



District of Columbia Residual Market State Activity Report

Third Quarter 2023



Executive Summary

NCCI, as Pool and Plan Administrator of the District of Columbia Workers Compensation Insurance Plan, is pleased to provide the Third Quarter 2023 *District of Columbia 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 District of Columbia Plan. Residual Market demographics contained in this report include:

Table of Contents

Residual Market Demographics	
Residual Market Total Policies and Premium in Force	1
District of Columbia Residual Market Reinsurance Pool Booked Loss Ratio	2
District of Columbia Residual Market Reinsurance Pool Ultimate Net Written Premium	2
District of Columbia Residual Market Reinsurance Pool Net Operating Results	3
Collections/Indemnification.....	4
Voluntary Coverage Assistance Program.....	5
Total Applications Bound	6
Total Application Premium Bound	6
Residual Market Total Policy Counts	7
Residual Market Total Premium Volume.....	7
Total Premium Distribution by Size of Risk.....	8
Residual Market Top 10 Classification Codes by Policy Count.....	9
Residual Market Top 10 Classification Codes by Premium Volume	9
Glossary of Terms.....	10

If you have any questions or comments about this report, please feel free to contact the individual listed below.

Sean Cordell, Plan Administration

561-893-3171

© Copyright 2023 National Council on Compensation Insurance, Inc. This material is owned by NCCI and is protected by copyright law. NCCI will seek all appropriate legal remedies for the unauthorized use, sale, reproduction, distribution, preparation of derivative works, transfer or assignment of this material, or any part thereof. NCCI makes no representation or warranty, express or implied, as to any matter whatsoever, including but not limited to the accuracy of any information, product, or service furnished hereunder. The recipient of this material is subject to any license agreement that governs the use of this information and subscribes to and utilizes the information “as is.”



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 %
Policy Count	597	666	-69	-10.4%
Premium Volume	\$3,187,047	\$3,651,448	-\$464,401	-12.7%

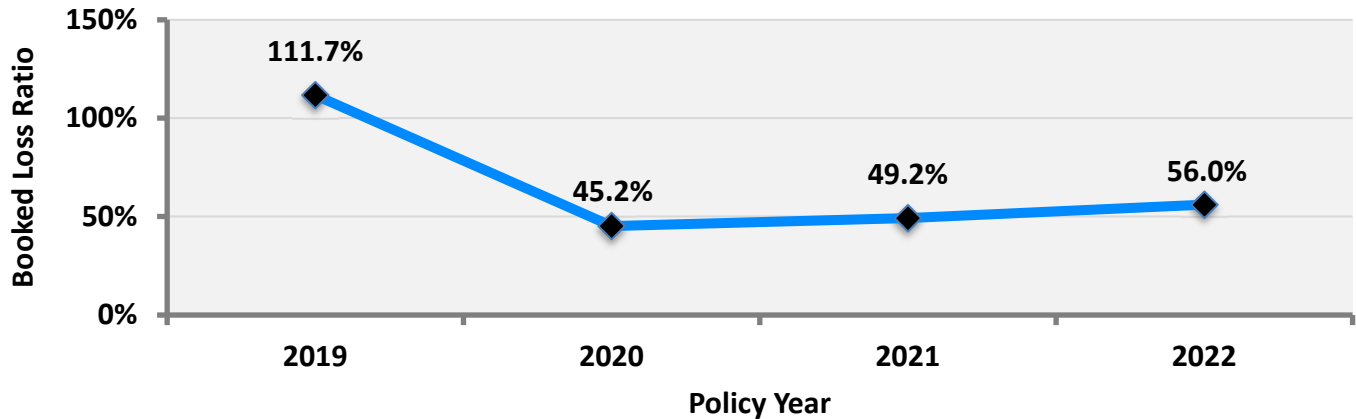


Residual Market Demographics

District of Columbia 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.

