



Alabama Residual Market State Activity Report

First Quarter 2022



Executive Summary

NCCI, as Pool and Plan Administrator of the Alabama Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2022 *Alabama 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 Alabama 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.

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Residual Market Demographics

Residual Market Total Policies and Premium in Force

As of March 31, 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.

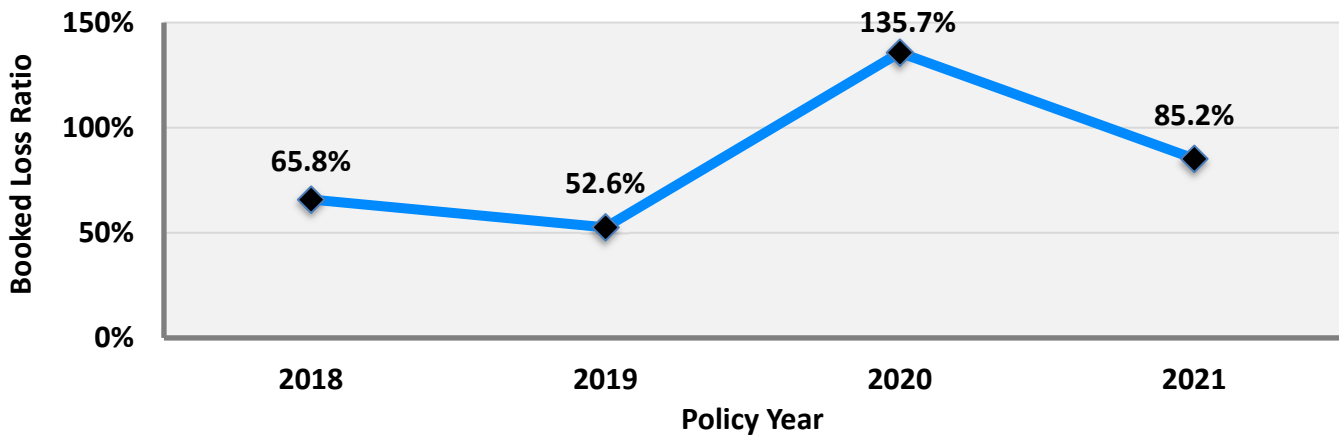
	2022	2021	2022 vs. 2021 #	2022 vs. 2021 %
Policy Count	1,411	1,439	-28	-1.9%
Premium Volume	\$11,048,005	\$8,007,556	\$3,040,449	38.0%



Residual Market Demographics

Alabama Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 4th Quarter 2021 for 2021 and prior years*

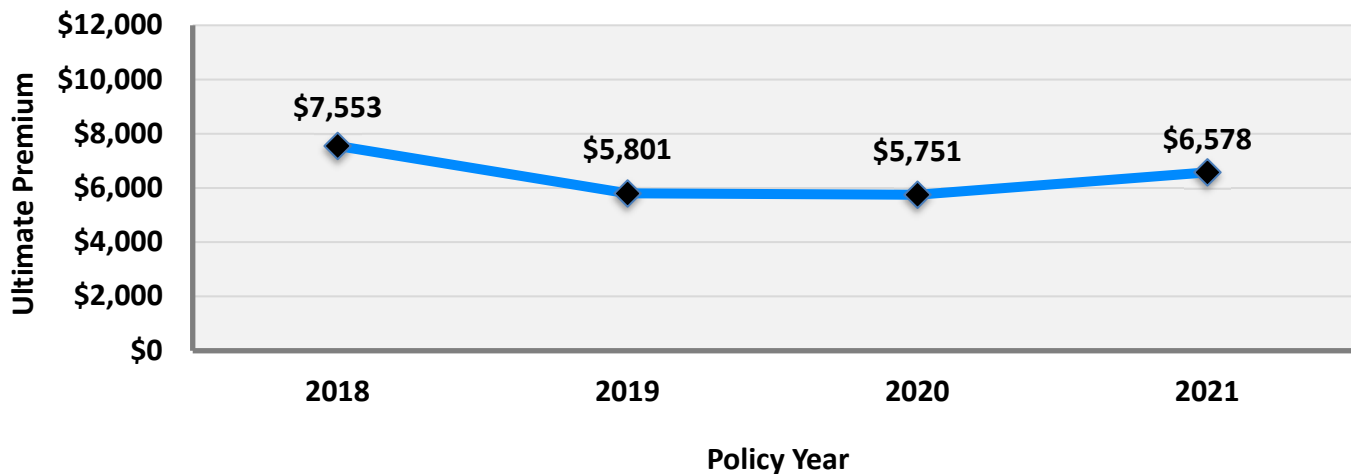
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 4th Quarter 2021 for 2021 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.



