



# Connecticut Residual Market State Activity Report

Third Quarter 2024



## Executive Summary

NCCI, as Pool and Plan Administrator of the Connecticut Workers Compensation Insurance Plan, is pleased to provide the Third Quarter 2024 *Connecticut 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
Connecticut Residual Market Share Compared to All Plan Jurisdictions Market Share .....	2
Connecticut Residual Market Reinsurance Pool .....	3
Booked Loss Ratio (Projected to Ultimate).....	3
Ultimate Net Written Premium (Projected to Ultimate) (000's).....	3
Connecticut 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

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## Residual Market Demographics

### Residual Market Total Policies and Premium In Force

#### As of September 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.

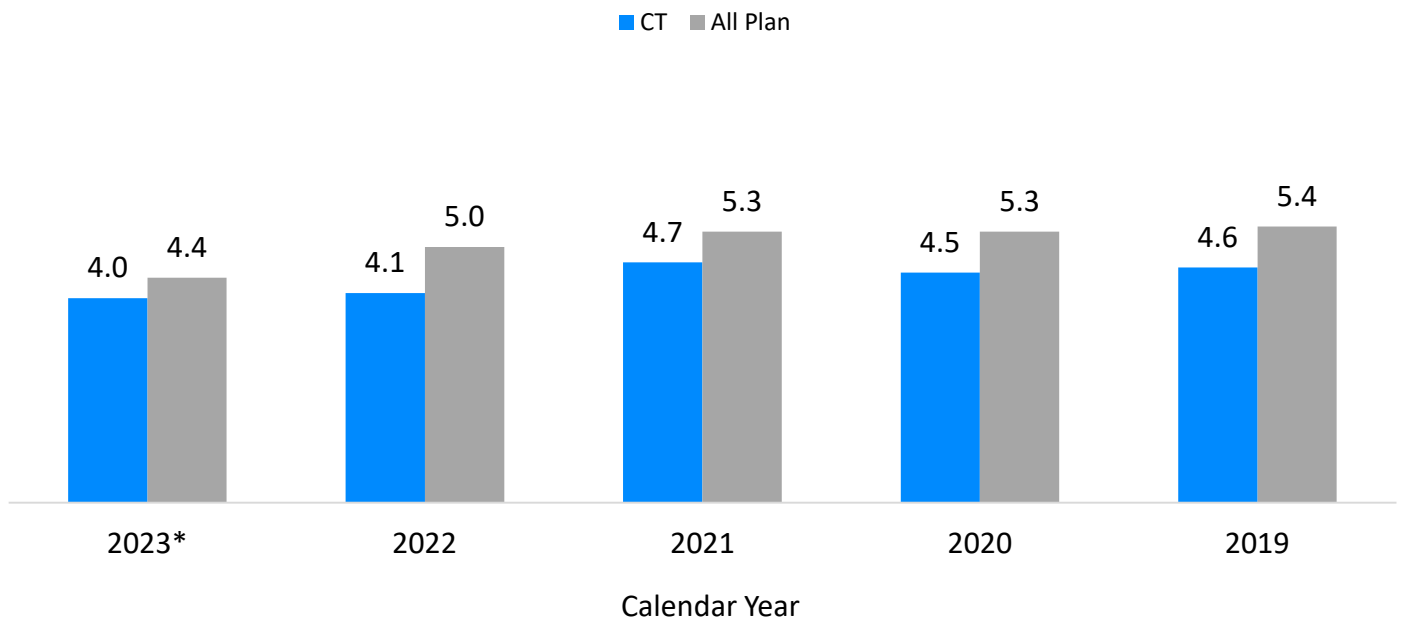
	2024	2023	2024 vs. 2023 #	2024 vs. 2023 %
<b>Policy Count</b>	10,342	10,508	-166	-1.6%
<b>Premium Volume</b>	\$32,542,416	\$32,333,311	\$209,105	0.6%



