



Alaska Residual Market State Activity Report

Annual 2021



Executive Summary

NCCI, as Pool and Plan Administrator of the Alaska Workers Compensation Insurance Plan, is pleased to provide the Annual 2021 *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

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Residual Market Demographics

Residual Market Total Policies and Premium in Force

As of December 31, 2021—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.

	2021	2020	2021 vs. 2020 #	2021 vs. 2020 %
Policy Count	5,813	6,037	-224	-3.7%
Premium Volume	\$20,555,204	\$22,271,037	-\$1,715,833	-7.7%

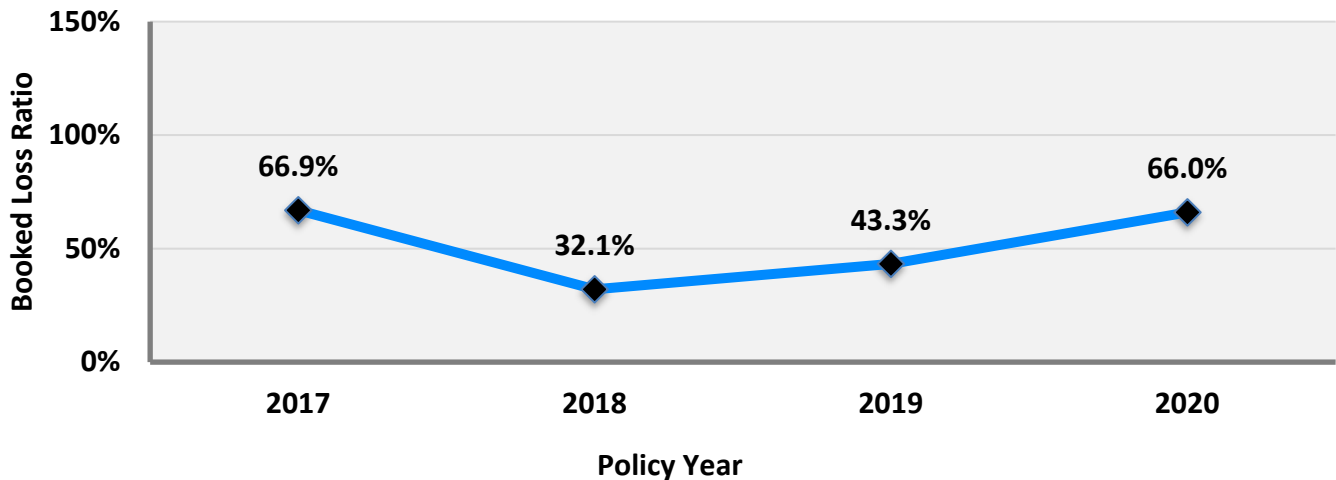


Residual Market Demographics

Alaska Residual Market Reinsurance Pool Booked Loss Ratio

Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years*

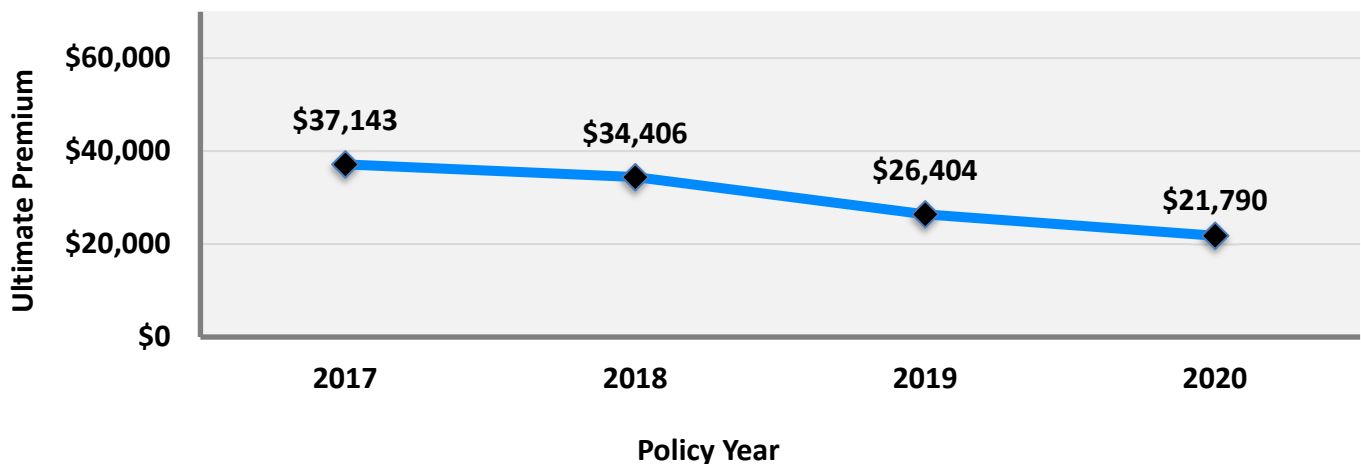
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years*

