



# Alaska Residual Market State Activity Report

Second Quarter 2022



## Executive Summary

NCCI, as Pool and Plan Administrator of the Alaska Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2022 *Alaska Residual Market State Activity Report*.

Readers will notice that the order of our charts and tables has been reorganized, based on customer feedback. This will provide a more streamlined picture of the key measurement factors and issues relating to the operation of the Alaska Plan. Residual Market demographics contained in this report include:

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If you have any questions or comments about this report, please feel free to contact the individual listed below.

Sally Laub, Plan Administration

561-893-1174

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## Residual Market Demographics

### Residual Market Total Policies and Premium in Force

As of June 30, 2022—compared to prior year

Total number of Assigned Risk Plan policies and estimated premium volume in force reported as of the date listed above. The other exhibits in this report describe quarterly and year-to-date data.

	2022	2021	2022 vs. 2021 #	2022 vs. 2021 %
<b>Policy Count</b>	5,717	6,093	-376	-6.2%
<b>Premium Volume</b>	\$21,663,980	\$21,905,339	-\$241,359	-1.1%

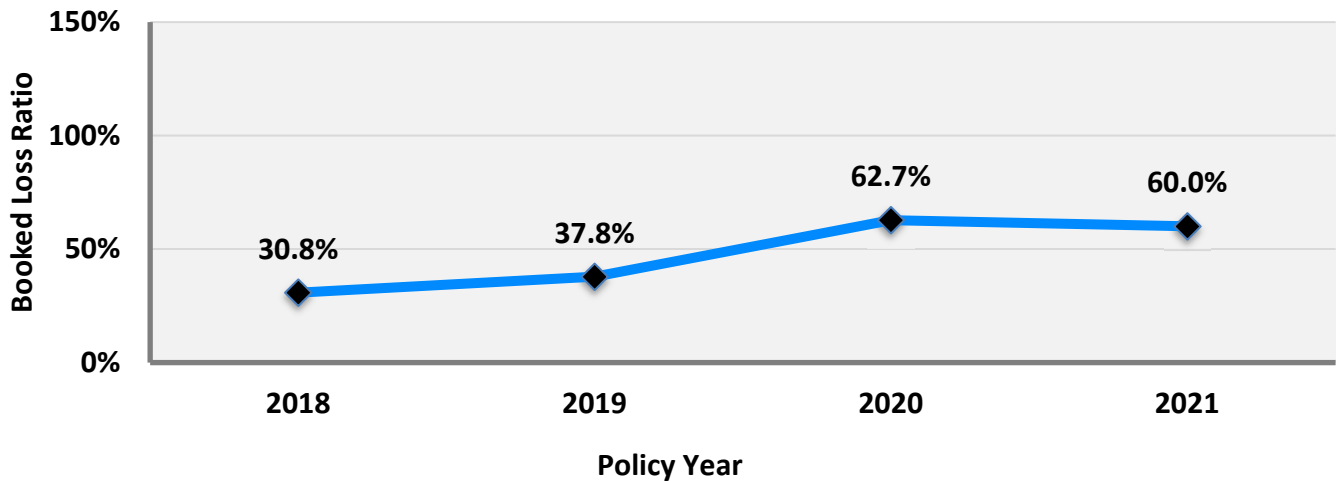


## Residual Market Demographics

### Alaska Residual Market Reinsurance Pool Booked Loss Ratio (Projected to Ultimate)

#### Policy Year Financial Results through 1st Quarter 2022 for 2021 and prior years\*

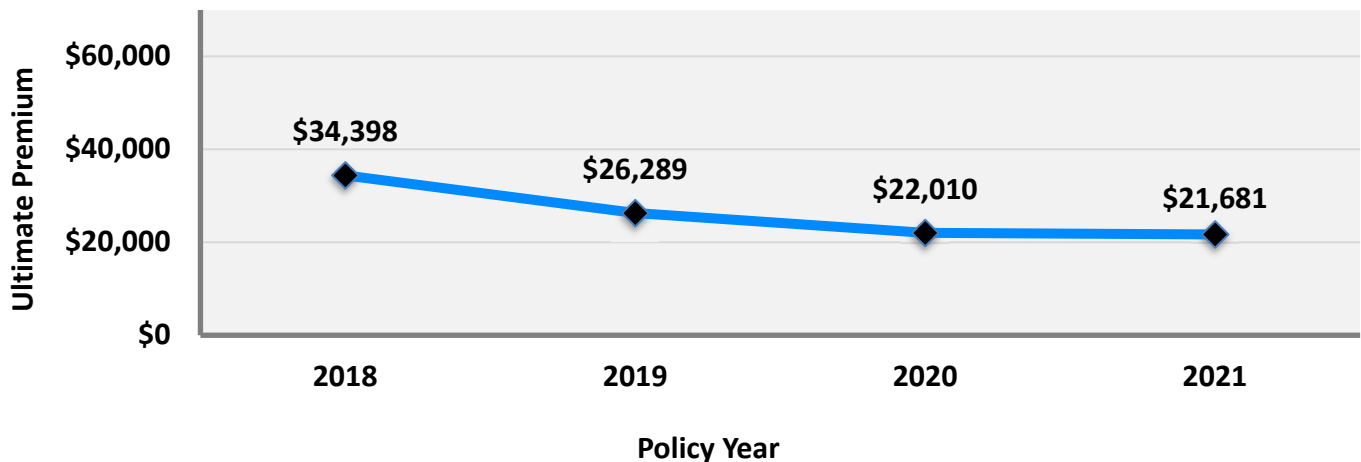
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



### Alaska Residual Market Reinsurance Pool Ultimate Net Written Premium (Projected to Ultimate) (000's)

#### Policy Year Financial Results through 1st Quarter 2022 for 2021 and prior years\*

The premium charged by an insurance company for coverage provided by an insurance contract for the policy period in this state.



\*2nd Quarter 2022 data will be available the end of October 2022 due to the timing of data reporting

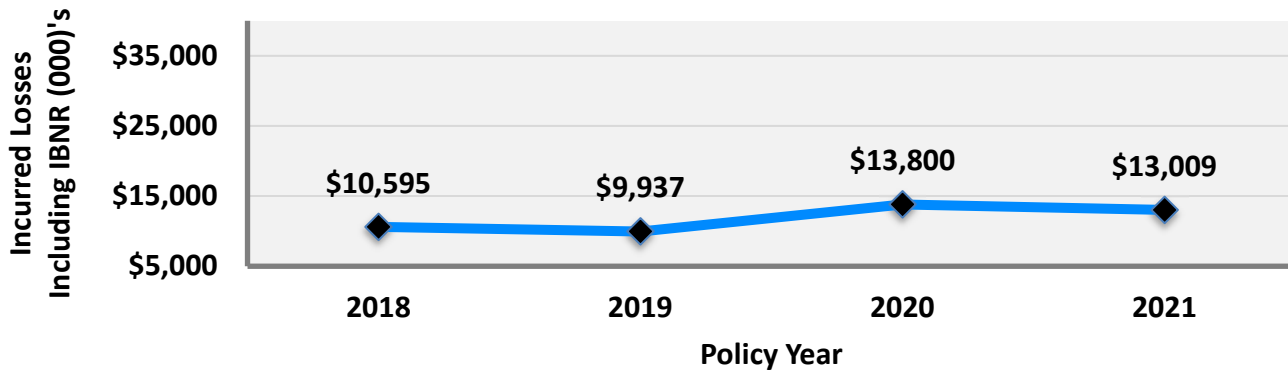


## Residual Market Demographics

### Alaska Residual Market Reinsurance Pool Net Operating Results (Projected to Ultimate) Incurred Losses

#### Policy Year Financial Results through 1st Quarter 2022 for 2021 and prior years\*

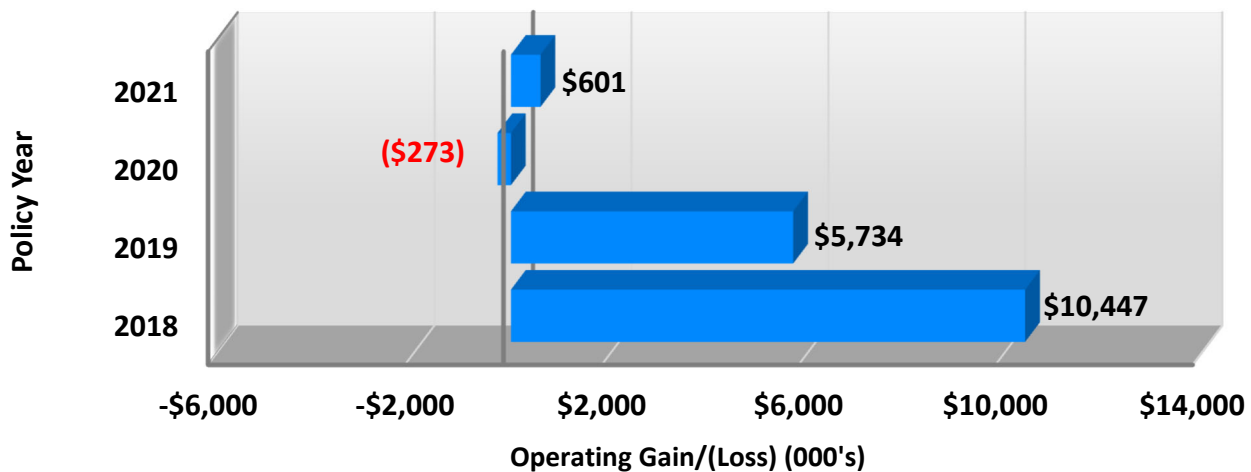
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



