
Activities—2025
and Beyond



2025
Servicing Carrier Bid
States



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Reinsurance Pool financial results and trends

Pool Data Sources

27

POOL
STATES

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NWCRA*
NATIONAL POOL

03

SINGLE-STATE
POOLS

*National Workers Compensation Reinsurance Association.

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RMF
2025



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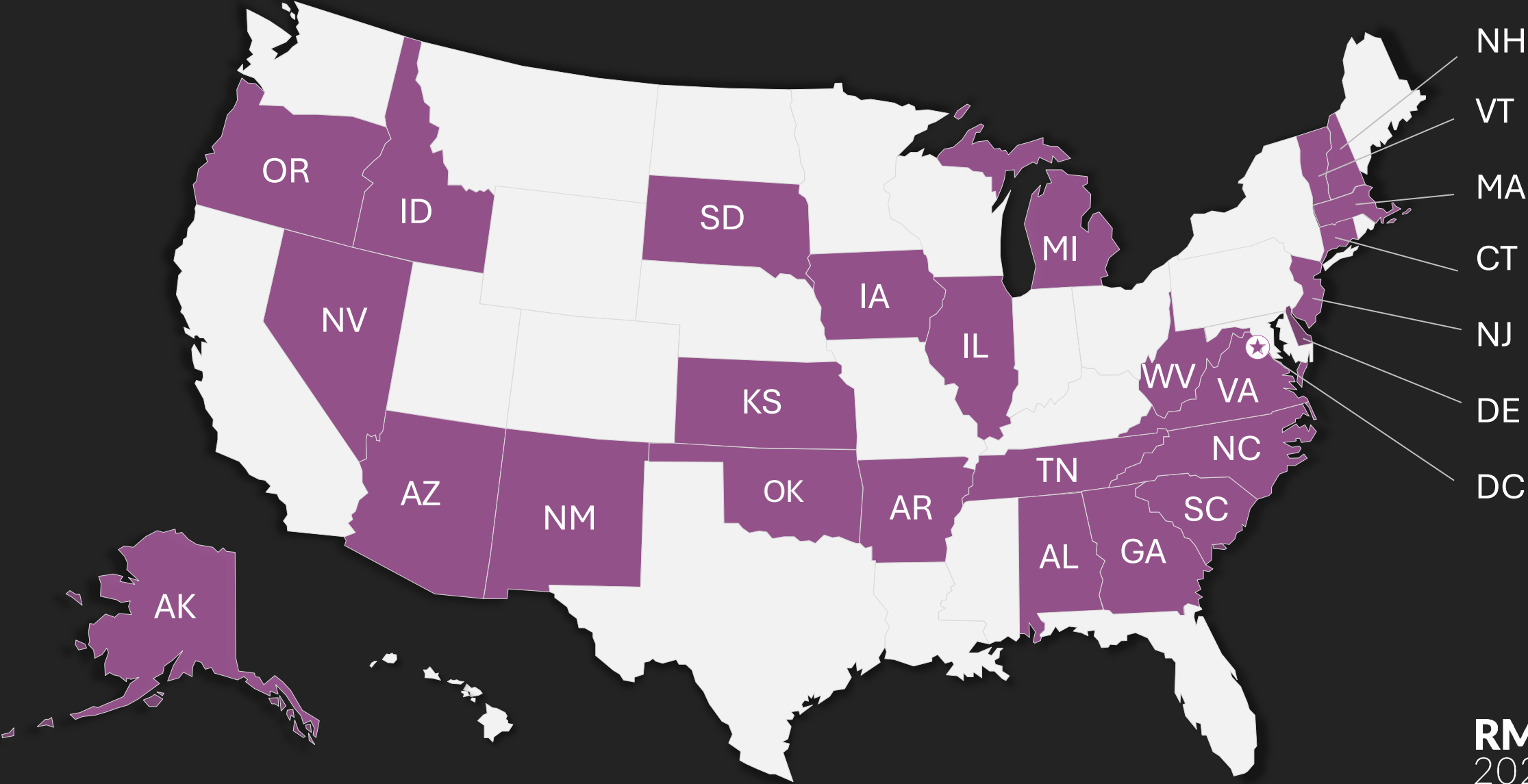
Poll Question

What state's
residual market
mechanism was
added in 2024?

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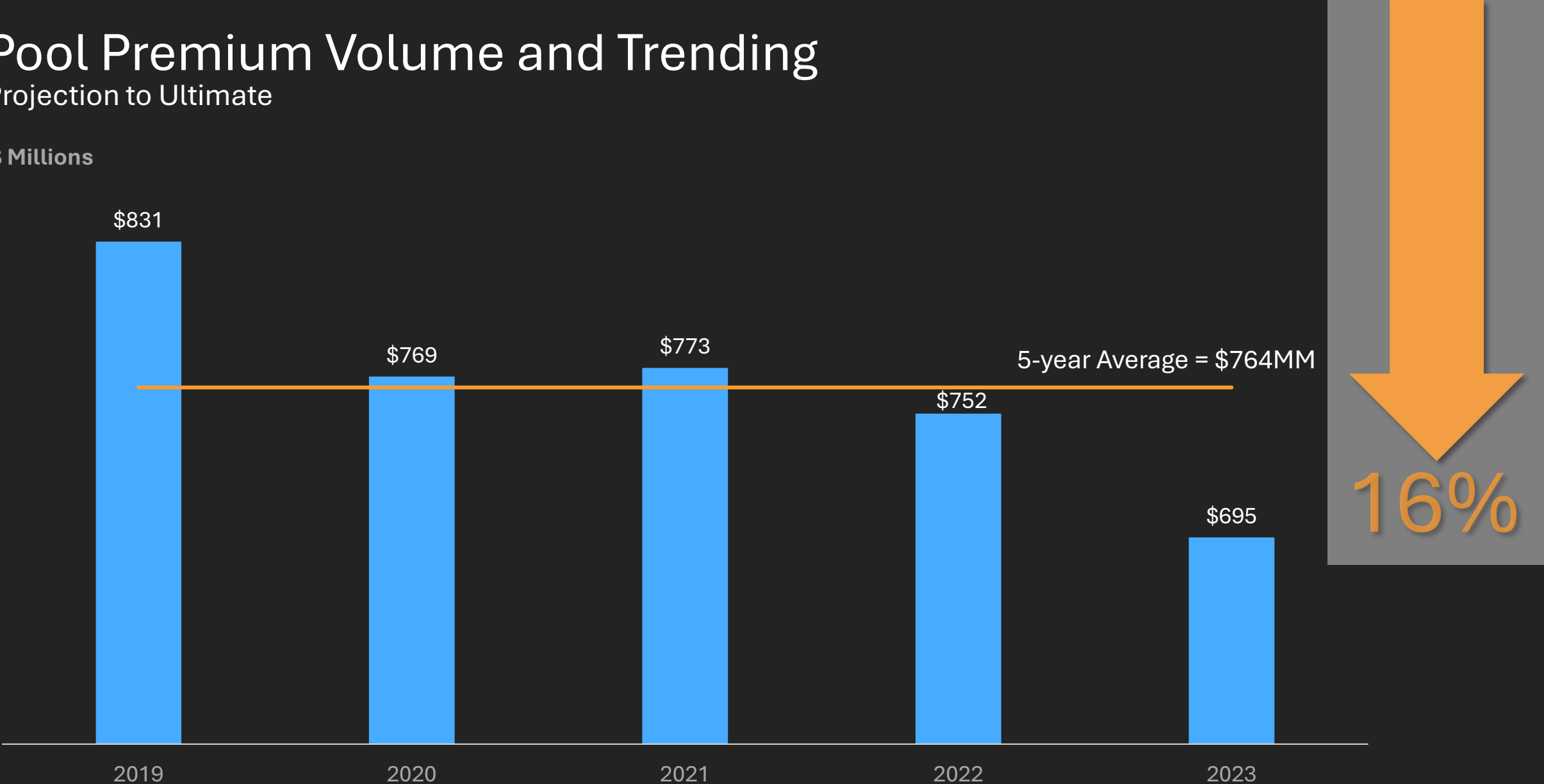
Pool Data