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



*4th Quarter 2021 data will be available the end of April 2022 due to the timing of data reporting

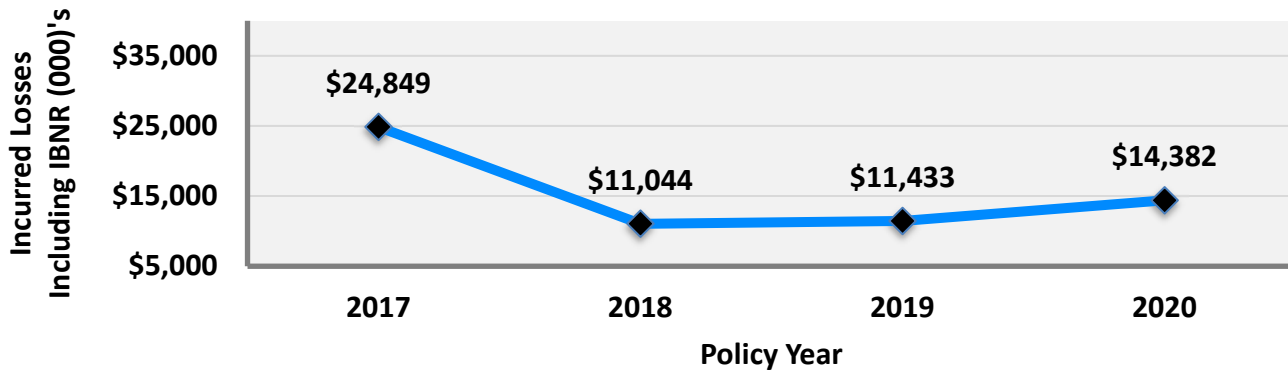


Residual Market Demographics

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

Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years*

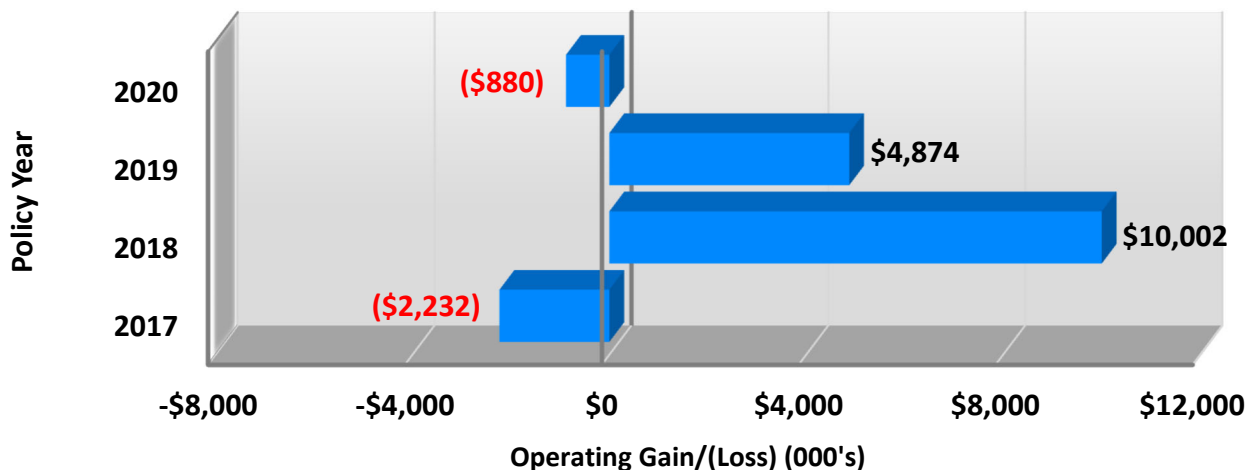
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 3rd Quarter 2021 for 2020 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.



*4th Quarter 2021 data will be available the end of April 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 2017-2021, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2021.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2017	37,861,529	718,580	1.9%
2018	35,033,399	627,330	1.8%
2019	26,791,719	353,346	1.3%
2020	22,713,887	--	--
2021	16,202,867	--	--

* 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

Annual Data through December 31, 2021

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 Annual 2021.