*1st Quarter 2022 data will be available the end of July 2022 due to the timing of data reporting

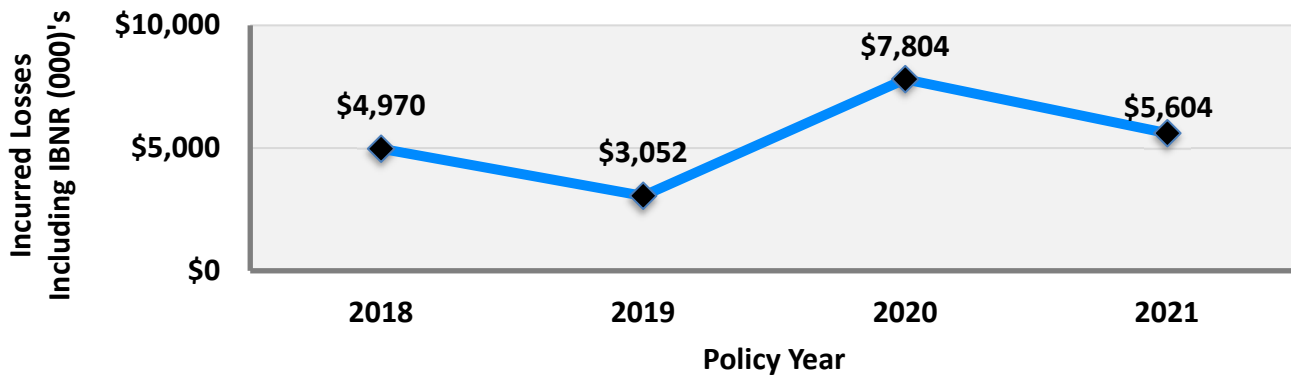


Residual Market Demographics

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

Policy Year Financial Results through 4th Quarter 2021 for 2021 and prior years*

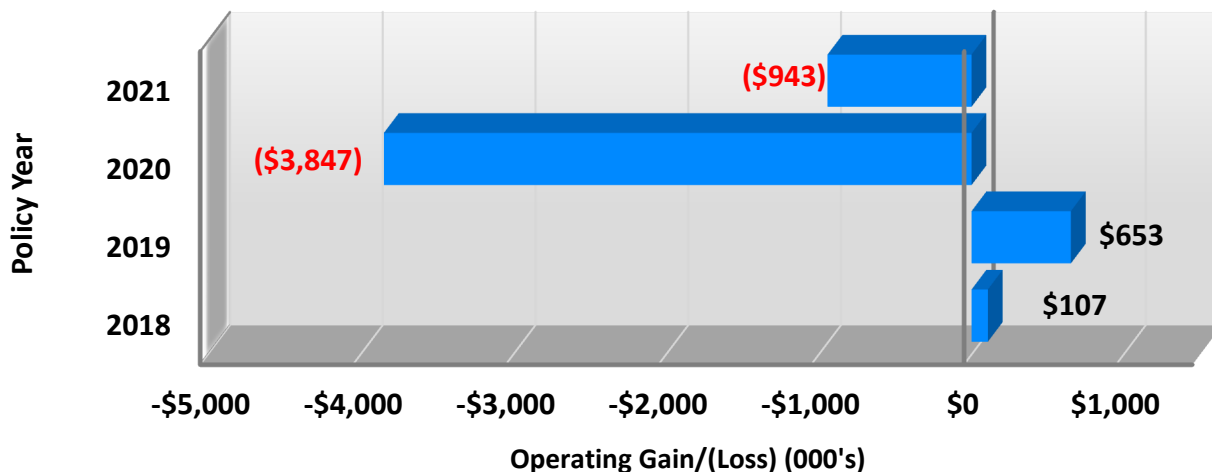
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 4th Quarter 2021 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.



*1st Quarter 2022 data will be available the end of July 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 Alabama for Policy Years 2017-2021, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2021.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2017	8,180,611	892,226	10.9%
2018	9,058,324	1,505,682	16.6%
2019	6,696,636	895,253	13.4%
2020	6,895,516	--	--
2021	6,353,721	--	--

* 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

First Quarter Data through March 31, 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 First Quarter 2022.