Pool Premium Volume and Trending

Projection to Ultimate

\$ Millions



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2025



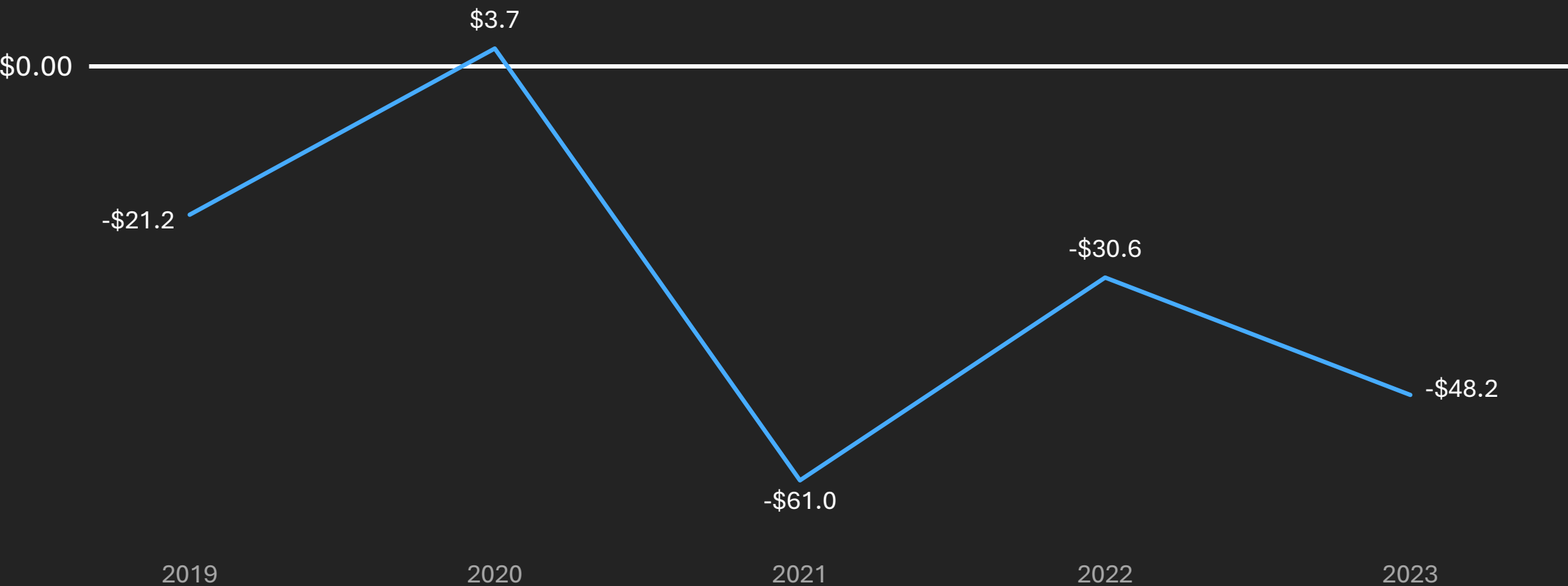
SELF-SUFFICIENCY

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Policy Year Operating Results