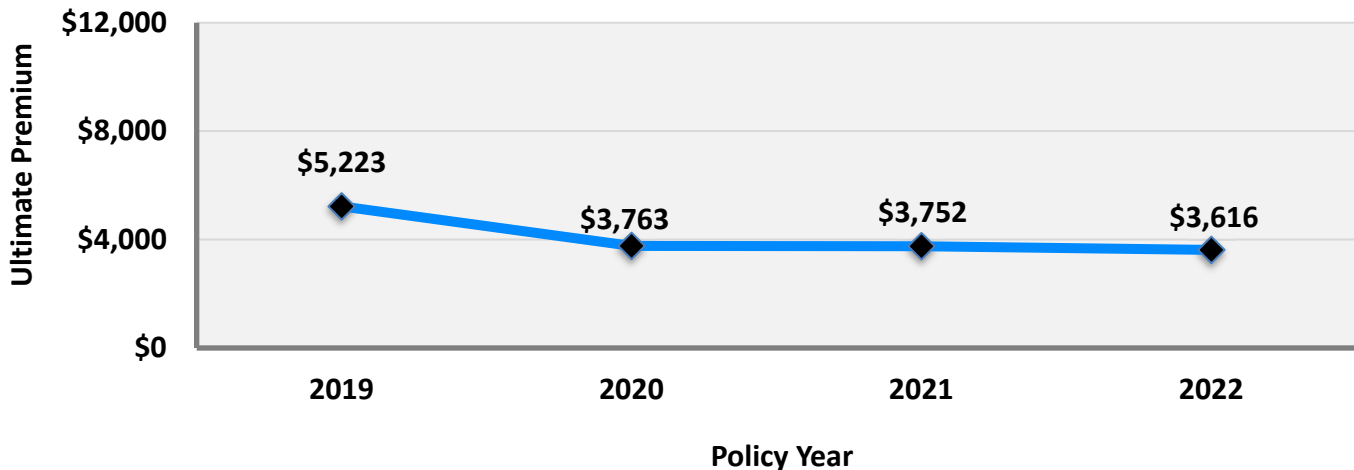


District of Columbia Residual Market Reinsurance Pool Ultimate Net Written Premium (Projected to Ultimate) (000's)

