



Georgia Residual Market State Activity Report

Annual 2020



Executive Summary

NCCI, as Pool and Plan Administrator of the Georgia Workers Compensation Insurance Plan, is pleased to provide the Annual 2020 *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 2021 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 December 31, 2020—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.

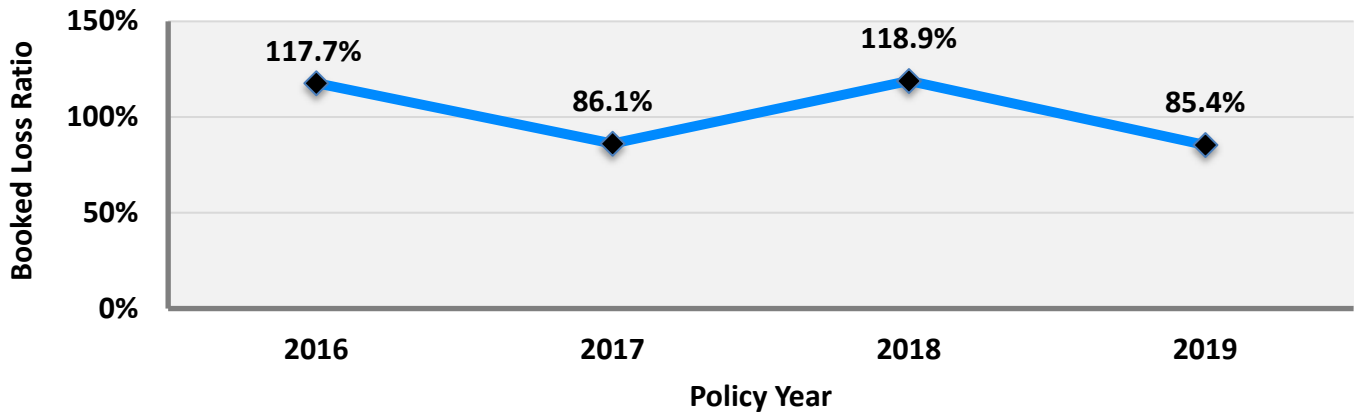
	2020	2019	2020 vs. 2019 #	2020 vs. 2019 %
Policy Count	19,116	21,118	-2,002	-9.5%
Premium Volume	\$64,862,108	\$79,418,653	-\$14,556,545	-18.3%



Residual Market Demographics

Georgia Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 3rd Quarter 2020 for 2019 and prior years*

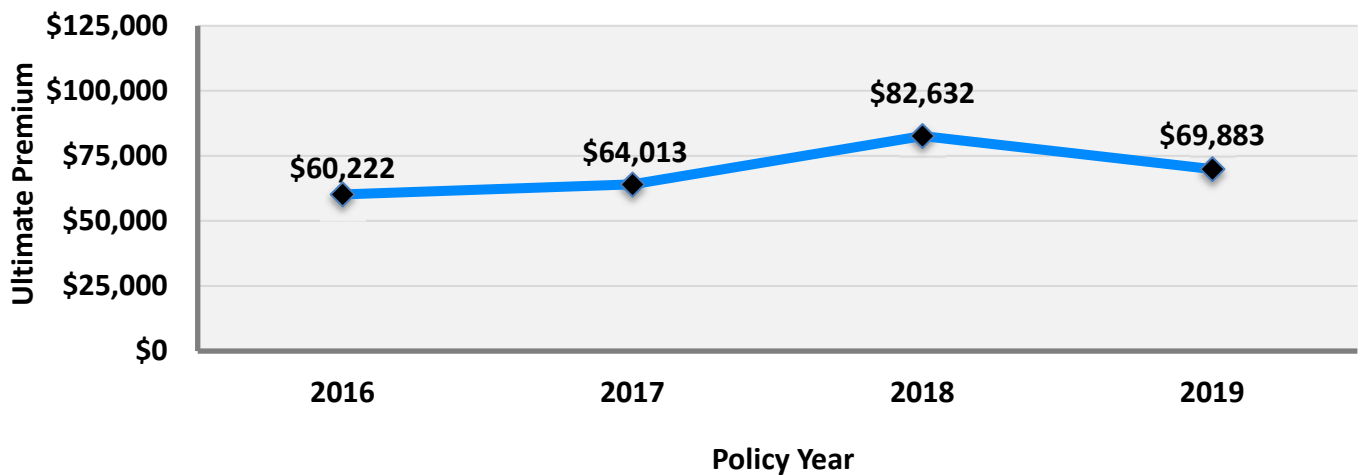
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 3rd Quarter 2020 for 2019 and prior years*

