



Georgia Residual Market State Activity Report

Second Quarter 2022



Executive Summary

NCCI, as Pool and Plan Administrator of the Georgia Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2022 *Georgia 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 Georgia Plan. Residual Market demographics contained in this report include:

Table of Contents

Residual Market Demographics	
Residual Market Total Policies and Premium in Force	1
Georgia Residual Market Reinsurance Pool Booked Loss Ratio	2
Georgia Residual Market Reinsurance Pool Ultimate Net Written Premium.....	2
Georgia 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 2022 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 June 30, 2022—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.

	2022	2021	2022 vs. 2021 #	2022 vs. 2021 %
Policy Count	17,921	19,147	-1,226	-6.4%
Premium Volume	\$58,869,496	\$74,530,665	-\$15,661,169	-21.0%

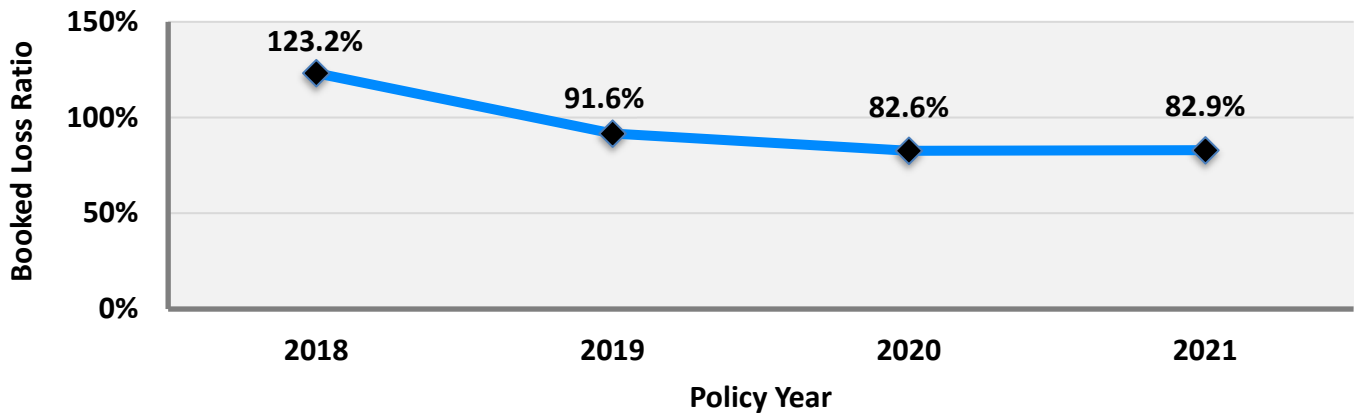


Residual Market Demographics

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

Policy Year Financial Results through 1st Quarter 2022 for 2021 and prior years*

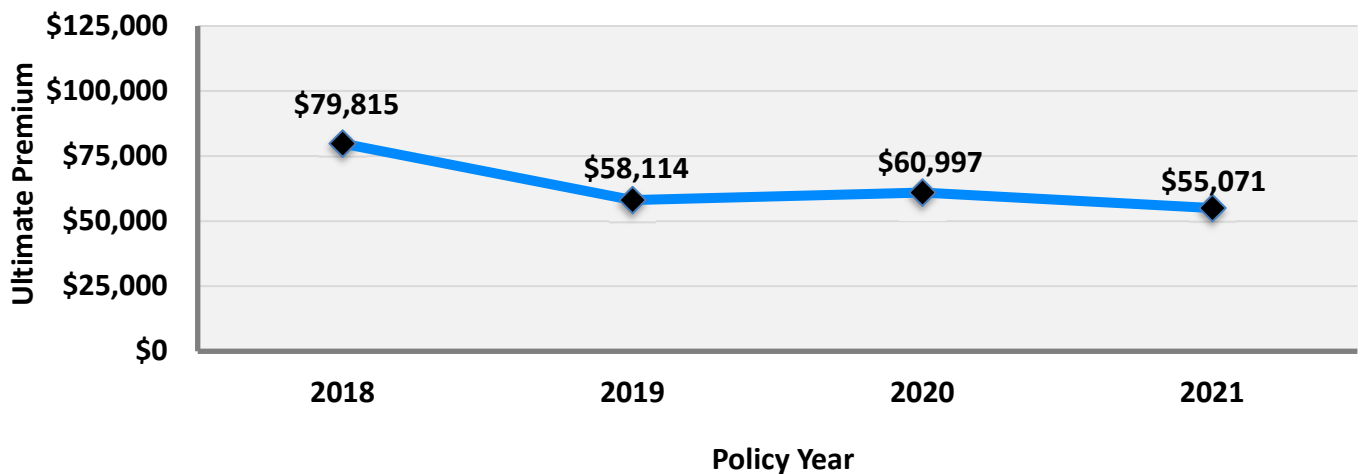
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 1st Quarter 2022 for 2021 and prior years*