(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

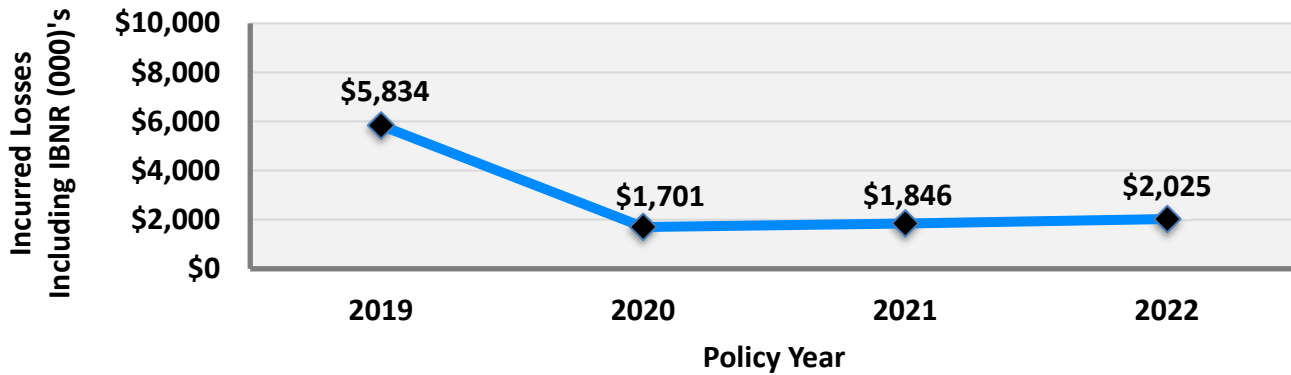


Residual Market Demographics

District of Columbia 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*

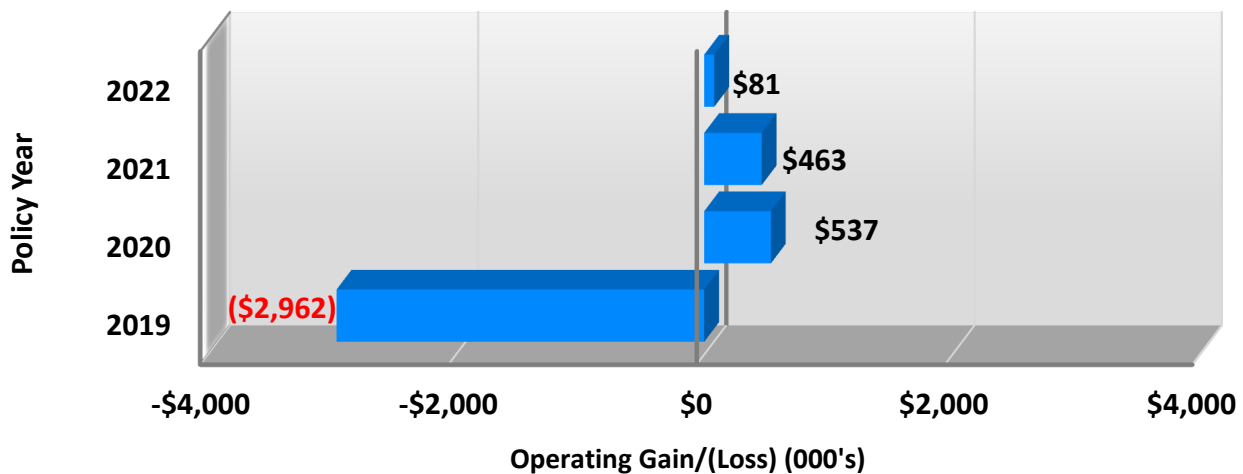
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



District of Columbia 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 District of Columbia 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	6,036,944	813,770	13.5%
2020	4,078,052	315,088	7.7%
2021	3,756,377	49,414	1.3%
2022	3,670,802	--	--
2023	1,450,169	--	--

* 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[®] Service**. The following shows the results **VCAP[®] Service** has provided during Third Quarter 2023.

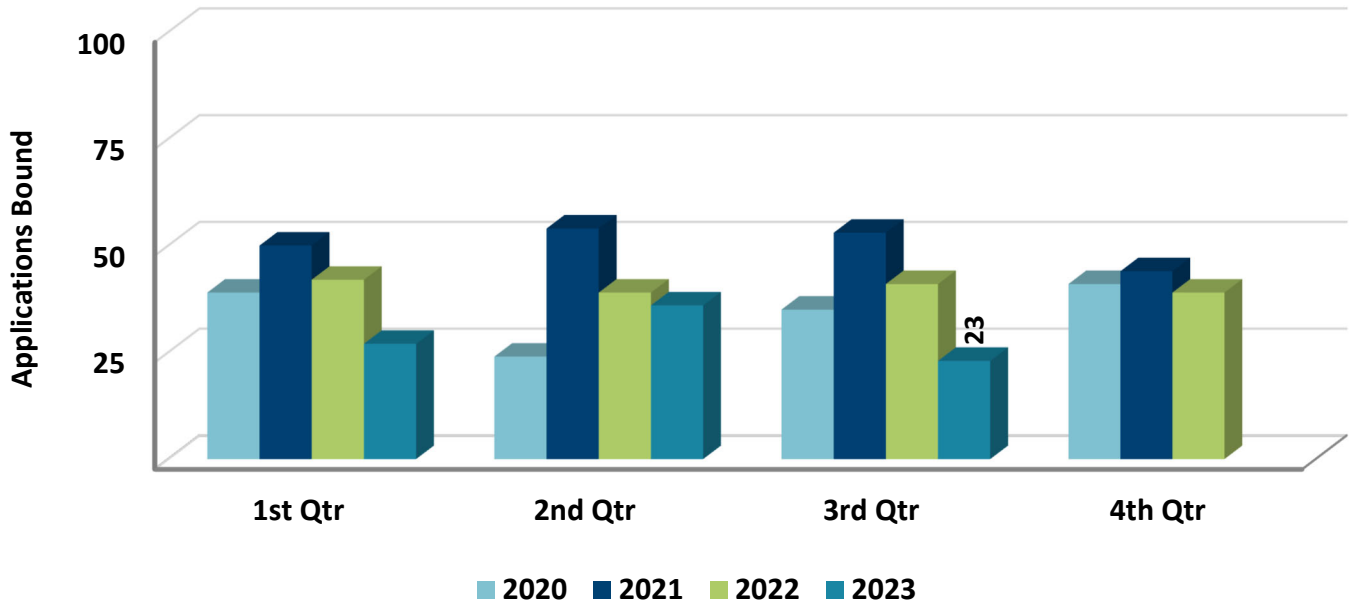
Number of Applications Reviewed by VCAP[®] Service	32
Number of VCAP[®] Service Matches	27
VCAP[®] Service Offers as a % of Matches	40.74%
Number of Confirmed VCAP[®] Service Policies	10
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	31.25%
Savings as a % of Redirected Assigned Risk Premium	18.82%



