



# Connecticut Residual Market State Activity Report

Third Quarter 2023



## Executive Summary

NCCI, as Pool and Plan Administrator of the Connecticut Workers Compensation Insurance Plan, is pleased to provide the Third Quarter 2023 *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.

Sally Laub, Plan Administration

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## Residual Market Demographics

### Residual Market Total Policies and Premium in Force

#### As of September 30, 2023—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.

	2023	2022	2023 vs. 2022 #	2023 vs. 2022 %
<b>Policy Count</b>	10,434	10,427	7	0.1%
<b>Premium Volume</b>	\$32,808,441	\$32,337,063	\$471,378	1.5%

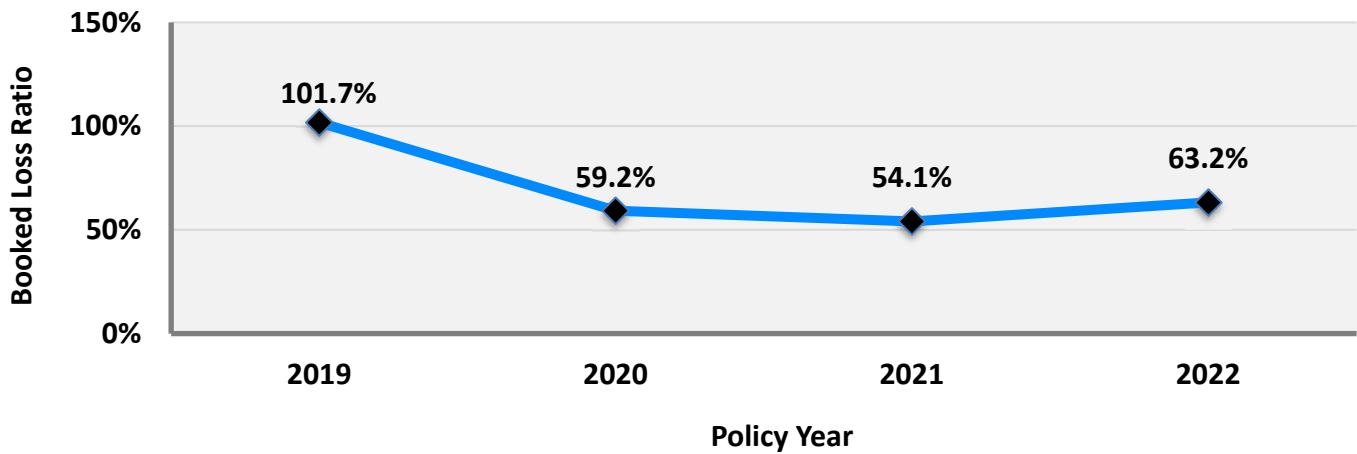


## Residual Market Demographics

### Connecticut Residual Market Reinsurance Pool Booked Loss Ratio (Projected to Ultimate)

#### Policy Year Financial Results through 2nd Quarter 2023 for 2022 and prior years\*

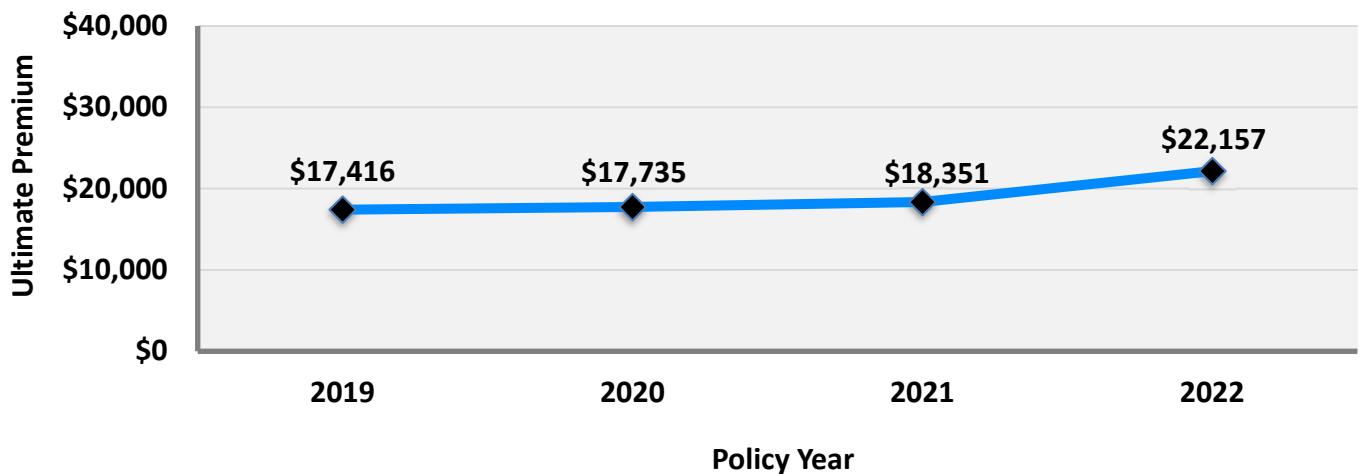
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 2nd Quarter 2023 for 2022 and prior years\*

