



# Iowa Residual Market State Activity Report

First Quarter 2019



## Executive Summary

NCCI, as Pool and Plan Administrator of the Iowa Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2019 *Iowa 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 Iowa Plan. Residual Market demographics contained in this report include:

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

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## Residual Market Demographics

### Residual Market Total Policies and Premium in Force

#### As of March 31, 2019—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.

	2019	2018	2019 vs. 2018 #	2019 vs. 2018 %
<b>Policy Count</b>	3,921	4,186	-265	-6.3%
<b>Premium Volume</b>	\$24,733,097	\$28,059,300	-\$3,326,203	-11.9%

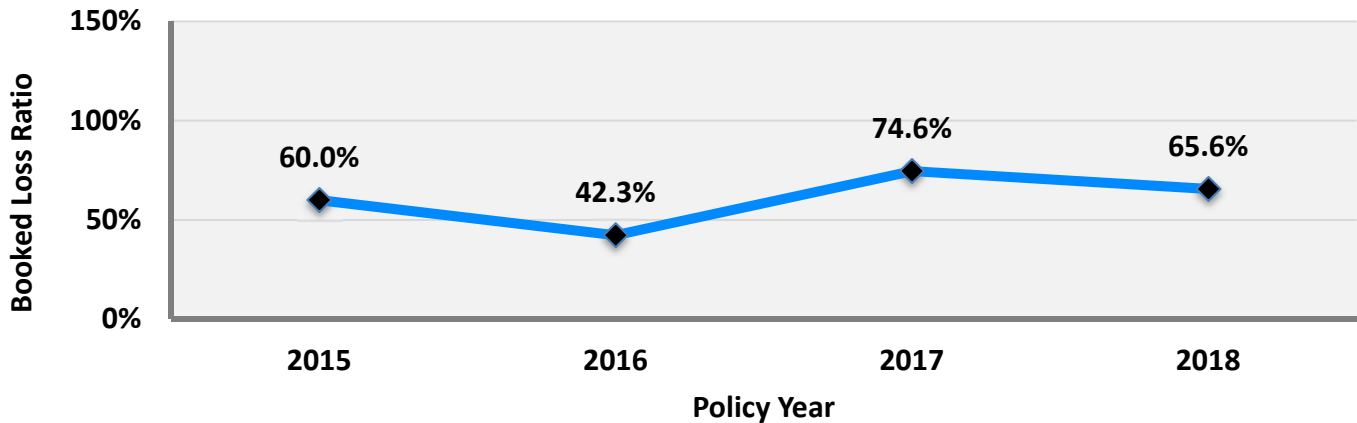


## Residual Market Demographics

### Iowa Residual Market Reinsurance Pool Booked Loss Ratio

#### Policy Year Financial Results through 4th Quarter 2018 for 2018 and prior years\*

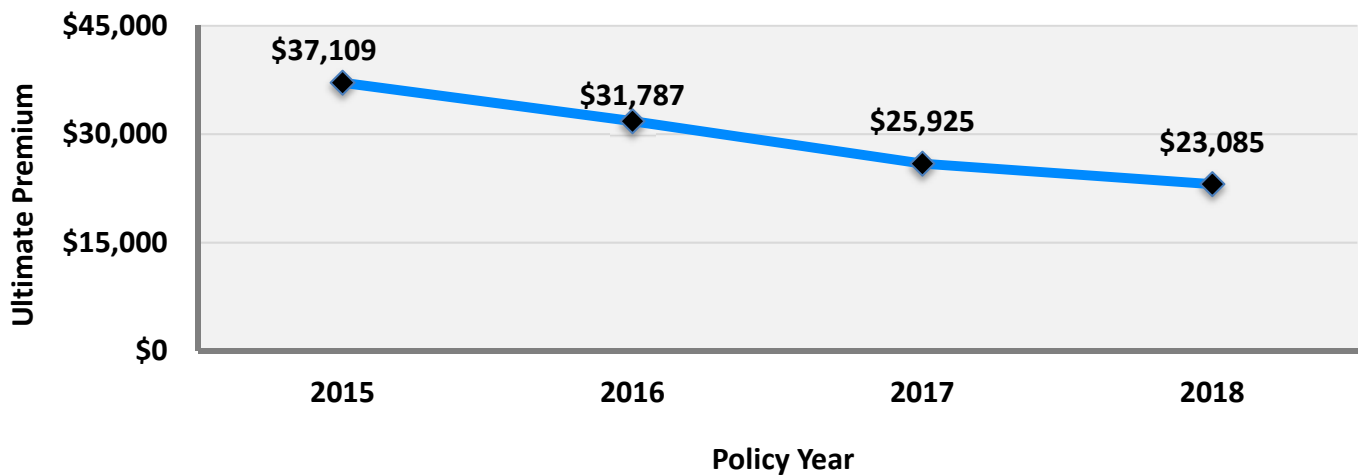
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 4th Quarter 2018 for 2018 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.



