



Alabama Residual Market State Activity Report

Annual 2024



Alabama Residual Market State Activity Report

Annual 2024

Executive Summary

NCCI, as Pool and Plan Administrator of the Alabama Workers Compensation Insurance Plan, is pleased to provide the Annual 2024 *Alabama Residual Market State Activity Report*.

Residual Market demographics contained in this report include:

Table of Contents

Residual Market Demographics	1
Residual Market Total Policies and Premium In Force	1
Alabama Residual Market Share Compared to All Plan Jurisdictions Market Share	2
Alabama Residual Market Reinsurance Pool	3
Booked Loss Ratio (Projected to Ultimate)	3
Ultimate Net Written Premium (Projected to Ultimate) (000's)	3
Alabama Residual Market Reinsurance Pool Net Operating Results	4
Incurred Losses (Projected to Ultimate)	4
Estimated Net Operating Gain/(Loss) (000's) (Projected to Ultimate)	4
Collections/Indemnification	5
Voluntary Coverage Assistance Program	6
Total Applications Bound — 2021 vs. 2022 vs. 2023 vs. 2024	7
Total Application Premium Bound — 2021 vs. 2022 vs. 2023 vs. 2024	7
Residual Market Total Policy Counts	8
Residual Market Total Premium Volume	8
Premium Size Profiles	9
Hazard Group Distribution	10
Residual Market Top 10 Classification Codes by Policy Count	11
Residual Market Top 10 Classification Codes by Premium Volume	11
Glossary of Terms	12

If you have any questions or comments about this report, please feel free to contact:

Sean Cordell, Plan Administration, sean_cordell@ncci.com or 561-893-3171.



Residual Market Demographics

Residual Market Total Policies and Premium In Force

As of December 31, 2024—compared to prior year

Total number of Assigned Risk Plan policies and prorated estimated premium volume in force reported as of the date listed above. This excludes policies that have been cancelled or expired prior to the date listed above.

The other exhibits in this report describe quarterly and year-to-date data, including policies that cancelled or expired during the timeframe.

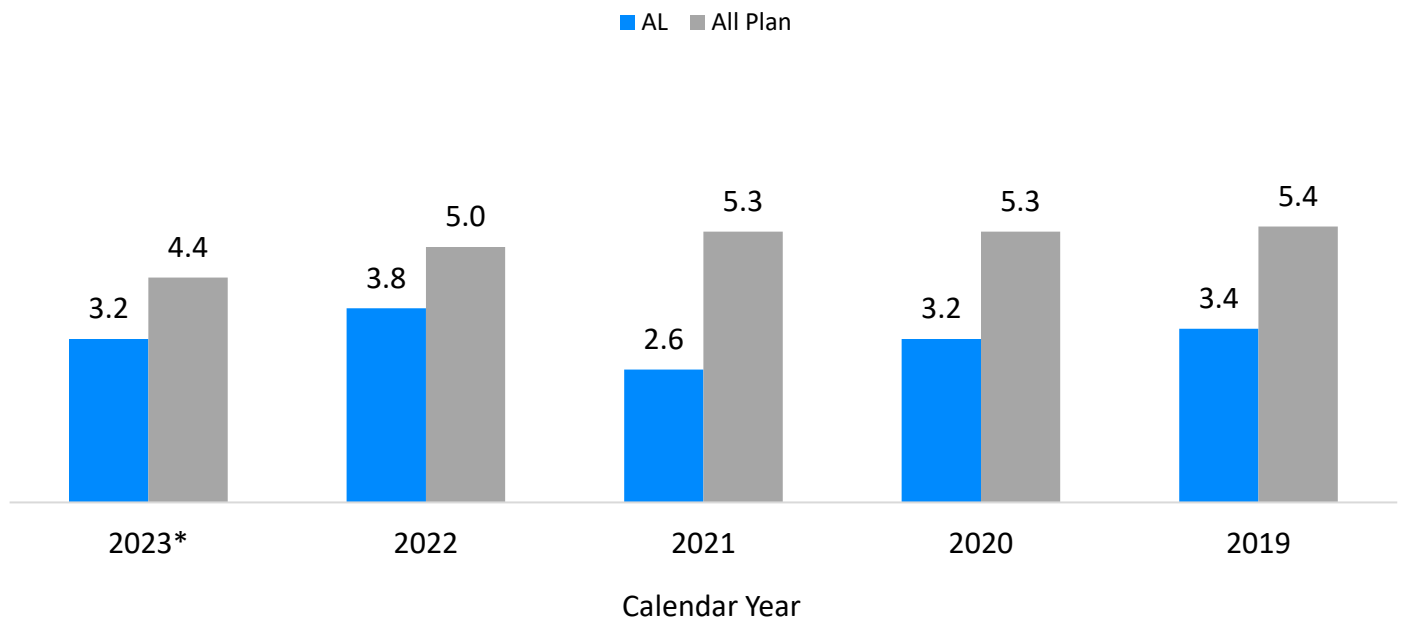
	2024	2023	2024 vs. 2023 #	2024 vs. 2023 %
Policy Count	1,233	1,367	-134	-9.8%
Premium Volume	\$7,590,630	\$7,926,591	-\$335,961	-4.2%



