



Alaska Residual Market State Activity Report

Third Quarter 2022



Executive Summary

NCCI, as Pool and Plan Administrator of the Alaska Workers Compensation Insurance Plan, is pleased to provide the Third 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 September 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 %
Policy Count	5,652	6,011	-359	-6.0%
Premium Volume	\$22,206,979	\$22,347,619	-\$140,640	-0.6%

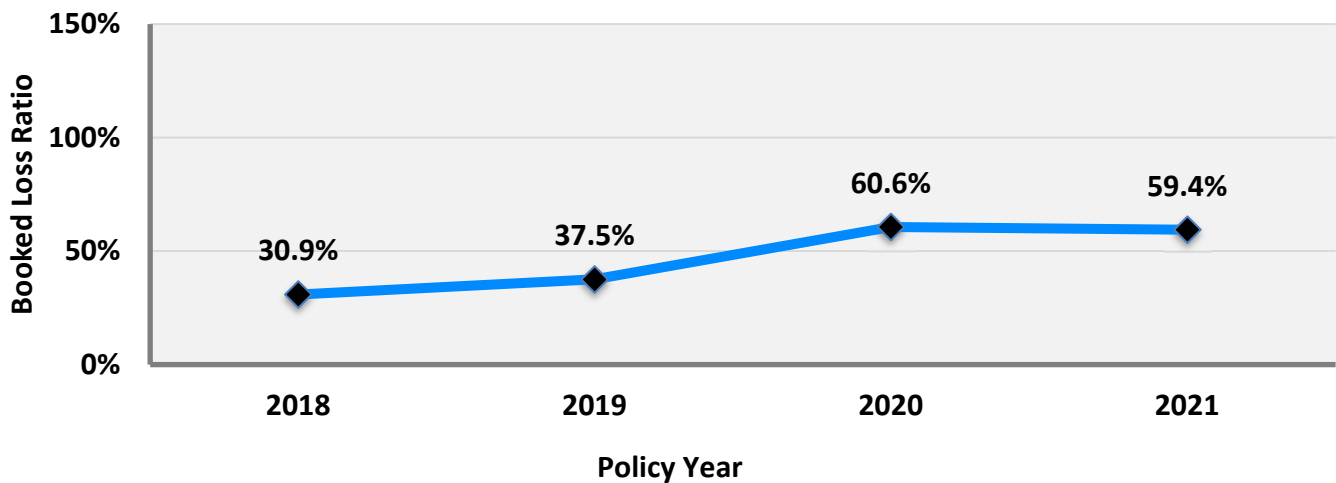


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years*

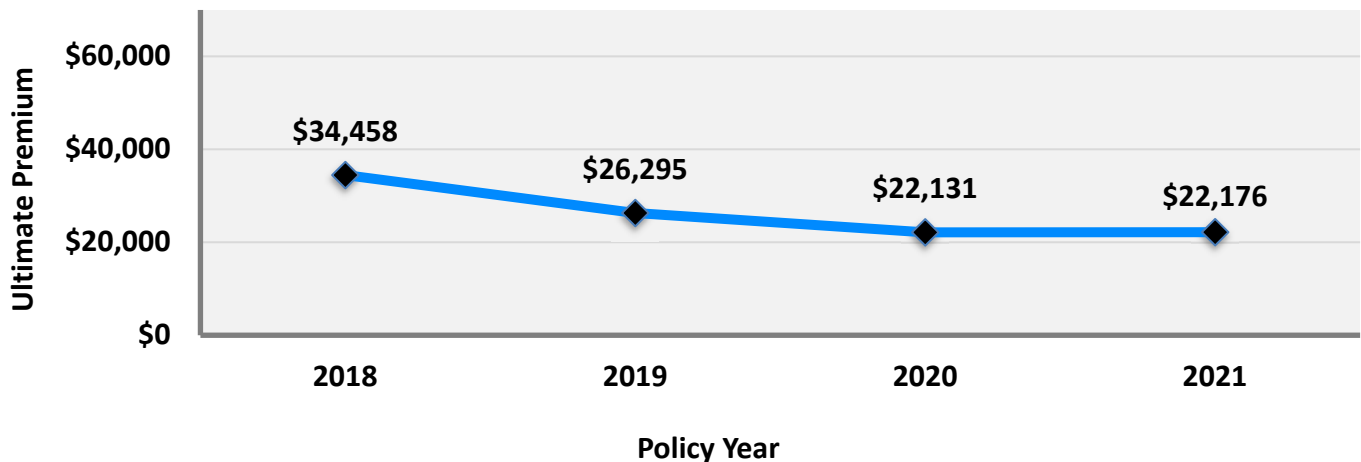
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 2nd 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.



