



Arkansas Residual Market State Activity Report

Second Quarter 2024



Executive Summary

NCCI, as Pool and Plan Administrator of the Arkansas Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2024 *Arkansas 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 June 30, 2024—compared to prior year

Total number of Assigned Risk Plan policies and 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.

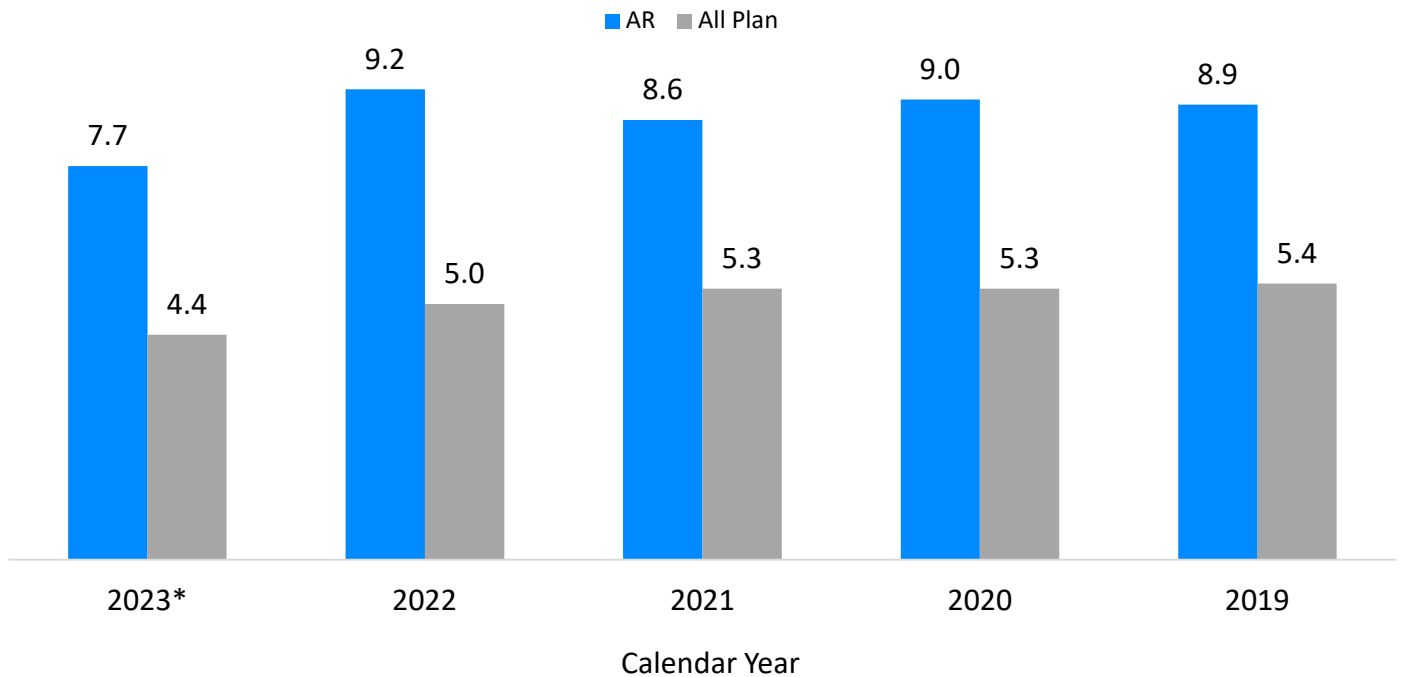
	2024	2023	2024 vs. 2023 #	2024 vs. 2023 %
Policy Count	4,493	5,182	-689	-13.3%
Premium Volume	\$15,702,881	\$18,937,499	-\$3,234,618	-17.1%



Residual Market Demographics

Arkansas 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*.