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



*2nd Quarter 2022 data will be available the end of October 2022 due to the timing of data reporting

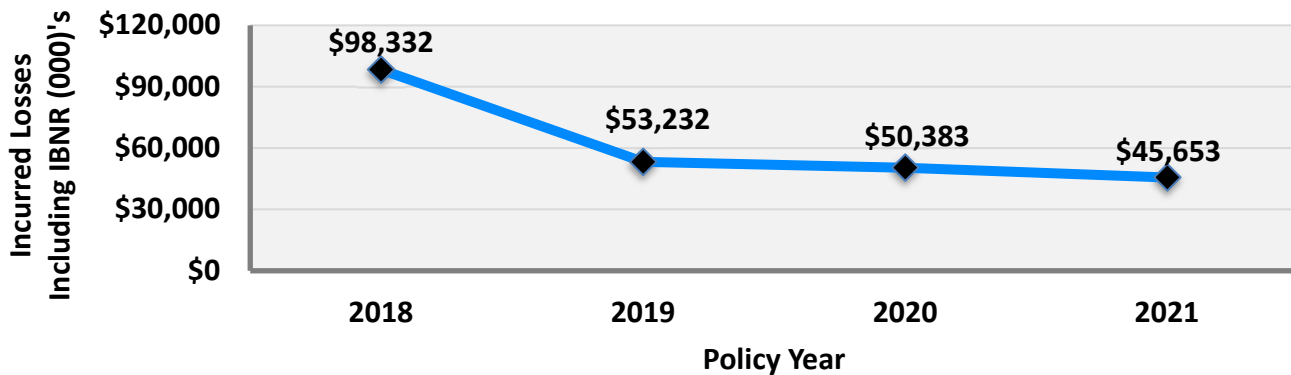


Residual Market Demographics

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

Policy Year Financial Results through 1st Quarter 2022 for 2021 and prior years*

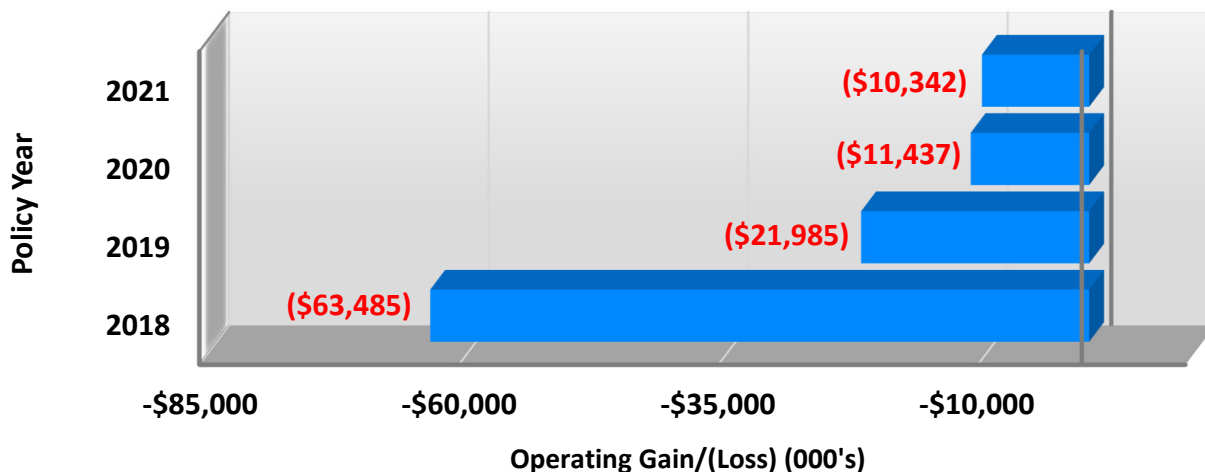
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 1st Quarter 2022 for 2021 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.



*2nd Quarter 2022 data will be available the end of October 2022 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 Georgia for Policy Years 2018-2022, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 1st Quarter 2022.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2018	141,602,851	61,787,955	43.6%
2019	111,284,543	53,170,562	47.8%
2020	91,898,368	25,206,052	27.4%
2021	57,382,790	--	--
2022	12,257,690	--	--

* 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 Second Quarter Data through June 30, 2022

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 Second Quarter 2022.