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



*4th Quarter 2020 data will be available the end of April 2021 due to the timing of data reporting

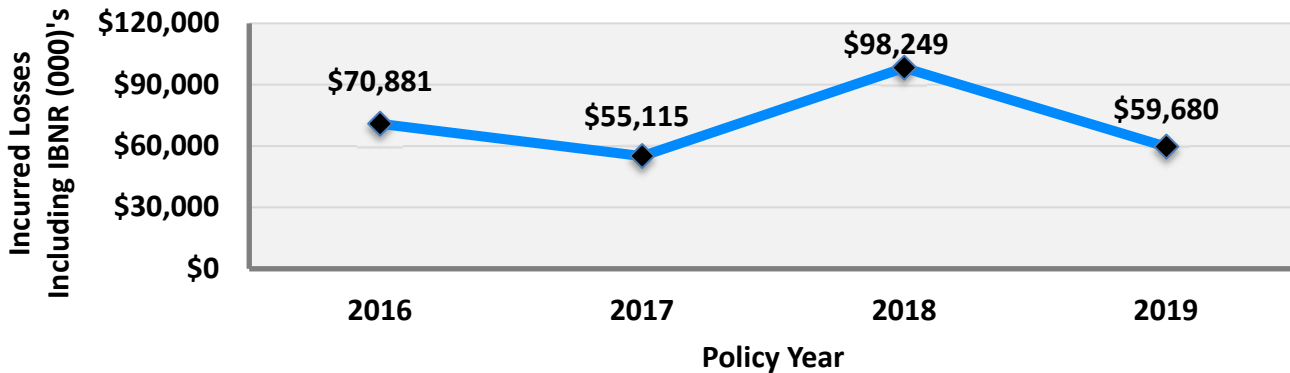


Residual Market Demographics

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

Policy Year Financial Results through 3rd Quarter 2020 for 2019 and prior years*

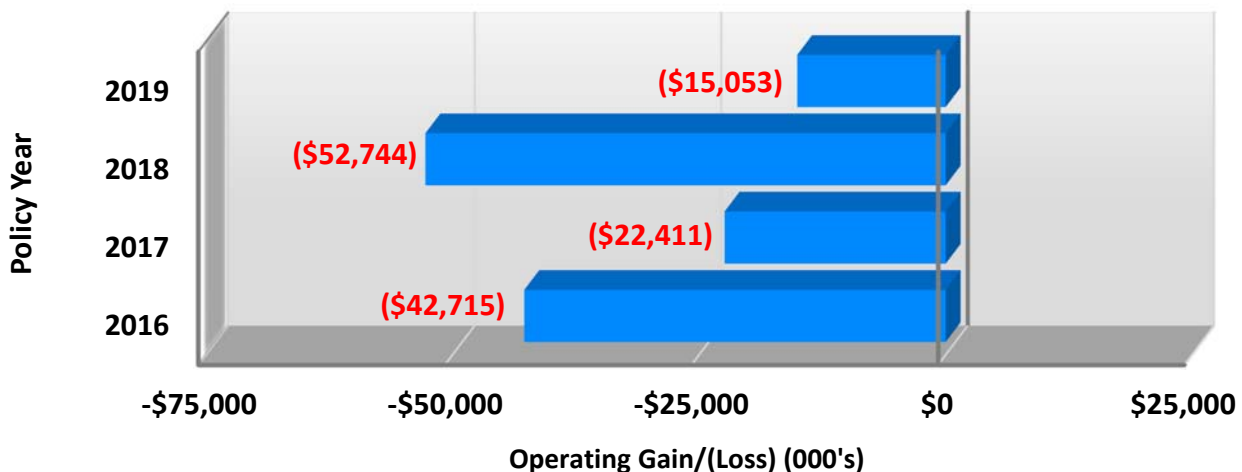
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 3rd Quarter 2020 for 2019 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.



*4th Quarter 2020 data will be available the end of April 2021 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 2016-2020, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2020.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2016	86,354,135	26,132,486	30.3%
2017	98,414,276	34,400,986	35.0%
2018	132,264,546	47,937,386	36.2%
2019	81,476,494	*	N/A
2020	40,016,389	*	N/A

* 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, 2020

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 2020.

