



# **Alabama Residual Market State Activity Report**

Annual 2025



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## Executive Summary

NCCI, as Pool and Plan Administrator of the Alabama Workers Compensation Insurance Plan, is pleased to provide the Annual 2025 *Alabama Residual Market State Activity Report*.

Residual Market demographics contained in this report include:

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## Residual Market Demographics

### Residual Market Total Policies and Premium **In Force**

#### **As of December 31, 2025—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.

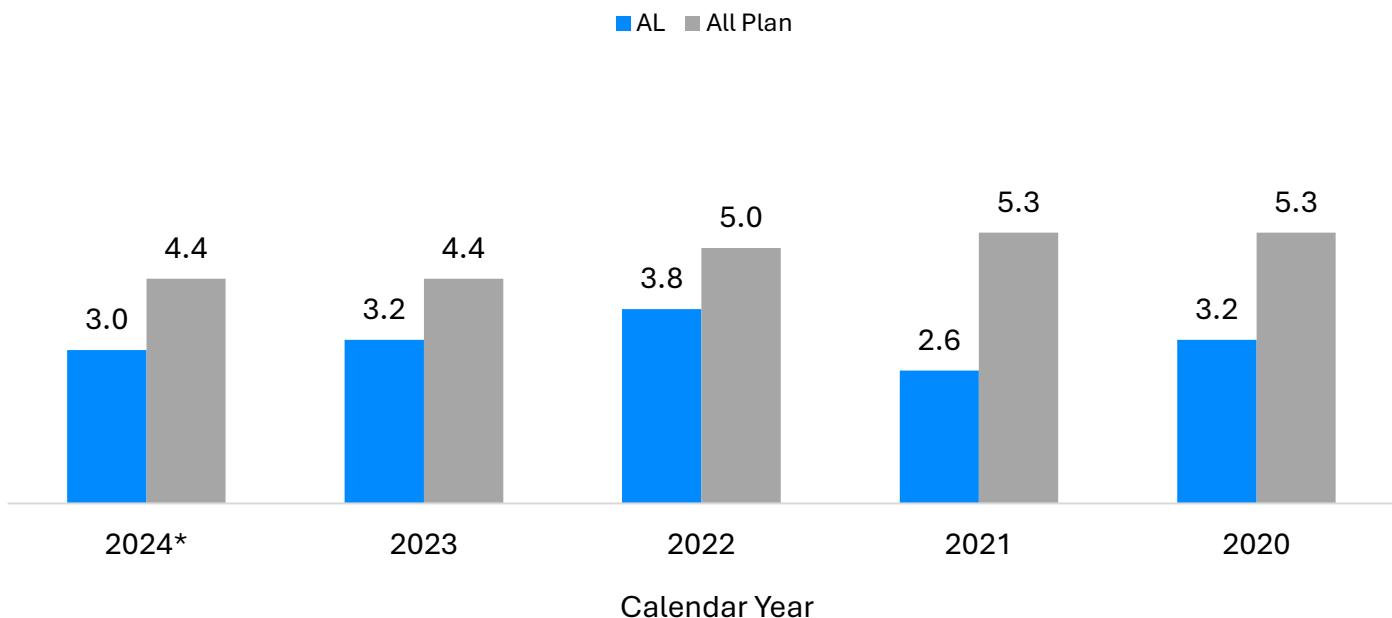
	<b>2025</b>	<b>2024</b>	<b>2025 vs. 2024 #</b>	<b>2025 vs. 2024 %</b>
<b>Policy Count</b>	1,272	1,239	33	2.7%
<b>Premium Volume</b>	\$6,549,042	\$7,067,429	-\$518,387	-7.3%

## Residual Market Demographics

### Alabama Residual Market Share Compared to All Plan Jurisdictions Market Share

Calendar Years 2024 - 2020

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*.