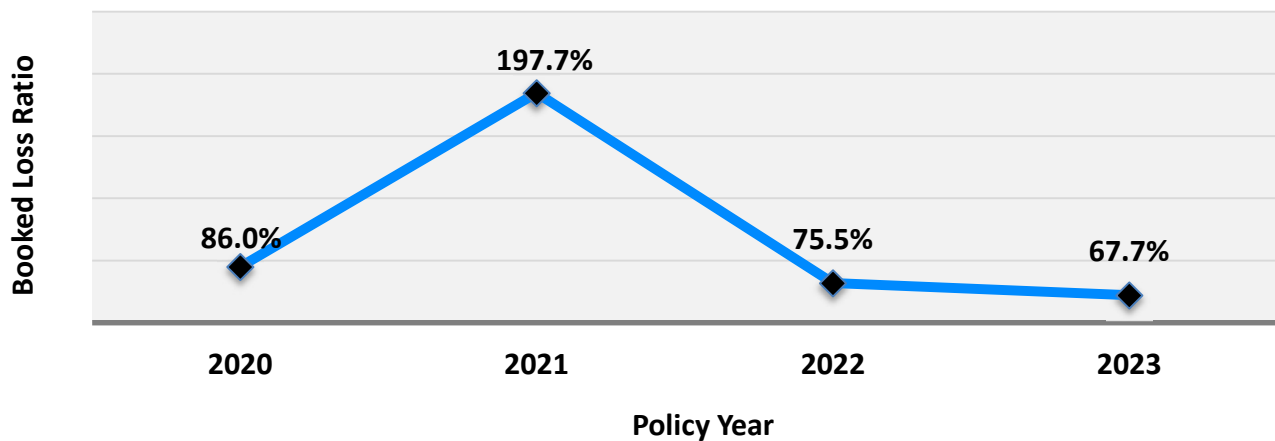
Residual Market Demographics

Arkansas Residual Market Reinsurance Pool

Policy Year Financial Results through 1st Quarter 2024 for 2023 and prior years*

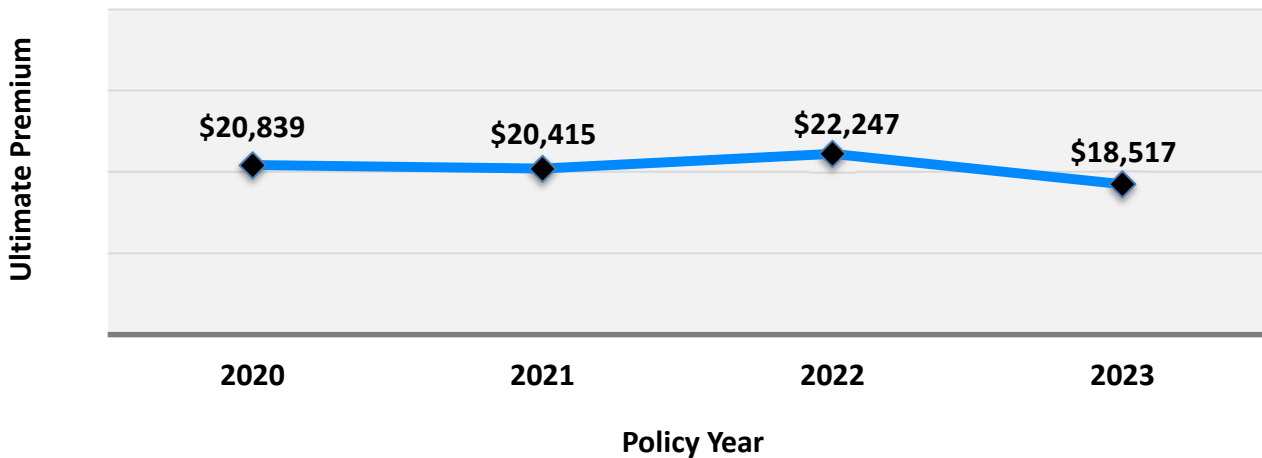
Booked Loss Ratio (Projected to Ultimate)

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.