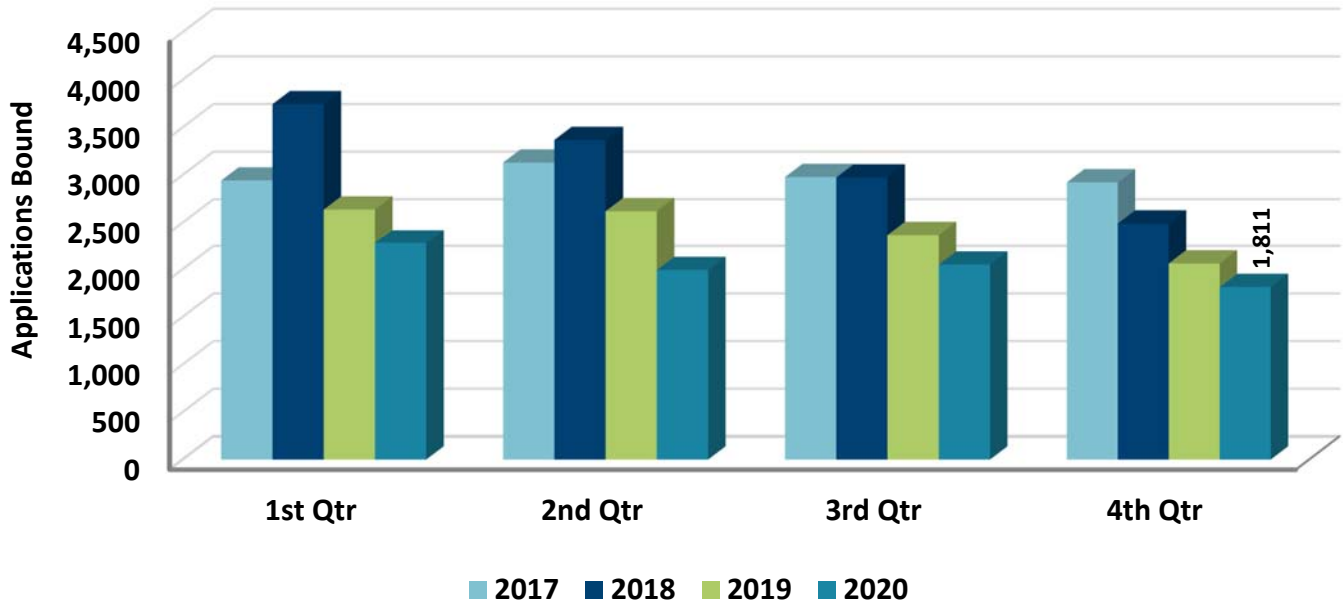
Number of Applications Reviewed by VCAP[®] Service	8,231
Number of VCAP[®] Service Matches	1,776
VCAP[®] Service Offers as a % of Matches	5.74%
Number of Confirmed VCAP[®] Service Policies	101
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	1.23%
Savings as a % of Redirected Assigned Risk Premium	41.80%



Residual Market Demographics

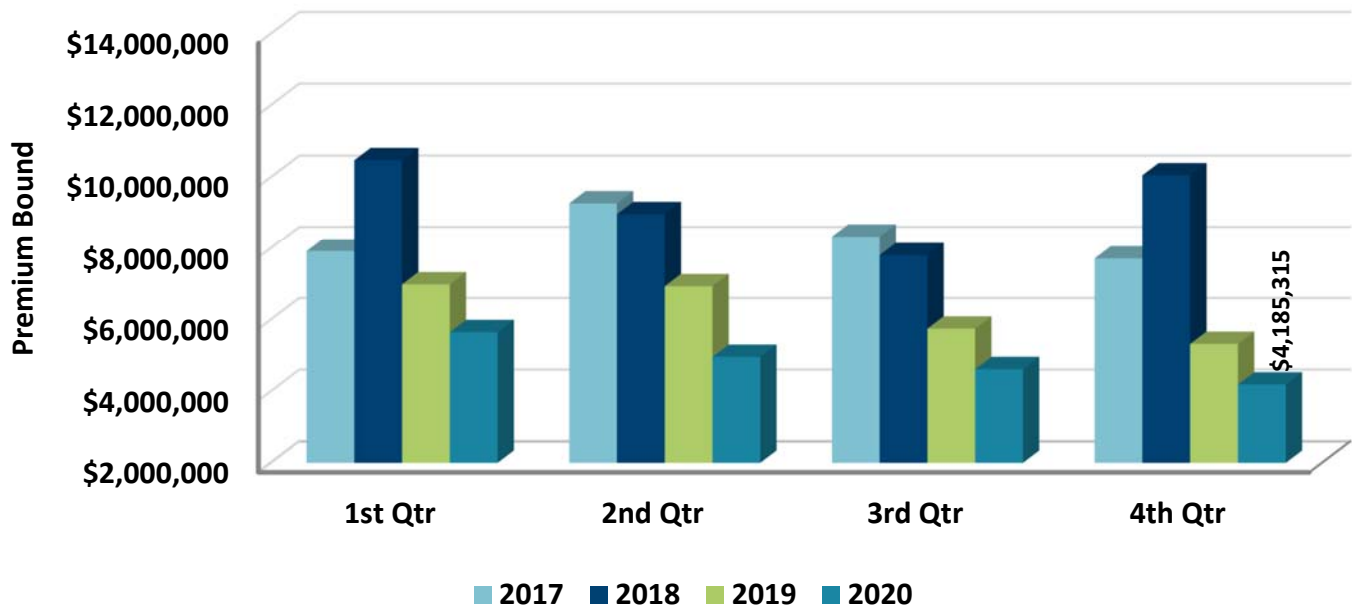
Total Applications Bound — 2017 vs. 2018 vs. 2019 vs. 2020