Residual Market Demographics

Alabama Residual Market Share Compared to All Plan Jurisdictions Market Share Calendar Years 2023 - 2019

Plan Premium as a Percentage of Direct Written Premium



*Preliminary

Note: The Residual Market Share is based on residual market written premium as a percentage of total direct written premium on a calendar year basis, from financial data reported to NCCI.

Due to the nature of calendar year data, this chart provides a full year of data and is updated only once a year with the second quarter report.

This Residual Market Share is published in the **Residual Market Management Summary** within *Exhibit P* for NCCI Plan and Pool Administered states. "All Plan" jurisdictions in this chart represent the subtotal market shares for NCCI Plan-administered states within *Exhibit P*.



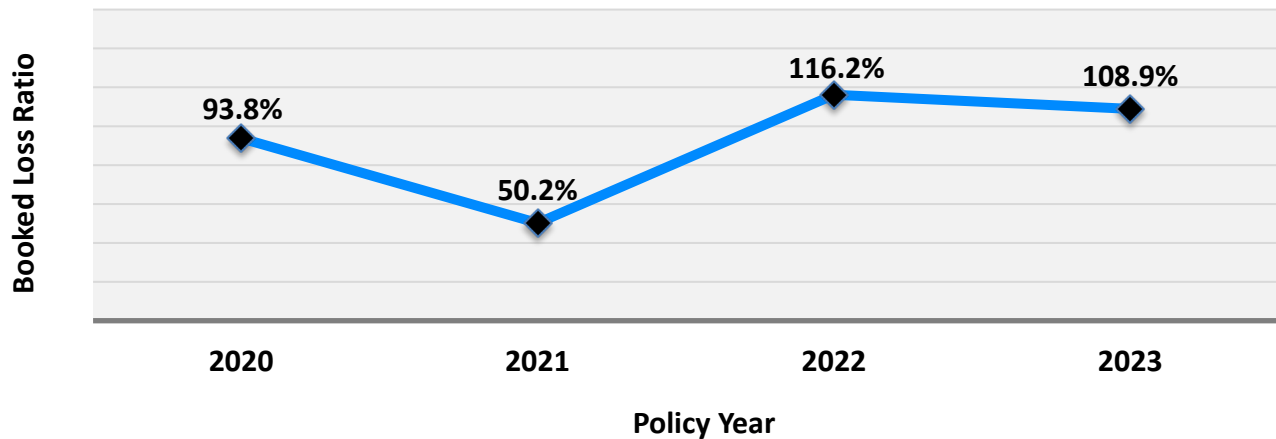
Residual Market Demographics

Alabama Residual Market Reinsurance Pool

Policy Year Financial Results through 3rd Quarter 2024 for 2023 and prior years*

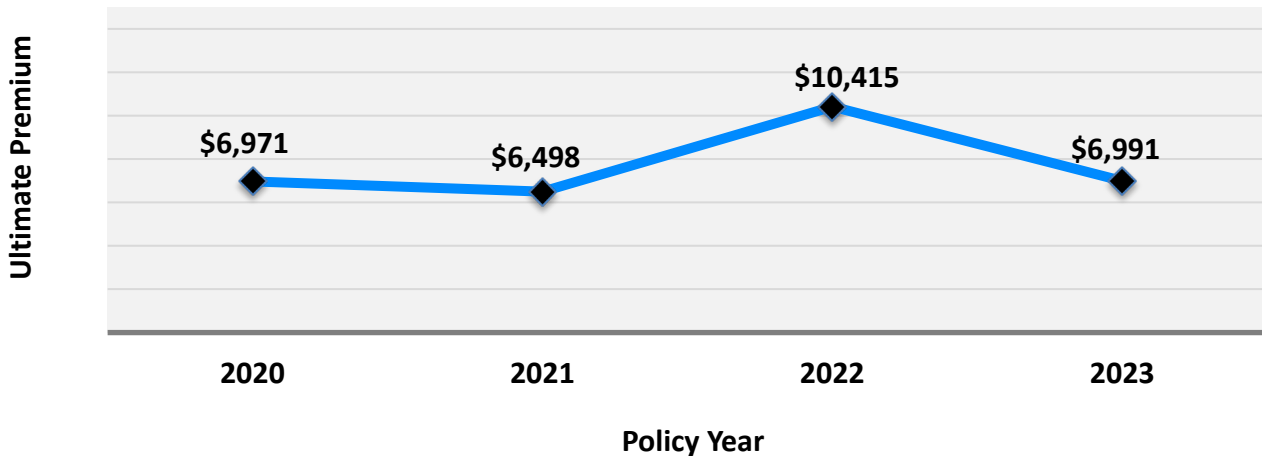
Booked Loss Ratio (Projected to Ultimate)

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.



Ultimate Net Written Premium (Projected to Ultimate) (000's)

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



*4th Quarter 2024 data will be available the end of April 2025 due to the timing of data reporting

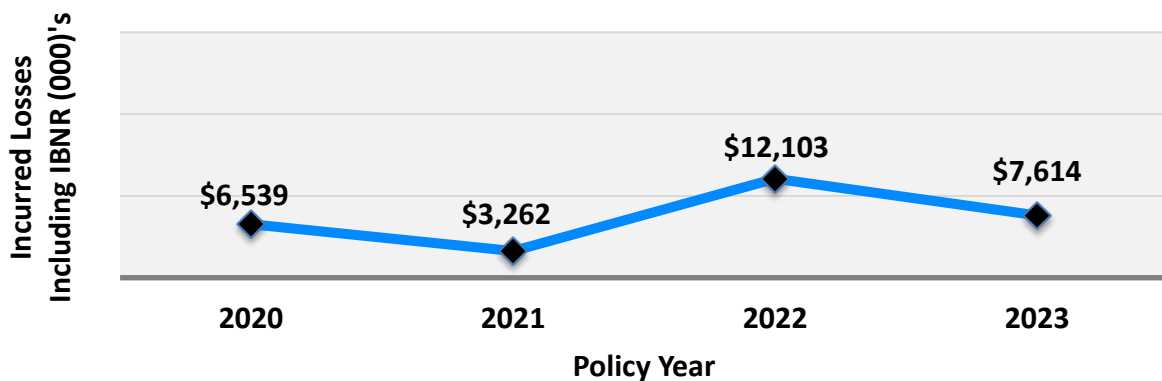


Residual Market Demographics

Alabama Residual Market Reinsurance Pool Net Operating Results Policy Year Financial Results through 3rd Quarter 2024 for 2023 and prior years*