*3rd Quarter 2022 data will be available the end of January 2023 due to the timing of data reporting

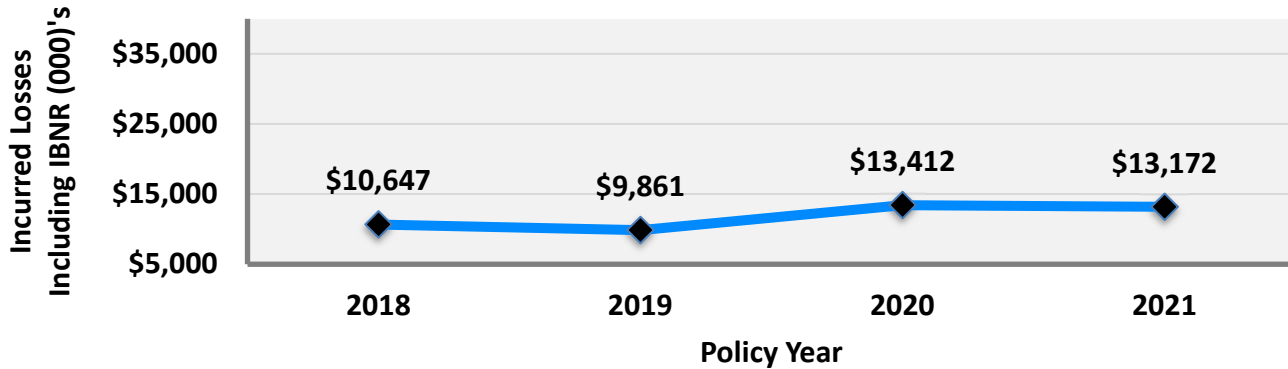


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years*

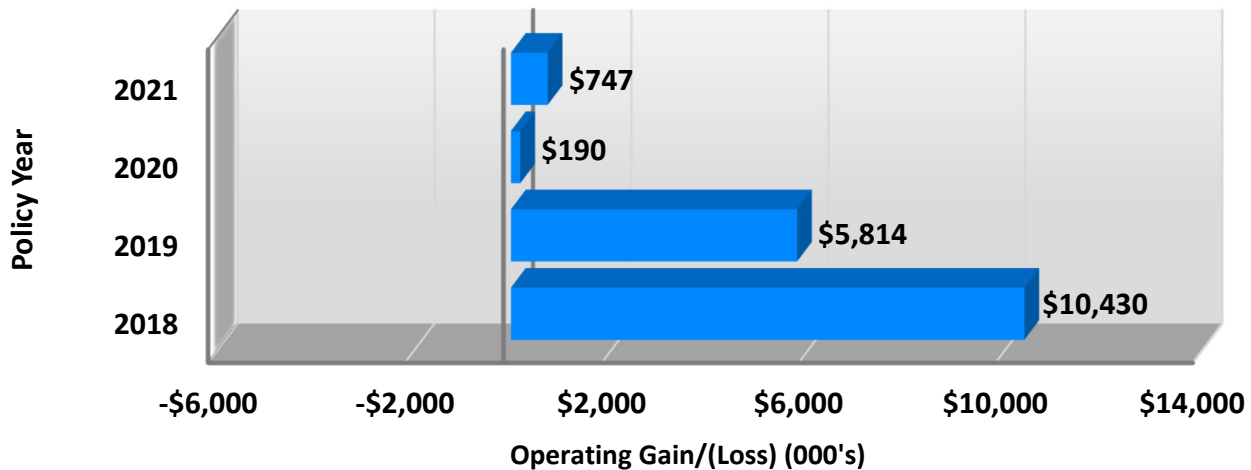
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 2nd 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.



*3rd Quarter 2022 data will be available the end of January 2023 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 2nd Quarter 2022.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2018	34,997,849	539,943	1.5%
2019	26,608,037	312,616	1.2%
2020	22,466,972	289,112	1.3%
2021	23,178,763	--	--
2022	9,804,617	--	--

* 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

Third Quarter Data through September 30, 2022

The volume of assigned risk applications redirected to the voluntary market through NCCI's **VCAP[®] Service**. The following shows the results **VCAP[®] Service** has provided during Third Quarter 2022.