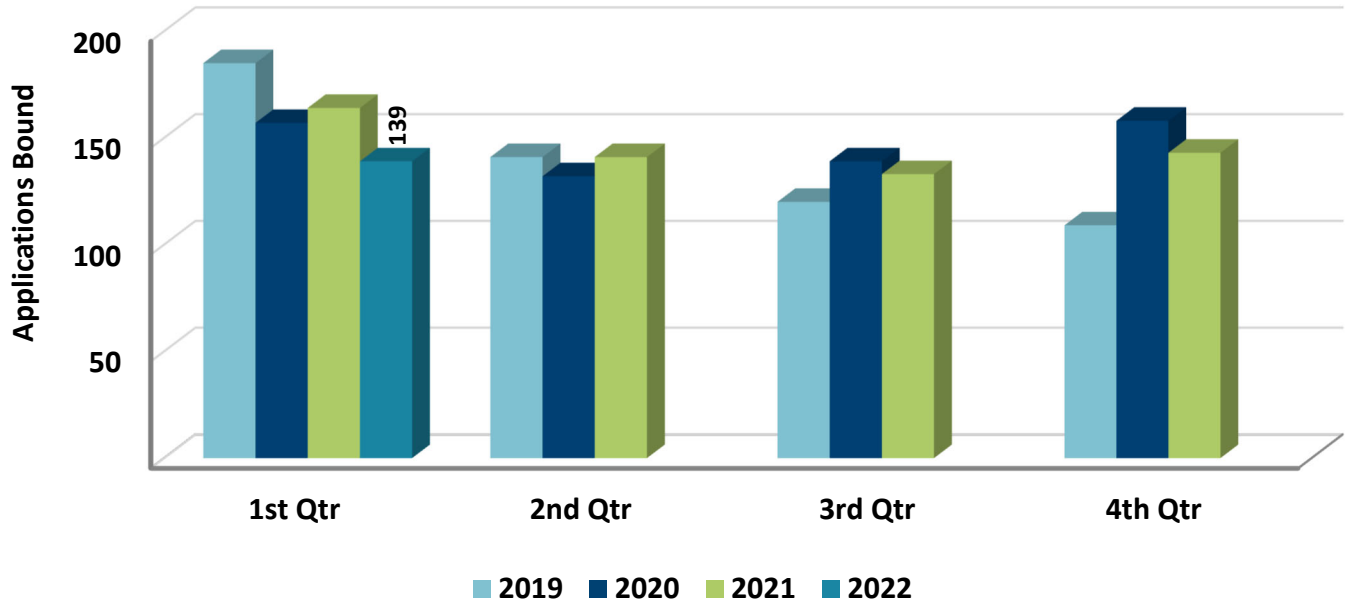
Number of Applications Reviewed by VCAP[®] Service	147
Number of VCAP[®] Service Matches	97
VCAP[®] Service Offers as a % of Matches	8.25%
Number of Confirmed VCAP[®] Service Policies	8
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	5.44%
Savings as a % of Redirected Assigned Risk Premium	18.97%