*2nd Quarter 2024 data will be available the end of October 2024 due to the timing of data reporting



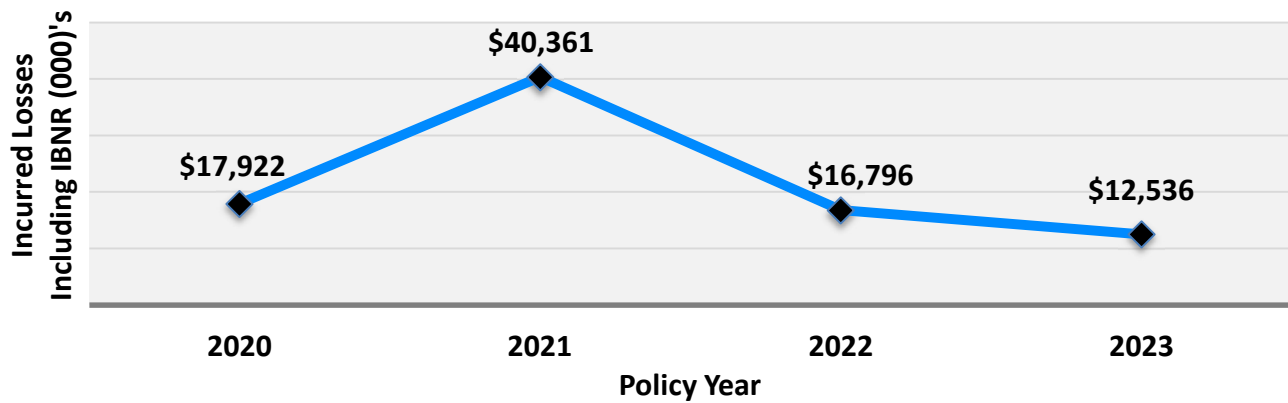
Residual Market Demographics

Arkansas Residual Market Reinsurance Pool Continued

Policy Year Financial Results through 1st Quarter 2024 for 2023 and prior years*

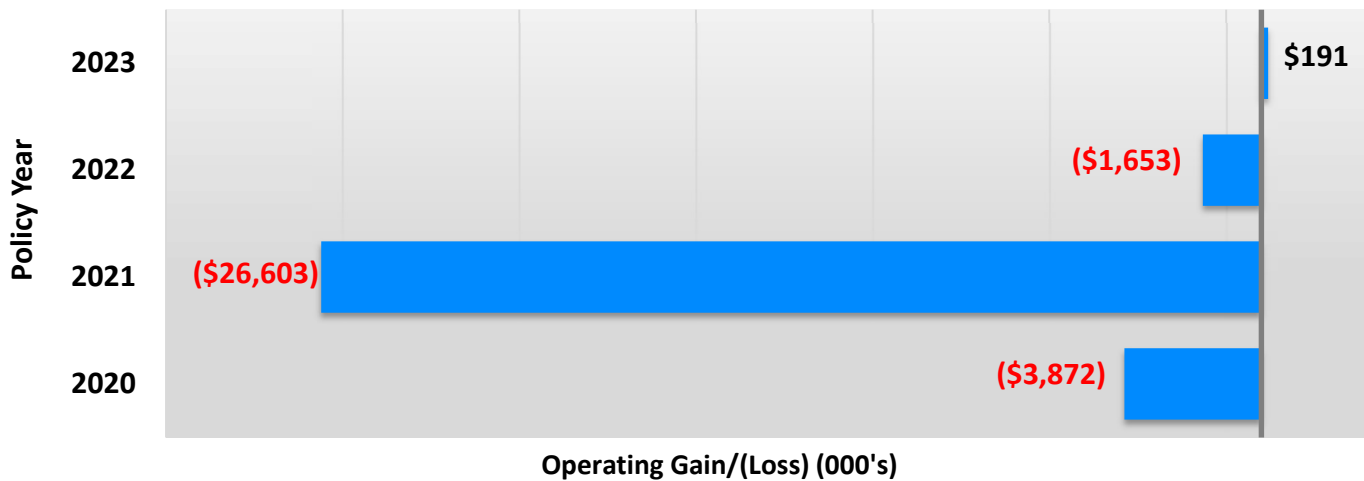
Net Operating Results (Projected to Ultimate)

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.



