

# Connecticut Residual Market State Activity Report

First Quarter 2021



## Executive Summary

NCCI, as Pool and Plan Administrator of the Connecticut Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2021 *Connecticut 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 Connecticut 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, 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.

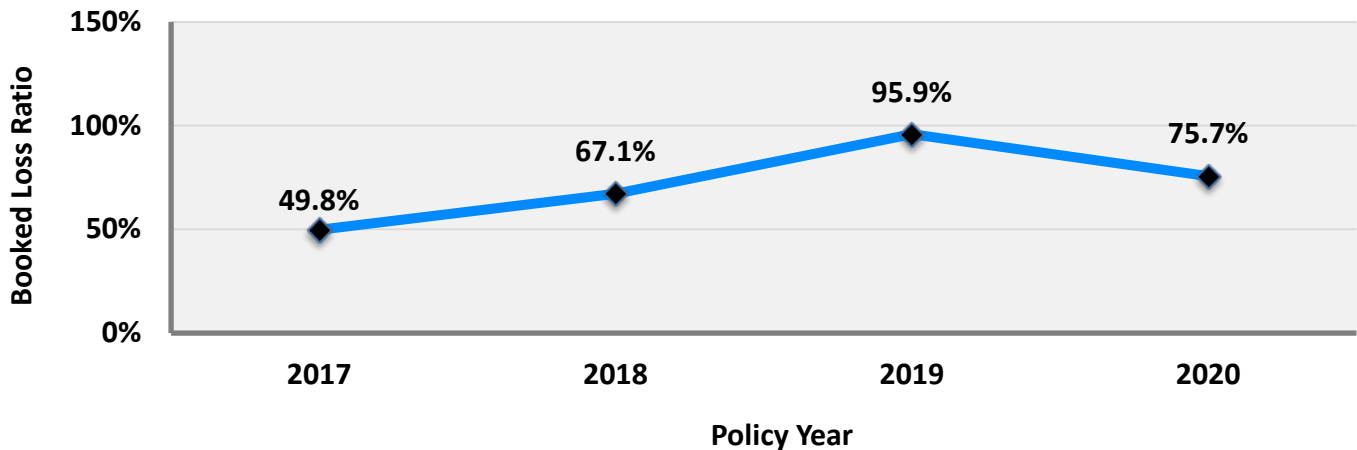
	2021	2020	2021 vs. 2020 #	2021 vs. 2020 %
<b>Policy Count</b>	10,610	11,337	-727	-6.4%
<b>Premium Volume</b>	\$33,231,427	\$34,907,183	-\$1,675,756	-4.8%



## Residual Market Demographics

### Connecticut Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years\*

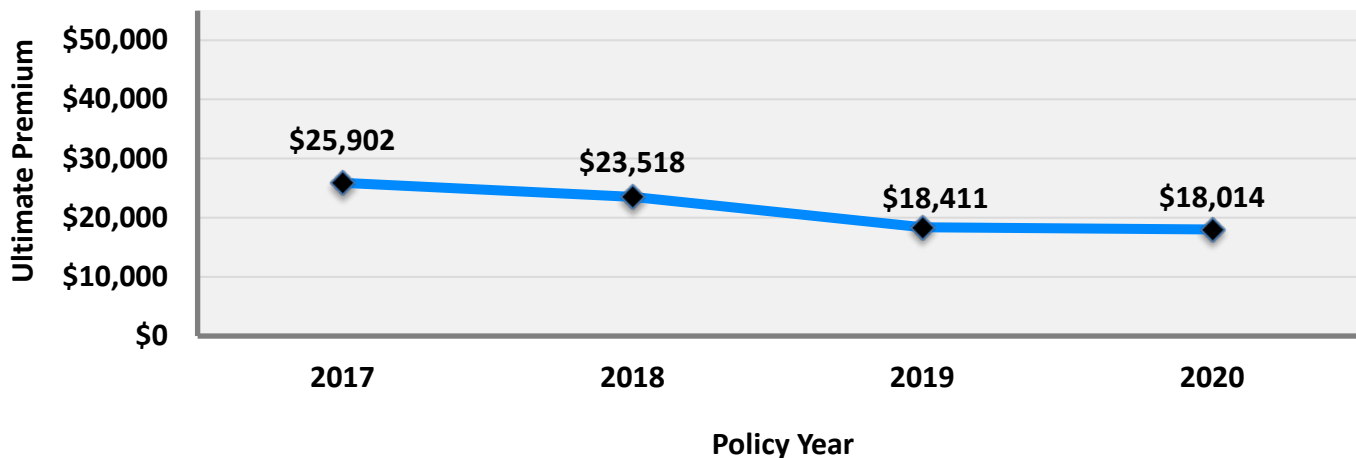
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 4th Quarter 2020 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.