Residual Market Demographics

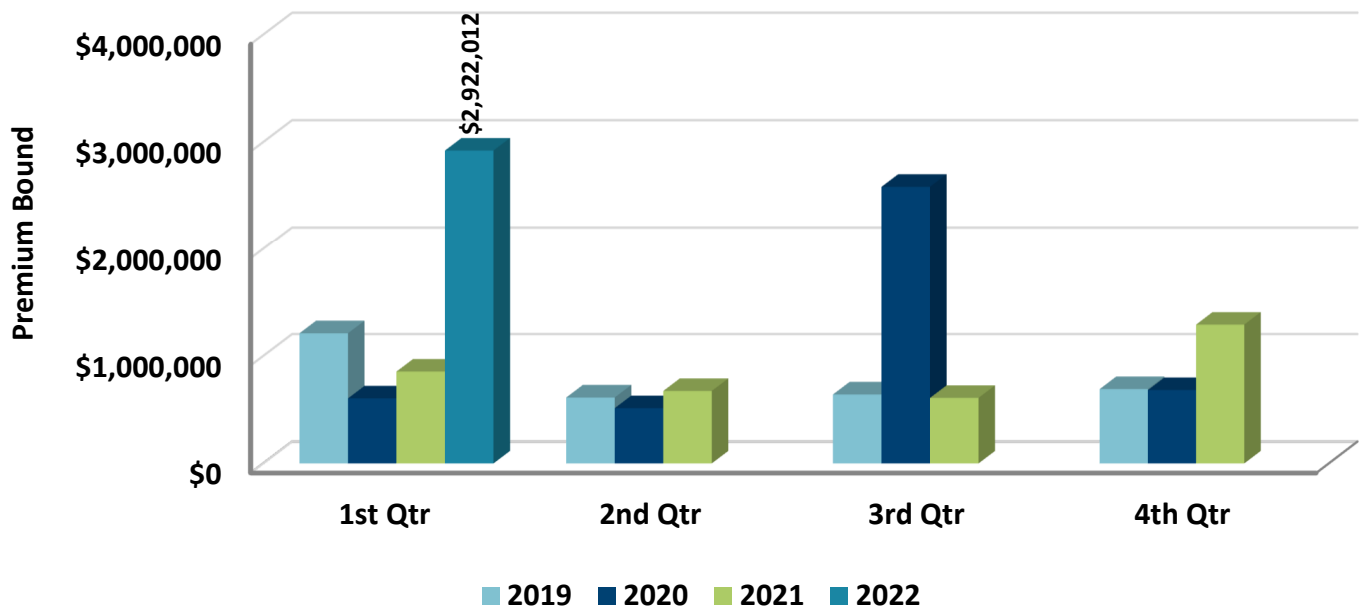
Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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).