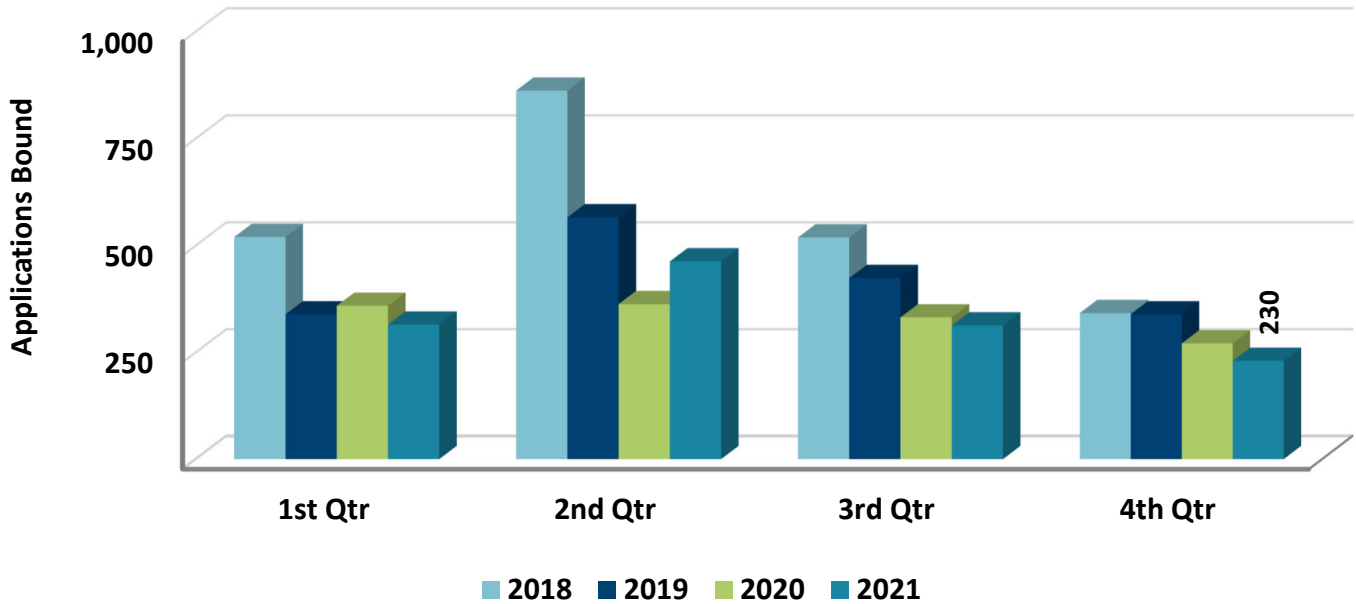
Number of Applications Reviewed by VCAP[®] Service	1,518
Number of VCAP[®] Service Matches	1,035
VCAP[®] Service Offers as a % of Matches	20.10%
Number of Confirmed VCAP[®] Service Policies	198
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	13.04%
Savings as a % of Redirected Assigned Risk Premium	9.83%