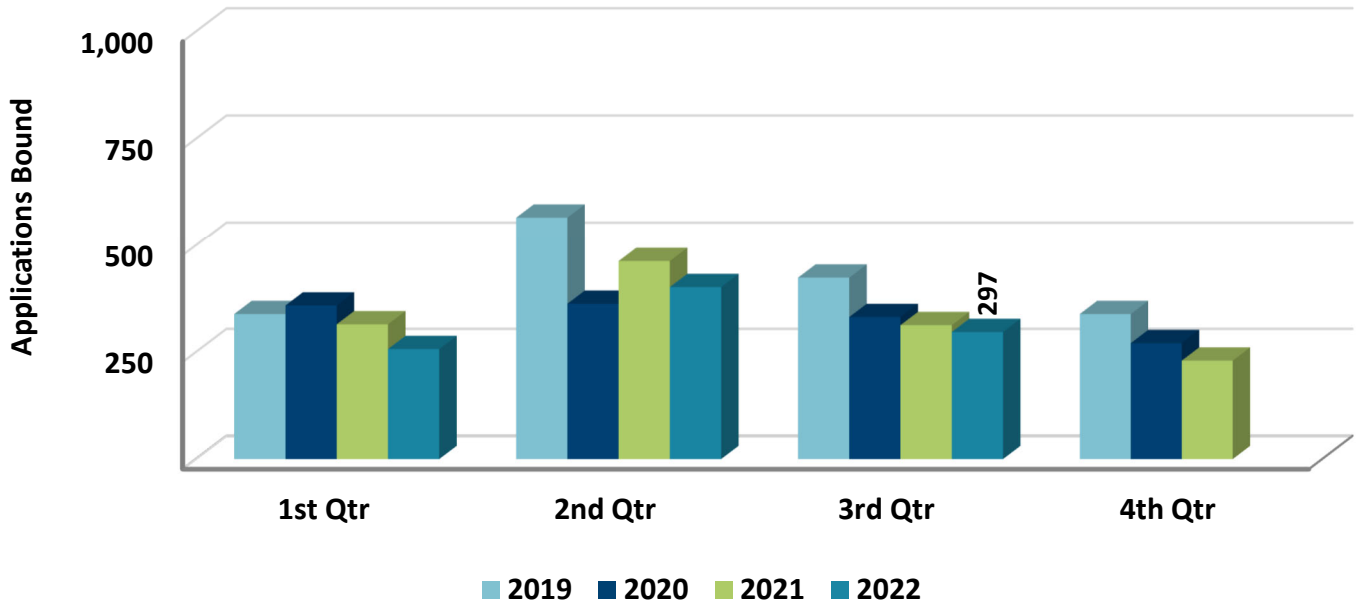
Number of Applications Reviewed by VCAP[®] Service	320
Number of VCAP[®] Service Matches	239
VCAP[®] Service Offers as a % of Matches	7.95%
Number of Confirmed VCAP[®] Service Policies	19
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	5.94%
Savings as a % of Redirected Assigned Risk Premium	9.10%



Residual Market Demographics

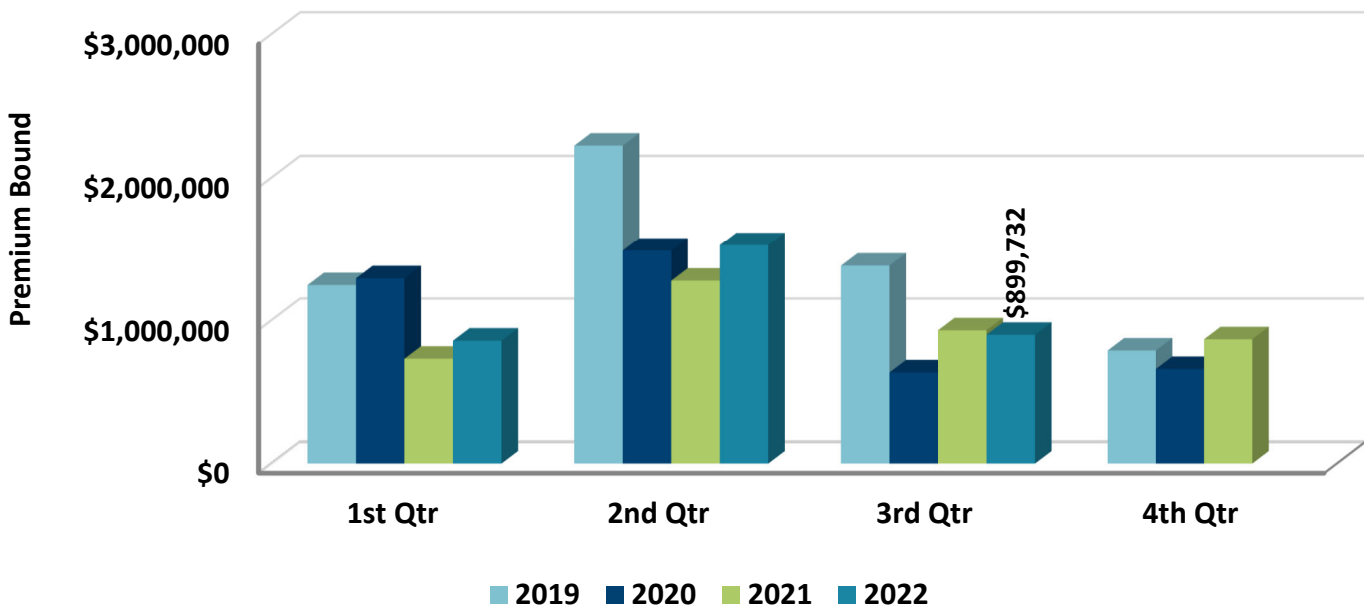
Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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