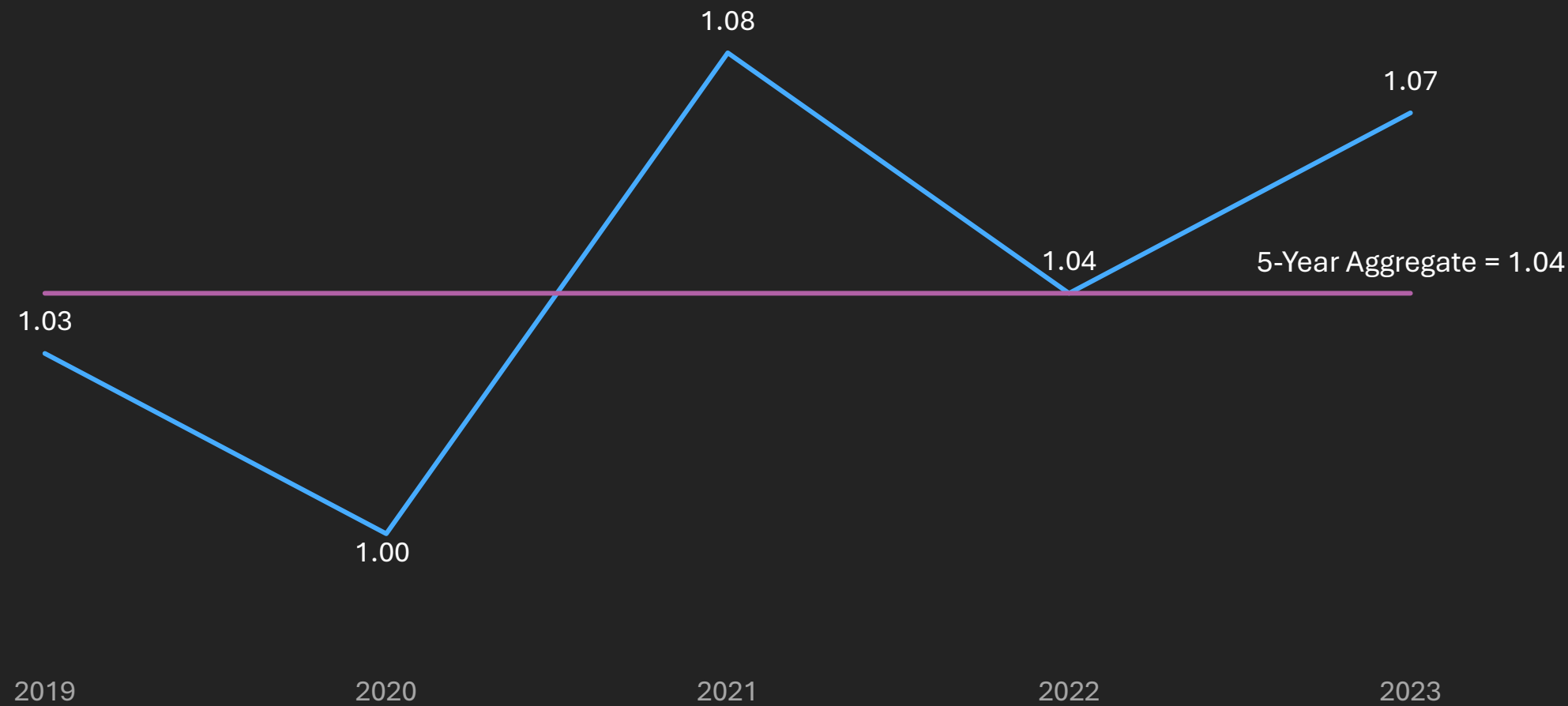
Projection to Ultimate

\$ Millions



Combined Ratios | Trending

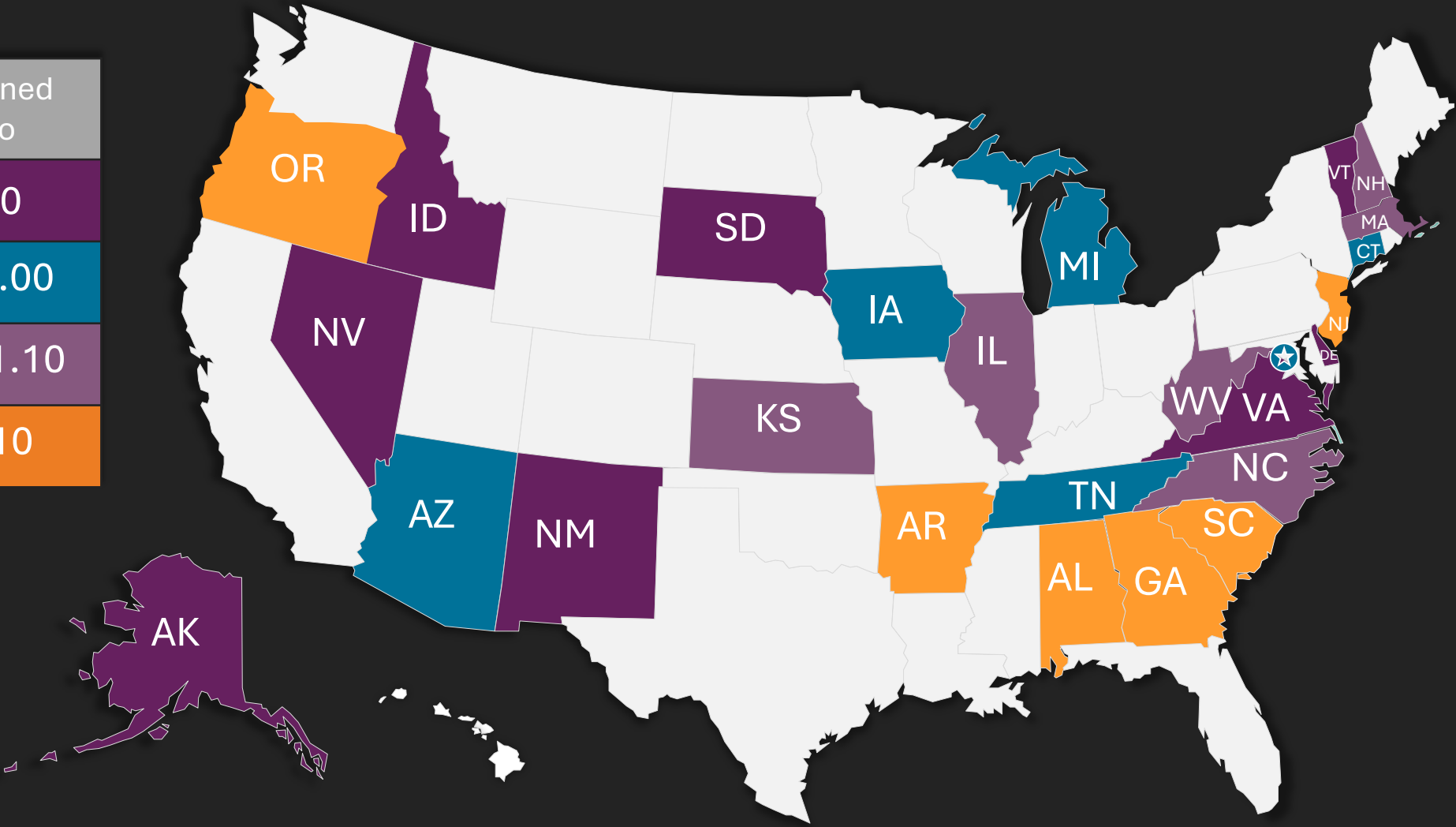
By Policy Year



Combined Ratios | By Jurisdiction

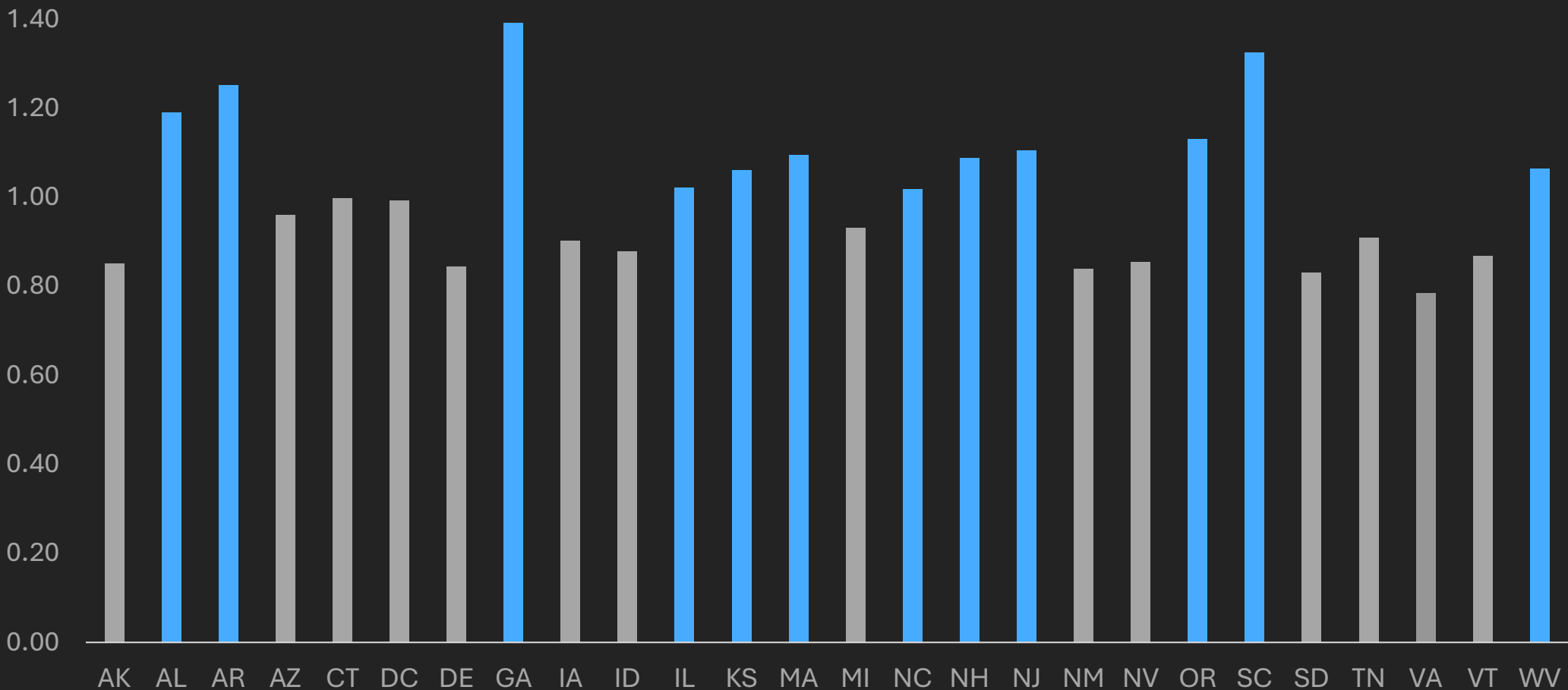
Policy Years 2019–2023

Number of Jurisdictions	Combined Ratio
8	< .90
6	.90–1.00
6	1.01–1.10
6	> 1.10



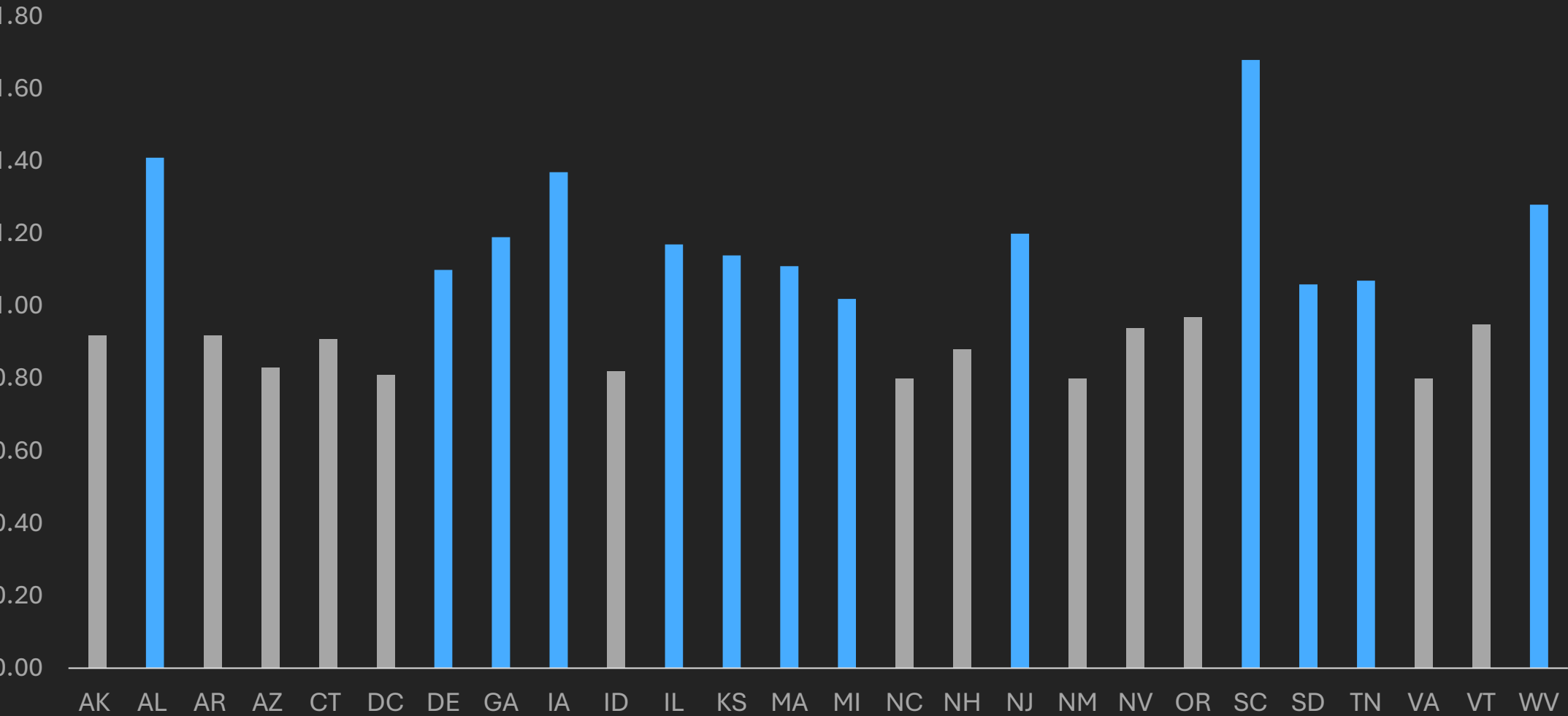
Combined Ratios | By State