## Residual Market Demographics

### Connecticut 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*.



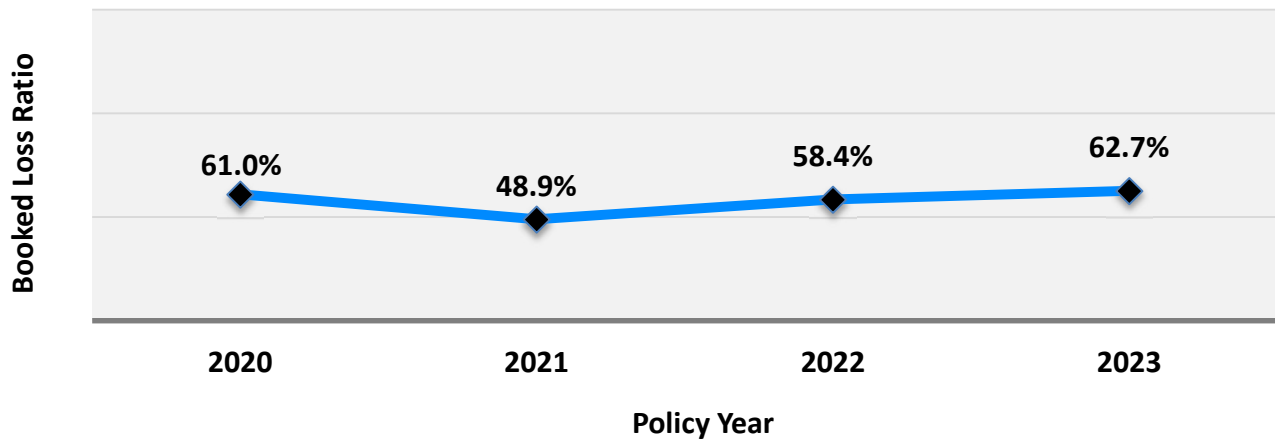
## Residual Market Demographics

### Connecticut Residual Market Reinsurance Pool

Policy Year Financial Results through 2nd Quarter 2024 for 2023 and prior years\*

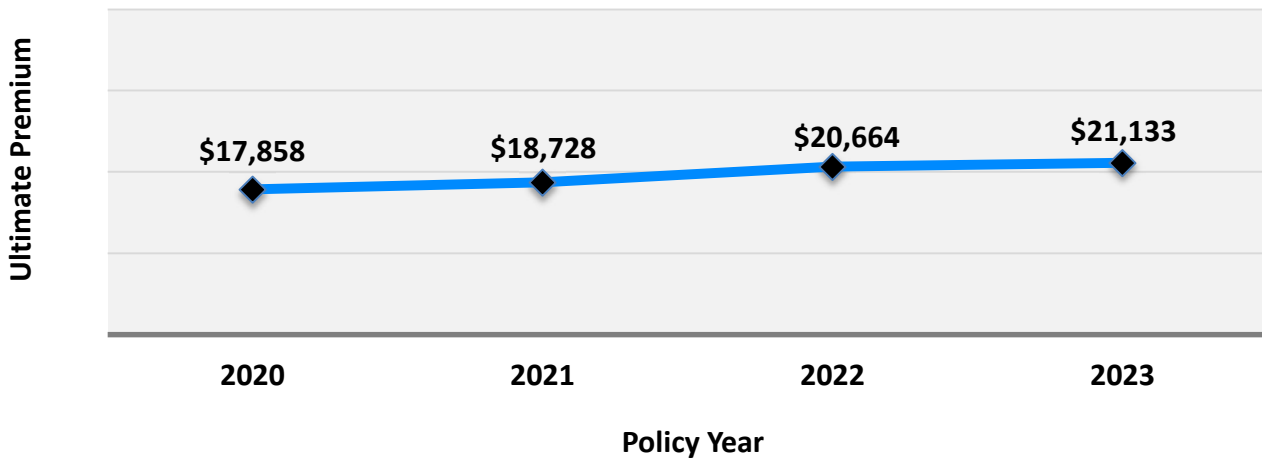
#### Booked Loss Ratio (Projected to Ultimate)

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.