\*1st Quarter 2021 data will be available the end of July 2021 due to the timing of data reporting

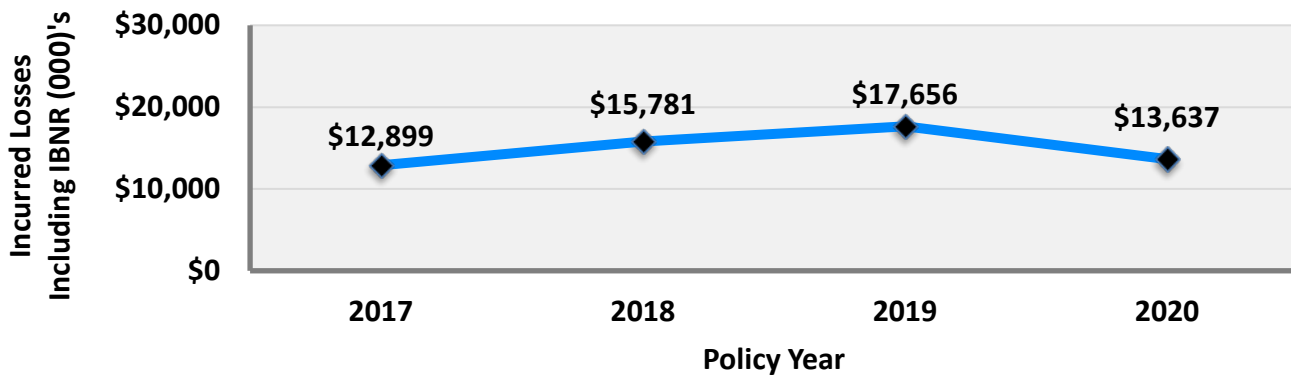


## Residual Market Demographics

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

#### Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years\*

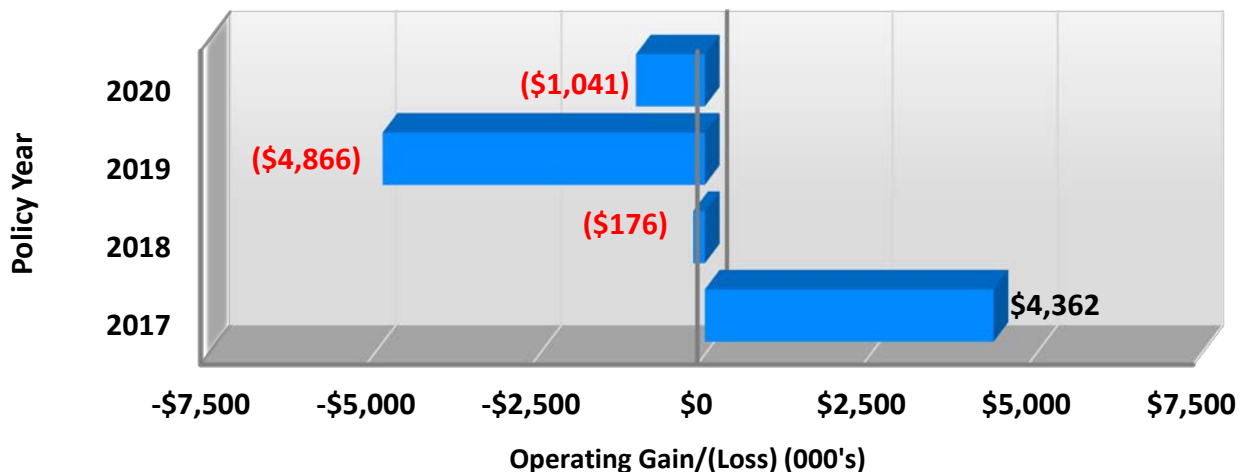
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 4th Quarter 2020 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.



\*1st Quarter 2021 data will be available the end of July 2021 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 Connecticut for Policy Years 2016-2020, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2020

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2016	28,301,494	1,805,171	6.4%
2017	27,811,611	1,909,784	6.9%
2018	24,625,684	1,107,359	4.5%
2019	19,478,237	*	N/A
2020	18,888,653	*	N/A

\* 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, 2021

The volume of assigned risk applications redirected to the voluntary market through NCCI's **VCAP<sup>®</sup> Service**. The following shows the results **VCAP<sup>®</sup> Service** has provided during First Quarter 2021.