Policy Years 2019–2023



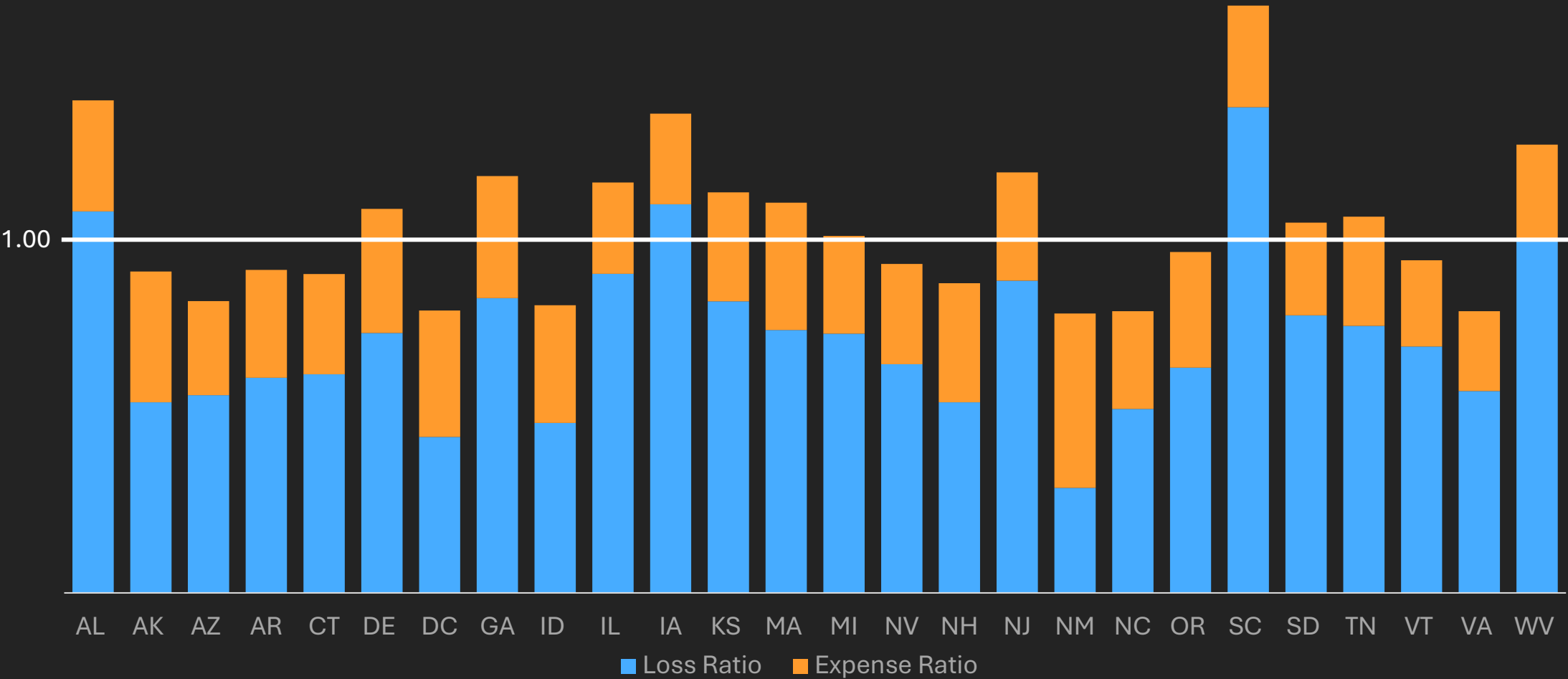
State Combined Ratios

Policy Year 2023



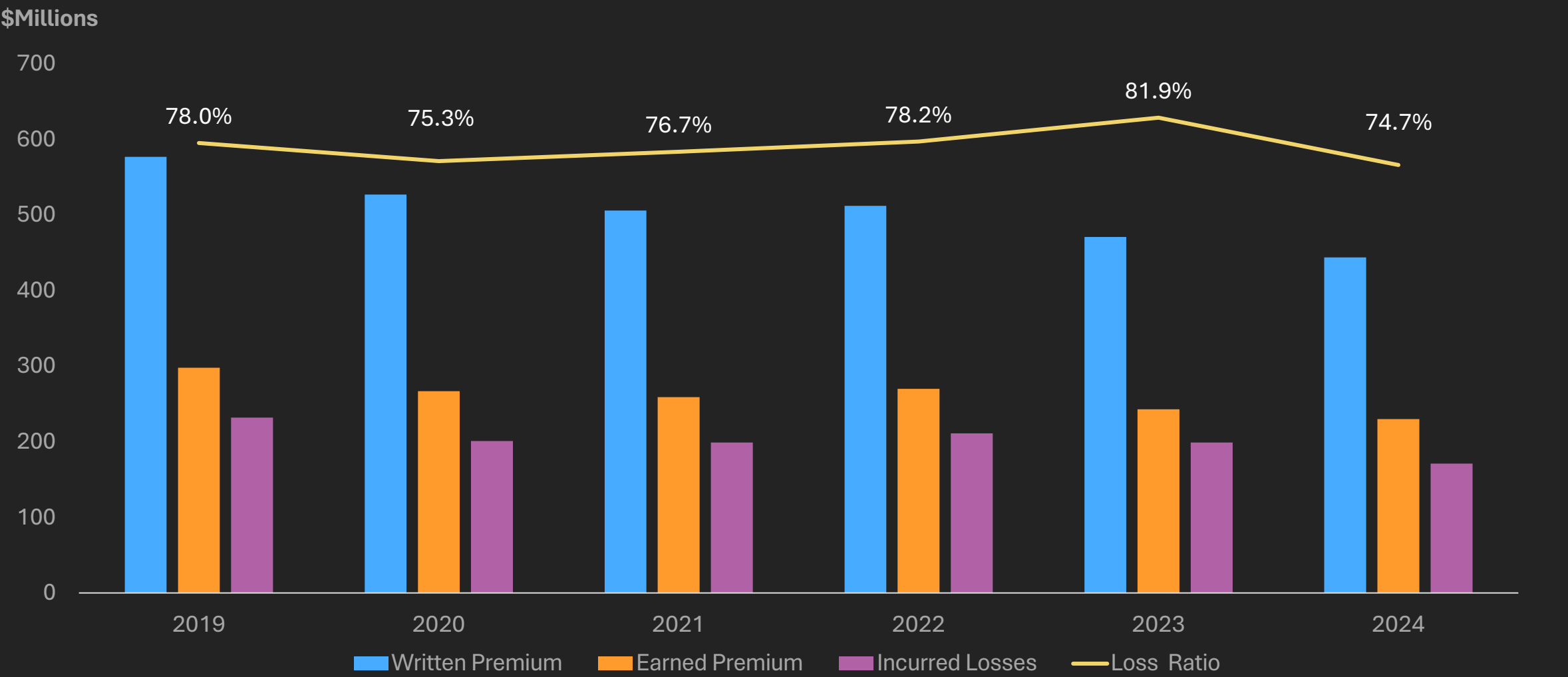
State Combined Ratios

Policy Year 2023—Projected to Ultimate



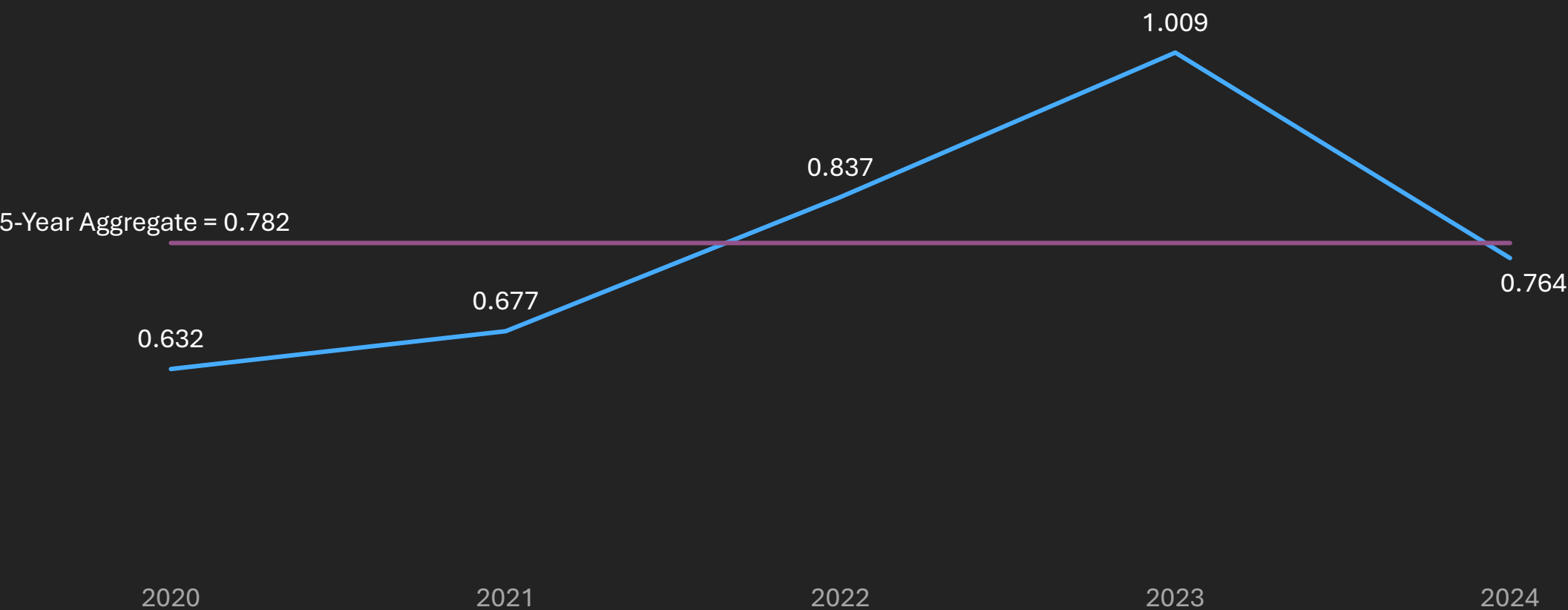
Policy Years 2019–2024

Valued at Nine Months



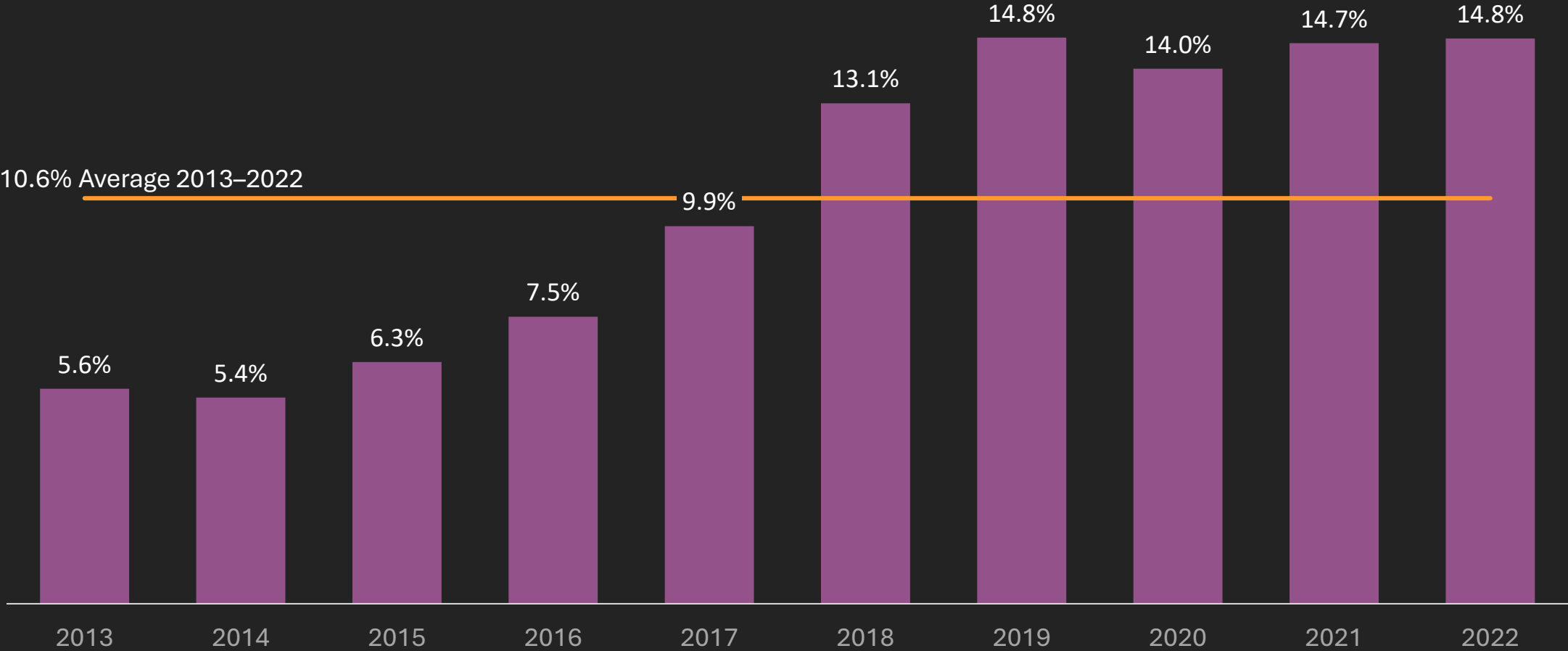
Combined Ratios

Calendar Year



Uncollectible Premium

As Percentage of Policy Year Written Premium