\*3rd Quarter 2024 data will be available the end of January 2025 due to the timing of data reporting

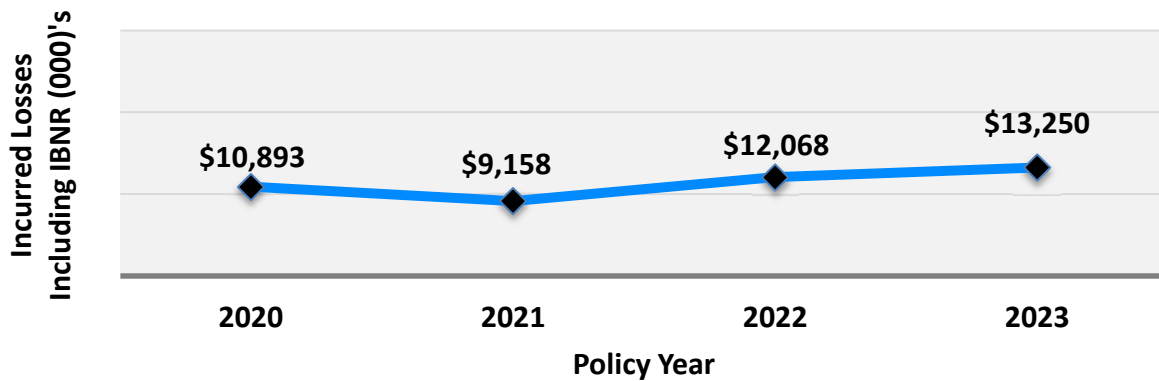


## Residual Market Demographics

### Connecticut Residual Market Reinsurance Pool Net Operating Results Policy Year Financial Results through 2nd Quarter 2024 for 2023 and prior years\*

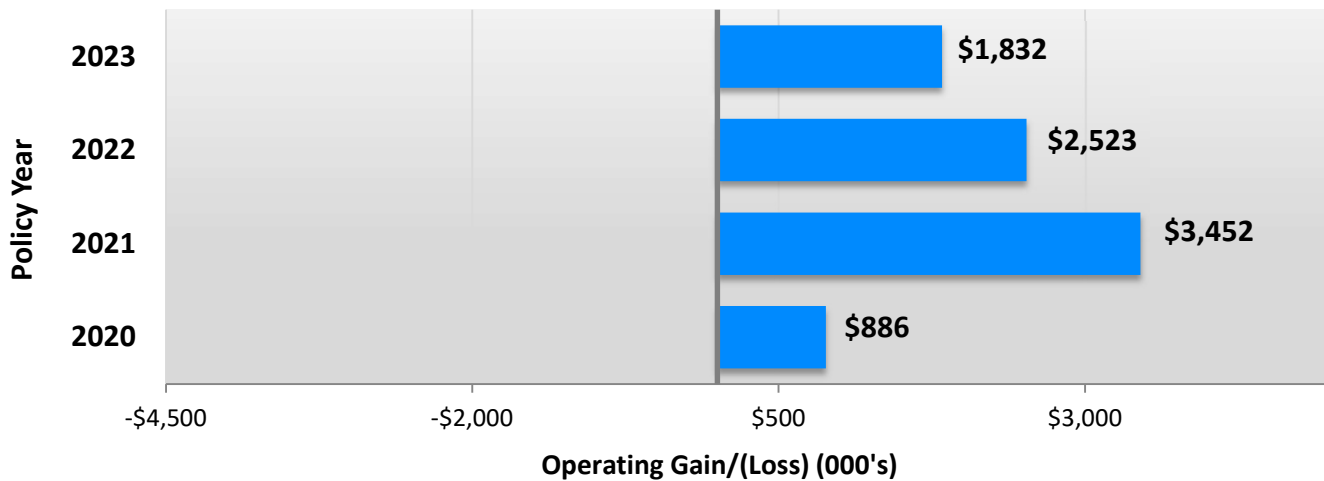
#### Incurred Losses (Projected to Ultimate)

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.