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



\*3rd Quarter 2023 data will be available the end of January 2024 due to the timing of data reporting

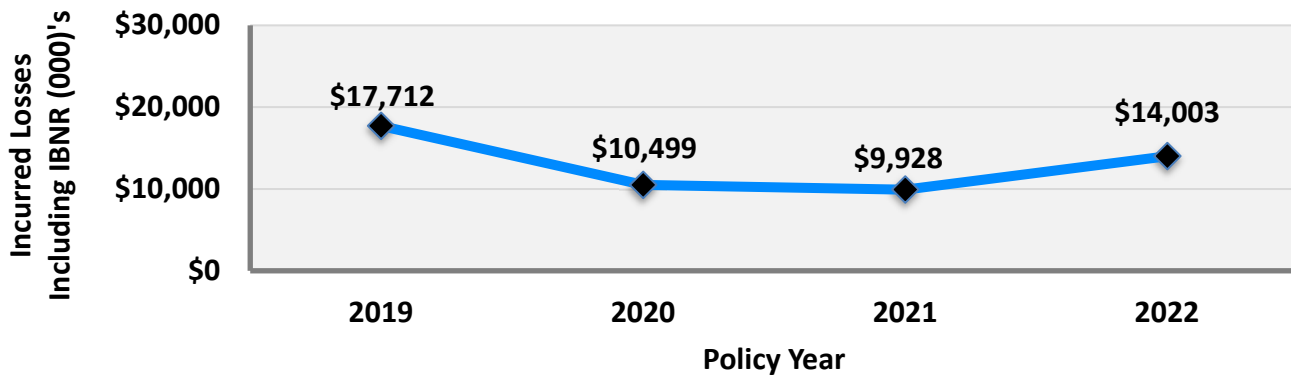


## Residual Market Demographics

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

#### Policy Year Financial Results through 2nd Quarter 2023 for 2022 and prior years\*

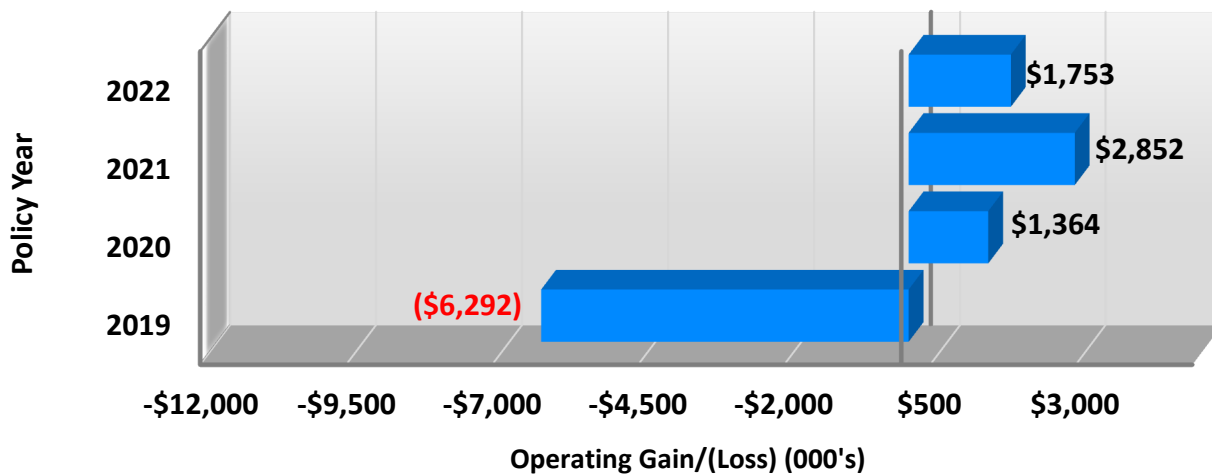
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 2nd Quarter 2023 for 2022 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.