Uncollectible Premium

Crissy Parmer

Director of Reinsurance, Pool Administration
NCCI



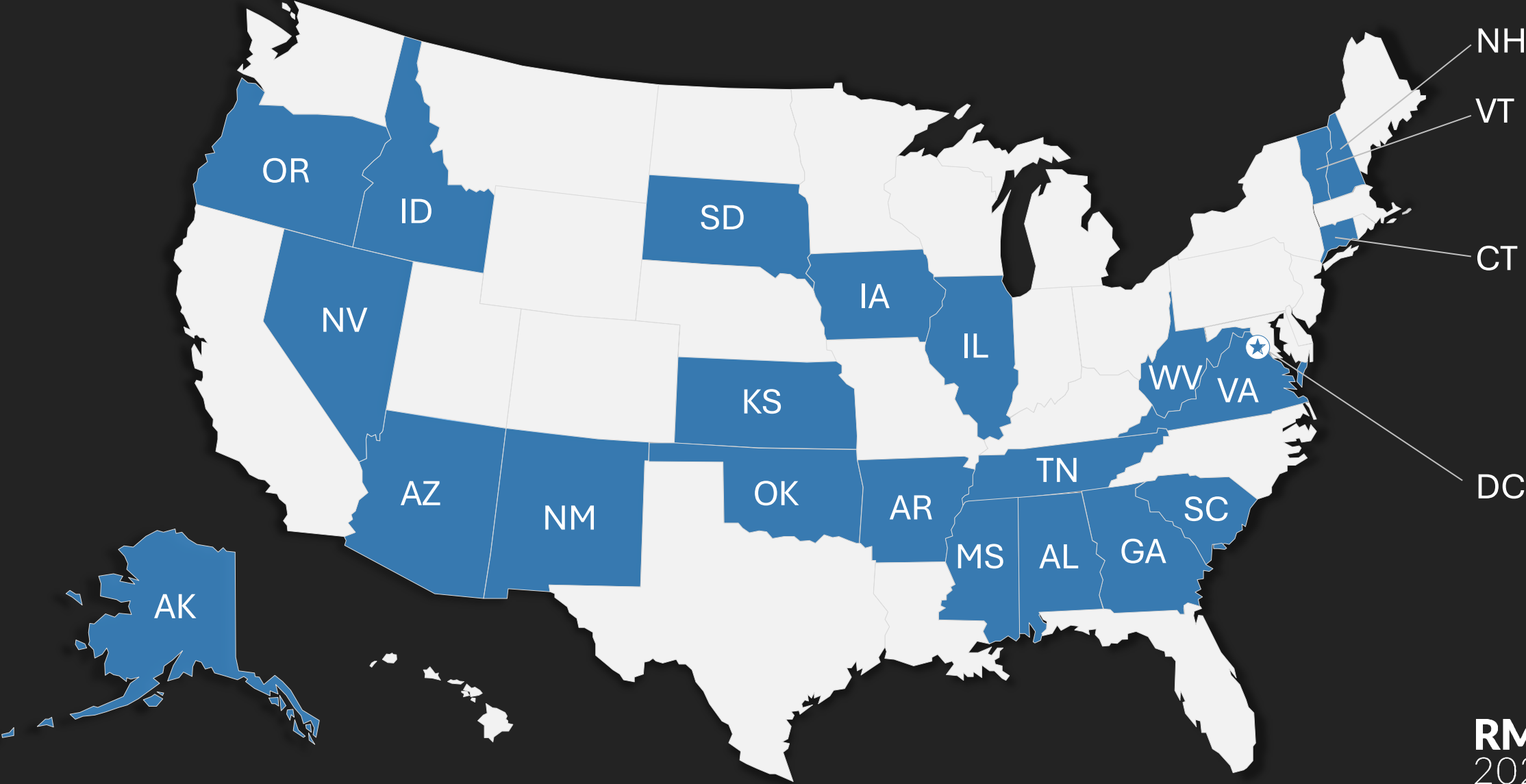


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Assigned Risk Plan volumes, composition, and year-over-year trends

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Plan Data



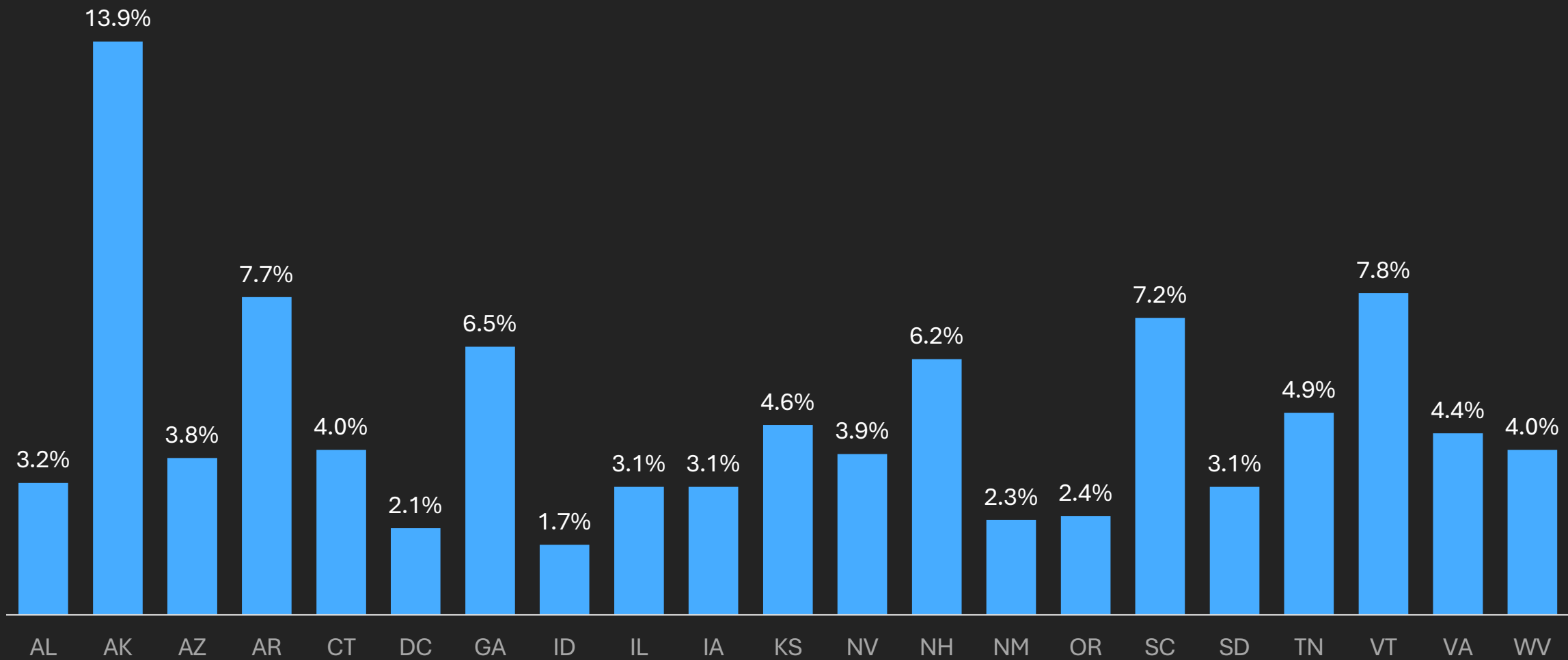
In-Force Plan Premium

As of December 31, 2022–2024

	Premium	Policies	Average Policy Size	Policies < \$5K	Policies < \$10K
2022	\$478.5MM	127,163	\$3,773	87%	94%
2023	\$454.6MM	122,311	\$3,717	87%	94%
2024	\$427.2MM	114,442	\$3,733	87%	94%

Residual Market Premium Market Share

Calendar Year 2023, by State





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Poll Question:
What was the combined
2023 market share of
residual market premium
for all NCCI Plan states?