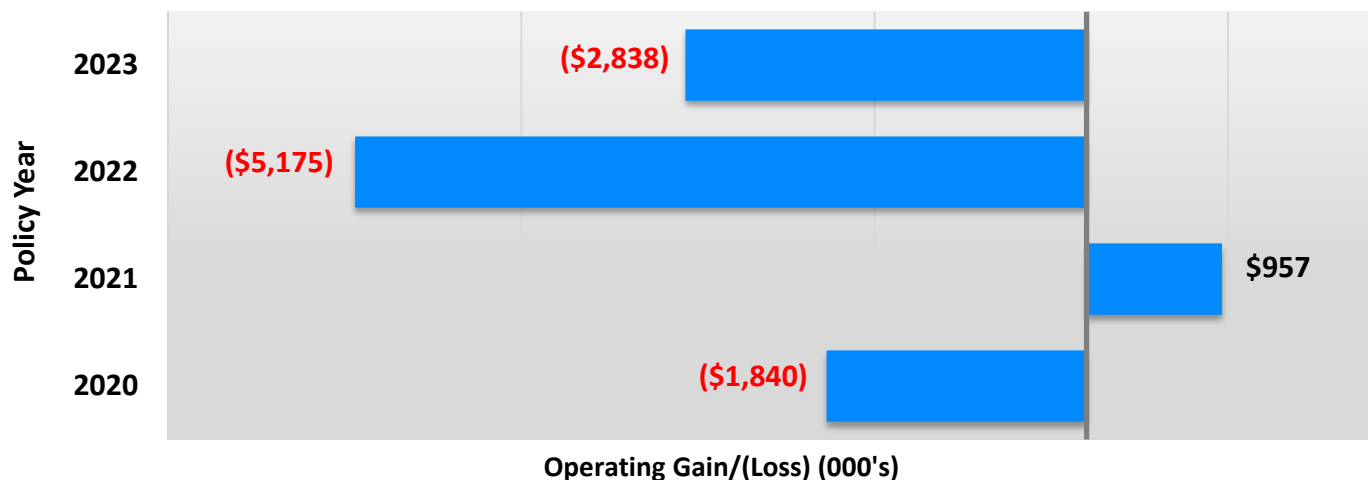
Incurred Losses (Projected to Ultimate)

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



Estimated Net Operating Gain/(Loss) (000's) (Projected to Ultimate)

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 2024 data will be available the end of April 2025 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 2020-2024, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2024.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2020	7,596,314	625,503	8.2%
2021	8,432,310	1,934,032	22.9%
2022	11,883,320	1,422,922	12.0%
2023	7,718,266	--	--
2024	4,799,388	--	--

* 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, 2024

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 2024.

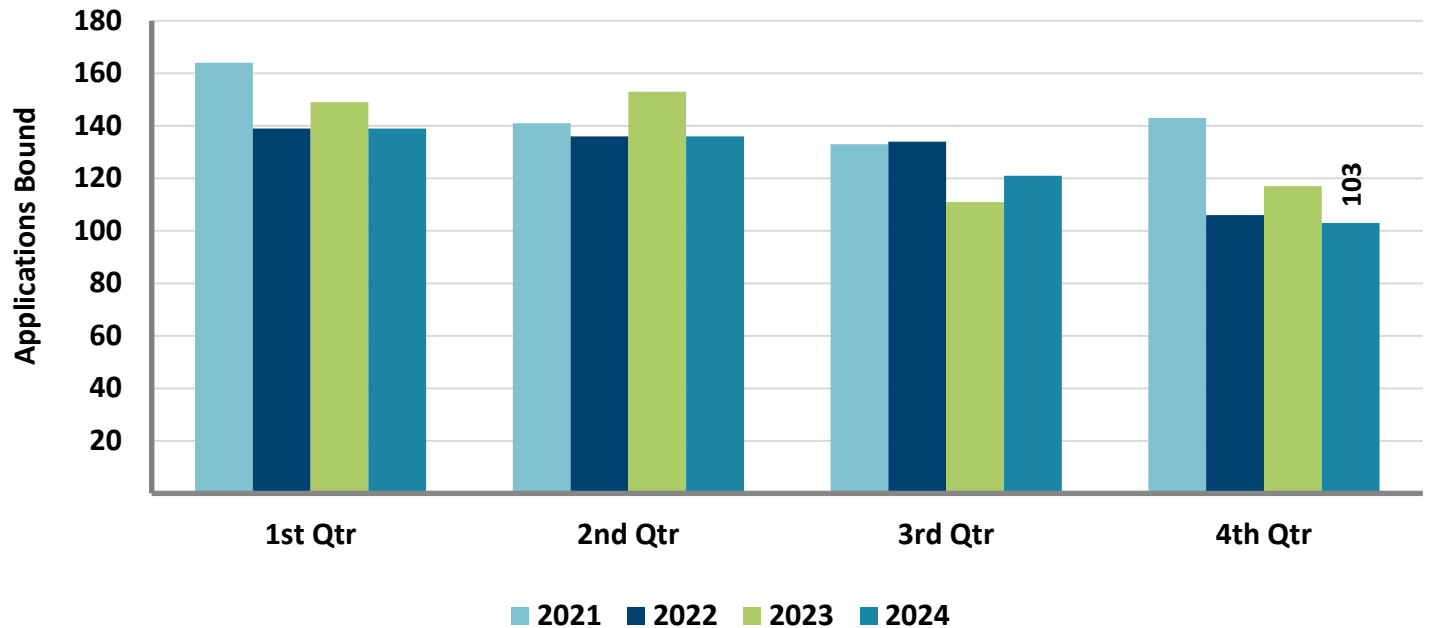
Number of Applications Reviewed by VCAP® Service	532
Associated Premium for Applications Reviewed	\$3,668,101.94
Number of VCAP® Service Matches	396
VCAP® Service Matches as a % of Applications Reviewed	74.44%
Number of VCAP® Service Offers	35
VCAP® Service Offers as a % of Matches	8.84%
Number of Confirmed VCAP® Service Policies	34
Confirmed VCAP® Service Policies as a % of Applications Reviewed	6.39%
Redirected Assigned Risk Premium	\$447,520.21
Associated Voluntary Market Premium	\$336,252.00
Savings	\$111,268.21
Average Savings per Application	\$3,272.59
Savings as a % of Redirected Assigned Risk Premium	24.86%
Redirected Premium as a % of Associated Premium for Applications Reviewed by VCAP® Service	12.20%