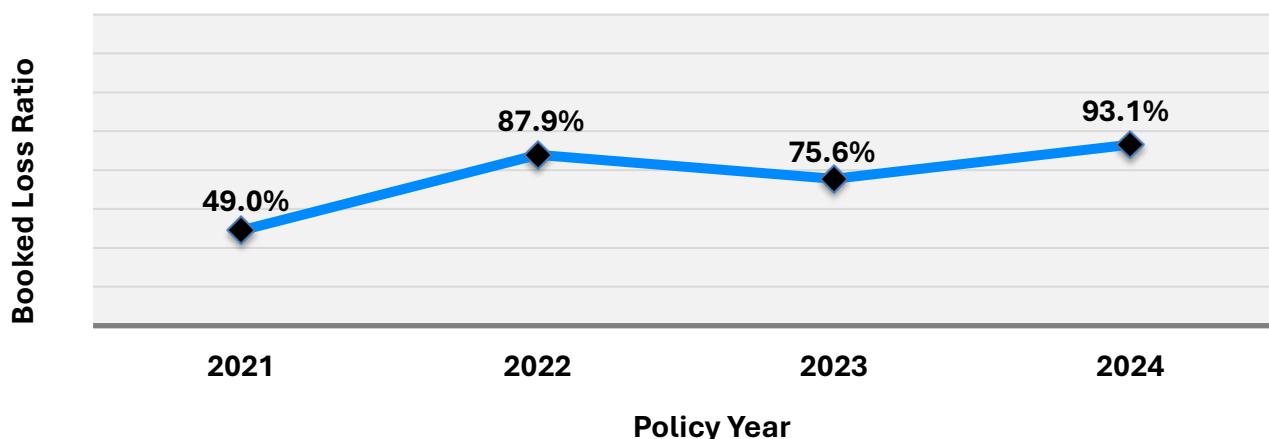
## Residual Market Demographics

### Alabama Residual Market Reinsurance Pool

Policy Year Financial Results through 3rd Quarter 2025 for 2024 and prior years\*

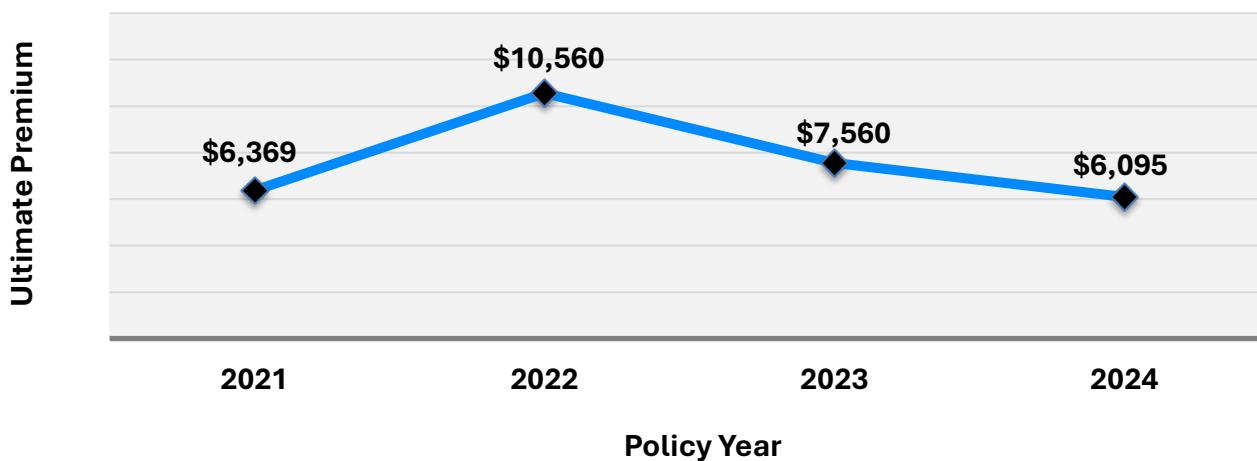
#### Booked Loss Ratio (Projected to Ultimate)

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.