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 — 2017 vs. 2018 vs. 2019 vs. 2020

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).



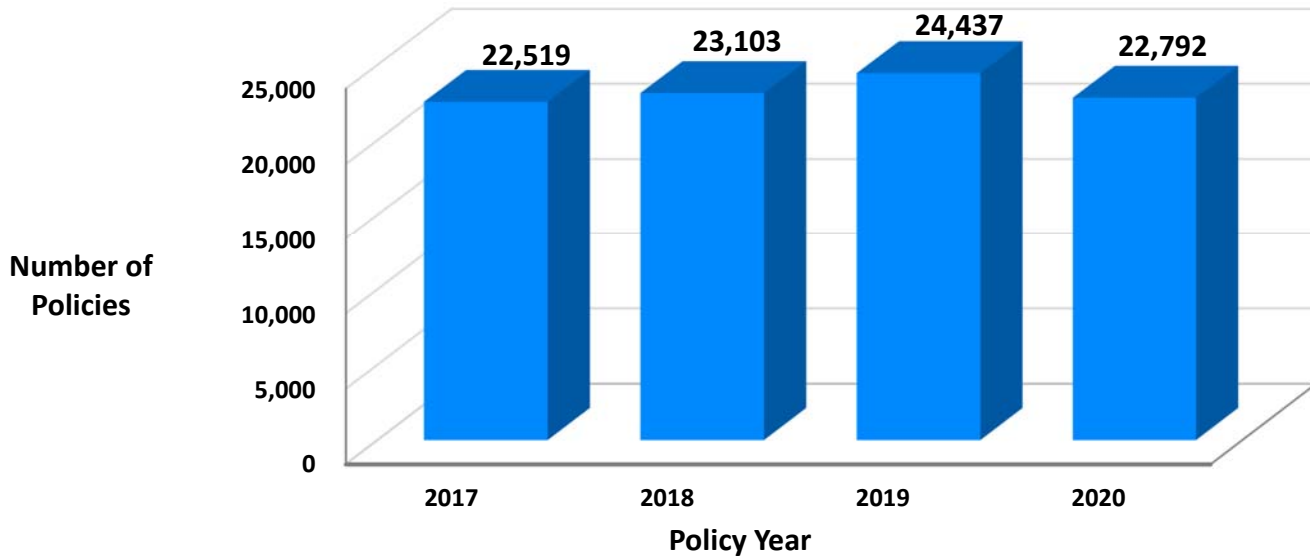


Residual Market Demographics

Residual Market Total Policy Counts

Annual Data for Policies Reported through December 31, 2020

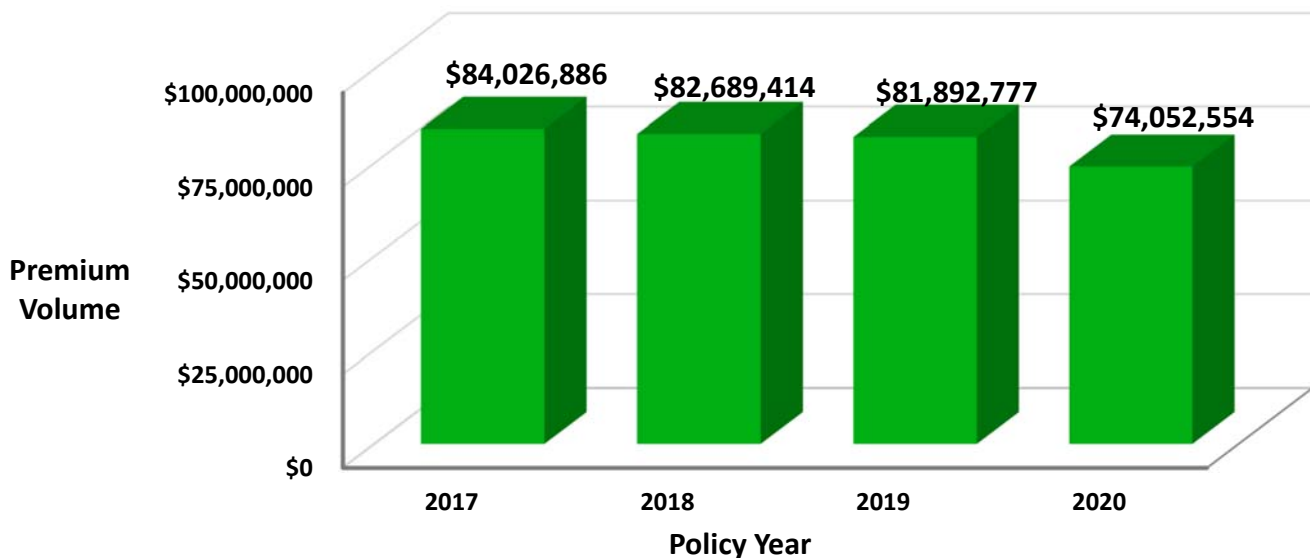
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Annual Data Reported through December 31, 2020

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 Annual Data Reported through December 31, 2020

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	18,859	82.7	26,401,507	35.7	1,400
\$2500–4999	1,814	8.0	6,310,860	8.5	3,479
\$5000–9999	1,106	4.9	7,827,503	10.6	7,077
\$10000–19999	631	2.8	8,627,771	11.7	13,673
\$20000–49999	264	1.2	7,800,748	10.5	29,548
\$50000–99999	74	0.3	5,248,317	7.1	70,923
\$100000–199999	32	0.1	4,521,841	6.1	141,308
\$200000 +	12	0.1	7,314,007	9.9	609,501
Total	22,792	100.0	74,052,554	100.0	3,249

Annual 2019 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0–2499	20,105	82.3	28,076,910	34.3	1,397
\$2500–4999	1,953	8.0	6,779,508	8.3	3,471
\$5000–9999	1,257	5.1	8,935,036	10.9	7,108
\$10000–19999	675	2.8	9,313,283	11.4	13,797
\$20000–49999	307	1.3	9,162,837	11.2	29,846
\$50000–99999	89	0.4	6,185,288	7.6	69,498
\$100000–199999	33	0.1	4,596,618	5.6	139,291
\$200000 +	18	0.1	8,843,297	10.8	491,294
Total	24,437	100.0	81,892,777	100.0	3,351



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 31, 2020