\*3rd Quarter 2023 data will be available the end of January 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 Connecticut for Policy Years 2019-2023, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2023

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2019	18,397,614	981,384	5.3%
2020	18,675,876	940,886	5.0%
2021	19,420,021	928,974	4.8%
2022	24,663,219	--	--
2023	10,455,043	--	--

\* 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

#### Third Quarter Data through September 30, 2023

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 Third Quarter 2023.

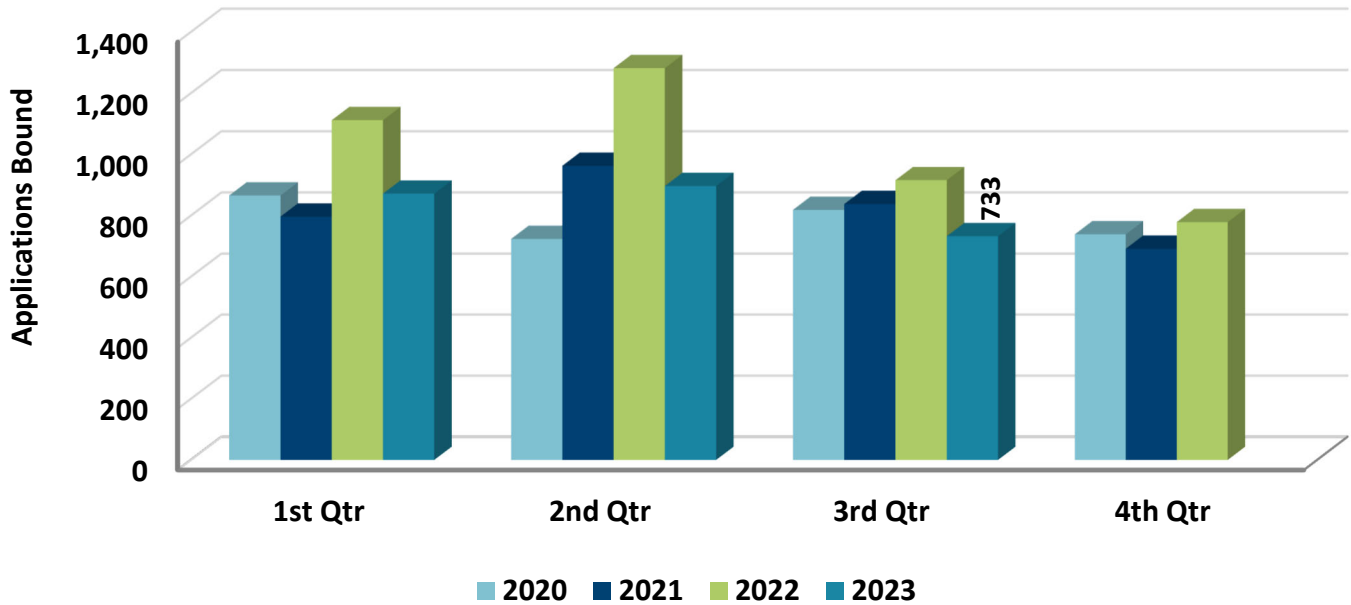
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	780
Number of <b>VCAP<sup>®</sup> Service</b> Matches	691
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	6.80%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	41
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	5.26%
Savings as a % of Redirected Assigned Risk Premium	3.52%