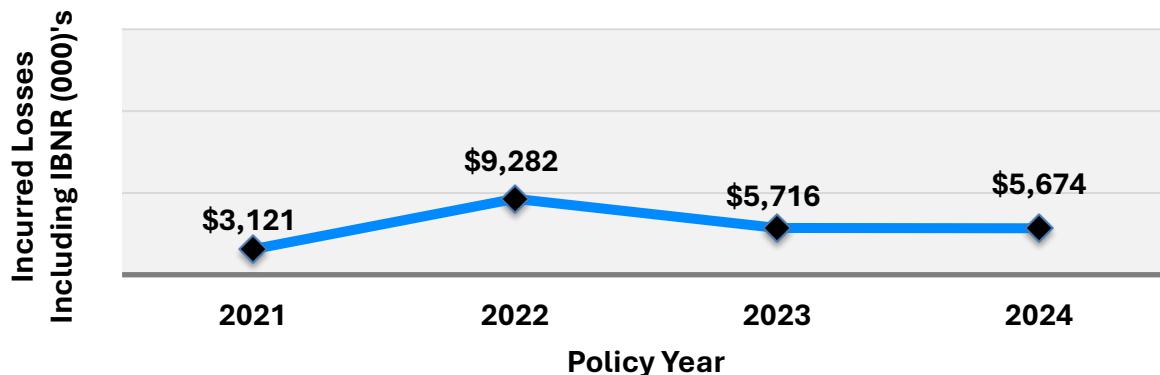
\*4th Quarter 2025 data will be available the end of April 2026 due to the timing of data reporting

## Residual Market Demographics

### Alabama Residual Market Reinsurance Pool Net Operating Results Policy Year Financial Results through 3rd Quarter 2025 for 2024 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 2025 data will be available the end of April 2026 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 2021-2025, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2025.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2021	9,394,886	3,025,508	32.2%
2022	12,053,384	1,493,601	12.4%
2023	8,177,208	417,601	5.1%
2024	6,530,843	--	--
2025	3,864,138	--	--

\* 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, 2025

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 2025.

Number of Applications Reviewed by <b>VCAP® Service</b>	517
Associated Premium for Applications Reviewed	\$2,831,079.35
Number of <b>VCAP® Service</b> Matches	240
<b>VCAP® Service</b> Matches as a % of Applications Reviewed	46.42%
Number of <b>VCAP® Service</b> Offers	26
<b>VCAP® Service</b> Offers as a % of Matches	10.83%
Number of Confirmed <b>VCAP® Service</b> Policies	26
Confirmed <b>VCAP® Service</b> Policies as a % of Applications Reviewed	5.03%
Redirected Assigned Risk Premium	\$245,375.17
Associated Voluntary Market Premium	\$202,639.00
Savings	\$42,736.17
Average Savings per Application	\$1,643.70
Savings as a % of Redirected Assigned Risk Premium	17.42%
Redirected Premium as a % of Associated Premium for Applications Reviewed by <b>VCAP® Service</b>	8.67%

## Residual Market Demographics

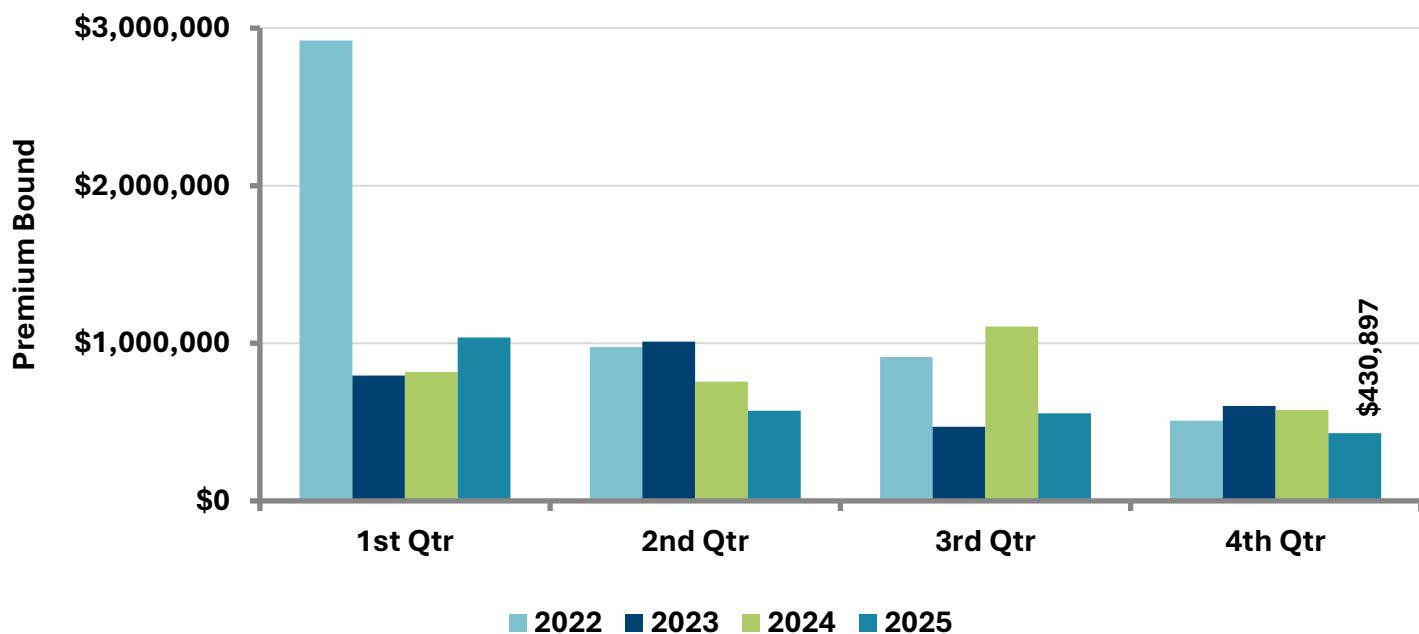
### Total Applications Bound — 2022 vs. 2023 vs. 2024 vs. 2025