\*3rd Quarter 2024 data will be available the end of January 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 Connecticut for Policy Years 2020-2024, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2024.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2020	18,705,894	848,209	4.5%
2021	19,493,105	765,004	3.9%
2022	22,681,200	1,783,187	7.9%
2023	24,523,794	--	--
2024	11,187,302	--	--

\* 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, 2024

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 2024.

Number of Applications Reviewed by <i>VCAP<sup>®</sup> Service</i>	846
Associated Premium for Applications Reviewed	\$2,176,368.84
Number of <i>VCAP<sup>®</sup> Service</i> Matches	836
<i>VCAP<sup>®</sup> Service</i> Matches as a % of Applications Reviewed	98.82%
Number of <i>VCAP<sup>®</sup> Service</i> Offers	206
<i>VCAP<sup>®</sup> Service</i> Offers as a % of Matches	24.64%
Number of Confirmed <i>VCAP<sup>®</sup> Service</i> Policies	205
Confirmed <i>VCAP<sup>®</sup> Service</i> Policies as a % of Applications Reviewed	24.23%
Redirected Assigned Risk Premium	\$453,906.31
Associated Voluntary Market Premium	\$415,667.00
Savings	\$38,239.31
Average Savings per Application	\$186.53
Savings as a % of Redirected Assigned Risk Premium	8.42%
Redirected Premium as a % of Associated Premium for Applications Reviewed by <i>VCAP<sup>®</sup> Service</i>	20.86%