Residual Market Demographics

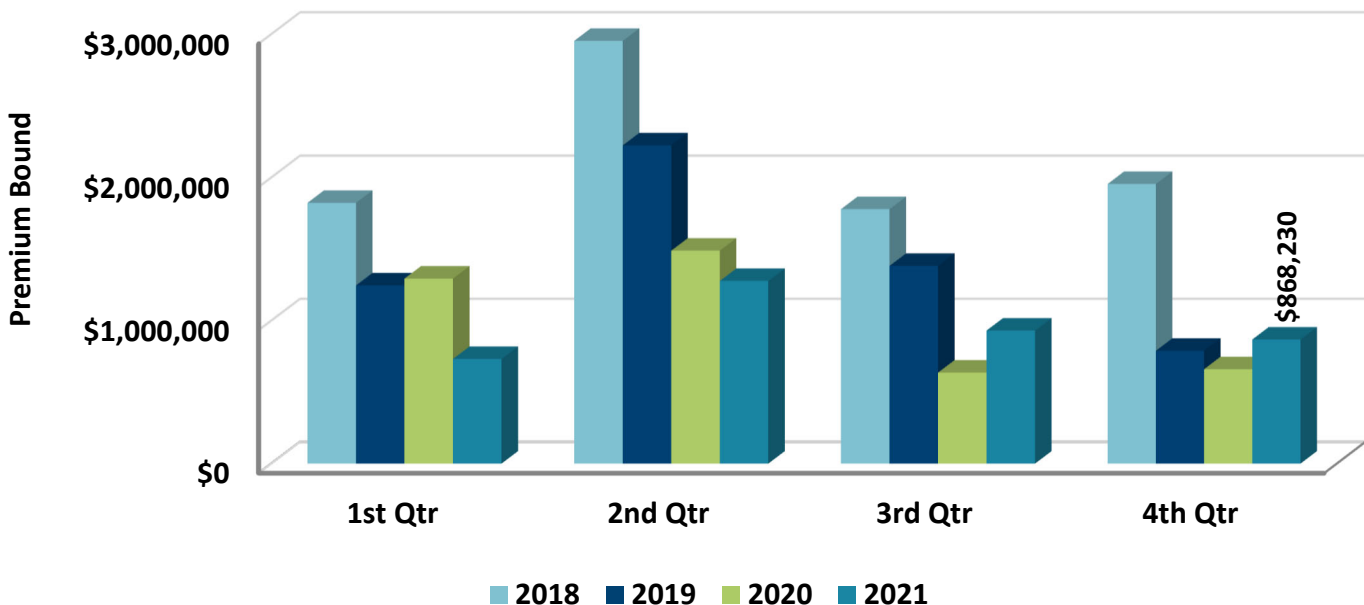
Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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 — 2018 vs. 2019 vs. 2020 vs. 2021

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).