*2nd Quarter 2024 data will be available the end of 2nd Quarter 2024 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 Arkansas for Policy Years 2020-2024, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 1st Quarter 2024.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2020	21,968,731	1,129,328	5.1%
2021	21,780,621	1,365,380	6.3%
2022	23,897,129	1,477,807	6.2%
2023	18,389,688	--	--
2024	3,767,488	--	--

* 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 Second Quarter Data through June 30, 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 Second Quarter 2024.

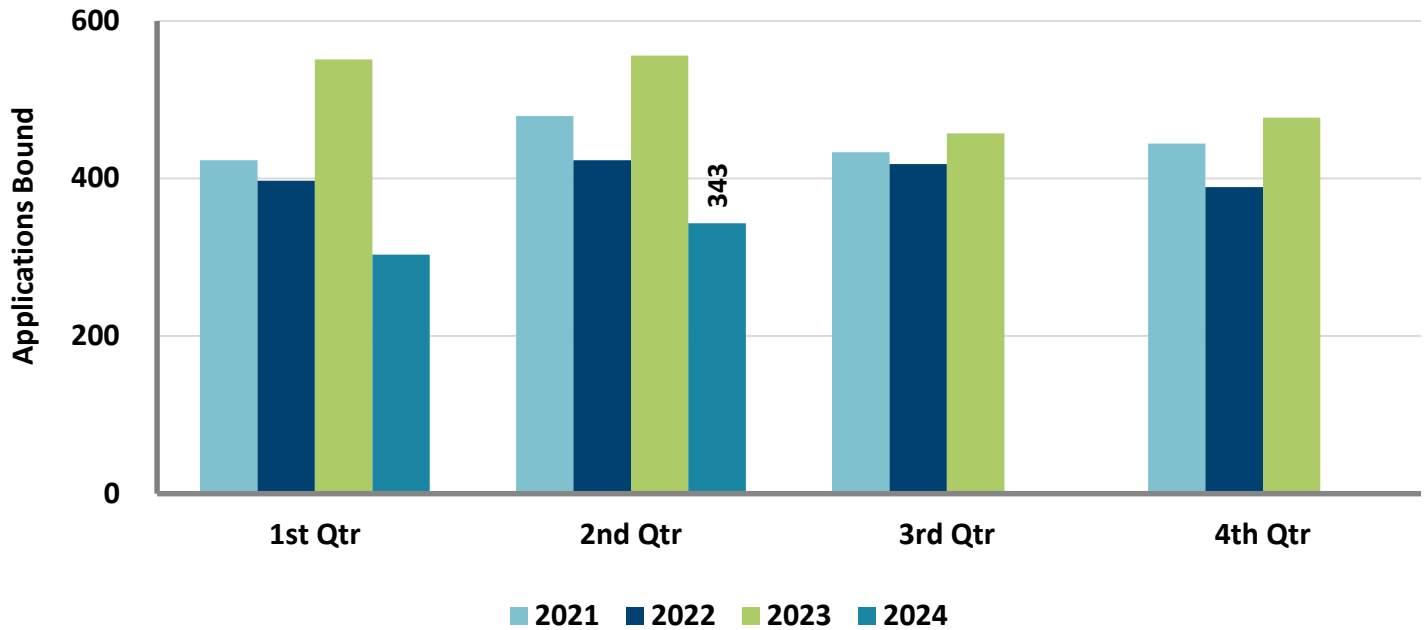
Number of Applications Reviewed by <i>VCAP[®] Service</i>	512
Associated Premium for Applications Reviewed	\$1,907,170.33
Number of <i>VCAP[®] Service</i> Matches	504
<i>VCAP[®] Service</i> Matches as a % of Applications Reviewed	98.44%
Number of <i>VCAP[®] Service</i> Offers	169
<i>VCAP[®] Service</i> Offers as a % of Matches	33.53%
Number of Confirmed <i>VCAP[®] Service</i> Policies	169
Confirmed <i>VCAP[®] Service</i> Policies as a % of Applications Reviewed	33.01%
Redirected Assigned Risk Premium	\$569,892.85
Associated Voluntary Market Premium	\$530,686.00
Savings	\$39,206.85
Average Savings per Application	\$231.99
Savings as a % of Redirected Assigned Risk Premium	6.88%
Redirected Premium as a % of Associated Premium for Applications Reviewed by <i>VCAP[®] Service</i>	29.88%



