



# Connecticut Residual Market State Activity Report

Annual 2024



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## Annual 2024

## Executive Summary

NCCI, as Pool and Plan Administrator of the Connecticut Workers Compensation Insurance Plan, is pleased to provide the Annual 2024 *Connecticut 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, 2024—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.

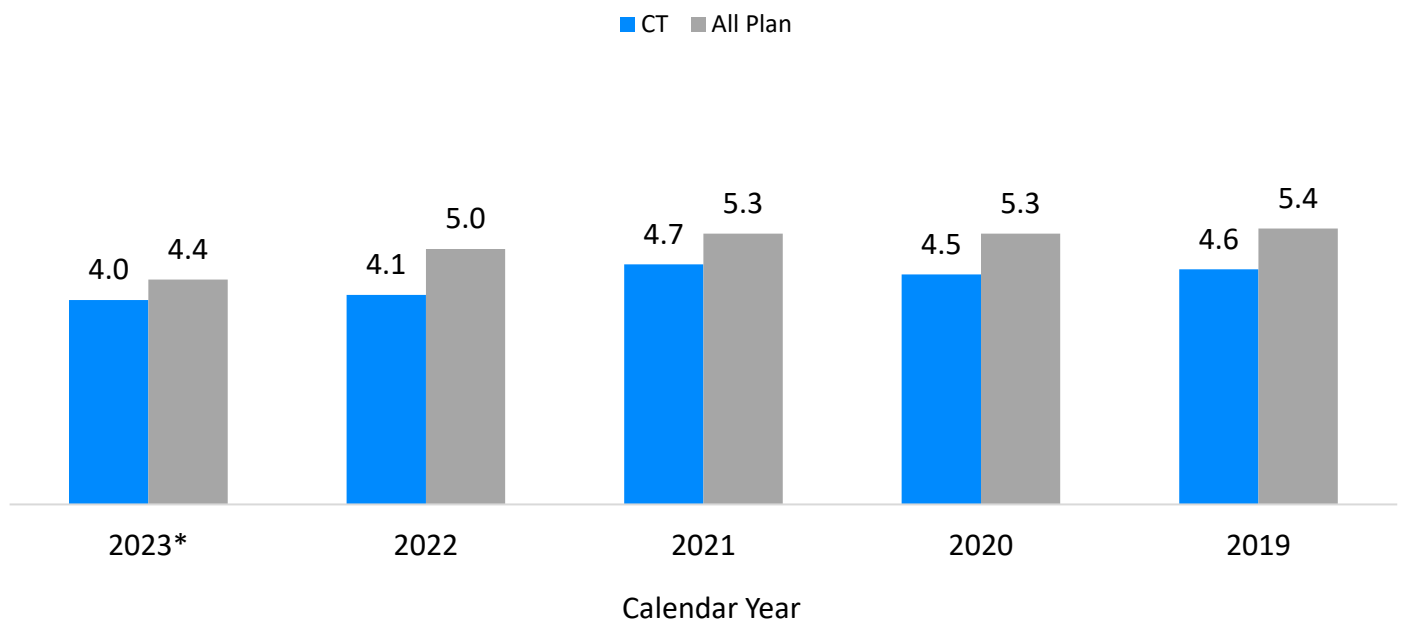
	2024	2023	2024 vs. 2023 #	2024 vs. 2023 %
<b>Policy Count</b>	10,077	10,463	-386	-3.7%
<b>Premium Volume</b>	\$30,173,148	\$31,593,899	-\$1,420,751	-4.5%