\*1st Quarter 2019 data will be available the end of July 2019 due to the timing of data reporting

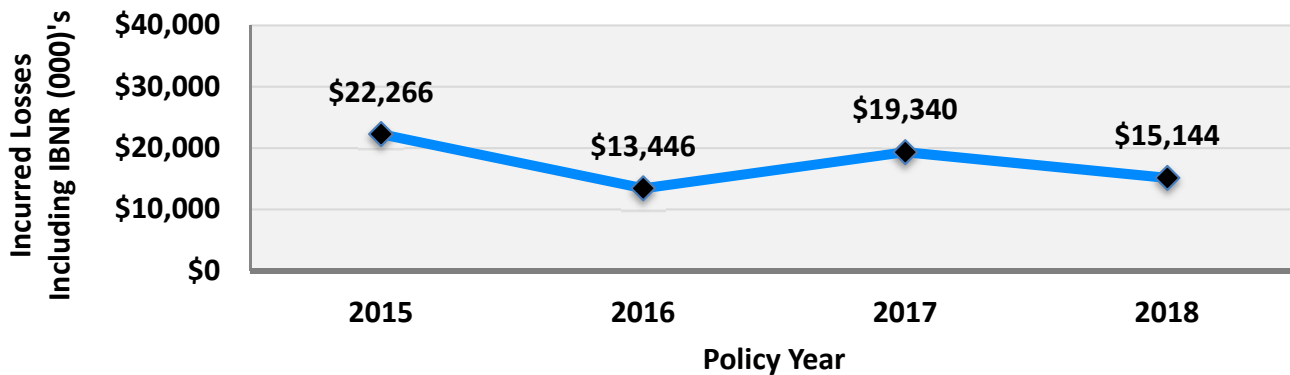


## Residual Market Demographics

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

#### Policy Year Financial Results through 4th Quarter 2018 for 2018 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.



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

#### Policy Year Financial Results through 4th Quarter 2018 for 2018 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.



\*1st Quarter 2019 data will be available the end of July 2019 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 Iowa for Policy Years 2014-2018, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2018.

Policy Year	Gross Written Premium	Uncollectible Premium	Percentage
2014	\$40,992,910	\$669,018	1.6%
2015	\$38,077,578	\$968,111	2.5%
2016	\$32,941,039	\$1,153,882	3.5%
2017	\$26,267,573	*	N/A
2018	\$19,616,601	*	N/A