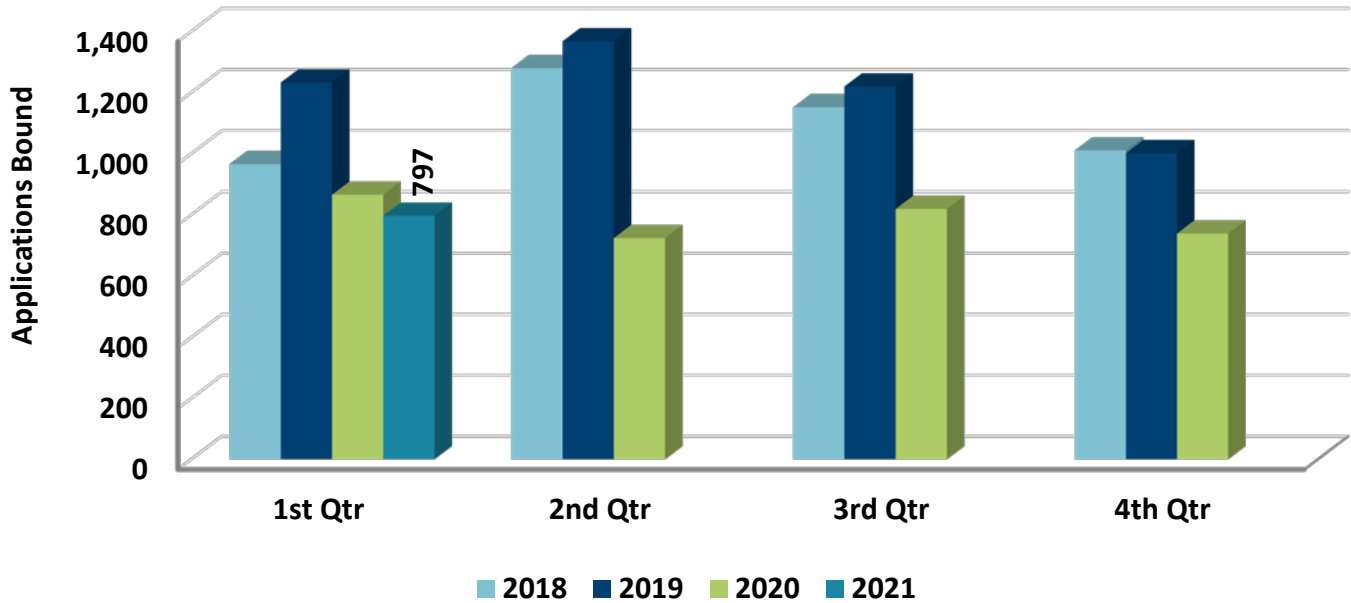
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	850
Number of <b>VCAP<sup>®</sup> Service</b> Matches	750
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	11.20%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	49
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	5.76%
Savings as a % of Redirected Assigned Risk Premium	3.86%