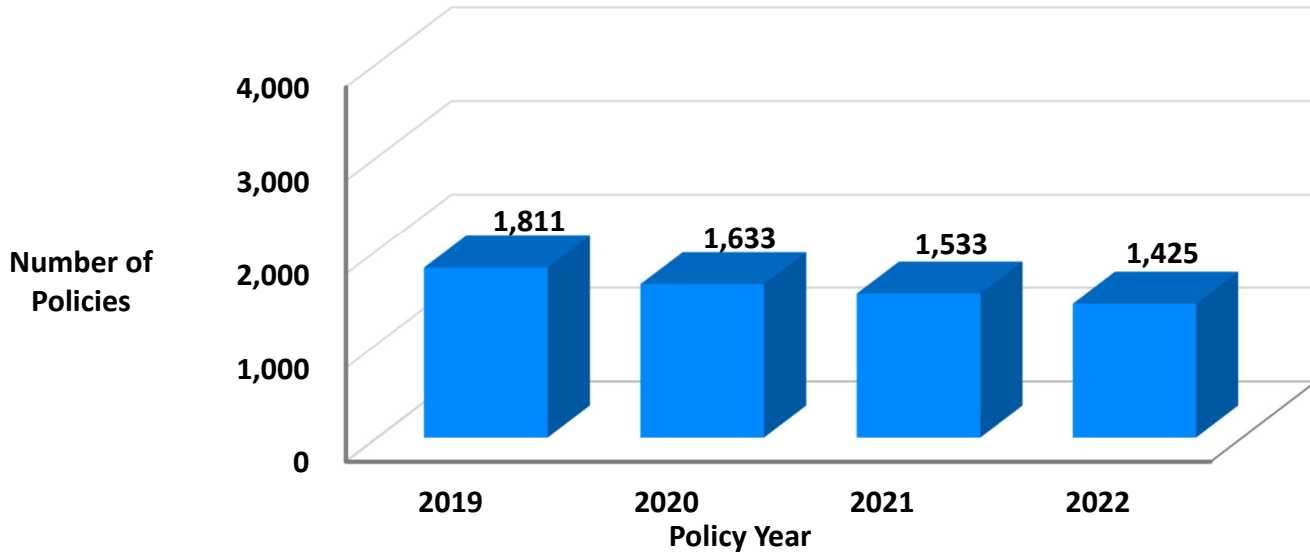


Residual Market Demographics

Residual Market Total Policy Counts

Third Quarter Data for Policies Reported through September 30, 2022

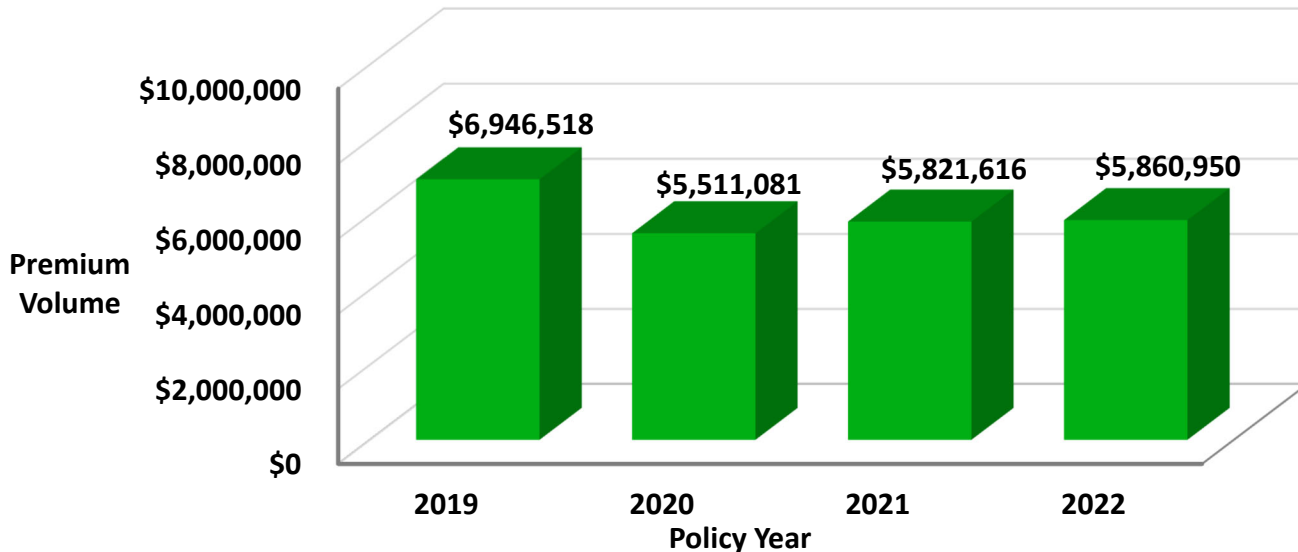
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Third Quarter Data Reported through September 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

Third Quarter Data Reported through September 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	1,009	70.8	801,275	13.7	794
\$2500- \$4999	175	12.3	627,973	10.7	3,588
\$5000- \$9999	127	8.9	896,611	15.3	7,060
\$10000- \$19999	60	4.2	873,007	14.9	14,550
\$20000- \$49999	41	2.9	1,309,329	22.3	31,935
\$50000- \$99999	8	0.6	541,140	9.2	67,643
\$100000- \$199999	4	0.3	568,732	9.7	142,183
\$2000000+	1	0.1	242,883	4.1	242,883
Total	1,425	100.0	5,860,950	100.0	4,113

Third Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	1,075	70.1	817,768	14.0	761
\$2500- \$4999	219	14.3	768,282	13.2	3,508
\$5000- \$9999	117	7.6	840,247	14.4	7,182
\$10000- \$19999	77	5.0	1,113,372	19.1	14,459
\$20000- \$49999	34	2.2	1,054,071	18.1	31,002
\$50000- \$99999	6	0.4	412,072	7.1	68,679
\$100000- \$199999	4	0.3	592,078	10.2	148,020
\$2000000+	1	0.1	223,726	3.8	223,726
Total	1,533	100.0	5,821,616	100.0	3,798



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Third Quarter Data Reported through September 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	124	8.7
2	9094 - Outdoor Guide Services	90	6.3
3	8017 - Store: Retail NOC	48	3.4