## 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*.



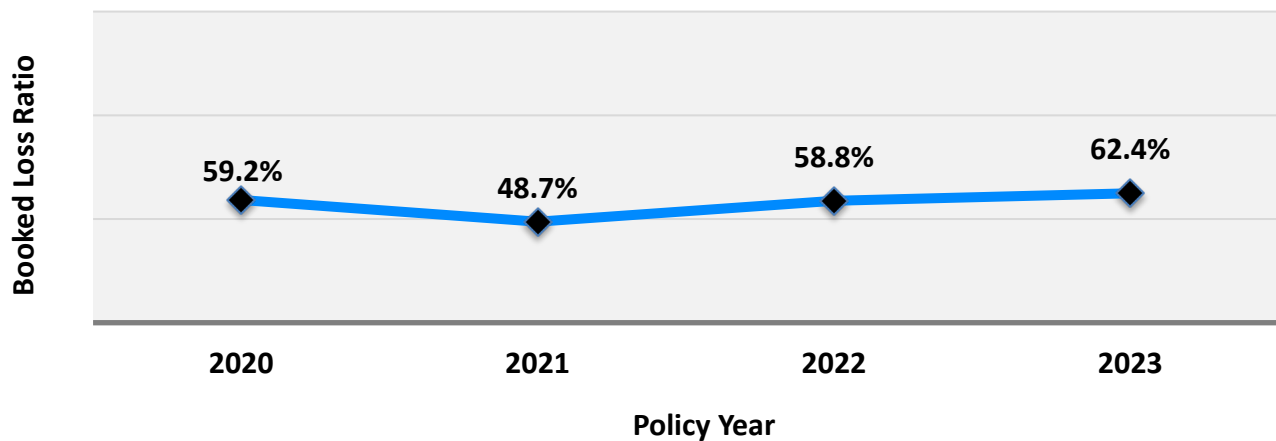
## Residual Market Demographics

### Connecticut Residual Market Reinsurance Pool

Policy Year Financial Results through 3rd Quarter 2024 for 2023 and prior years\*

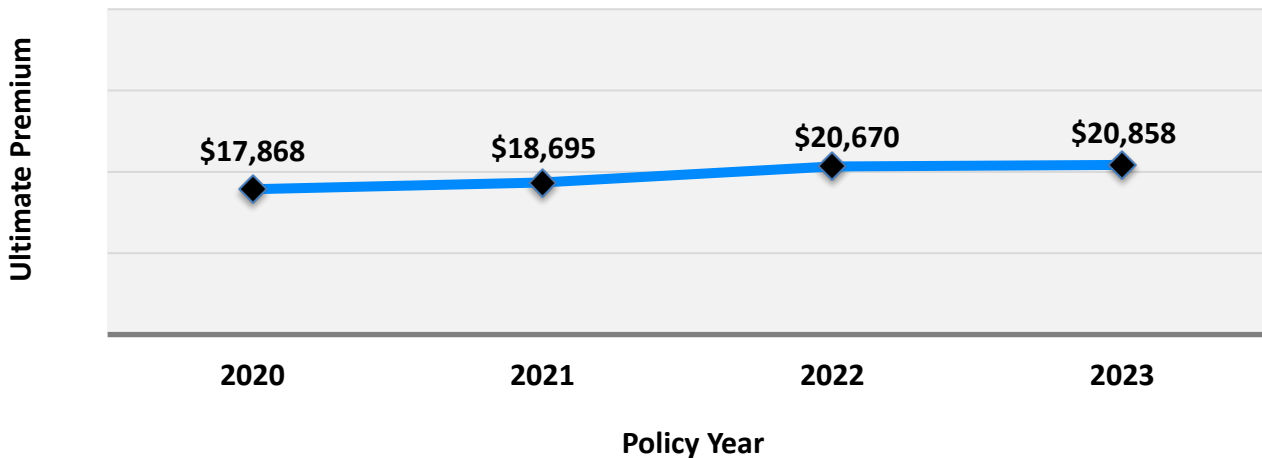
#### Booked Loss Ratio (Projected to Ultimate)

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.



\*4th Quarter 2024 data will be available the end of April 2025 due to the timing of data reporting

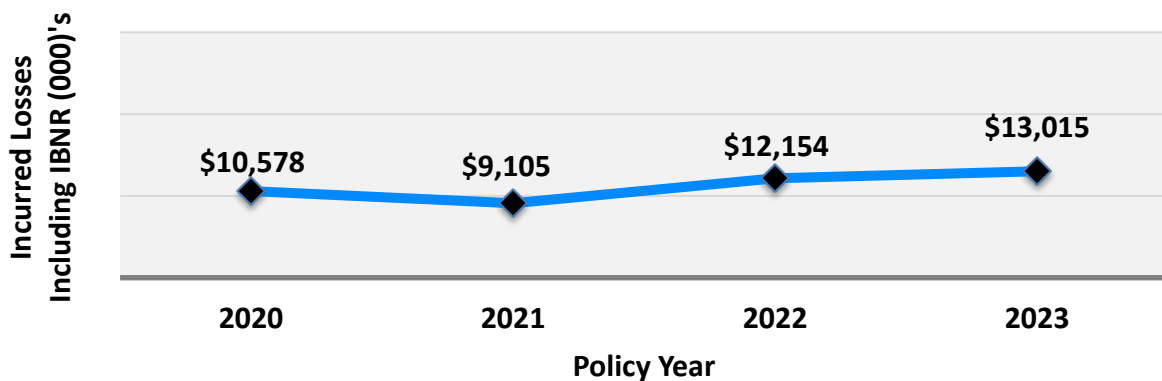


## Residual Market Demographics

### Connecticut Residual Market Reinsurance Pool Net Operating Results Policy Year Financial Results through 3rd Quarter 2024 for 2023 and prior years\*