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	3,144	13.8
2	5474 - Painting NOC & Shop Operations, Drivers	2,481	10.9
3	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	2,091	9.2
4	5551 - Roofing-All Kinds & Drivers	1,748	7.7
5	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	1,315	5.8
6	7219 - Trucking - NOC-All Employees & Drivers	839	3.7
7	5022 - Masonry NOC	681	3.0
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	667	2.9
9	5478 - Floor Covering Installation - Resilient Flooring - Carpet and Laminate Flooring	572	2.5
10	5348 - Ceramic Tile, Indoor Stone, Marble, Or Mosaic Work	552	2.4

Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 31, 2020

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	15,004,813	20.3
2	5551 - Roofing-All Kinds & Drivers	7,119,151	9.6
3	5474 - Painting NOC & Shop Operations, Drivers	5,416,119	7.3
4	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, Or Cement Board Installation - Within Buildings & Drivers	4,105,575	5.5
5	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	4,023,023	5.4
6	5022 - Masonry NOC	2,184,408	2.9
7	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	2,075,258	2.8
8	7219 - Trucking - NOC-All Employees & Drivers	2,011,350	2.7
9	5606 - Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent	1,506,766	2.0
10	5221 - Concrete or Cement Work- Floors, Driveways, Yards or Sidewalks-& Drivers	1,362,998	1.8



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.