4	8810 - Clerical Office Employees NOC	47	3.3
5	7219 - Trucking - NOC-All Employees & Drivers	42	2.9
6	8832 - Physician & Clerical	37	2.6
7	8824 - Retirement Living Centers - Health Care Employees	35	2.5
8	9052 - Hotel - All Other Employees & Salespersons, Drivers	33	2.3
9	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	32	2.2
10	9015 - Building or Property Management - All Other Employees	30	2.1

Residual Market Top 10 Classification Codes by Premium Volume Third Quarter Data Reported through September 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	591,414	10.1
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	399,798	6.8
3	1164 - Mining NOC-Not Coal- Underground-& Drivers	242,883	4.1
4	9402 - Street Cleaning & Drivers	205,694	3.5
5	5403 - Carpentry NOC	168,080	2.9
6	8832 - Physician & Clerical	162,222	2.8
7	7705 - Ambulance Service Companies and Ems (Emergency Medical Service) Providers & Drivers	156,803	2.7
8	6204 - Drilling NOC & Drivers	141,080	2.4
9	9015 - Building or Property Management - All Other Employees	134,291	2.3
10	1165 - Mining NOC-Not Coal-Surface & Drivers	124,512	2.1



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[®] 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[®] Service** redirects coverage opportunities for employers to voluntary market insurers, which generally provide coverage at a lower cost. **VCAP[®] Service** provides an additional source for producers and employers to secure voluntary workers compensation coverage prior to entering the residual market for coverage.