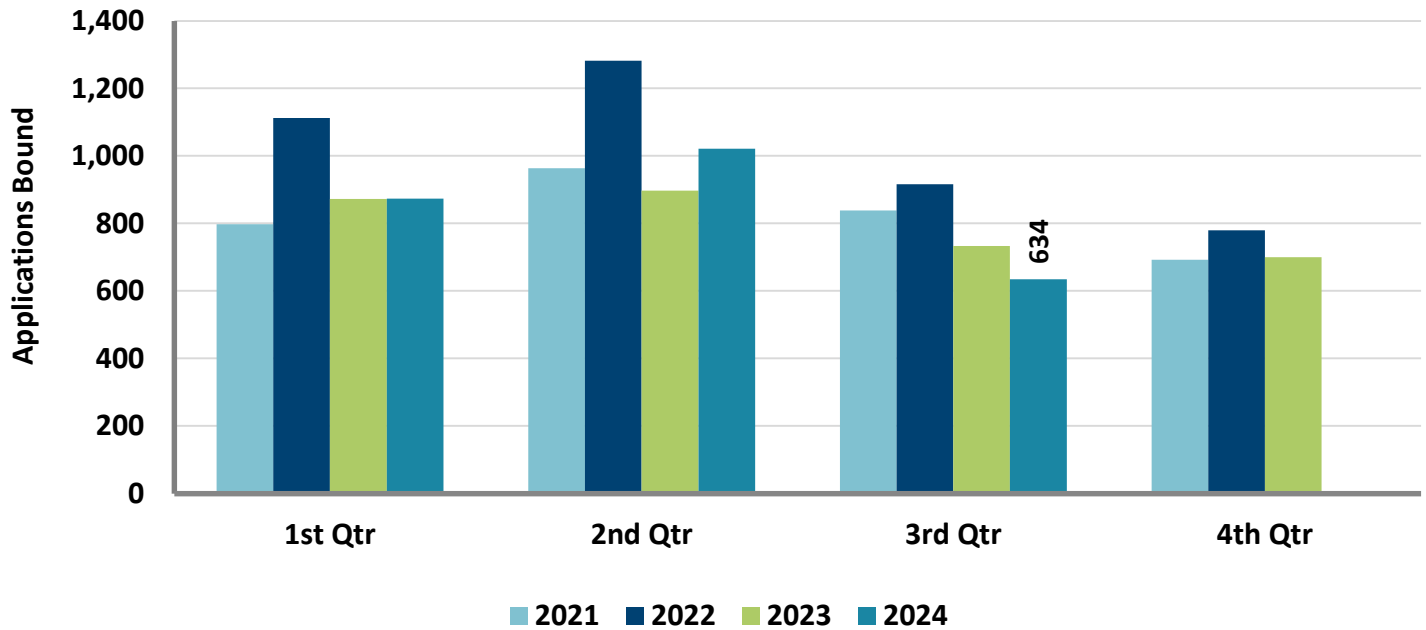




## Residual Market Demographics

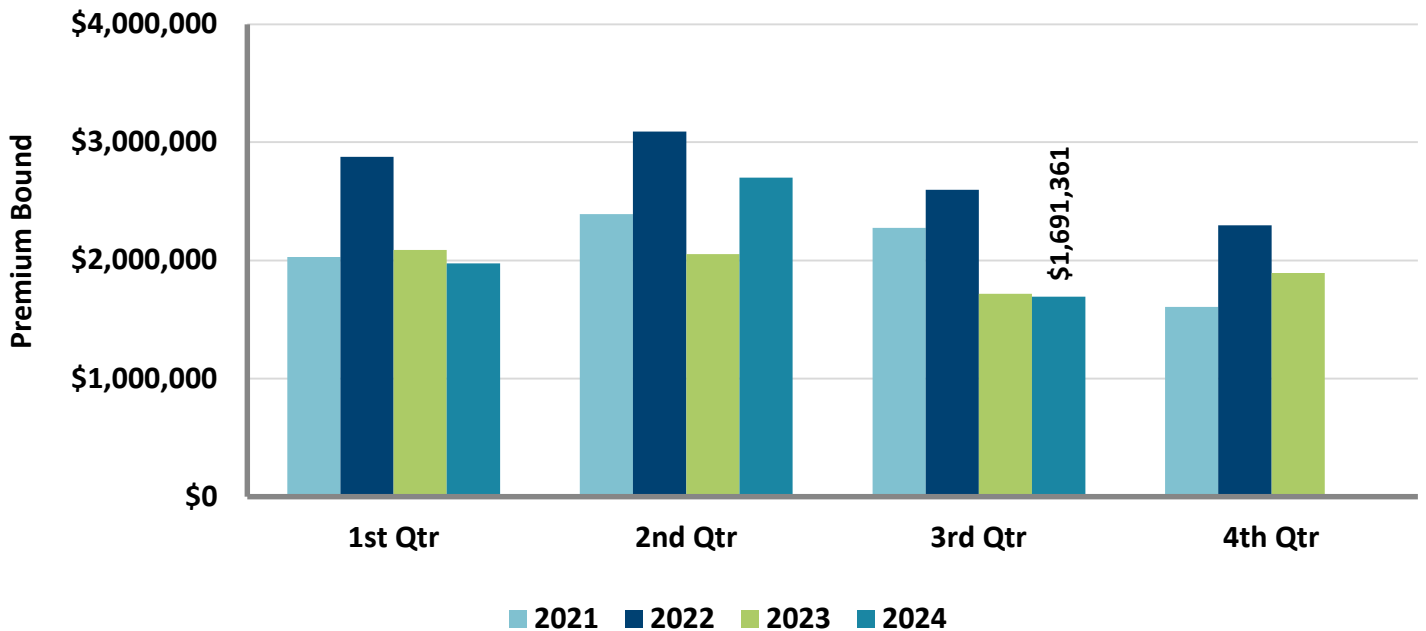
### Total Applications Bound — 2021 vs. 2022 vs. 2023 vs. 2024

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).