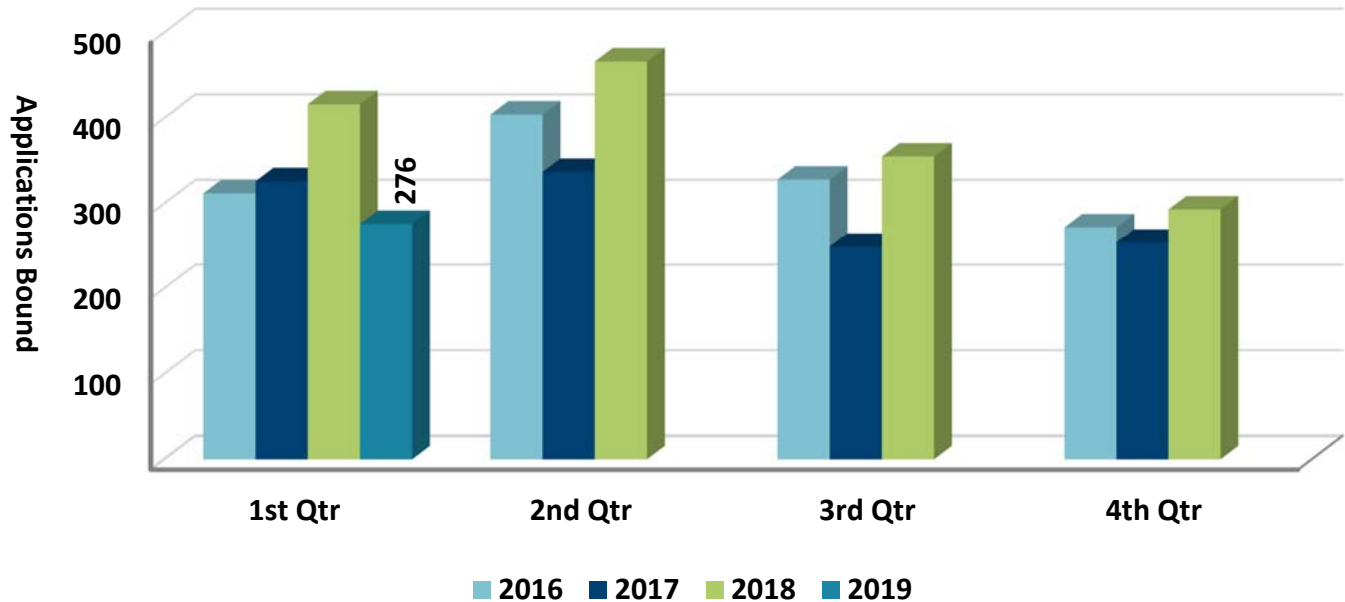
\* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed for the more recent policy years.



## Residual Market Demographics

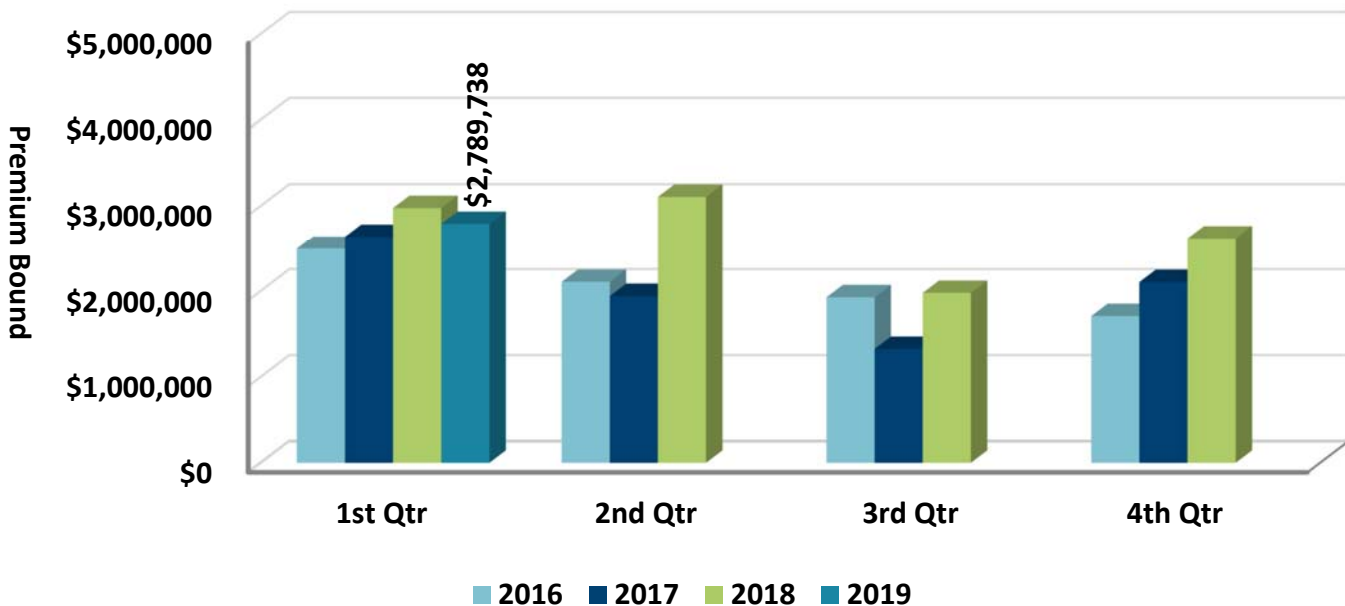
### Total Applications Bound — 2016 vs. 2017 vs. 2018 vs. 2019

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 — 2016 vs. 2017 vs. 2018 vs. 2019

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).