### Alaska Residual Market Reinsurance Pool Net Operating Results (Projected to Ultimate) Estimated Net Operating Gain/(Loss) (000's)

#### Policy Year Financial Results through 1st Quarter 2022 for 2021 and prior years\*

The financial statement presentation that reflects the excess of earned premium over incurred losses, less all operating expenses, plus all investment income in that state.



\*2nd Quarter 2022 data will be available the end of October 2022 due to the timing of data reporting



## Residual Market Demographics

### Collections/Indemnification

The following shows a comparison of gross written premium and uncollectible premium reported in Alaska for Policy Years 2018-2022, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 1st Quarter 2022.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2018	35,007,556	609,580	1.7%
2019	26,642,426	353,599	1.3%
2020	22,451,523	268,283	1.2%
2021	22,582,073	--	--
2022	3,882,015	--	--

\* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed for the more recent policy years.



## Residual Market Demographics

### Voluntary Coverage Assistance Program Second Quarter Data through June 30, 2022

The volume of assigned risk applications redirected to the voluntary market through NCCI's **VCAP<sup>®</sup> Service**. The following shows the results **VCAP<sup>®</sup> Service** has provided during Second Quarter 2022.

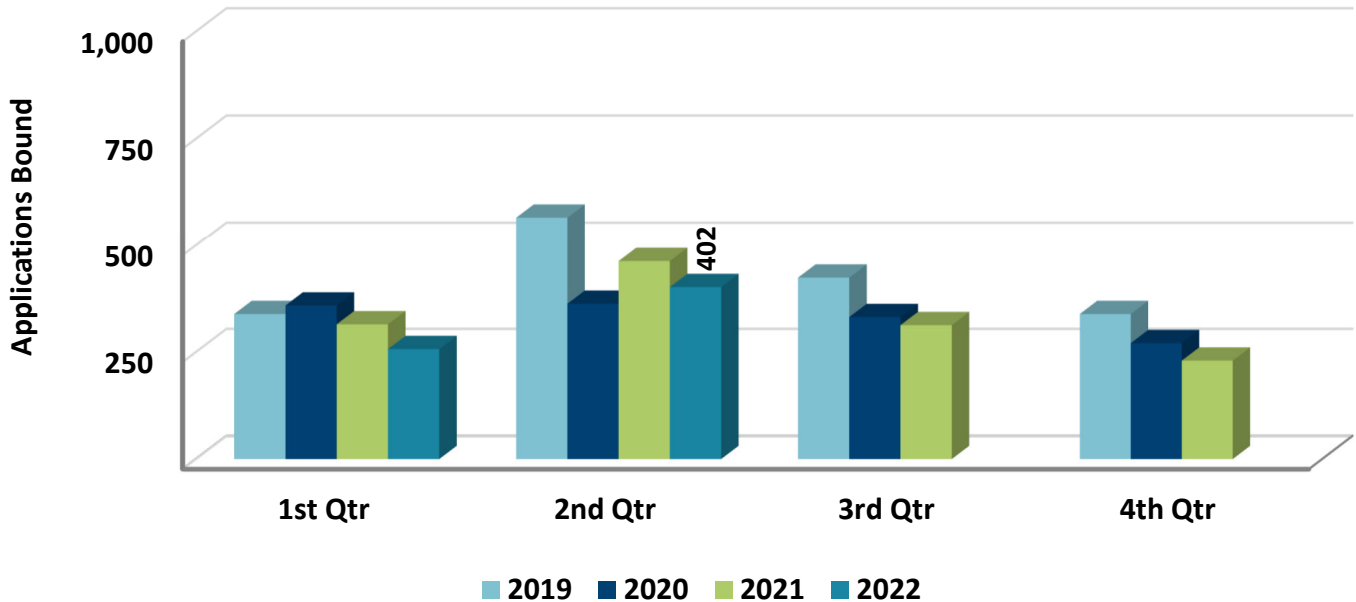
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	451
Number of <b>VCAP<sup>®</sup> Service</b> Matches	323
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	15.79%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	50
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	11.09%
Savings as a % of Redirected Assigned Risk Premium	4.54%