## Residual Market Demographics

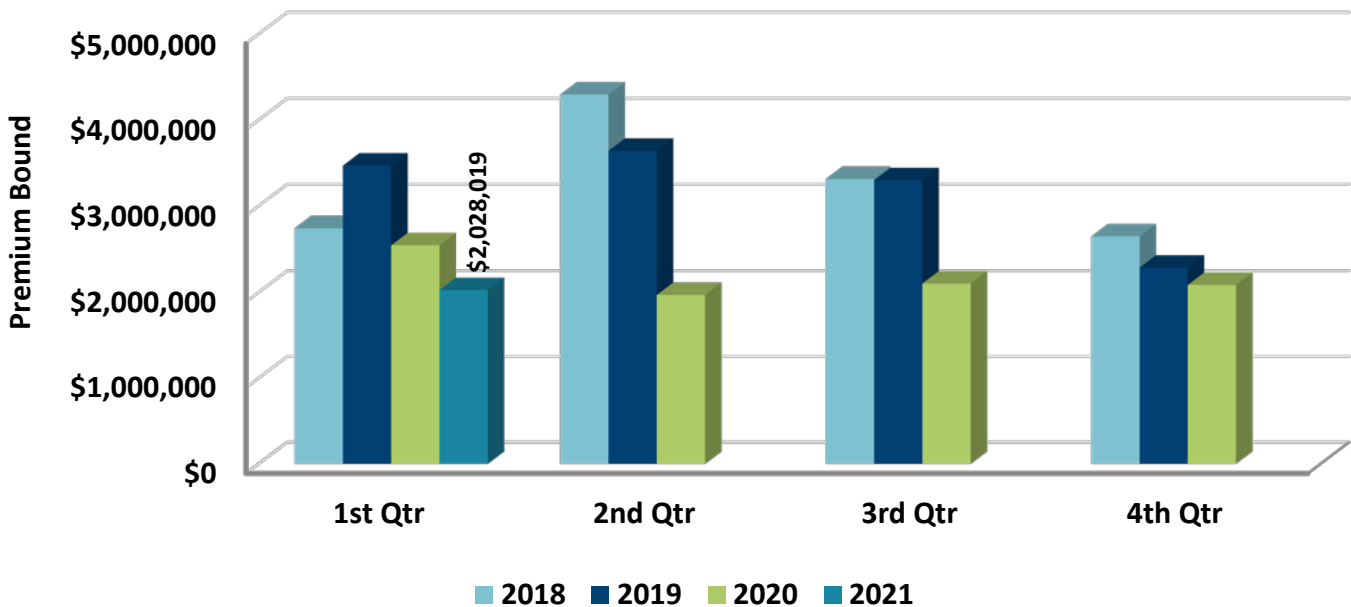
### Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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).