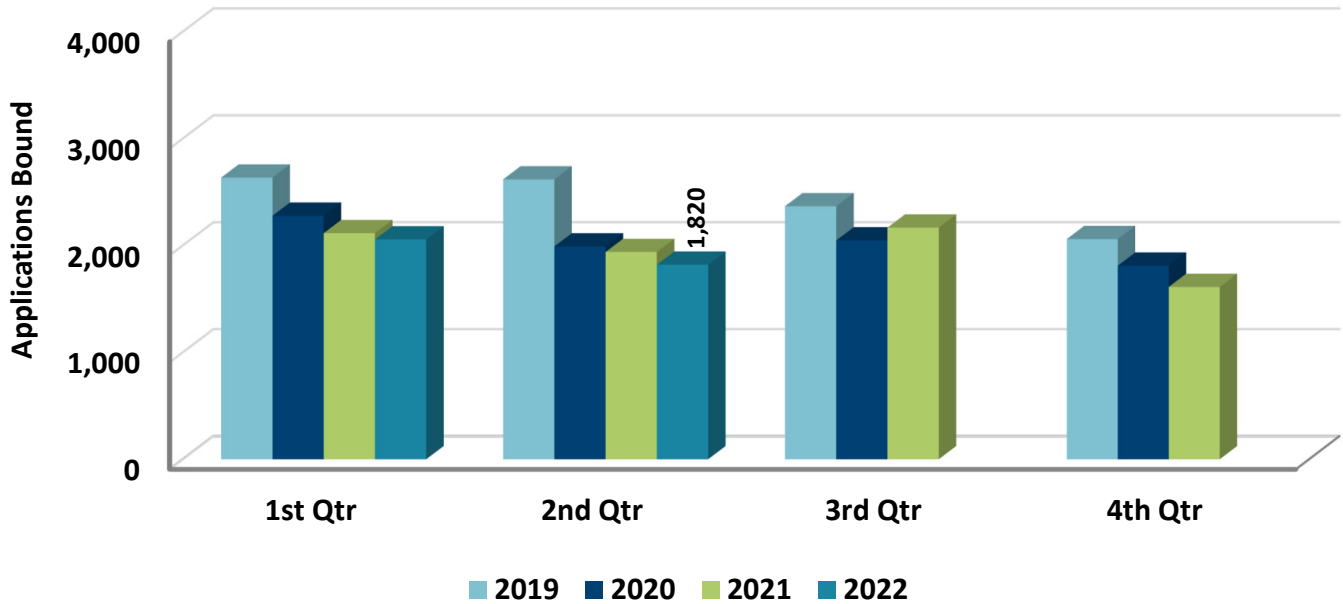
Number of Applications Reviewed by VCAP[®] Service	1,859
Number of VCAP[®] Service Matches	356
VCAP[®] Service Offers as a % of Matches	12.08%
Number of Confirmed VCAP[®] Service Policies	42
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	2.26%
Savings as a % of Redirected Assigned Risk Premium	36.19%