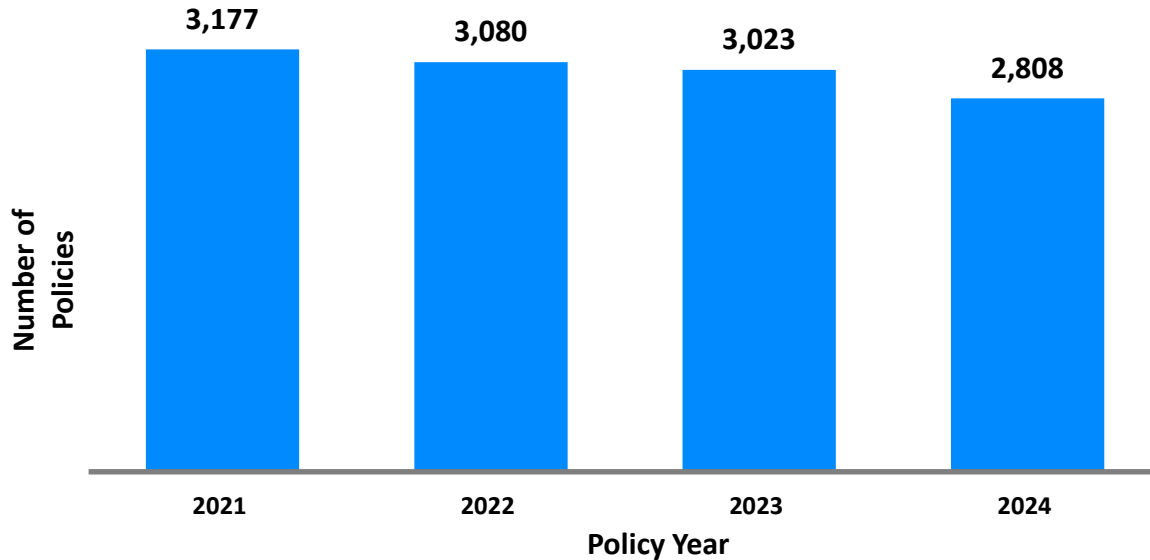


## Residual Market Demographics

### Residual Market Total Policy Counts

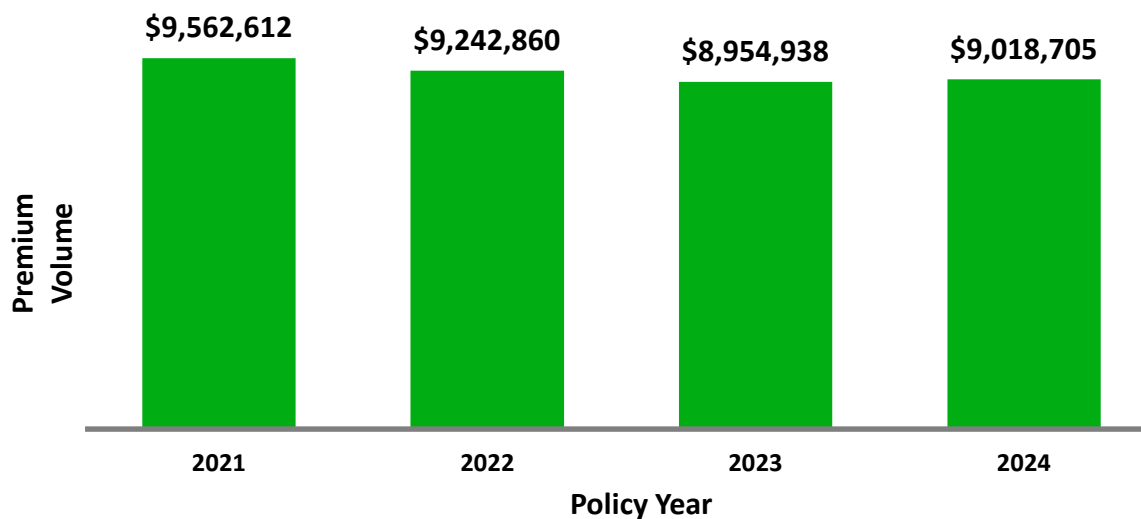
Third Quarter Data for **Policies** Reported through September 30, 2024

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



### Third Quarter Data for **Premium** Reported through September 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 (Third Quarter), and reported to NCCI by September 30, 2024, by both Direct Assignment and Servicing Carriers.