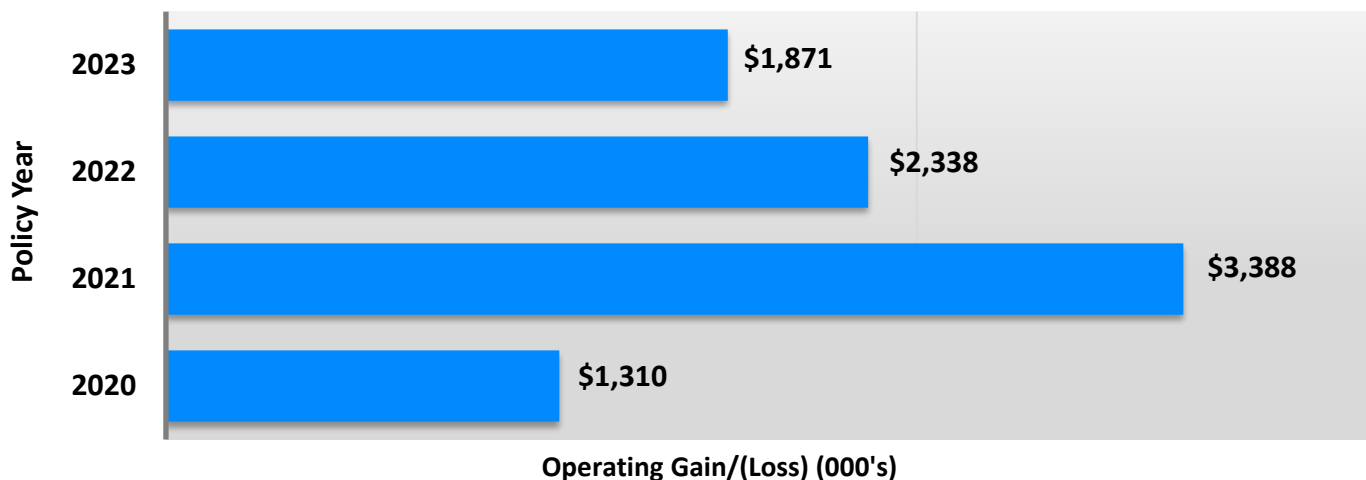
#### Incurred Losses (Projected to Ultimate)

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.



\*4th Quarter 2024 data will be available the end of April 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 3rd Quarter 2024.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2020	18,706,954	838,523	4.5%
2021	19,485,630	790,468	4.1%
2022	22,544,224	1,721,939	7.6%
2023	24,063,388	--	--
2024	16,638,286	--	--

\* 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, 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 Annual 2024.

Number of Applications Reviewed by <b>VCAP® Service</b>	3698
Associated Premium for Applications Reviewed	\$9,843,805.96
Number of <b>VCAP® Service</b> Matches	3448
<b>VCAP® Service</b> Matches as a % of Applications Reviewed	93.24%
Number of <b>VCAP® Service</b> Offers	642
<b>VCAP® Service</b> Offers as a % of Matches	18.62%
Number of Confirmed <b>VCAP® Service</b> Policies	632
Confirmed <b>VCAP® Service</b> Policies as a % of Applications Reviewed	17.09%
Redirected Assigned Risk Premium	\$1,764,087.69
Associated Voluntary Market Premium	\$1,655,881.00
Savings	\$108,206.69
Average Savings per Application	\$171.21
Savings as a % of Redirected Assigned Risk Premium	6.13%
Redirected Premium as a % of Associated Premium for Applications Reviewed by <b>VCAP® Service</b>	17.92%