Residual Market Demographics

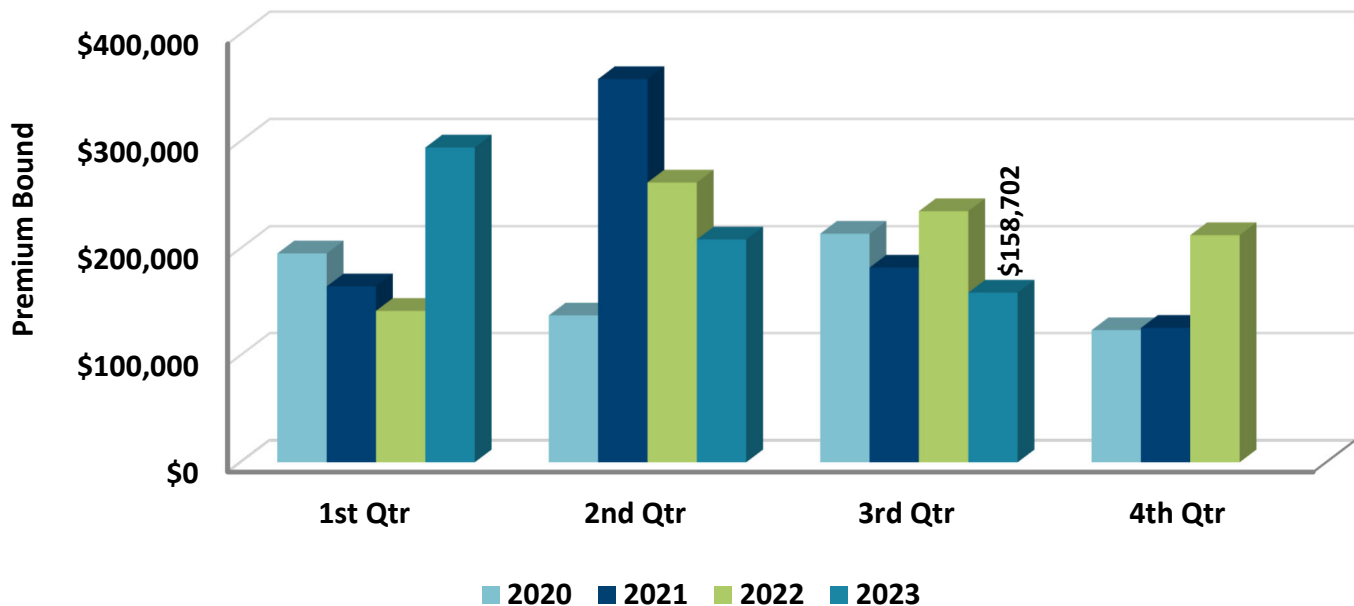
Total Applications Bound — 2020 vs. 2021 vs. 2022 vs. 2023

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).