## Residual Market Demographics

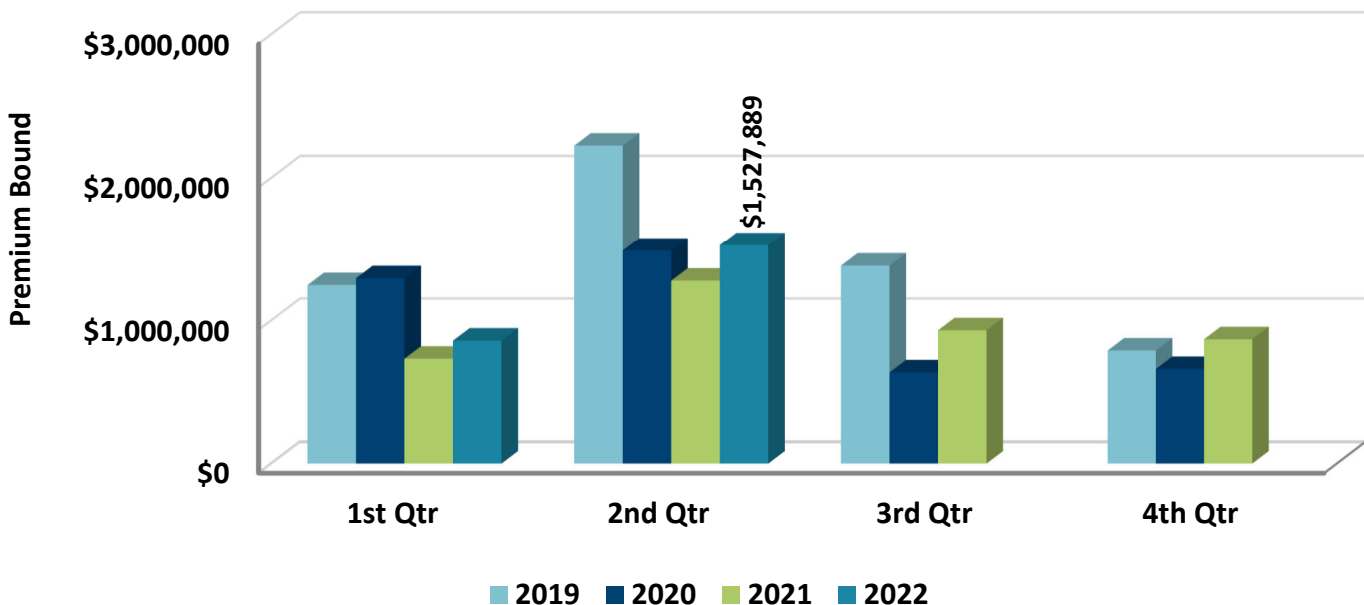
### Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

The number of applications—both new and churn—that are assigned to a Servicing Carrier or a Direct Assignment Carrier (if applicable).



### Total Application Premium Bound — 2019 vs. 2020 vs. 2021 vs. 2022

The total estimated premium on bound applications—both new and churn—that are assigned to a Servicing Carrier or a Direct Assignment Carrier (if applicable).