Residual Market Demographics

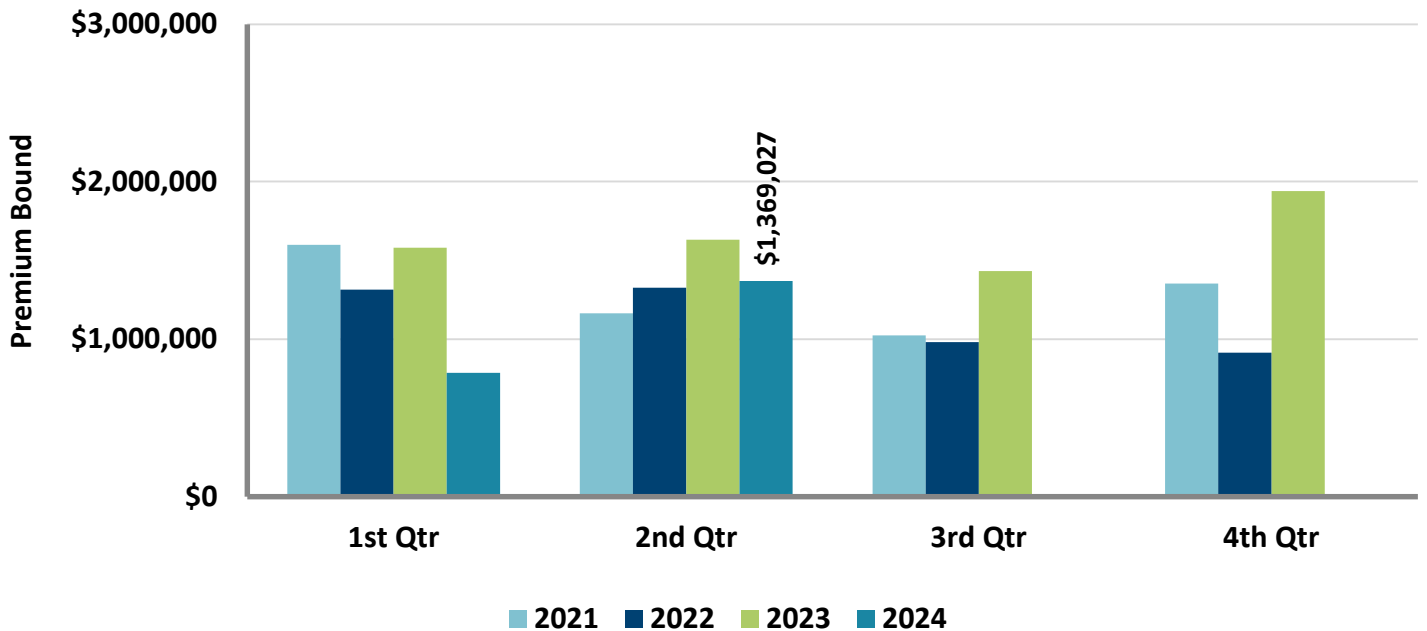
Total Applications Bound — 2021 vs. 2022 vs. 2023 vs. 2024

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).