Residual Market Demographics

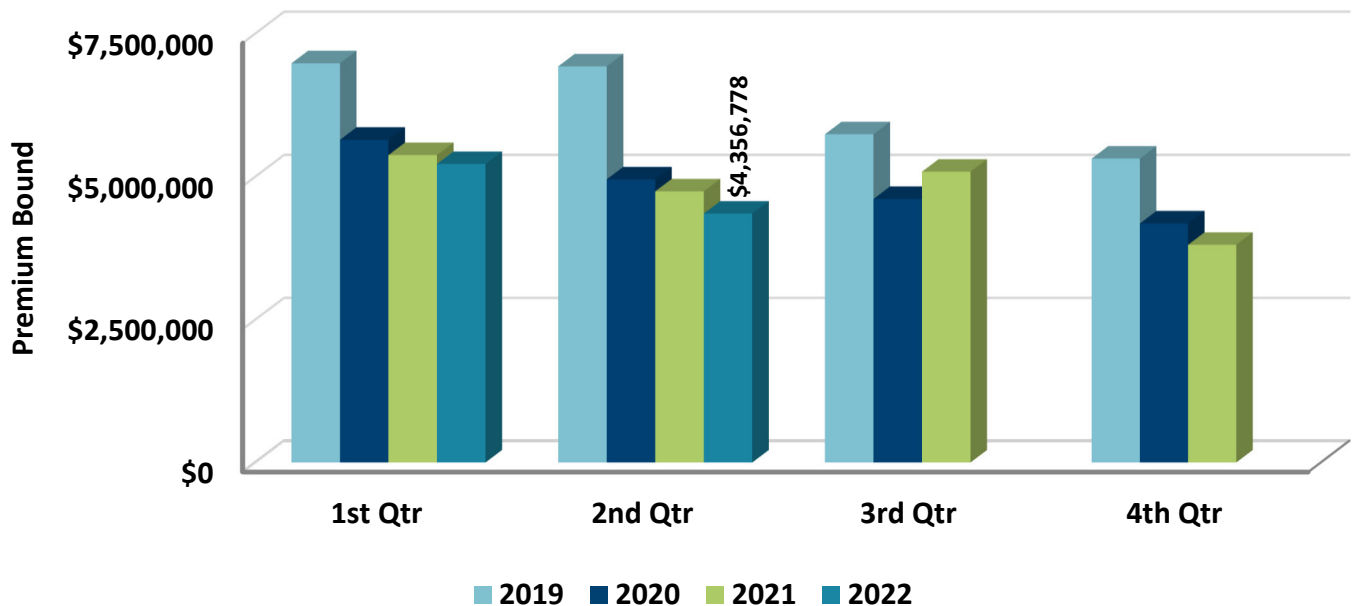
Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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 — 2019 vs. 2020 vs. 2021 vs. 2022

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).