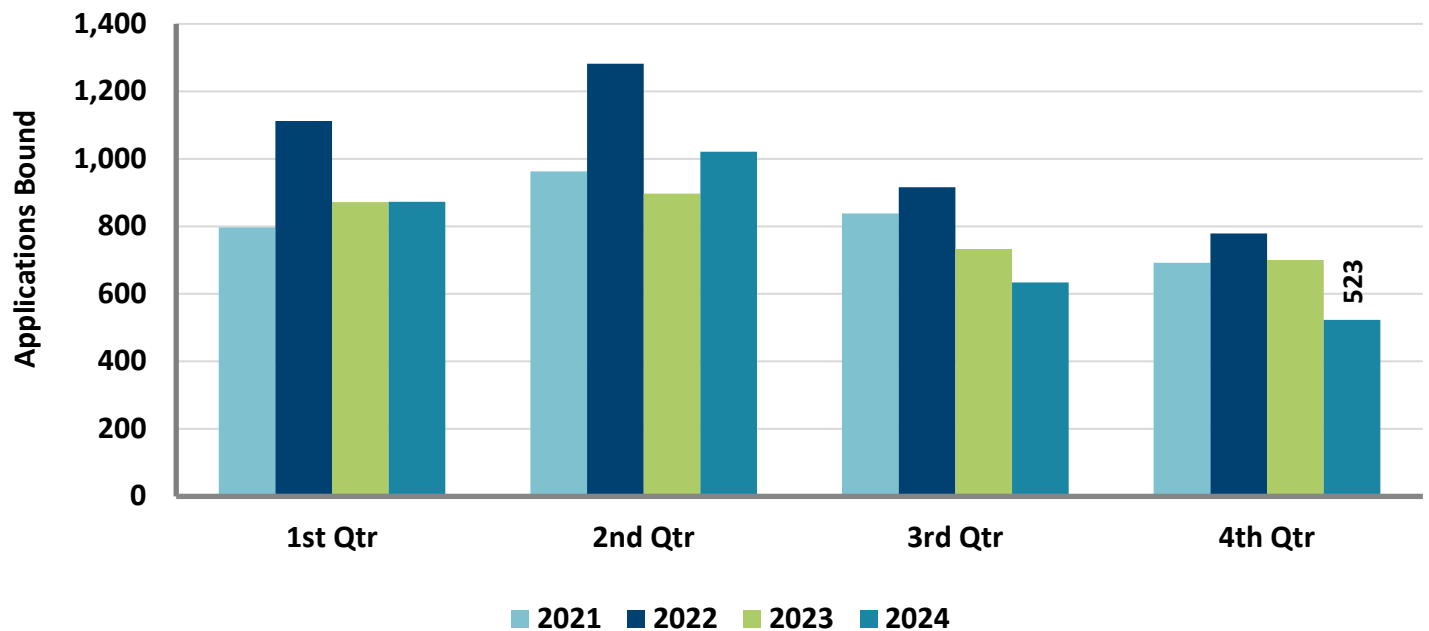




## Residual Market Demographics