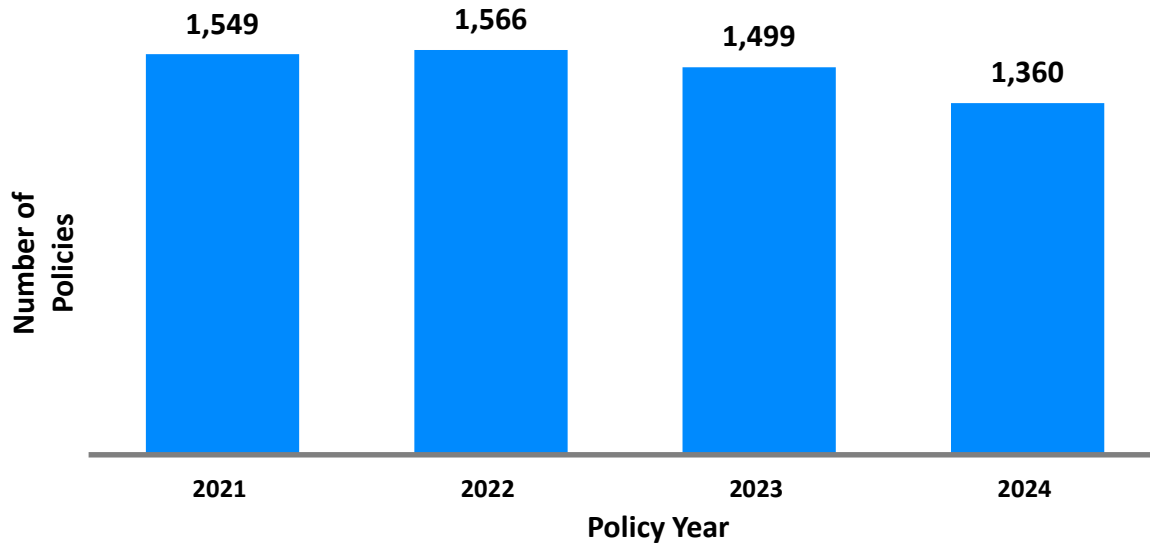


Residual Market Demographics

Residual Market Total Policy Counts

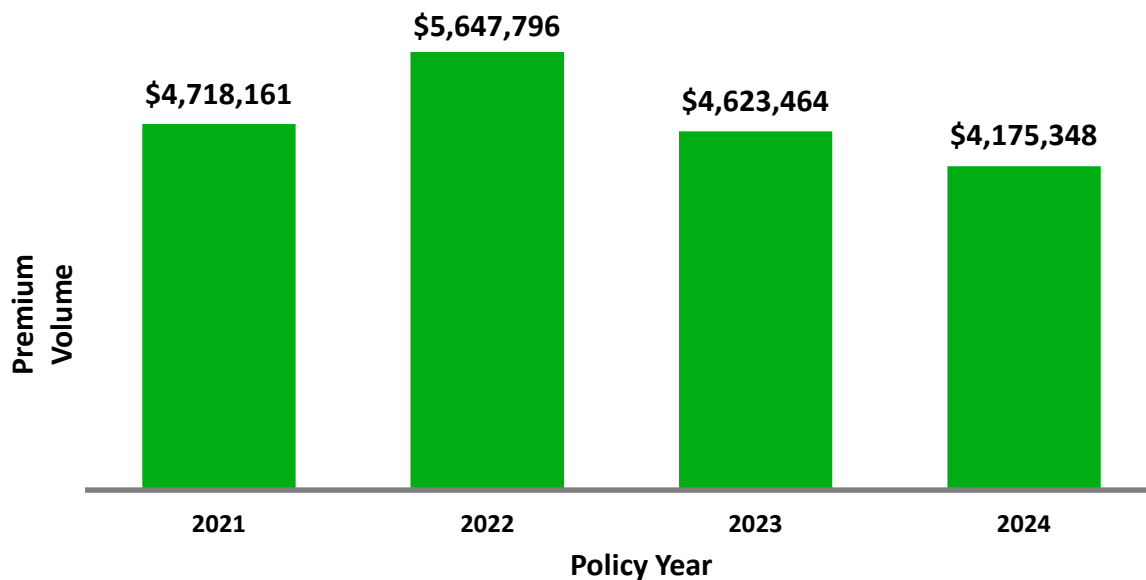
Second Quarter Data for Policies Reported through June 30, 2024

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



Second Quarter Data for Premium Reported through June 30, 2024

Total amount of all Assigned Risk Plan 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 estimated annual premium totals, with effective dates during the respective timeframe (Second Quarter), and reported to NCCI by June 30, 2024, by both Direct Assignment and Servicing Carriers.