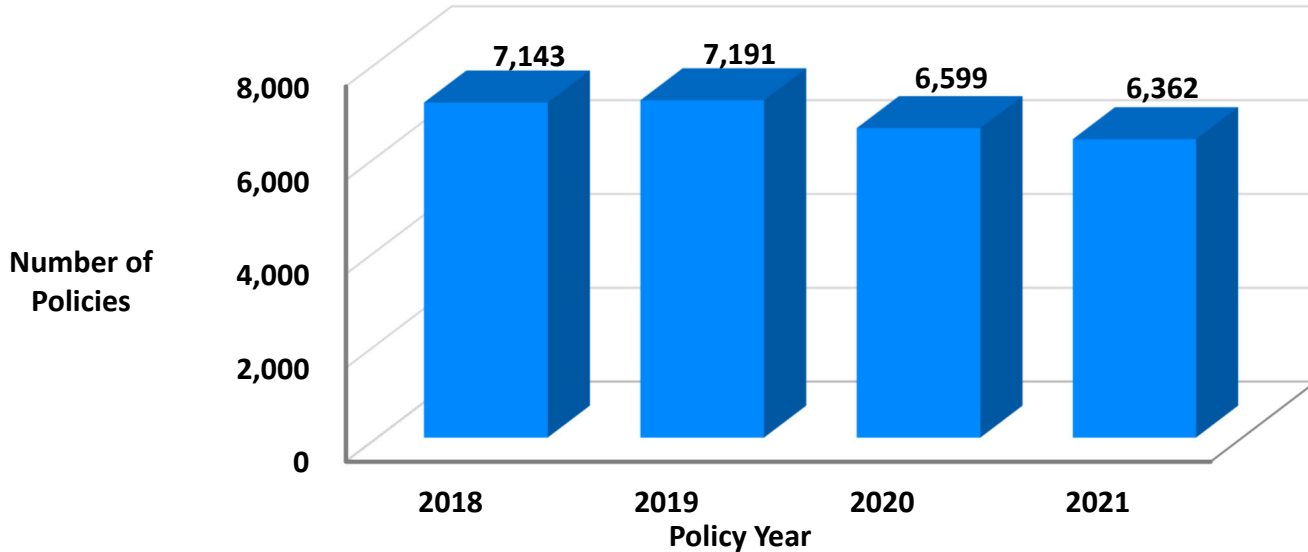


Residual Market Demographics

Residual Market Total Policy Counts

Annual Data for Policies Reported through December 31, 2021

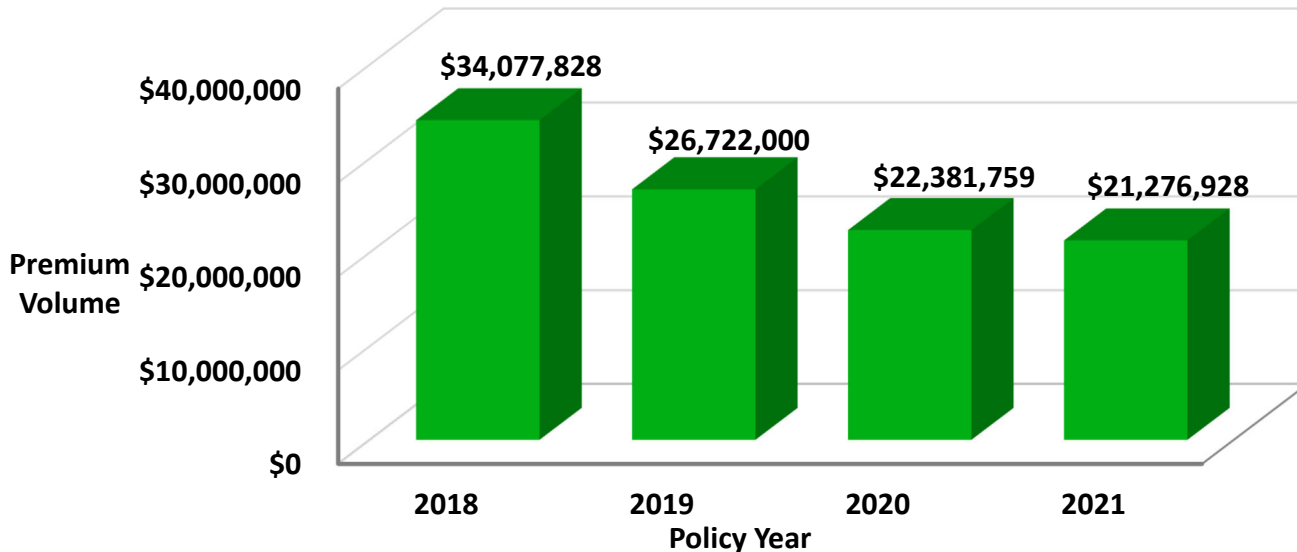
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Annual Data Reported through December 31, 2021

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 Annual Data Reported through December 31, 2021

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	4,528	71.2	3,456,337	16.2	763
\$2500- \$4999	847	13.3	2,994,440	14.1	3,535
\$5000- \$9999	549	8.6	3,872,082	18.2	7,053
\$10000- \$19999	274	4.3	3,805,576	17.9	13,889
\$20000- \$49999	129	2.0	3,800,472	17.9	29,461
\$50000- \$99999	24	0.4	1,736,510	8.2	72,355
\$100000- \$199999	10	0.2	1,387,785	6.5	138,779
\$2000000+	1	0.0	223,726	1.1	223,726
Total	6,362	100.0	21,276,928	100.0	3,344

Annual 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	4,682	71.0	3,703,162	16.5	791
\$2500- \$4999	897	13.6	3,200,536	14.3	3,568
\$5000- \$9999	542	8.2	3,774,678	16.9	6,964
\$10000- \$19999	304	4.6	4,201,618	18.8	13,821
\$20000- \$49999	131	2.0	3,838,786	17.2	29,304
\$50000- \$99999	32	0.5	2,103,713	9.4	65,741
\$100000- \$199999	10	0.2	1,350,146	6.0	135,015
\$2000000+	1	0.0	209,120	0.9	209,120
Total	6,599	100.0	22,381,759	100.0	3,392



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 31, 2021

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	564	8.9
2	9094 - Outdoor Guide Services	340	5.3
3	8017 - Store: Retail NOC	220	3.5
4	8810 - Clerical Office Employees NOC	216	3.4
5	7219 - Trucking - NOC-All Employees & Drivers	196	3.1
6	8824 - Retirement Living Centers - Health Care Employees	182	2.9
7	8832 - Physician & Clerical	180	2.8
8	9052 - Hotel - All Other Employees & Salespersons, Drivers	132	2.1
9	8742 - Salespersons or Collectors - Outside	131	2.1
10	9015 - Building or Property Management - All Other Employees	131	2.1

Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 31, 2021

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	1,686,956	7.9
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	1,528,441	7.2
3	7431 - Aviation - Air Charter or Air Taxi - Flying Crew	536,993	2.5
4	9052 - Hotel - All Other Employees & Salespersons, Drivers	522,131	2.5
5	5403 - Carpentry NOC	494,952	2.3
6	8824 - Retirement Living Centers - Health Care Employees	486,244	2.3
7	8832 - Physician & Clerical	463,872	2.2
8	9015 - Building or Property Management - All Other Employees	414,717	1.9
9	7720 - Police Officers & Drivers	400,786	1.9
10	8864 - Social Service Organization - All Employees & Salespersons, Drivers	397,439	1.9



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.