## Residual Market Demographics

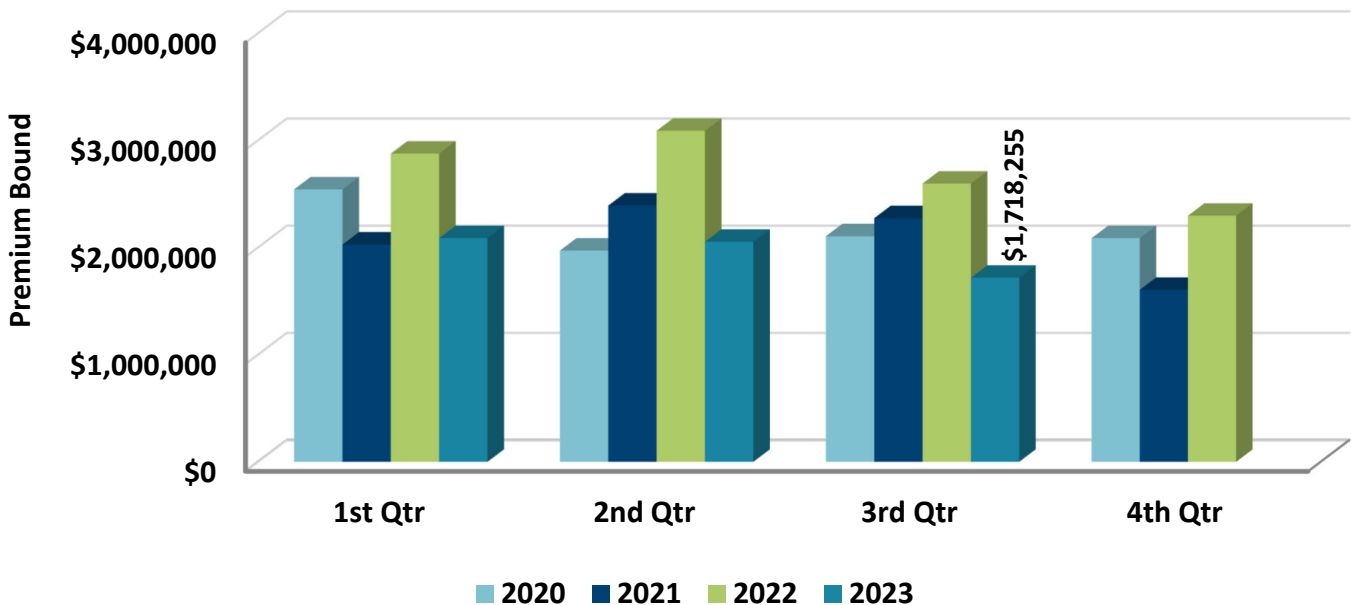
### Total Applications Bound — 2020 vs. 2021 vs. 2022 vs. 2023

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 — 2020 vs. 2021 vs. 2022 vs. 2023

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).





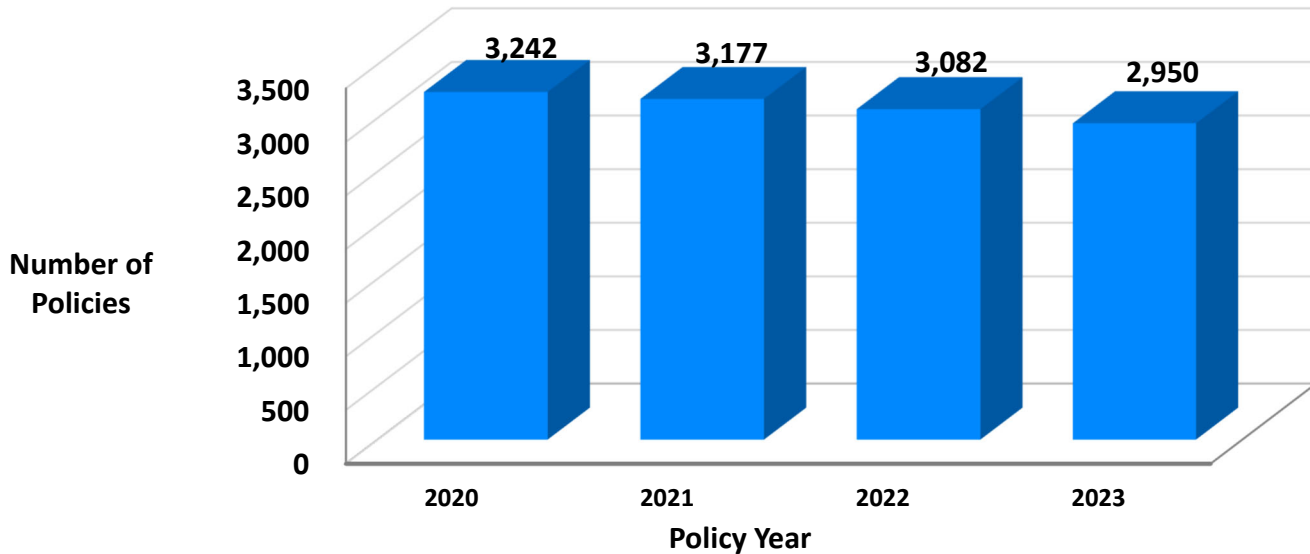


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Third Quarter Data for Policies Reported through September 30, 2023