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 — 2022 vs. 2023 vs. 2024 vs. 2025

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).

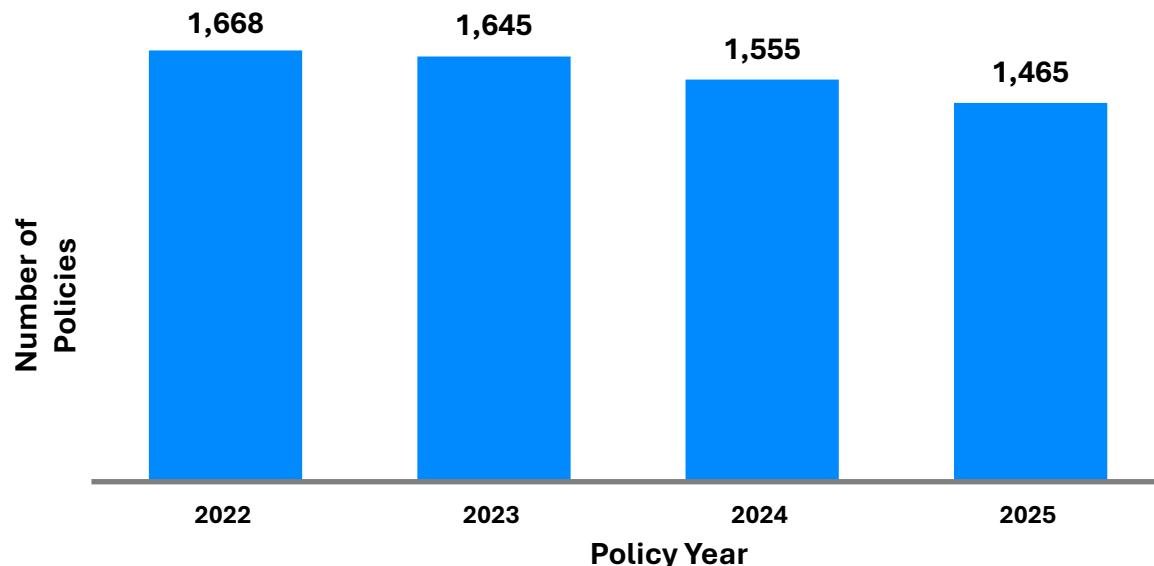


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Annual Data for Policies Reported through December 31, 2025