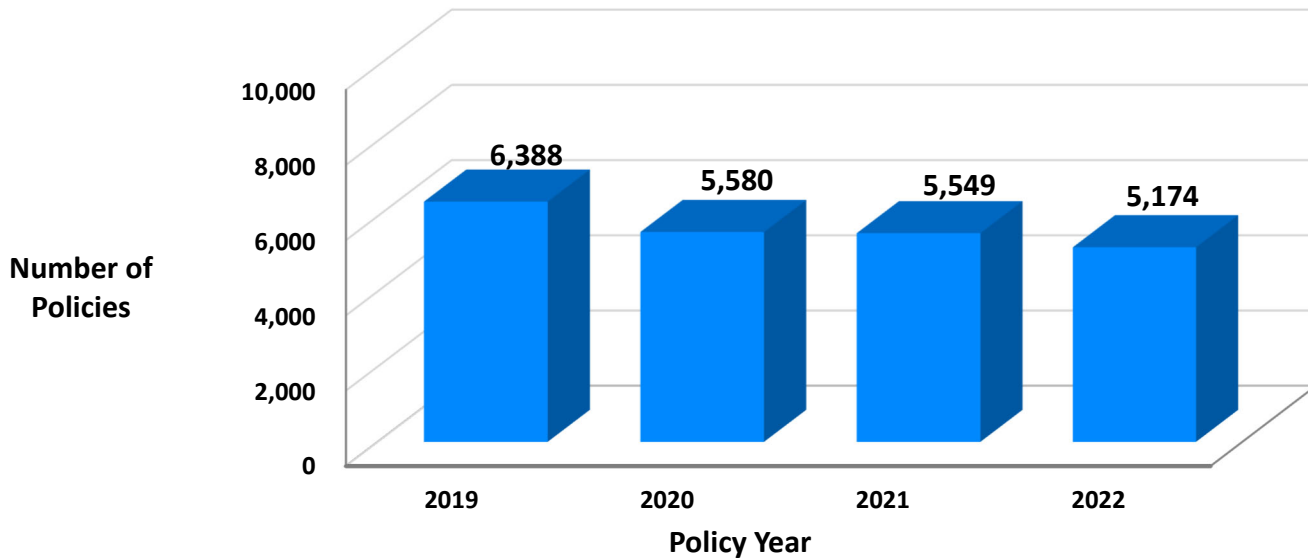


Residual Market Demographics

Residual Market Total Policy Counts

Second Quarter Data for Policies Reported through June 30, 2022

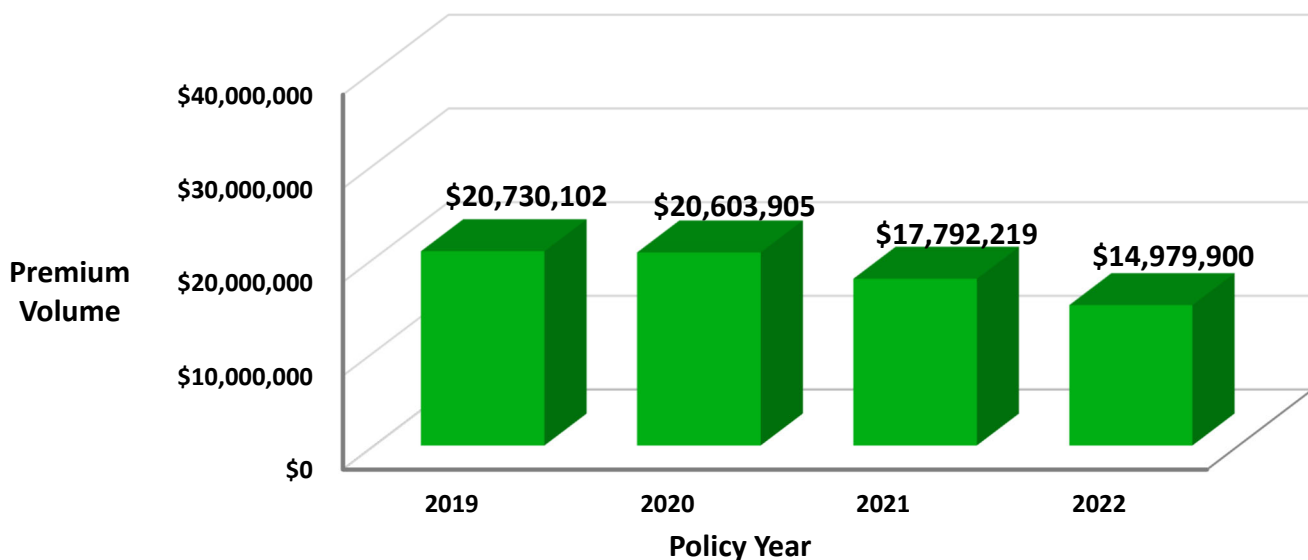
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Second Quarter Data Reported through June 30, 2022

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

Second Quarter Data Reported through June 30, 2022

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	4,366	84.4	6,630,646	44.3	1,519
\$2500- \$4999	384	7.4	1,325,115	8.8	3,451
\$5000- \$9999	230	4.4	1,627,571	10.9	7,076
\$10000- \$19999	128	2.5	1,696,690	11.3	13,255
\$20000- \$49999	46	0.9	1,412,512	9.4	30,707
\$50000- \$99999	14	0.3	1,034,943	6.9	73,925
\$100000- \$199999	4	0.1	542,810	3.6	135,703
\$2000000+	2	0.0	709,613	4.7	354,807
Total	5,174	100.0	14,979,900	100.0	2,895

Second Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	4,648	83.8	6,325,605	35.6	1,361
\$2500- \$4999	394	7.1	1,385,323	7.8	3,516
\$5000- \$9999	253	4.6	1,766,702	9.9	6,983
\$10000- \$19999	160	2.9	2,170,479	12.2	13,565
\$20000- \$49999	65	1.2	2,061,611	11.6	31,717
\$50000- \$99999	17	0.3	1,229,322	6.9	72,313
\$100000- \$199999	6	0.1	888,528	5.0	148,088
\$2000000+	6	0.1	1,964,649	11.0	327,442
Total	5,549	100.0	17,792,219	100.0	3,206



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Second Quarter Data Reported through June 30, 2022

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	810	15.7
2	5474 - Painting NOC& Shop Operations, Drivers	531	10.3
3	5551 - Roofing-All Kinds & Drivers	496	9.6
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	421	8.1
5	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	298	5.8
6	7219 - Trucking - NOC-All Employees & Drivers	196	3.8
7	5022 - Masonry NOC	144	2.8
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	138	2.7
9	5221 - Concrete or Cement Work- Floors, Driveways, Yards or Sidewalks-& Drivers	128	2.5
10	5348 - Ceramic Tile, Indoor Stone, Marble, or Mosaic Work	111	2.1

Residual Market Top 10 Classification Codes by Premium Volume Second Quarter Data Reported through June 30, 2022

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	2,681,477	17.9
2	5474 - Painting NOC & Shop Operations, Drivers	1,130,766	7.5
3	5551 - Roofing-All Kinds & Drivers	1,072,903	7.2
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	872,043	5.8
5	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	741,961	5.0
6	7219 - Trucking - NOC-All Employees & Drivers	443,384	3.0
7	8720 - Inspection of Risks for Insurance or Valuation Purposes NOC	413,938	2.8
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	372,561	2.5
9	5022 - Masonry NOC	371,395	2.5
10	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	306,845	2.0



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.