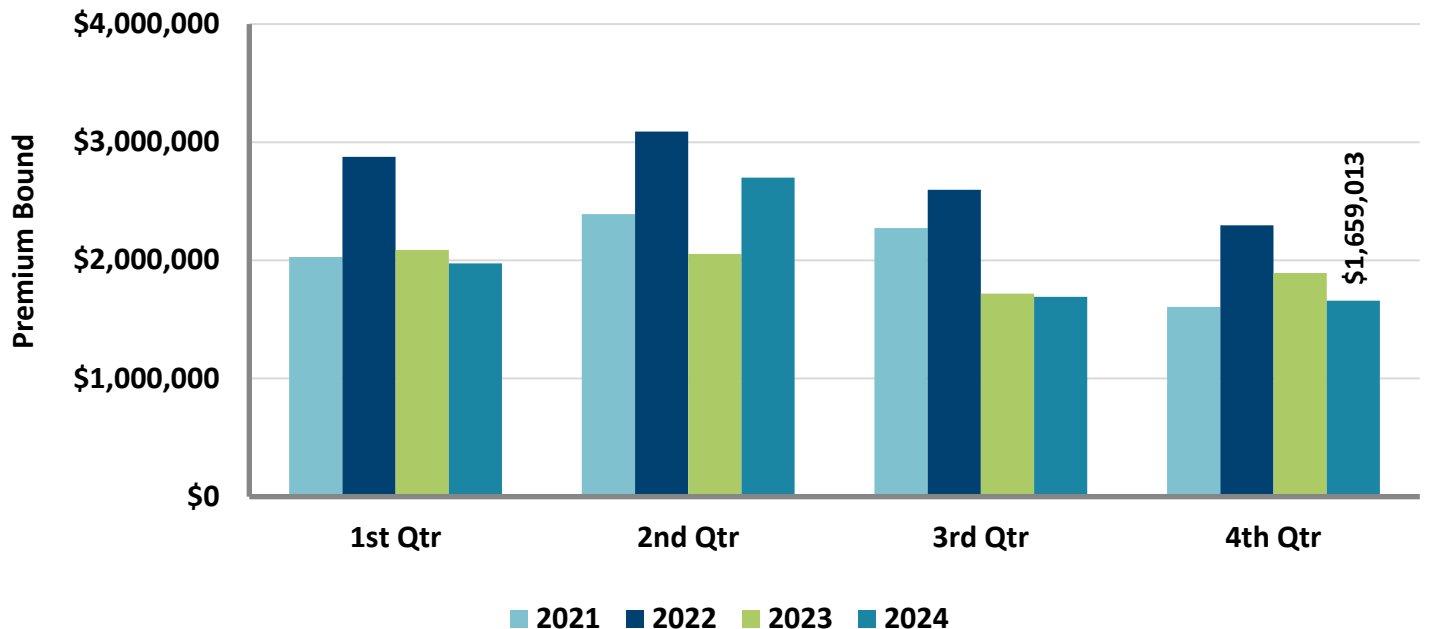
### Total Applications Bound — 2021 vs. 2022 vs. 2023 vs. 2024