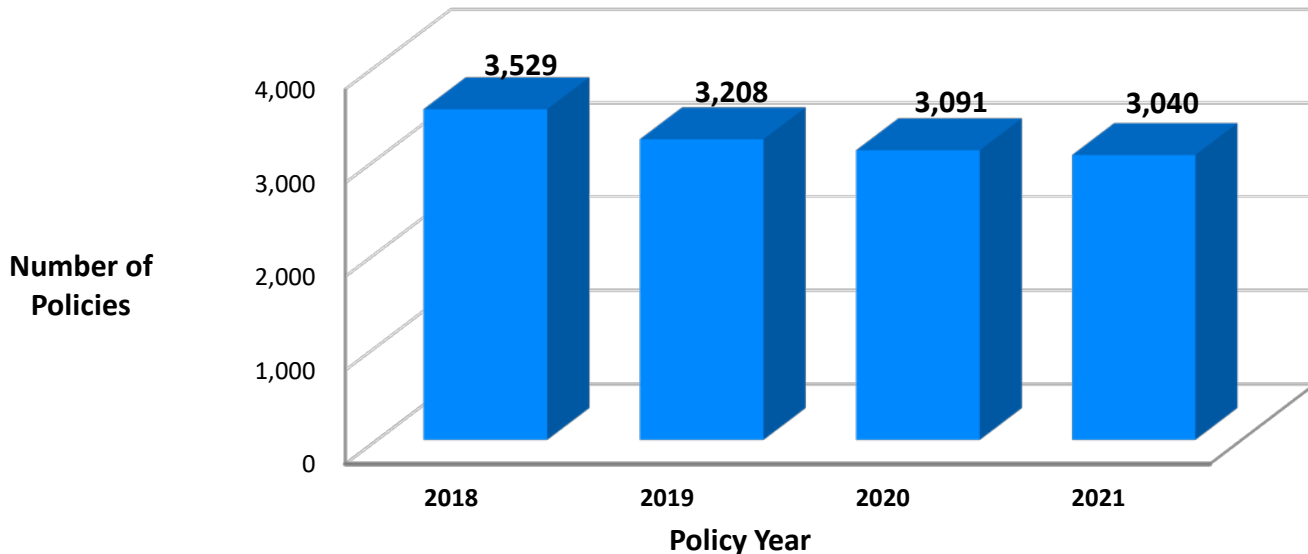


## Residual Market Demographics

### Residual Market Total Policy Counts

#### First Quarter Data for Policies Reported through March 31, 2021

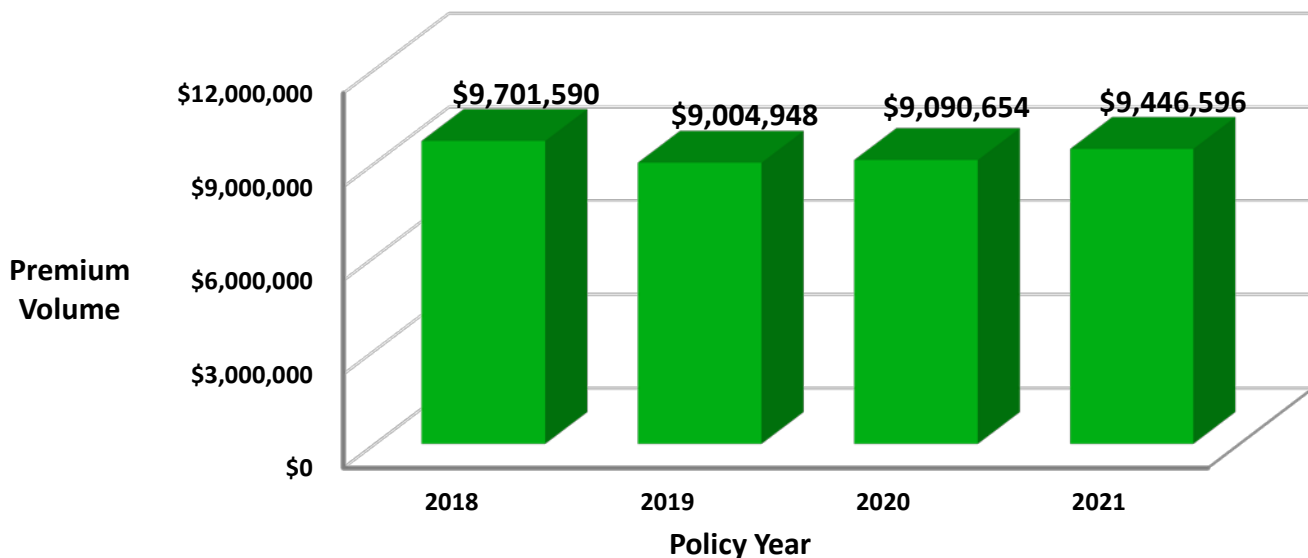
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### First Quarter Data Reported through March 31, 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

#### First Quarter Data Reported through March 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	2,501	82.3	3,530,824	37.4	1,412
\$2500–4999	230	7.6	814,333	8.6	3,541
\$5000–9999	151	5.0	1,052,674	11.1	6,971
\$10000–19999	105	3.5	1,443,999	15.3	13,752
\$20000–49999	33	1.1	969,947	10.3	29,392
\$50000–99999	16	0.5	1,063,189	11.3	66,449
\$100000–199999	4	0.1	571,630	6.1	142,908
\$200000 +	0	0.0	0	0.0	0
Total	3,040	100.0	9,446,596	100.0	3,107

### First Quarter 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0–2499	2,575	83.3	3,194,735	35.1	1,241
\$2500–4999	214	6.9	760,110	8.4	3,552
\$5000–9999	147	4.8	1,038,052	11.4	7,062
\$10000–19999	91	2.9	1,255,836	13.8	13,800
\$20000–49999	46	1.5	1,333,702	14.7	28,994
\$50000–99999	13	0.4	830,307	9.1	63,870
\$100000–199999	4	0.1	470,761	5.2	117,690
\$200000 +	1	0.0	207,151	2.3	207,151
Total	3,091	100.0	9,090,654	100.0	2,941



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 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	679	22.3
2	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	316	10.4
3	5474 - Painting NOC & Shop Operations, Drivers	224	7.4
4	5551 - Roofing-All Kinds & Drivers	162	5.3
5	0913 - Domestic Workers-Residences Full-Time	134	4.4
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	106	3.5
7	5022 - Masonry NOC	73	2.4
8	8835 - Home, Public, And Traveling Healthcare - All Employees	68	2.2
9	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	63	2.1
10	5190 - Electrical Wiring-Within Buildings & Drivers	57	1.9

### Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	1,396,475	14.8
2	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	540,501	5.7
3	5474 - Painting NOC & Shop Operations, Drivers	469,016	5.0
4	5551 - Roofing-All Kinds & Drivers	447,224	4.7
5	5403 - Carpentry NOC	346,190	3.7
6	8835 - Home, Public, And Traveling Healthcare - All Employees	304,062	3.2
7	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	262,256	2.8
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	261,090	2.8
9	7219 - Trucking - NOC-All Employees & Drivers	241,080	2.6
10	0913 - Domestic Workers-Residences Full-Time	213,458	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<sup>®</sup> 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<sup>®</sup> Service** redirects coverage opportunities for employers to voluntary market insurers, which generally provide coverage at a lower cost. **VCAP<sup>®</sup> Service** provides an additional source for producers and employers to secure voluntary workers compensation coverage prior to entering the residual market for coverage.