- A. 4.0%
- B. 4.4%
- C. 5.0%
- D. 5.6%
- E. 6.1%

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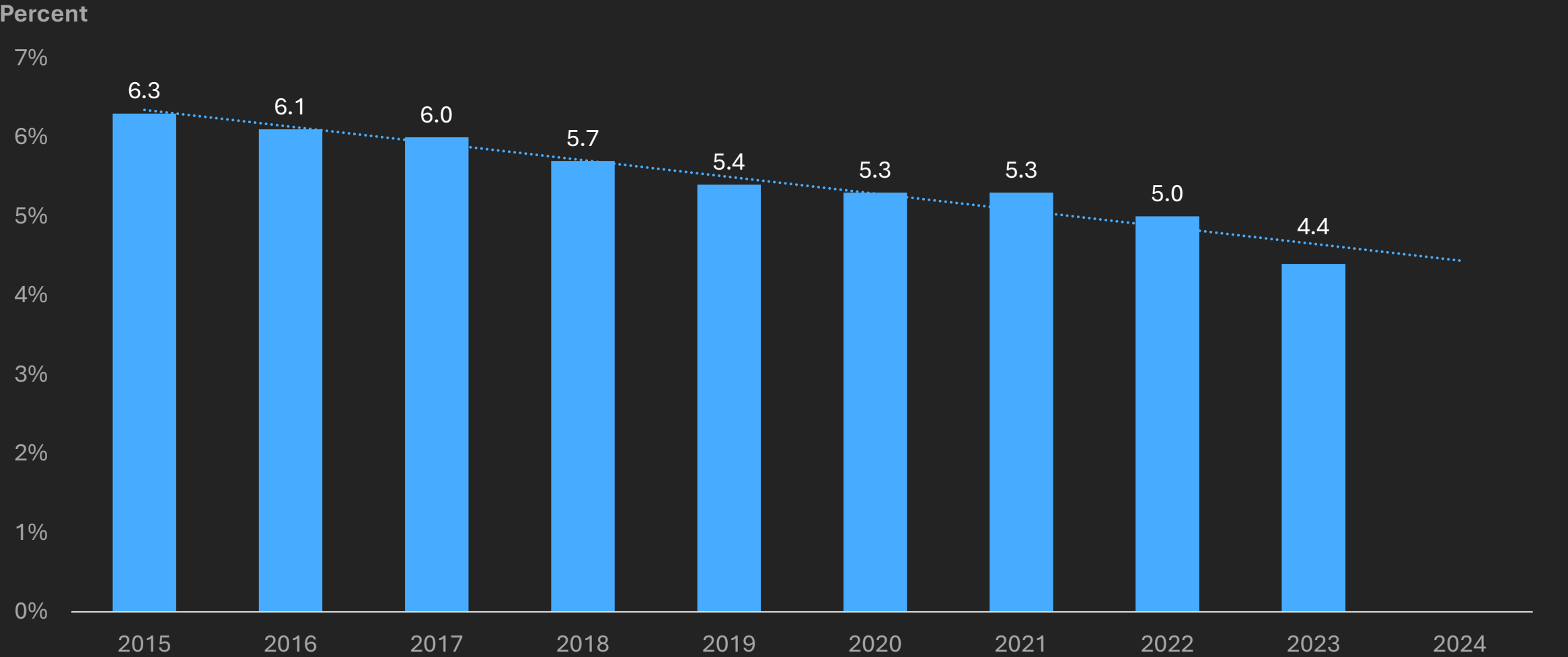
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Answer:

B. 4.4%

Residual Market Share

Share of Calendar Year Direct Written Premium
NCCI Plan Administration States



Residual Market Top 10 Classification Codes

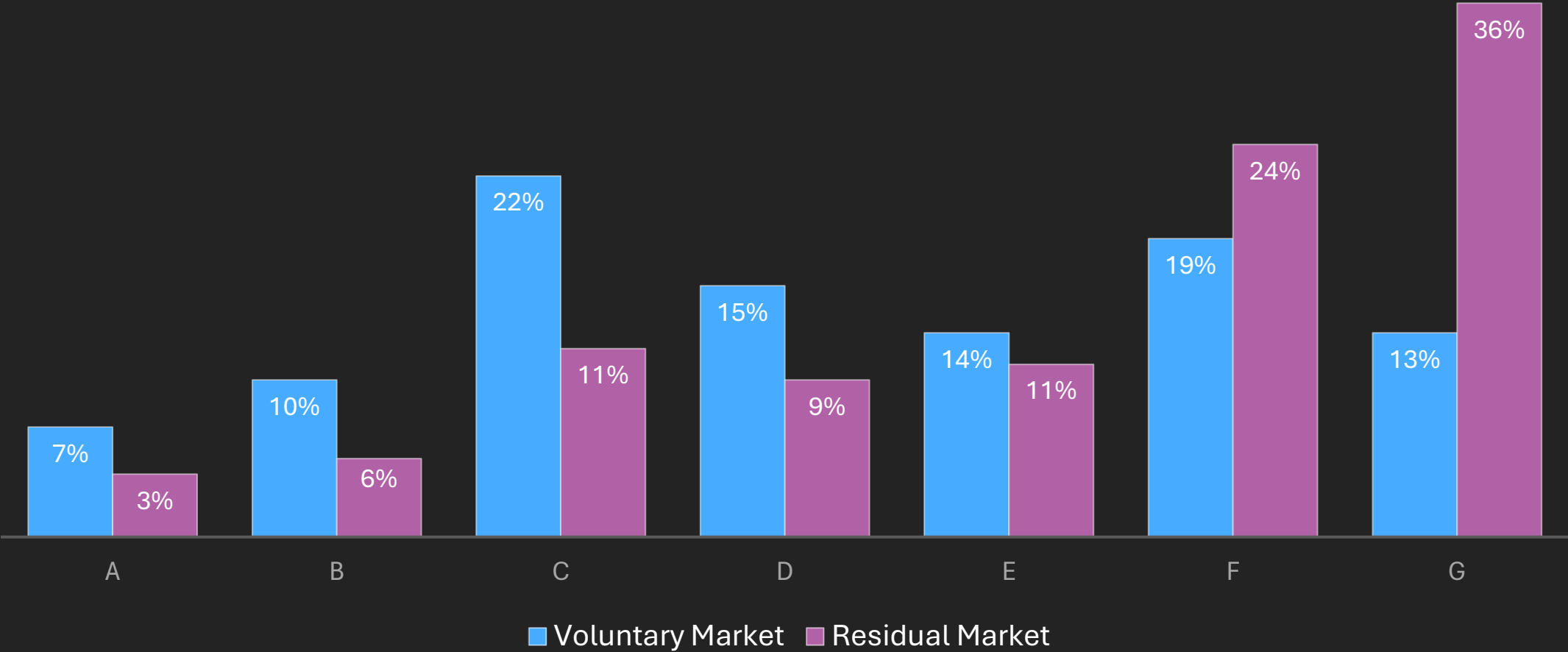
2024 Policy Effective Dates

Plan Policy Count
5645 —Carpentry (13.4%)
5551—Roofing (7.6%)
5437—Carpentry (6.0%)
5474—Painting (5.6%)
7219—Trucking (5.0%)
5445—Wallboard, Sheetrock, Drywall, Plasterboard (2.7%)
5022—Masonry (2.2%)
9014—Janitorial Services by Contractors (2.1%)
0106—Tree Pruning, Spraying, Repairing (1.8%)
5190—Electrical Wiring (1.6%)