Residual Market Demographics

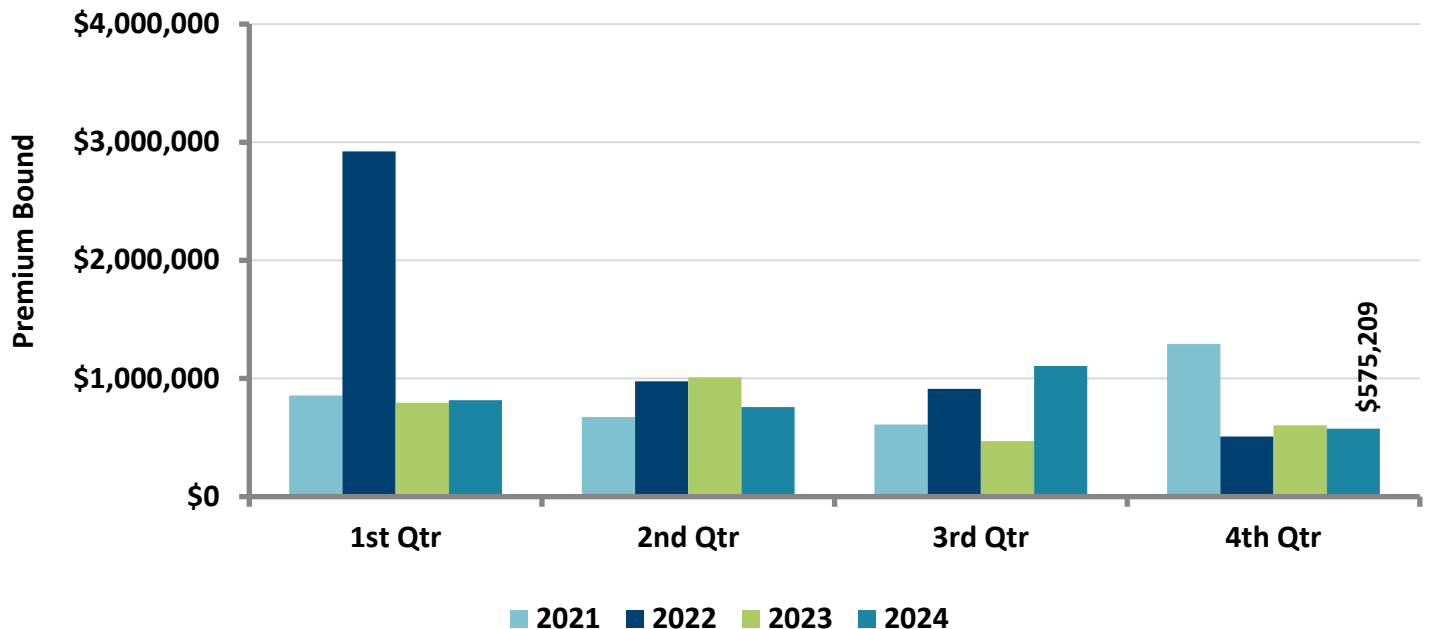
Total Applications Bound — 2021 vs. 2022 vs. 2023 vs. 2024

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 — 2021 vs. 2022 vs. 2023 vs. 2024

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).