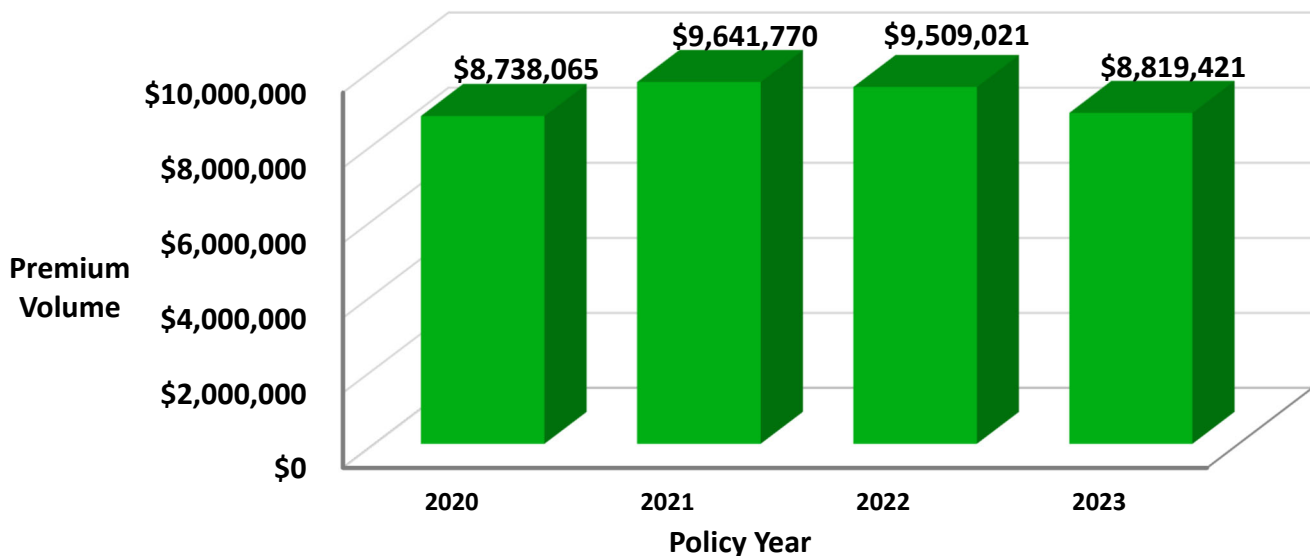
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Third Quarter Data Reported through September 30, 2023

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

#### Third Quarter Data Reported through September 30, 2023

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	2,494	84.5	3,285,114	37.2	1,317
\$2500- \$4999	195	6.6	699,785	7.9	3,589
\$5000- \$9999	140	4.7	1,020,218	11.6	7,287
\$10000- \$19999	77	2.6	1,106,175	12.5	14,366
\$20000- \$49999	35	1.2	1,002,398	11.4	28,640
\$50000- \$99999	5	0.2	384,323	4.4	76,865
\$100000- \$199999	2	0.1	300,315	3.4	150,158
\$2000000+	2	0.1	1,021,093	11.6	510,547
Total	2,950	100.0	8,819,421	100.0	2,990

### Third Quarter 2022 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	2,588	84.0	2,887,756	30.4	1,116
\$2500- \$4999	217	7.0	789,865	8.3	3,640
\$5000- \$9999	134	4.3	939,177	9.9	7,009
\$10000- \$19999	89	2.9	1,258,951	13.2	14,146
\$20000- \$49999	36	1.2	1,074,789	11.3	29,855
\$50000- \$99999	9	0.3	626,195	6.6	69,577
\$100000- \$199999	5	0.2	704,478	7.4	140,896
\$2000000+	4	0.1	1,227,810	12.9	306,953
Total	3,082	100.0	9,509,021	100.0	3,085



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Third Quarter Data Reported through September 30, 2023

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	663	22.5
2	5474 - Painting NOC & Shop Operations, Drivers	297	10.1
3	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	263	8.9
4	5551 - Roofing-All Kinds & Drivers	219	7.4
5	5022 - Masonry NOC	116	3.9
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	107	3.6
7	0913 - Domestic Workers-Residences Full-Time	89	3.0
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	57	1.9
9	5190 - Electrical Wiring-Within Buildings & Drivers	52	1.8
10	5348 - Ceramic Tile, Indoor Stone, Marble, or Mosaic Work	50	1.7

### Residual Market Top 10 Classification Codes by Premium Volume Third Quarter Data Reported through September 30, 2023

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	5551 - Roofing-All Kinds & Drivers	1,406,868	16.0
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	1,219,576	13.8
3	5474 - Painting NOC & Shop Operations, Drivers	519,983	5.9
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	454,365	5.2
5	5190 - Electrical Wiring-Within Buildings & Drivers	356,316	4.0
6	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	275,300	3.1
7	5022 - Masonry NOC	237,220	2.7
8	9014 - Janitorial Services By Contractors-No Window Cleaning Above Ground Level & Drivers	202,653	2.3
9	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	174,690	2.0
10	8106 - Iron or Steel Merchant & Drivers	168,754	1.9



## 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.