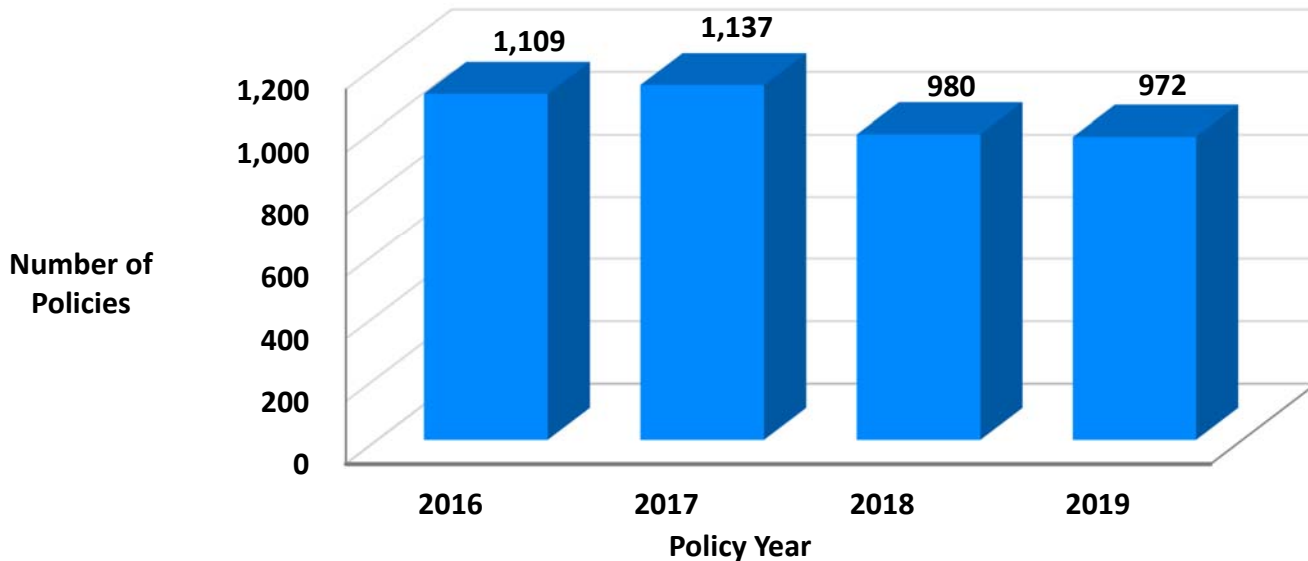


## Residual Market Demographics

### Residual Market Total Policy Counts

#### First Quarter Data for Policies Reported through March 31, 2019

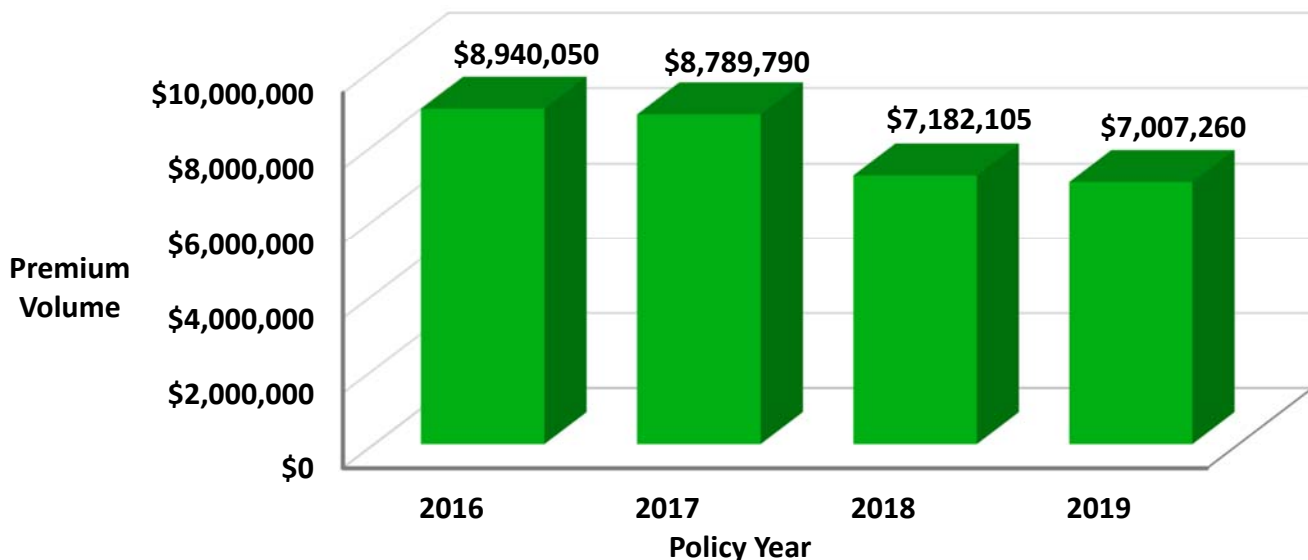
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### First Quarter Data Reported through March 31, 2019