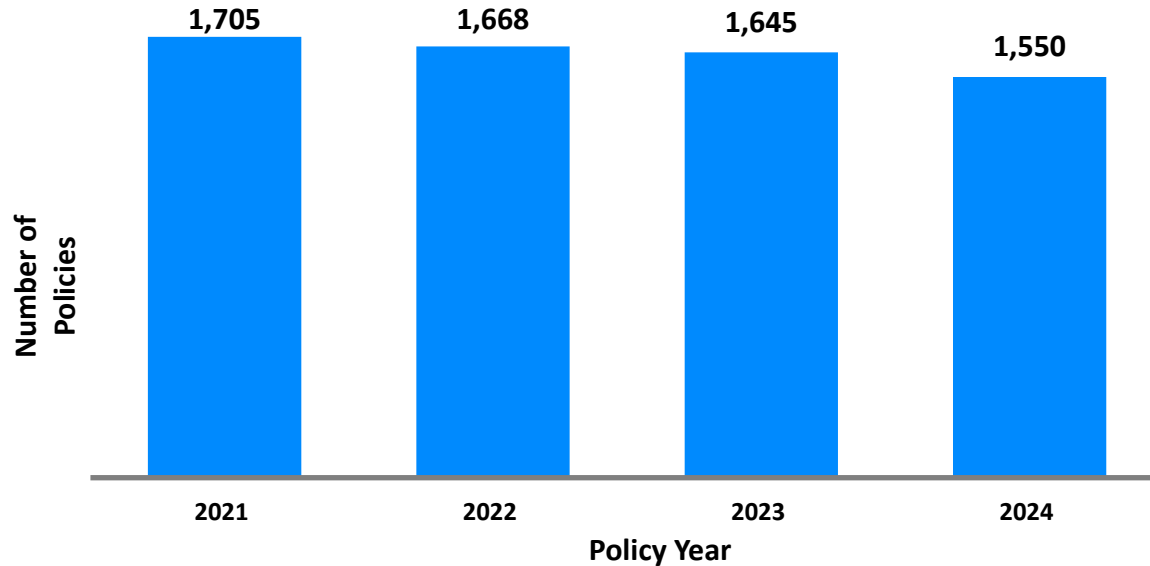


Residual Market Demographics

Residual Market Total Policy Counts

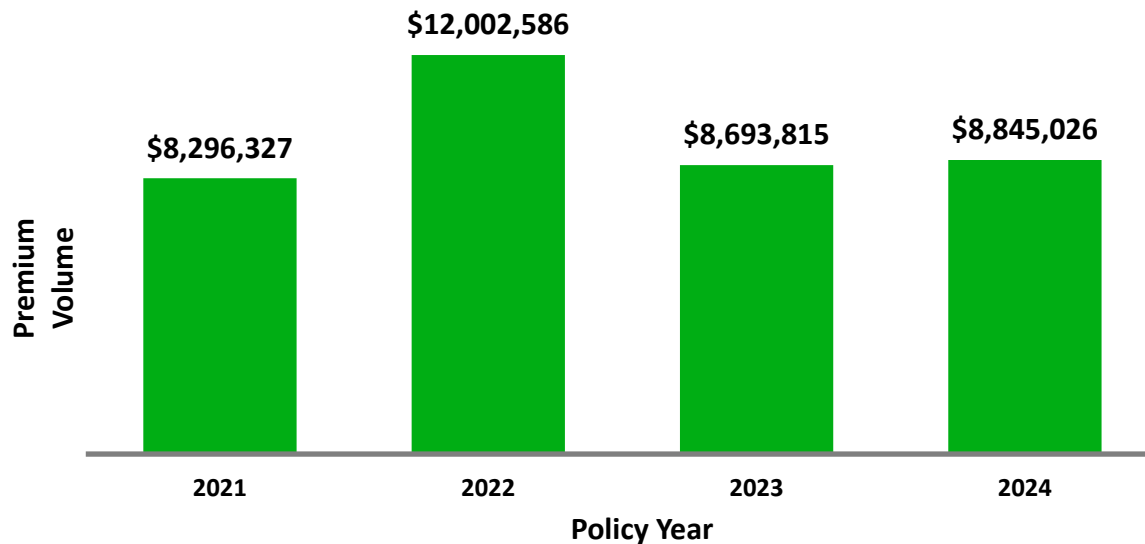
Annual Data for Policies Reported through December 31, 2024