Plan Premium Volume
5645—Carpentry (10.9%)
5551—Roofing (9.1%)
7219—Trucking (3.4%)
5474—Painting (3.1%)
5437—Carpentry (2.9%)
0106—Tree Pruning, Spraying, Repairing (2.3%)
9014—Janitorial Services by Contractors (1.9%)
5445—Wallboard, Sheetrock, Drywall, Plasterboard (1.8%)
7720—Police Officers & Drivers (1.7%)
5403—Carpentry (1.6%)

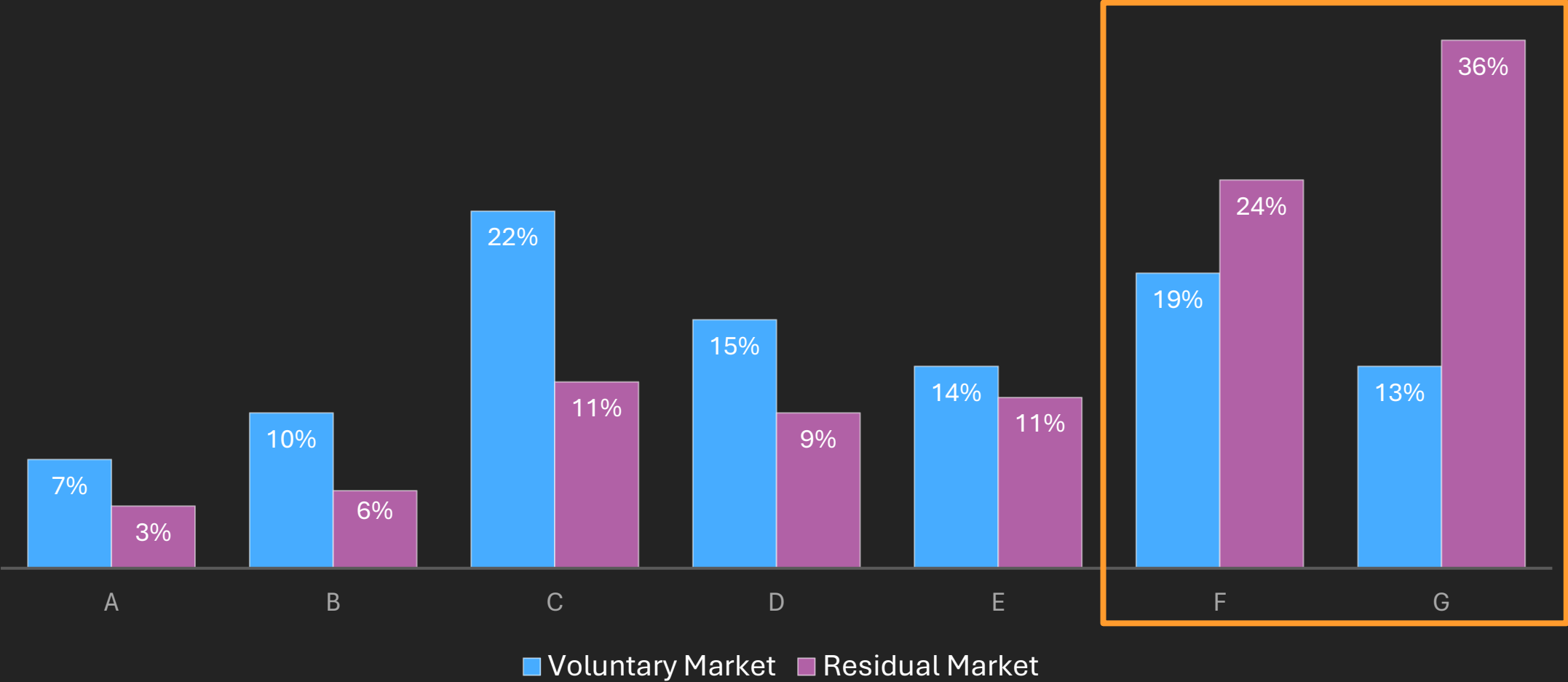
Hazard Group Premium Concentration

2024 Policy Year



Hazard Group Premium Concentration

2024 Policy Year



Depopulation Program



RESIDUAL MARKET

RM

VOLUNTARY MARKET

VM

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2025

Depopulation Programs

- Eliminate disincentives
- Provide credits towards voluntary premium

Take-Out Credit Program 2023

- \$106MM credits generated
- 19,000+ policies removed or kept out of the residual market

Voluntary Coverage Assistance Program 2024

- \$28.3MM Premium
- 7,227 Policies
- 12% Savings










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2025 Servicing Carrier Bid States

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2025 Bid States | In-Force Volumes

ALABAMA *	ARKANSAS	DISTRICT OF COLUMBIA	GEORGIA *	KANSAS	NORTH CAROLINA *	TENNESSEE *
Premium	Premium	Premium	Premium	Premium	Premium	Premium
\$7.6MM	\$15.3MM	\$2.3MM	\$48.3MM	\$15.3MM	\$58.6MM	\$26.9MM
Policy Count	Policy Count	Policy Count	Policy Count	Policy Count	Policy Count	Policy Count
1,233	4,517	491	15,875	3,693	20,586	5,252
Average Policy Size	Average Policy Size	Average Policy Size	Average Policy Size	Average Policy Size	Average Policy Size	Average Policy Size
\$6,156	\$3,391	\$4,732	\$3,041	\$4,149	\$2,844	\$5,087
						

*Includes Direct Assignment policies



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2024 Administration Achievements



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2024 Administration Achievements

- Onboarding of Oklahoma residual market
- ***Servicing Carrier Reference Guide*** updates
- ***SCSOSSM Service*** enhancements
- Updates to ***VCAP[®] Service*** underwriting criteria
- ***Pool Indemnification Management System*** enhancements
- Servicing Carrier precertification training has transitioned to NCCI Academy

*Servicing Carrier Selection and Oversight System



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Initiatives and Activities—2025 and Beyond



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Residual Market Forum

March 5–6, 2025

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State
Instruction
Pages](#)

PLAN ADMINISTRATION

- 2025 Residual Market Direct Assignment Carriers (PDF)
- 2025 Residual Market Servicing Carriers (PDF)
- Assigned Carrier Performance Standards

POOL ADMINISTRATION

- National Workers Compensation Reinsurance Association NFP Bylaws
- Reinsurance Pool Board Sites
- New Mexico Workers' Compensation Assigned Risk Pool Bylaws

RESOURCES

- Servicing Carrier Precertification
- RMF 2024 Highlights Report
- Residual Market Administrators

PRODUCTS

- NCCI Atlas (Access Manuals)
- Pool Financial Data Collection
- Pool Indemnification Management
- Pool Uncollectible Premium System
- Reinsurance Pools Results and Incentives (RPRI)

PUBLICATIONS / REPORTS

- Quarterly Results **Updated**
- State Activity Reports **Updated**
- Residual Market Management Summary 2023
- National Pool Premium Volume Report **Updated**
- We've Moved! Servicing Carrier Precertification Training Now in NCCI Academy

[Complete Listing](#)



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Questions