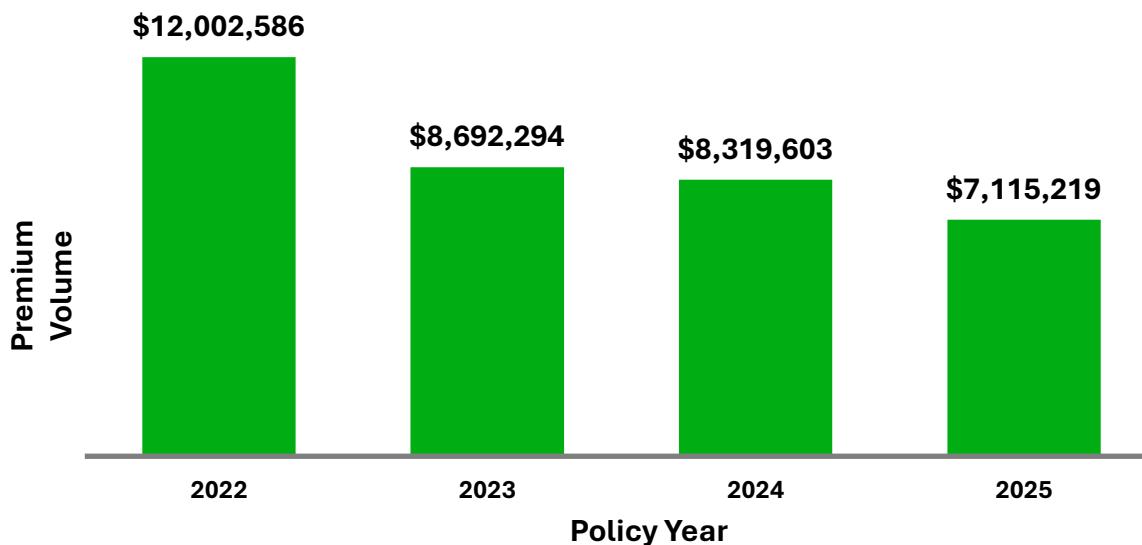
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Annual Data for Premium Reported through December 31, 2025

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





## 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, 2025, by both Direct Assignment and Servicing Carriers.

Annual Data Reported through **December 31, 2025**

Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	988	67.4	1,337,527	18.8	1,354
2,500- 4,999	201	13.7	718,350	10.1	3,574
5,000- 9,999	116	7.9	836,450	11.8	7,211
10,000- 19,999	104	7.1	1,412,339	19.8	13,580
20,000- 49,999	40	2.7	1,231,763	17.3	30,794
50,000- 99,999	13	0.9	919,988	12.9	70,768
100,000- 199,999	2	0.1	310,838	4.4	155,419
200,000+	1	0.1	347,964	4.9	347,964
<b>Total</b>	<b>1,465</b>	<b>100.0</b>	<b>7,115,219</b>	<b>100.0</b>	<b>4,857</b>

Annual 2024 Data for Comparison

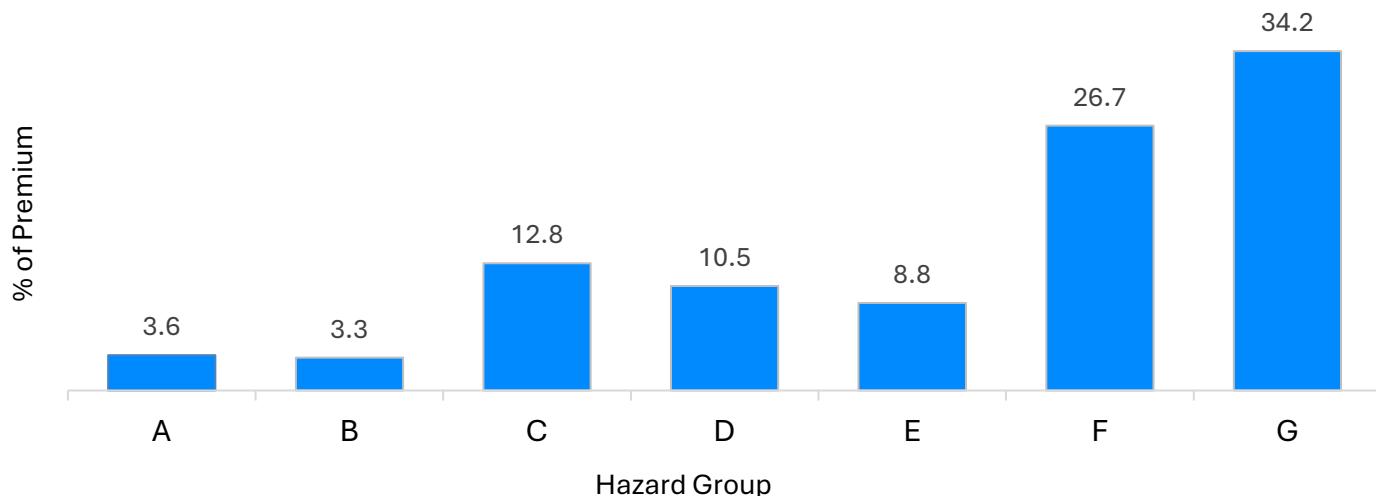
Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	1,090	70.1	1,371,950	16.5	1,259
2,500- 4,999	206	13.2	733,358	8.8	3,560
5,000- 9,999	115	7.4	829,004	10.0	7,209
10,000- 19,999	82	5.3	1,147,914	13.8	13,999
20,000- 49,999	45	2.9	1,393,969	16.8	30,977
50,000- 99,999	9	0.6	608,398	7.3	67,600
100,000- 199,999	5	0.3	627,962	7.5	125,592
200,000+	3	0.2	1,607,048	19.3	535,683
<b>Total</b>	<b>1,555</b>	<b>100.0</b>	<b>8,319,603</b>	<b>100.0</b>	<b>5,350</b>