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



Annual Data for Premium Reported through December 31, 2024

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





Alabama Residual Market State Activity Report

Annual 2024

Residual Market Demographics

Premium Size Profiles

The total number of Assigned Risk Plan policies and prorated estimated annual premium totals, with effective dates during the respective timeframe (Annual), and reported to NCCI by December 31, 2024, by both Direct Assignment and Servicing Carriers.

Annual Data Reported through December 31, 2024

Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	1,089	70.3	1,394,275	15.8	1,280
2,500- 4,999	206	13.3	737,304	8.3	3,579
5,000- 9,999	108	7.0	767,857	8.7	7,110
10,000- 19,999	77	5.0	1,067,960	12.1	13,870
20,000- 49,999	47	3.0	1,436,889	16.2	30,572
50,000- 99,999	13	0.8	828,319	9.4	63,717
100,000- 199,999	6	0.4	730,950	8.3	121,825
200,000+	4	0.3	1,881,472	21.3	470,368
Total	1,550	100.0	8,845,026	100.0	5,706

Annual 2023 Data for Comparison

Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	1,148	69.8	1,465,130	16.9	1,276
2,500- 4,999	199	12.1	726,423	8.4	3,650
5,000- 9,999	134	8.1	938,736	10.8	7,005
10,000- 19,999	93	5.7	1,272,938	14.6	13,688
20,000- 49,999	48	2.9	1,429,284	16.4	29,777
50,000- 99,999	14	0.9	916,996	10.5	65,500
100,000- 199,999	8	0.5	996,111	11.5	124,514
200,000+	1	0.1	948,197	10.9	948,197
Total	1,645	100.0	8,693,815	100.0	5,285