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).



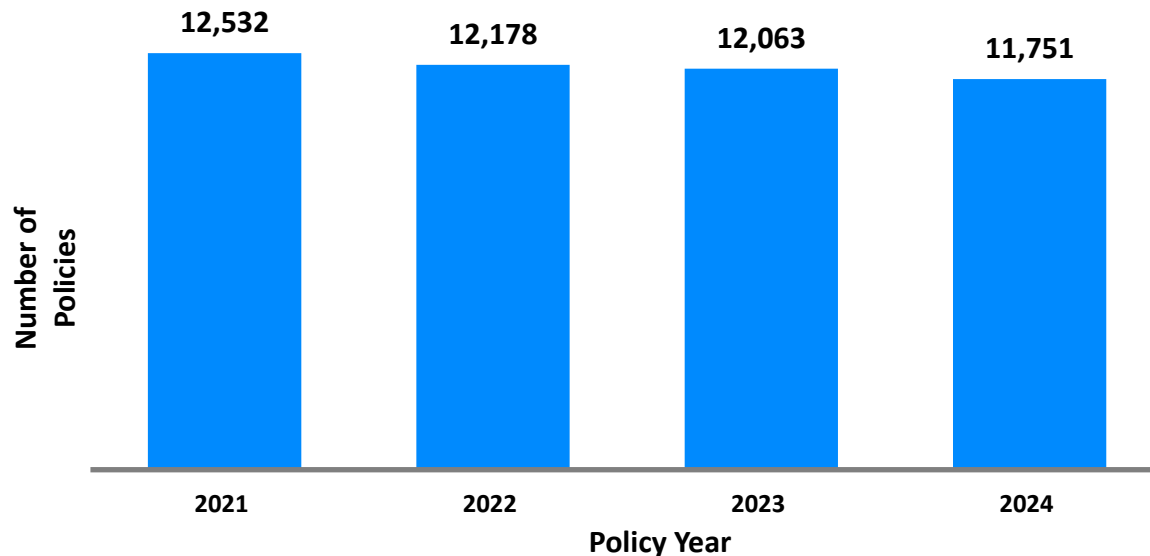


## Residual Market Demographics

### Residual Market Total Policy Counts

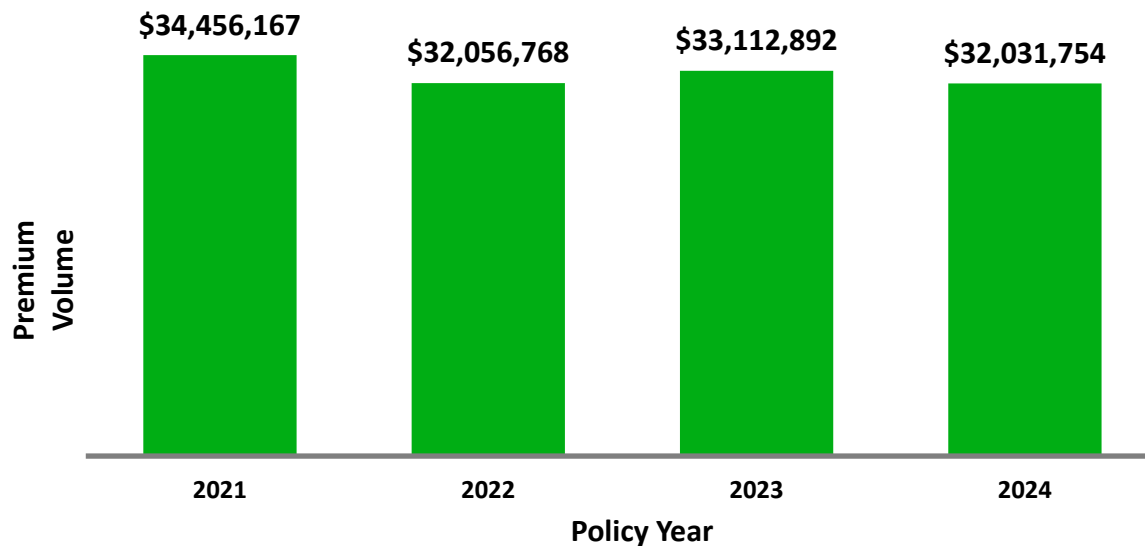
#### Annual Data for Policies Reported through December 31, 2024

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



### Annual Data for Premium Reported through December 31, 2024

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, 2024, by both Direct Assignment and Servicing Carriers.

### Annual Data Reported through December 31, 2024

Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	9,910	84.3	12,689,949	39.6	1,281
2,500- 4,999	828	7.0	2,946,833	9.2	3,559
5,000- 9,999	533	4.5	3,716,020	11.6	6,972
10,000- 19,999	293	2.5	4,092,200	12.8	13,967
20,000- 49,999	145	1.2	4,205,848	13.1	29,006
50,000- 99,999	29	0.2	2,032,986	6.3	70,103
100,000- 199,999	11	0.1	1,361,882	4.3	123,807
200,000+	2	0.0	986,036	3.1	493,018
Total	11,751	100.0	32,031,754	100.0	2,726

### Annual 2023 Data for Comparison

Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	10,078	83.5	10,900,382	32.9	1,082
2,500- 4,999	863	7.2	3,079,536	9.3	3,568
5,000- 9,999	587	4.9	4,071,643	12.3	6,936
10,000- 19,999	334	2.8	4,659,290	14.1	13,950
20,000- 49,999	157	1.3	4,741,800	14.3	30,203
50,000- 99,999	26	0.2	1,868,745	5.6	71,875
100,000- 199,999	14	0.1	1,844,012	5.6	131,715
200,000+	4	0.0	1,947,484	5.9	486,871
Total	12,063	100.0	33,112,892	100.0	2,745