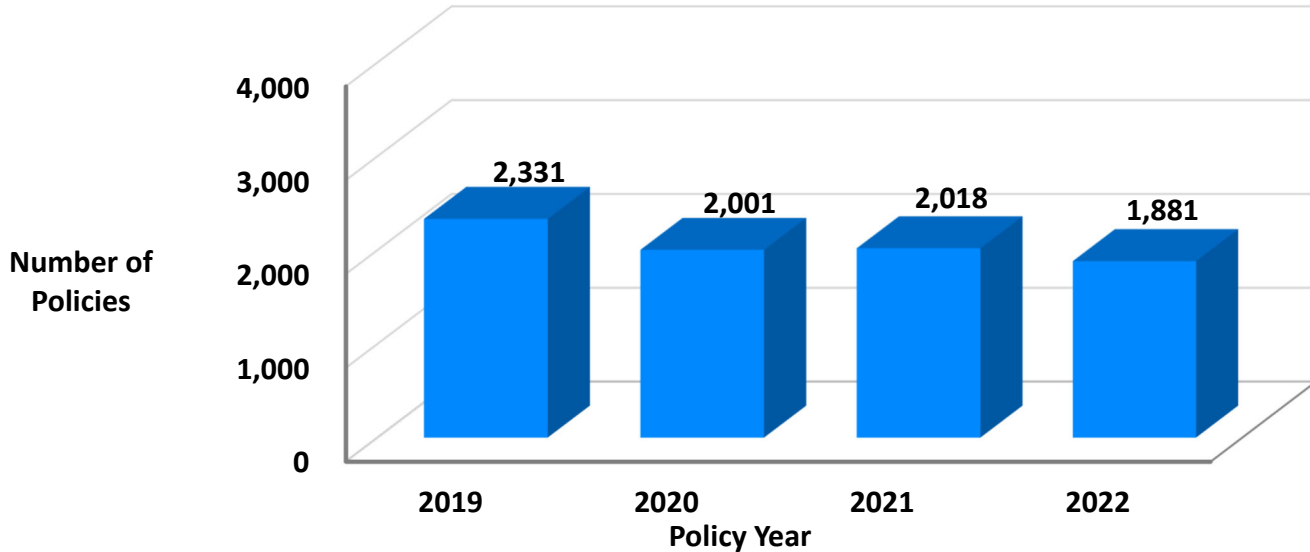


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Second Quarter Data for Policies Reported through June 30, 2022

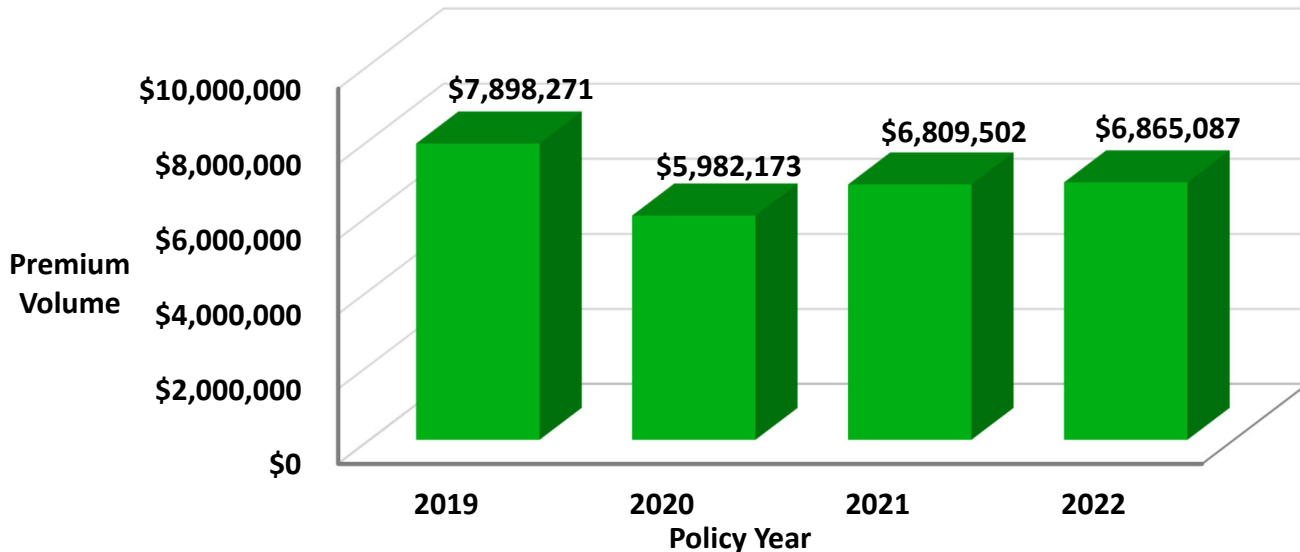
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Second Quarter Data Reported through June 30, 2022

Total amount of all Assigned Risk Plan premium with effective dates during the calendar period listed above.





## Residual Market Demographics

### Total Premium Distribution by Size of Risk

#### Second Quarter Data Reported through June 30, 2022

The total number of Assigned Risk Plan policies reported to NCCI by Direct Assignment and Servicing Carriers in a premium range as of the date listed above.