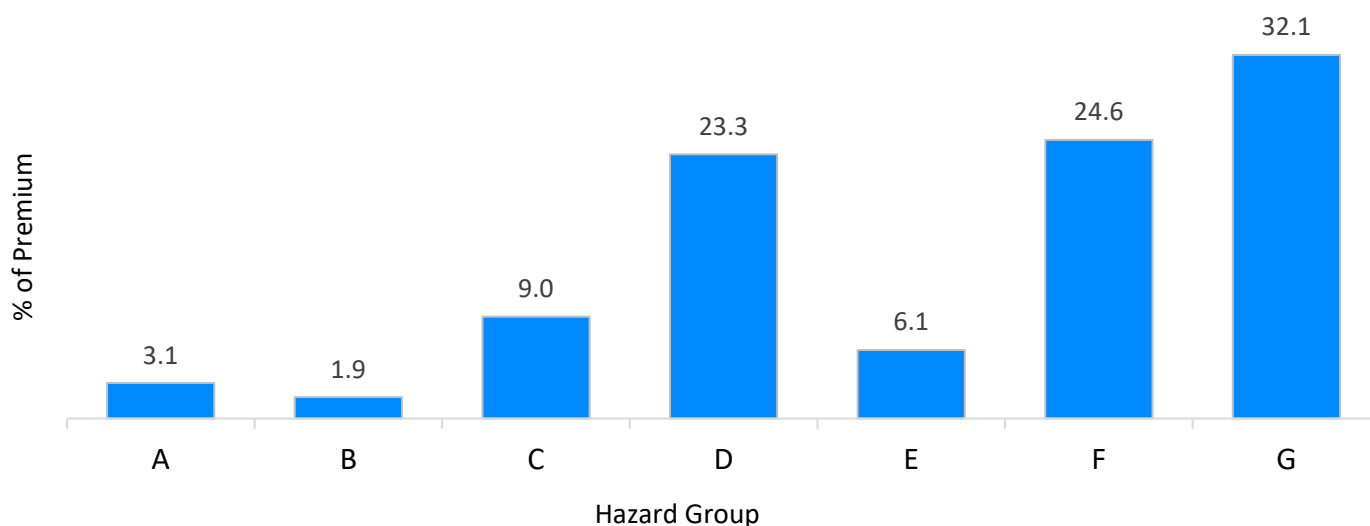


Residual Market Demographics

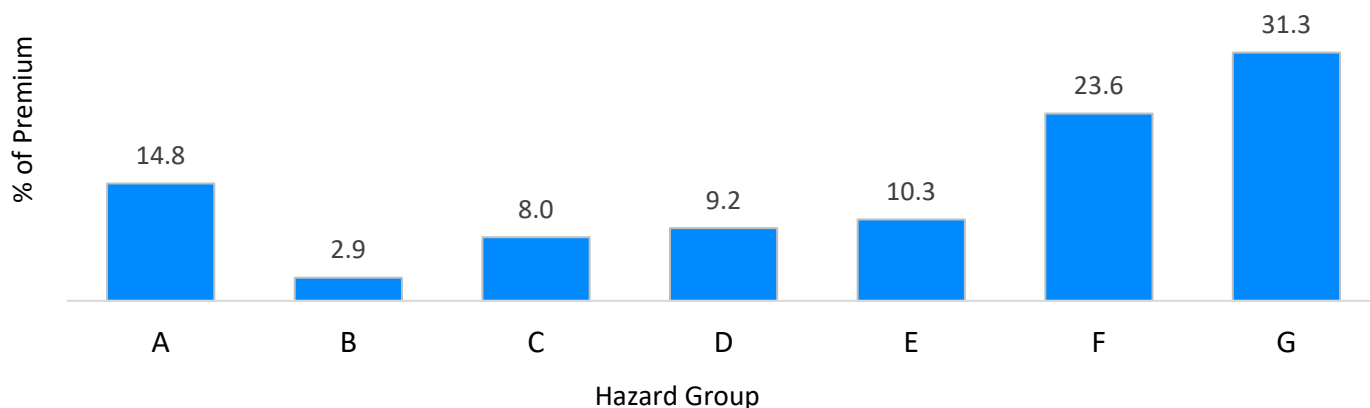
Hazard Group Distribution

Annual Data Reported through **December 31, 2024**

The Hazard Groups for Assigned Risk Plan policies reported to NCCI by Direct Assignment and Servicing Carriers as of the date listed above.



Annual **2023** Data for Comparison





Alabama Residual Market State Activity Report

Annual 2024

Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count

Annual Data Reported through December 31, 2024

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	5551 - Roofing-All Kinds & Drivers	210	13.5
2	7711 - Firefighters & Drivers - Volunteer	203	13.1
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	156	10.1
4	5474 - Painting NOC & Shop Operations, Drivers	74	4.8
5	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	45	2.9
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	38	2.5
7	5606 - Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent	36	2.3
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	33	2.1
9	7600 - Telecommunications Co. - Cable Tv, or Satellite - All Other Employees & Drivers	27	1.7
10	5403 - Carpentry NOC	26	1.7

Residual Market Top 10 Classification Codes by Premium Volume

Annual Data Reported through December 31, 2024

The top 10 governing class codes by prorated estimated annual premium 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	3808 - Automobile Mfg. or Assembly	1,264,346	14.3
2	5551 - Roofing-All Kinds & Drivers	1,052,771	11.9
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	623,313	7.0
4	7711 - Firefighters & Drivers - Volunteer	388,609	4.4
5	5474 - Painting NOC & Shop Operations, Drivers	364,274	4.1
6	4828 - Chemical Blending or Mixing NOC - All Operations & Drivers	261,387	3.0
7	5022 - Masonry NOC	254,848	2.9
8	9016 - Amusement Park or Exhibition Operation & Drivers	226,360	2.6
9	7219 - Trucking - NOC-All Employees & Drivers	209,290	2.4
10	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	174,193	2.0



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. This excludes policies that have been cancelled or expired prior to the 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.

Prorated Estimated Annual Premium—premium determined by multiplying a policy’s total estimated annual premium to a factor based on the number of days the policy was in effect. For example, if a policy was in effect for 100 days, the factor would be $100/365$ or 0.274 . For a policy with a total estimated annual premium of \$1,000 the prorated estimated annual premium would be \$274. This calculation is applied to cancelled policies.

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.