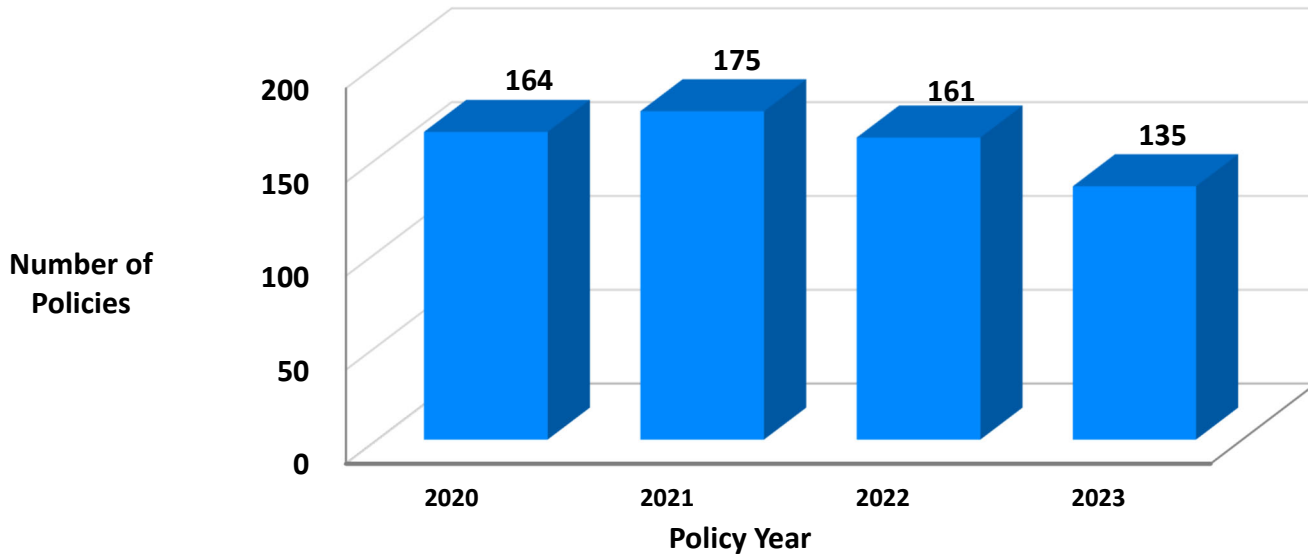


Residual Market Demographics

Residual Market Total Policy Counts

Third Quarter Data for Policies Reported through September 30, 2023

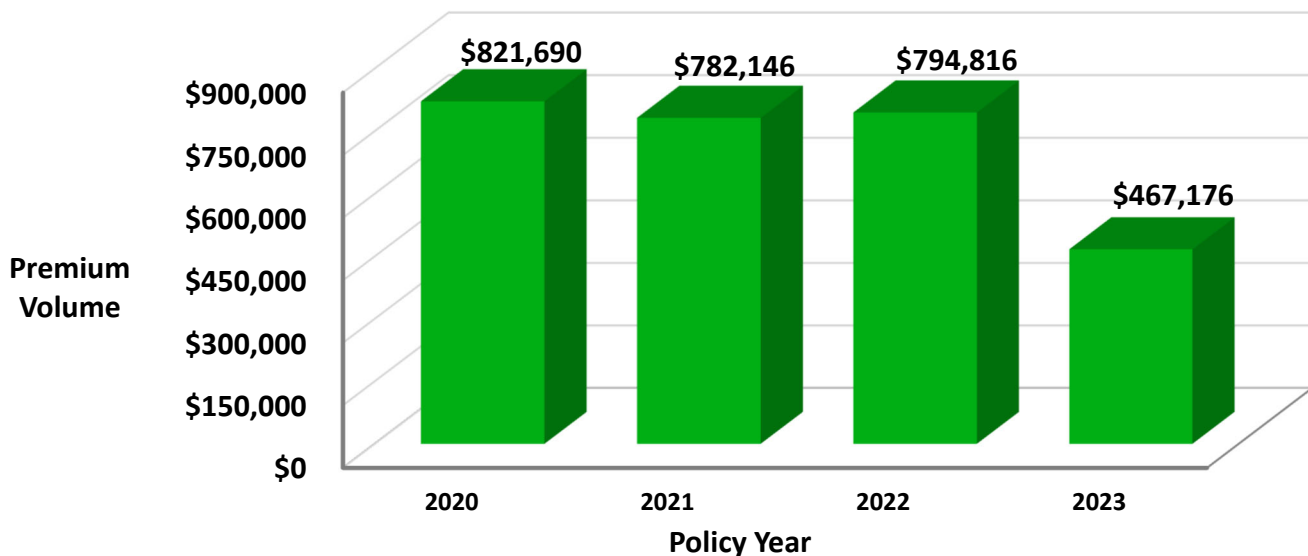
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



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	95	70.4	78,842	16.9	830
\$2500- \$4999	17	12.6	57,945	12.4	3,409
\$5000- \$9999	10	7.4	78,294	16.8	7,829
\$10000- \$19999	9	6.7	117,234	25.1	13,026
\$20000- \$49999	3	2.2	69,584	14.9	23,195
\$50000- \$99999	1	0.7	65,277	14.0	65,277
\$100000- \$199999	0	0.0	0	0.0	0
\$2000000+	0	0.0	0	0.0	0
Total	135	100.0	467,176	100.0	3,461

Third Quarter 2022 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	105	65.2	98,891	12.4	942
\$2500- \$4999	24	14.9	88,529	11.1	3,689
\$5000- \$9999	12	7.5	89,698	11.3	7,475
\$10000- \$19999	14	8.7	178,035	22.4	12,717
\$20000- \$49999	3	1.9	96,459	12.1	32,153
\$50000- \$99999	3	1.9	243,204	30.6	81,068
\$100000- \$199999	0	0.0	0	0.0	0
\$2000000+	0	0.0	0	0.0	0
Total	161	100.0	794,816	100.0	4,937



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	0913 - Domestic Workers-Residences Full-Time	33	24.4
2	8742 - Salespersons or Collectors - Outside	11	8.1
3	8810 - Clerical Office Employees NOC	10	7.4
4	0908 - Domestic Workers-Residences-Part Time	8	5.9
5	8835 - Home, Public, and Traveling Healthcare - All Employees	5	3.7
6	7720 - Police Officers & Drivers	4	3.0
7	8864 - Social Service Organization - All Employees & Salespersons, Drivers	4	3.0
8	9084 - Bar, Discotheque, Lounge, Nightclub or Tavern	4	3.0
9	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	3	2.2
10	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	3	2.2

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	68,620	14.7
2	8835 - Home, Public, and Traveling Healthcare - All Employees	35,347	7.6
3	8810 - Clerical Office Employees NOC	32,325	6.9
4	9012 - Building or Property Management - Property Managers and Leasing Agents & Clerical, Salespersons	24,618	5.3
5	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	23,664	5.1
6	7720 - Police Officers & Drivers	23,012	4.9
7	0913 - Domestic Workers-Residences Full-Time	22,468	4.8
8	8864 - Social Service Organization - All Employees & Salespersons, Drivers	19,656	4.2
9	8842 - Group Homes - All Employees & Salespersons, Drivers	16,509	3.5
10	9084 - Bar, Discotheque, Lounge, Nightclub or Tavern	16,383	3.5



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[®] 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.