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	1,313	69.8	1,050,957	15.3	800
\$2500- \$4999	233	12.4	831,874	12.1	3,570
\$5000- \$9999	191	10.2	1,325,366	19.3	6,939
\$10000- \$19999	94	5.0	1,313,335	19.1	13,972
\$20000- \$49999	41	2.2	1,196,615	17.4	29,186
\$50000- \$99999	3	0.2	202,535	3.0	67,512
\$100000- \$199999	5	0.3	600,037	8.7	120,007
\$2000000+	1	0.1	344,368	5.0	344,368
Total	1,881	100.0	6,865,087	100.0	3,650

### Second Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	1,432	71.0	1,118,035	16.4	781
\$2500- \$4999	266	13.2	957,050	14.1	3,598
\$5000- \$9999	188	9.3	1,351,707	19.9	7,190
\$10000- \$19999	86	4.3	1,174,321	17.2	13,655
\$20000- \$49999	36	1.8	1,080,098	15.9	30,003
\$50000- \$99999	4	0.2	321,697	4.7	80,424
\$100000- \$199999	6	0.3	806,594	11.8	134,432
\$2000000+	0	0.0	0	0.0	0
Total	2,018	100.0	6,809,502	100.0	3,374



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Second Quarter Data Reported through June 30, 2022

The top 10 governing class codes by total policy count—policies issued by Servicing Carriers and Direct Assignment Carriers in this state as of the date listed above.

Rank	Code and Description	Policy Count	% of Policies
1	9094 - Outdoor Guide Services	179	9.5
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	176	9.4
3	7219 - Trucking - NOC-All Employees & Drivers	73	3.9
4	8017 - Store: Retail NOC	60	3.2
5	9052 - Hotel - All Other Employees & Salespersons, Drivers	49	2.6
6	8824 - Retirement Living Centers - Health Care Employees	39	2.1
7	8832 - Physician & Clerical	39	2.1
8	9015 - Building or Property Management - All Other Employees	39	2.1
9	6217 - Excavation & Drivers	38	2.0
10	8810 - Clerical Office Employees NOC	38	2.0

### Residual Market Top 10 Classification Codes by Premium Volume Second Quarter Data Reported through June 30, 2022

The top 10 governing class codes by premium volume written on total policies issued by Servicing Carriers and Direct Assignment Carriers in this state as of the date listed above.

Rank	Code and Description	Premium \$	% of Premium
1	9094 - Outdoor Guide Services	888,358	12.9
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	470,029	6.8
3	7431 - Aviation - Air Charter or Air Taxi - Flying Crew	355,529	5.2
4	9076 - Military Base Operations by Civilian Contractor - All Operations & Drivers	344,368	5.0
5	1165 - Mining NOC-Not Coal-Surface & Drivers	216,049	3.1
6	9052 - Hotel - All Other Employees & Salespersons, Drivers	180,768	2.6
7	5551 - Roofing-All Kinds & Drivers	157,078	2.3
8	5403 - Carpentry NOC	152,403	2.2
9	7601 - Telephone, Telegraph or Fire Alarm Line Construction and Drivers	141,710	2.1
10	8835 - Home, Public, And Traveling Healthcare - All Employees	116,190	1.7



## Glossary of Terms

**Applications Bound**—The applications that are actually assigned to a Servicing Carrier or Direct Assignment Carrier (if applicable).

**Earned Premium or Premiums Earned**—That portion of written premiums applicable to the expired portion of the time for which the insurance was in effect. When used as an accounting term, “premiums earned” describes the premiums written during a period, plus the unearned premiums at the beginning of the period, less the unearned premiums at the end of the period.

**In Force (Policies/Premium)**—All policies and associated estimated premium that are current as of a given date.

**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.

**Loss Ratio**—The ratio of total incurred losses to total earned premiums in a given period, expressed as a percentage. The formula for loss ratio is  $(\text{loss} + \text{loss adjustment expense}) / \text{earned premium}$ .

**Premium Bound**—The total estimated annual premium on bound applications.

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

**VCAP<sup>®</sup> Service**—Voluntary Coverage Assistance Program is a supplemental program to NCCI’s Workers Compensation Insurance Plan. As part of NCCI’s strategic vision of maintaining and depopulating the residual market, NCCI’s **VCAP<sup>®</sup> Service** redirects coverage opportunities for employers to voluntary market insurers, which generally provide coverage at a lower cost. **VCAP<sup>®</sup> Service** provides an additional source for producers and employers to secure voluntary workers compensation coverage prior to entering the residual market for coverage.