### Third Quarter Data Reported through September 30, 2024

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	2,361	84.1	3,130,483	34.7	1,326
2,500- 4,999	189	6.7	685,719	7.6	3,628
5,000- 9,999	124	4.4	866,611	9.6	6,989
10,000- 19,999	75	2.7	1,066,531	11.8	14,220
20,000- 49,999	47	1.7	1,361,438	15.1	28,967
50,000- 99,999	7	0.2	497,207	5.5	71,030
100,000- 199,999	3	0.1	424,680	4.7	141,560
200,000+	2	0.1	986,036	10.9	493,018
Total	2,808	100.0	9,018,705	100.0	3,212

### Third Quarter 2023 Data for Comparison

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	2,522	83.4	2,949,715	32.9	1,170
2,500- 4,999	213	7.0	758,966	8.5	3,563
5,000- 9,999	161	5.3	1,159,573	12.9	7,202
10,000- 19,999	75	2.5	1,068,329	11.9	14,244
20,000- 49,999	41	1.4	1,249,169	13.9	30,468
50,000- 99,999	7	0.2	518,526	5.8	74,075
100,000- 199,999	2	0.1	233,345	2.6	116,673
200,000+	2	0.1	1,017,315	11.4	508,658
Total	3,023	100.0	8,954,938	100.0	2,962