## Residual Market Demographics

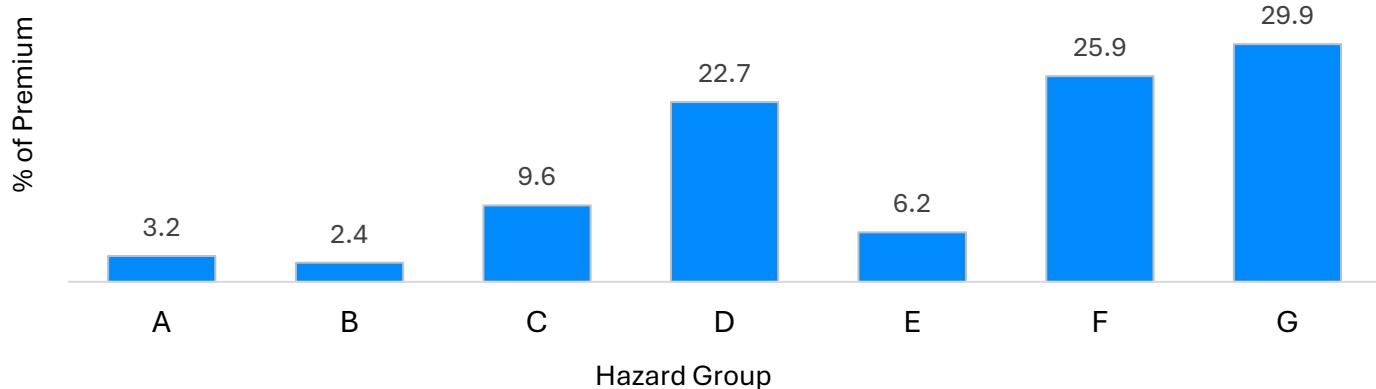
### Hazard Group Distribution

Annual Data Reported through **December 31, 2025**

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



### Annual 2024 Data for Comparison





## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count

#### Annual Data Reported through December 31, 2025

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	195	13.3
2	7711 - Firefighters & Drivers - Volunteer	182	12.4
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	170	11.6
4	5474 - Painting NOC & Shop Operations, Drivers	67	4.6
5	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	44	3.0
6	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	36	2.5
7	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	31	2.1
8	5606 - Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent	29	2.0
9	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	26	1.8
10	7600 - Telecommunications Co. - Cable TV, or Satellite - All Other Employees & Drivers	25	1.7

### Residual Market Top 10 Classification Codes by Premium Volume

#### Annual Data Reported through December 31, 2025

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	5551 - Roofing-All Kinds & Drivers	866,371	12.2
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	560,222	7.9
3	7711 - Firefighters & Drivers – Volunteer	358,495	5.0
4	3169 - Stove Mfg.	347,964	4.9
5	5474 - Painting NOC & Shop Operations, Drivers	286,247	4.0
6	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	243,586	3.4
7	9154 - Theater NOC - All Other Employees	196,684	2.8
8	8204 - Building Material Yard & Local Managers, Drivers	185,176	2.6
9	8720 - Inspection of Risks for Insurance or Valuation Purposes NOC	178,135	2.5
10	7600 - Telecommunications Co. - Cable TV, or Satellite - All Other Employees & Drivers	171,428	2.4



## 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.