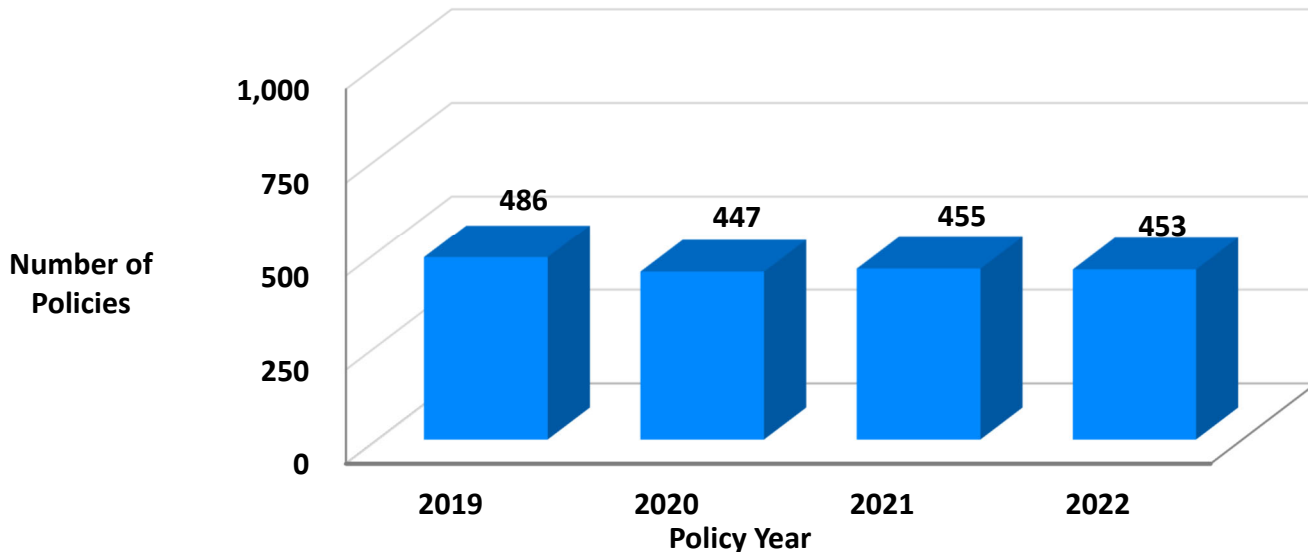


Residual Market Demographics

Residual Market Total Policy Counts

First Quarter Data for Policies Reported through March 31, 2022

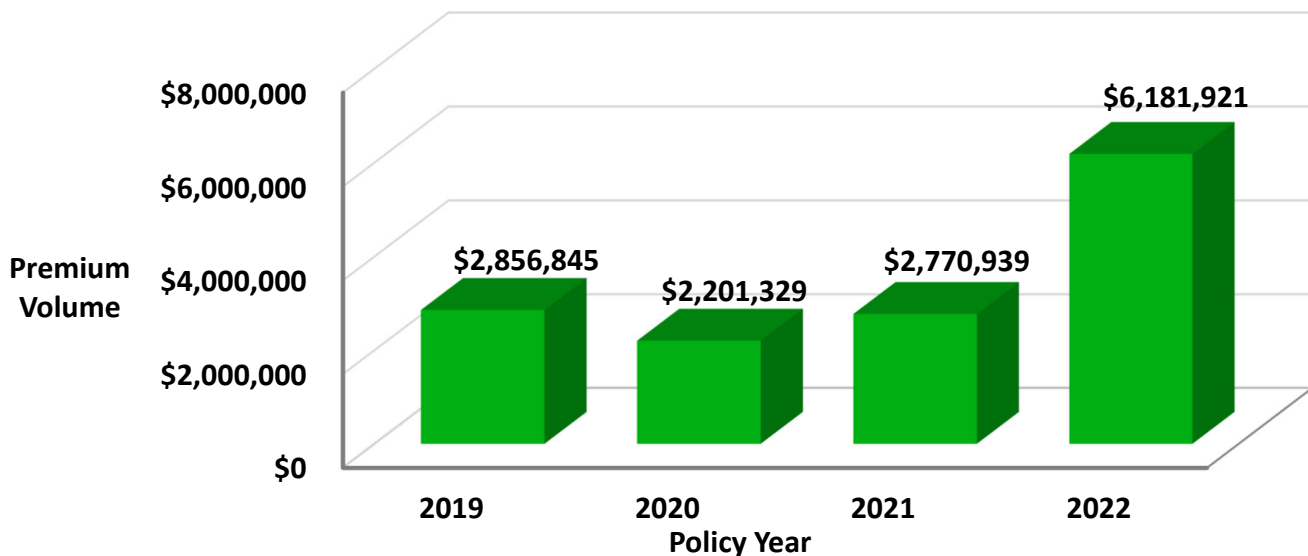
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

First Quarter Data Reported through March 31, 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

First Quarter Data Reported through March 31, 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	279	61.6	409,726	6.6	1,469
\$2500- \$4999	51	11.3	176,472	2.9	3,460
\$5000- \$9999	48	10.6	340,456	5.5	7,093
\$10000- \$19999	34	7.5	472,809	7.6	13,906
\$20000- \$49999	23	5.1	697,481	11.3	30,325
\$50000- \$99999	10	2.2	635,161	10.3	63,516
\$100000- \$199999	5	1.1	710,783	11.5	142,157
\$2000000+	3	0.7	2,739,033	44.3	913,011
Total	453	100.0	6,181,921	100.0	13,647

First Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	299	65.7	372,557	13.4	1,246
\$2500- \$4999	53	11.6	180,691	6.5	3,409
\$5000- \$9999	39	8.6	270,313	9.8	6,931
\$10000- \$19999	31	6.8	430,111	15.5	13,875
\$20000- \$49999	21	4.6	611,201	22.1	29,105
\$50000- \$99999	10	2.2	648,930	23.4	64,893
\$100000- \$199999	2	0.4	257,136	9.3	128,568
\$2000000+	0	0.0	0	0.0	0
Total	455	100.0	2,770,939	100.0	6,090



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 31, 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	7711 - Firefighters & Drivers - Volunteer	53	11.7
2	5551 - Roofing-All Kinds & Drivers	50	11.0
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	37	8.2
4	7219 - Trucking - NOC-All Employees & Drivers	18	4.0
5	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	13	2.9
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, Or Cement Board Installation - Within Buildings & Drivers	13	2.9
7	5474 - Painting NOC & Shop Operations, Drivers	13	2.9
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	13	2.9
9	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	10	2.2
10	7600 - Telecommunications Co. - Cable Tv, Or Satellite - All Other Employees & Drivers	9	2.0

Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 31, 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	9179 - Athletic Sports or Park: Contact Sports	2,281,647	36.9
2	7219 - Trucking - NOC-All Employees & Drivers	320,868	5.2
3	5551 - Roofing-All Kinds & Drivers	301,445	4.9
4	5183 - Plumbing NOC & Drivers	234,303	3.8
5	9016 - Amusement Park or Exhibition Operation & Drivers	233,943	3.8
6	5146 - Furniture or Fixtures Installation-Portable-NOC	167,007	2.7
7	3629 - Machined Parts Mfg. NOC	162,569	2.6
8	7711 - Firefighters & Drivers - Volunteer	145,400	2.4
9	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	145,030	2.3
10	2710 - Sawmill	144,724	2.3



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.