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







# Iowa Residual Market State Activity Report

First Quarter 2019

## Residual Market Demographics

### Total Premium Distribution by Size of Risk

#### First Quarter Data Reported through March 31, 2019

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	560	57.6%	\$553,301	7.9%	\$988
\$2500–4999	142	14.6%	\$498,170	7.1%	\$3,508
\$5000–9999	128	13.2%	\$869,602	12.4%	\$6,793
\$10000–19999	71	7.3%	\$995,593	14.2%	\$14,022
\$20000–49999	51	5.3%	\$1,517,837	21.7%	\$29,761
\$50000–99999	11	1.1%	\$755,569	10.8%	\$68,688
\$100000–199999	6	0.6%	\$908,379	13.0%	\$151,396
\$200000 +	3	0.3%	\$908,809	13.0%	\$302,936
Total	972	100.0%	\$7,007,260	100.0%	\$7,209

### First Quarter 2018 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	538	54.9%	\$536,391	7.5%	\$997
\$2500–4999	149	15.2%	\$544,217	7.6%	\$3,652
\$5000–9999	136	13.9%	\$983,861	13.7%	\$7,234
\$10000–19999	77	7.9%	\$1,091,579	15.2%	\$14,176
\$20000–49999	61	6.2%	\$1,987,110	27.7%	\$32,575
\$50000–99999	13	1.3%	\$945,316	13.2%	\$72,716
\$100000–199999	5	0.5%	\$796,958	11.1%	\$159,391
\$200000 +	1	0.1%	\$296,673	4.1%	\$296,673
Total	980	100.0%	\$7,182,105	100.0%	\$7,329



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 31, 2019

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	Description	Policy Count	% of Policies
1	0037	Farm: Field Crops & Drivers	86	8.9%
2	7219	Trucking - NOC-All Employees & Drivers	77	7.9%
3	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	44	4.5%
4	0083	Farm: Cattle or Livestock Raising NOC & Drivers	37	3.8%
5	7711	Firefighters & Drivers – Volunteer	31	3.2%
6	5551	Roofing-All Kinds & Drivers	28	2.9%
7	0106	Tree Pruning, Spraying, Repairing - All Operations & Drivers	27	2.8%
8	9063	YMCA, YWCA, YMHA, or YWHA, Institution-All Employees & Clerical	22	2.3%
9	9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	21	2.2%
10	8810	Clerical Office Employees NOC	20	2.1%

### Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 31, 2019

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	Description	Premium	% of Premium
1	7219	Trucking - NOC-All Employees & Drivers	\$1,326,279	18.9%
2	0037	Farm: Field Crops & Drivers	\$375,452	5.4%
3	8291	Storage Warehouse-Cold	\$247,865	3.5%
4	7370	Taxicab Co. - All Other Employees & Drivers	\$214,721	3.1%
5	5221	Concrete or Cement Work- Floors, Driveways, Yards, or Sidewalks-& Drivers	\$214,559	3.1%
6	0083	Farm: Cattle or Livestock Raising NOC & Drivers	\$209,983	3.0%
7	8021	Store – Meat, Fish or Poultry Dealer - Wholesale	\$199,029	2.8%
8	8046	Store - Automobile Parts and Accessories NOC & Drivers	\$188,311	2.7%
9	9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	\$179,445	2.6%
10	2095	Meat Products Mfg. NOC	\$166,826	2.4%



## 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.