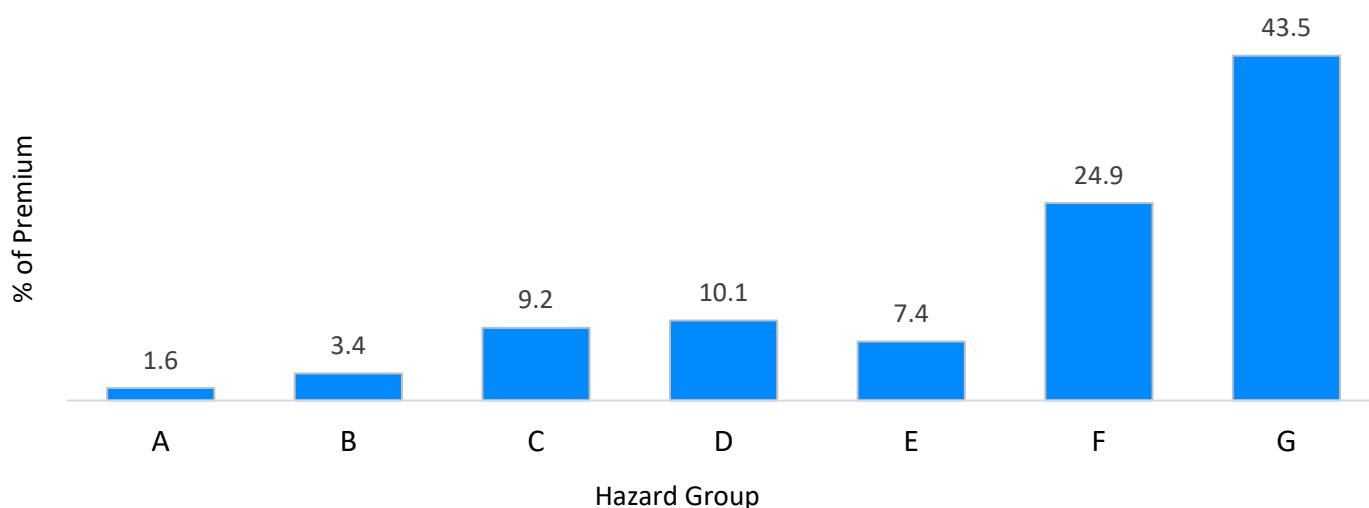


## Residual Market Demographics

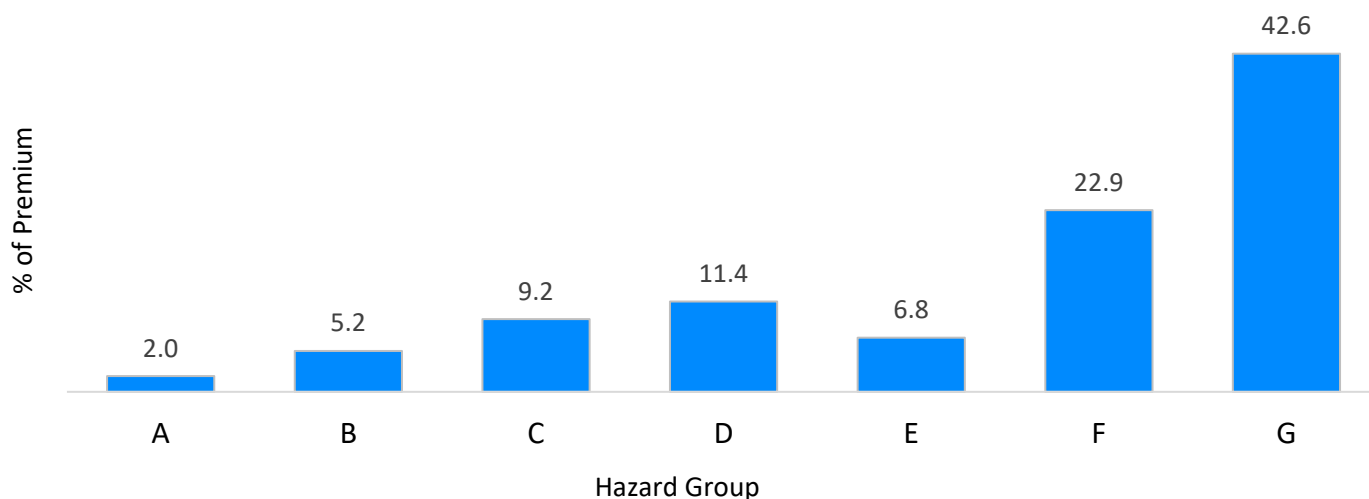
### Hazard Group Distribution

Annual Data Reported through **December 31, 2024**

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



### Annual **2023** Data for Comparison





## Residual Market Demographics

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

#### Annual Data Reported through December 31, 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	2,805	23.9
2	5474 - Painting NOC & Shop Operations, Drivers	1,124	9.6
3	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	1,092	9.3
4	5551 - Roofing-All Kinds & Drivers	996	8.5
5	5022 - Masonry NOC	408	3.5
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drive	366	3.1
7	0913 - Domestic Workers-Residences Full-Time	318	2.7
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	219	1.9
9	5348 - Ceramic Tile, Indoor Stone, Marble, or Mosaic Work	206	1.8
10	5190 - Electrical Wiring-Within Buildings & Drivers	194	1.7

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

#### Annual Data Reported through December 31, 2024

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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	5,775,074	18.0
2	5551 - Roofing-All Kinds & Drivers	2,988,275	9.3
3	5474 - Painting NOC & Shop Operations, Drivers	1,850,628	5.8
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	1,767,198	5.5
5	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	871,686	2.7
6	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	862,280	2.7
7	5022 - Masonry NOC	810,148	2.5
8	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drive	669,095	2.1
9	5190 - Electrical Wiring-Within Buildings & Drivers	636,446	2.0
10	5403 - Carpentry NOC	594,090	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. 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.