Second Quarter Data Reported through June 30, 2024

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	942	69.3	1,040,212	24.9	1,104
2,500- 4,999	226	16.6	795,541	19.1	3,520
5,000- 9,999	127	9.3	862,205	20.6	6,789
10,000- 19,999	48	3.5	653,847	15.7	13,622
20,000- 49,999	11	0.8	302,942	7.3	27,540
50,000- 99,999	5	0.4	341,344	8.2	68,269
100,000- 199,999	1	0.1	179,257	4.3	179,257
200,000+	0	0.0	0	0.0	0
Total	1,360	100.0	4,175,348	100.0	3,070

Second Quarter 2023 Data for Comparison

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	1,074	71.6	1,086,481	23.5	1,012
2,500- 4,999	213	14.2	754,225	16.3	3,541
5,000- 9,999	130	8.7	875,371	18.9	6,734
10,000- 19,999	56	3.7	780,896	16.9	13,945
20,000- 49,999	20	1.3	679,238	14.7	33,962
50,000- 99,999	5	0.3	303,161	6.6	60,632
100,000- 199,999	1	0.1	144,092	3.1	144,092
200,000+	0	0.0	0	0.0	0
Total	1,499	100.0	4,623,464	100.0	3,084

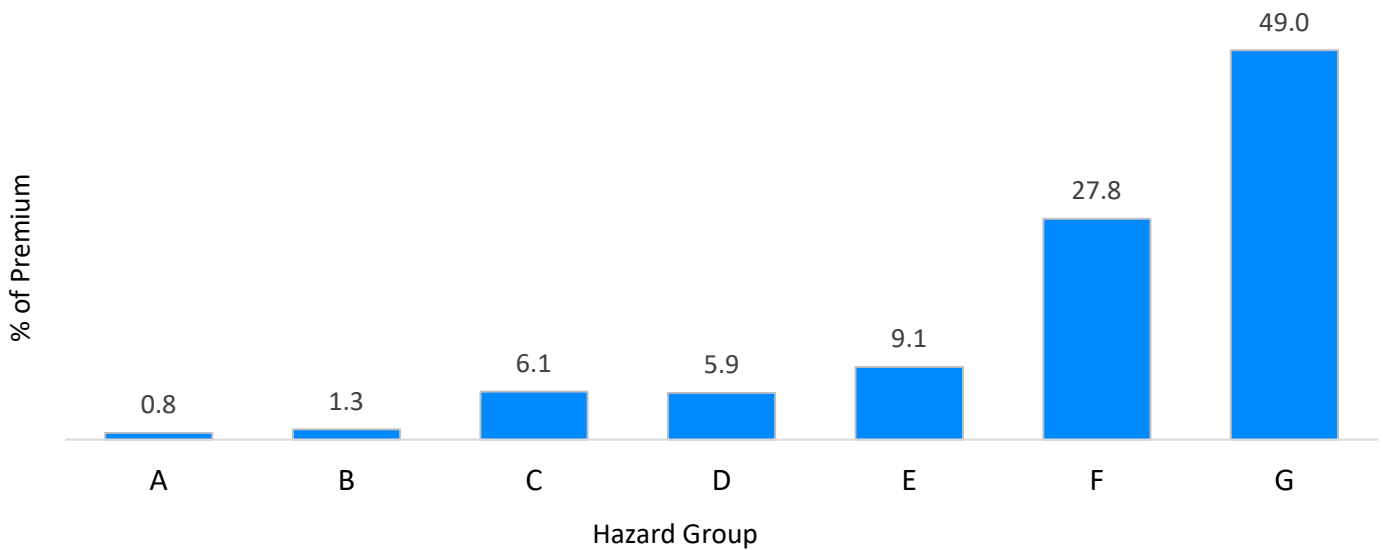


Residual Market Demographics

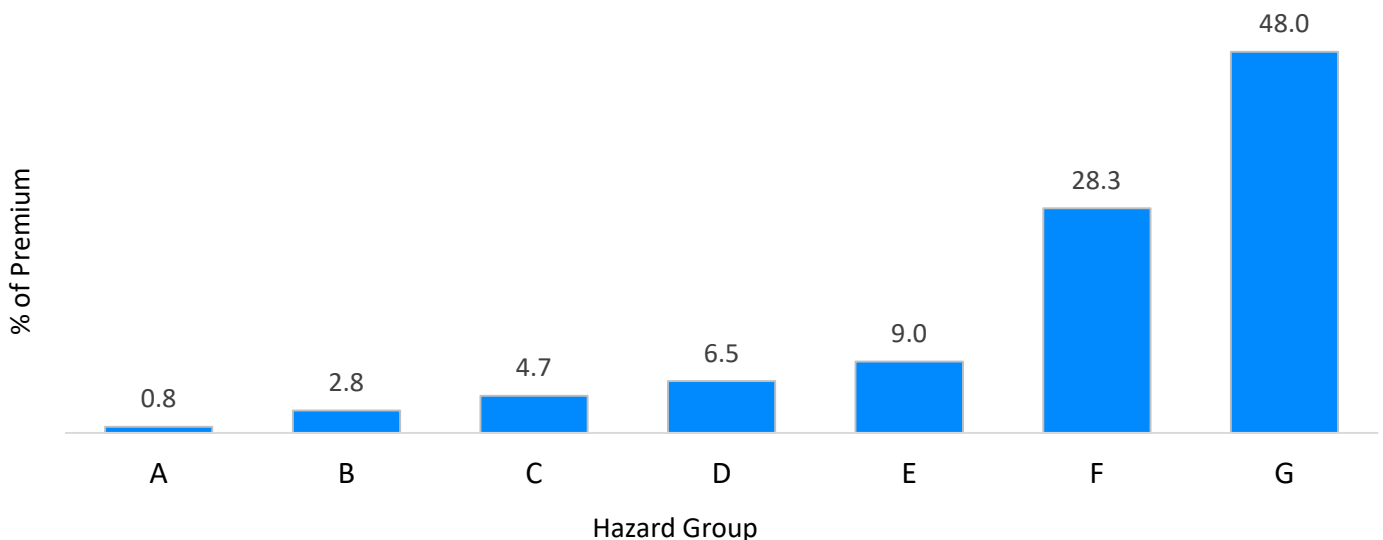
Hazard Group Distribution

Second Quarter Data Reported through **June 30, 2024**

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



Second Quarter 2023 Data for Comparison





Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Second Quarter Data Reported through June 30, 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	267	19.6
2	5551 - Roofing-All Kinds & Drivers	209	15.4
3	5474 - Painting NOC & Shop Operations, Drivers	37	2.7
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	34	2.5
5	6217 - Excavation & Drivers	33	2.4
6	7219 - Trucking - NOC-All Employees & Drivers	31	2.3
7	0037 - Farm: Field Crops & Drivers	26	1.9
8	5022 - Masonry NOC	25	1.8
9	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	24	1.8
10	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	23	1.7

Residual Market Top 10 Classification Codes by Premium Volume Second Quarter Data Reported through June 30, 2024

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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	708,633	17.0
2	5551 - Roofing-All Kinds & Drivers	590,112	14.1
3	4239 - Paper Manufacturing	198,527	4.8
4	7219 - Trucking - NOC-All Employees & Drivers	174,425	4.2
5	0037 - Farm: Field Crops & Drivers	157,802	3.8
6	5474 - Painting NOC & Shop Operations, Drivers	132,153	3.2
7	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	102,818	2.5
8	8018 - Store: Wholesale NOC	90,726	2.2
9	6217 - Excavation & Drivers	90,034	2.2
10	7420 - Aviation - Stunt Flying, Racing or Parachute Jumping - Flying Crew	89,197	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. 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.

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.