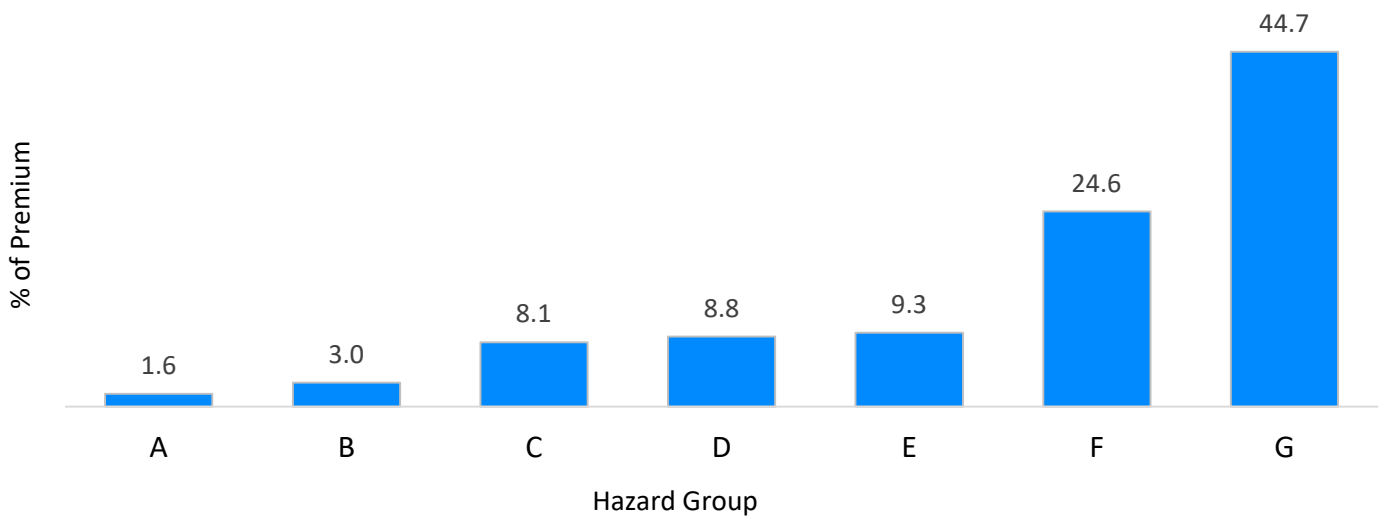


## Residual Market Demographics

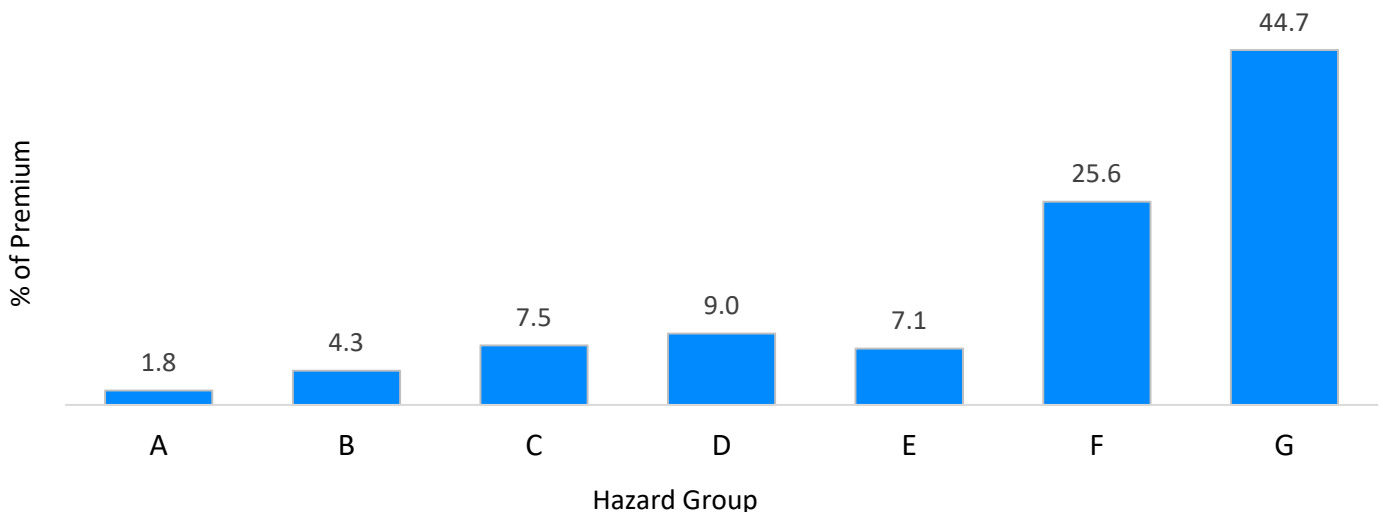
### Hazard Group Distribution

Third Quarter Data Reported through **September 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.



### Third Quarter 2023 Data for Comparison





## Residual Market Demographics

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

#### Third Quarter Data Reported through September 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	643	22.9
2	5474 - Painting NOC & Shop Operations, Drivers	297	10.6
3	5551 - Roofing-All Kinds & Drivers	255	9.1
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	235	8.4
5	5022 - Masonry NOC	98	3.5
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	96	3.4
7	0913 - Domestic Workers-Residences Full-Time	83	3.0
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	55	2.0
9	5190 - Electrical Wiring-Within Buildings & Drivers	51	1.8
10	5348 - Ceramic Tile, Indoor Stone, Marble, or Mosaic Work	48	1.7

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

#### Third Quarter Data Reported through September 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	5551 - Roofing-All Kinds & Drivers	1,484,740	16.5
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	1,301,039	14.4
3	5474 - Painting NOC & Shop Operations, Drivers	561,040	6.2
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	444,440	4.9
5	5190 - Electrical Wiring-Within Buildings & Drivers	415,937	4.6
6	7720 - Police Officers & Drivers	309,360	3.4
7	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	259,677	2.9
8	9014 - Janitorial Services By Contractors-No Window Cleaning Above Ground Level & Drivers	236,321	2.6
9	5022 - Masonry NOC	232,102	2.6
10	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	157,788	1.7



## 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<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.