



Iowa Residual Market State Activity Report

First Quarter 2020



Executive Summary

NCCI, as Pool and Plan Administrator of the Iowa Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2020 *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, 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	3,955	3,956	-1	0.0%
Premium Volume	\$23,893,246	\$24,528,589	-\$635,343	-2.6%

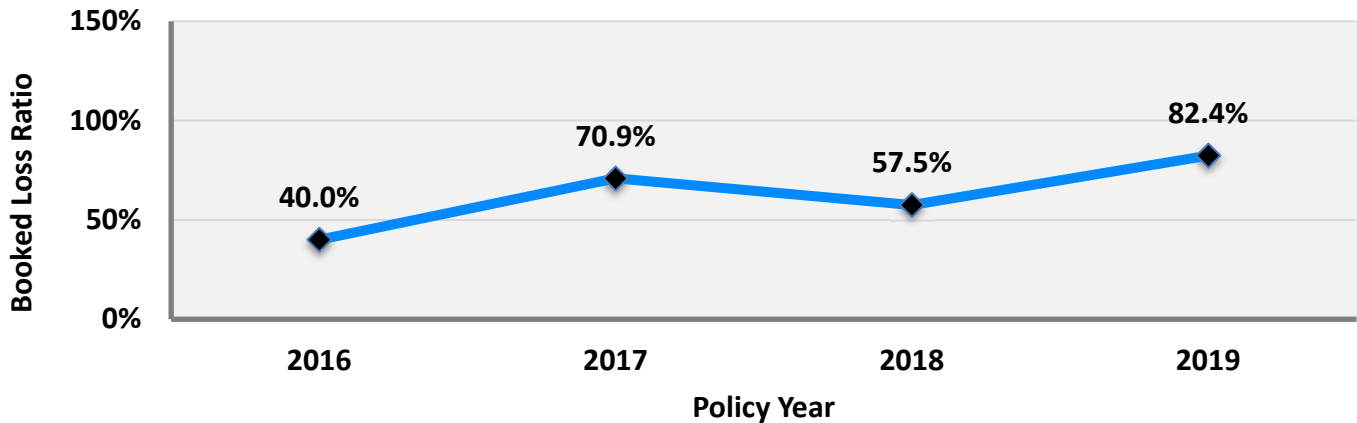


Residual Market Demographics

Iowa Residual Market Reinsurance Pool Booked Loss Ratio

Policy Year Financial Results through 4th Quarter 2019 for 2019 and prior years*

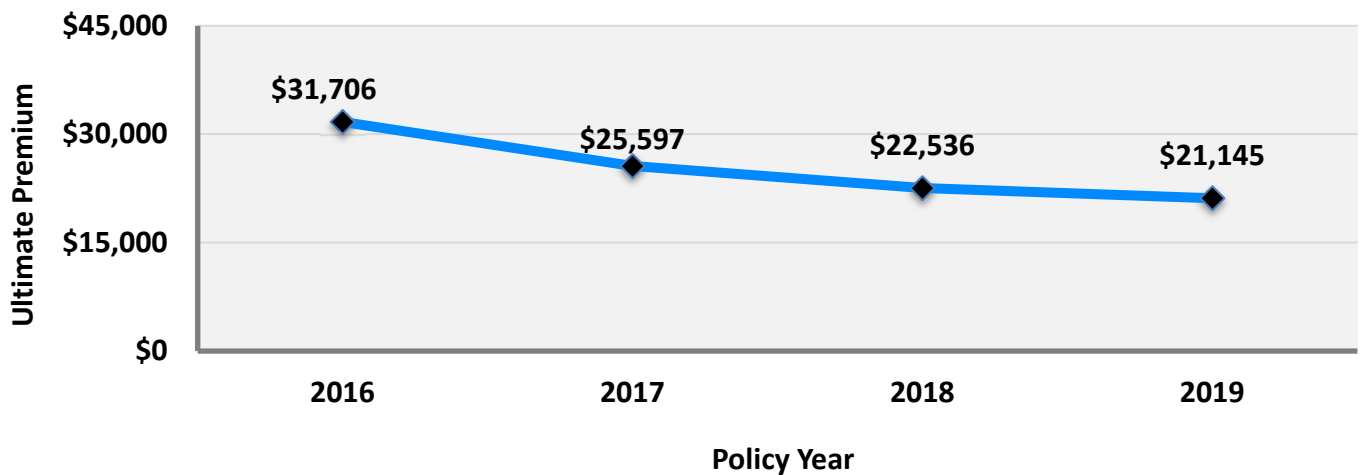
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 4th Quarter 2019 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.



*1st Quarter 2020 data will be available the end of July 2020 due to the timing of data reporting

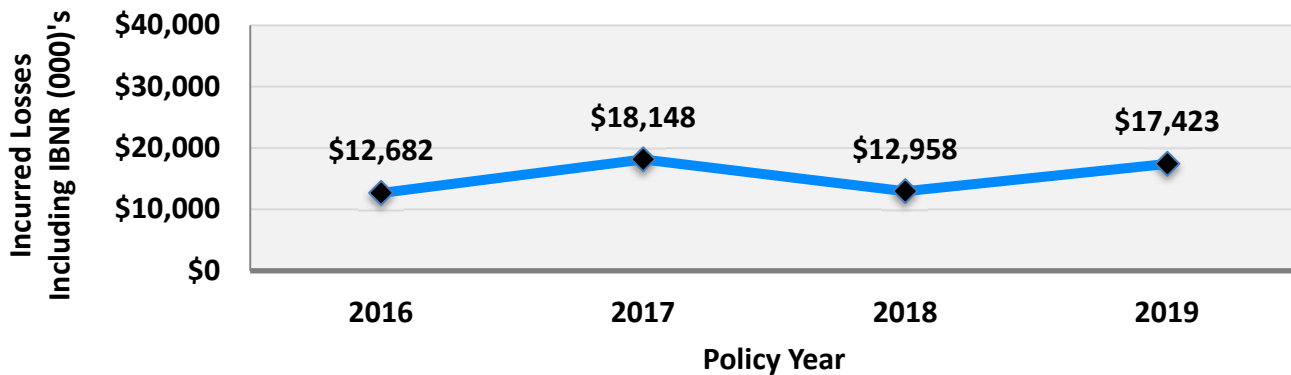


Residual Market Demographics

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

Policy Year Financial Results through 4th Quarter 2019 for 2019 and prior years*

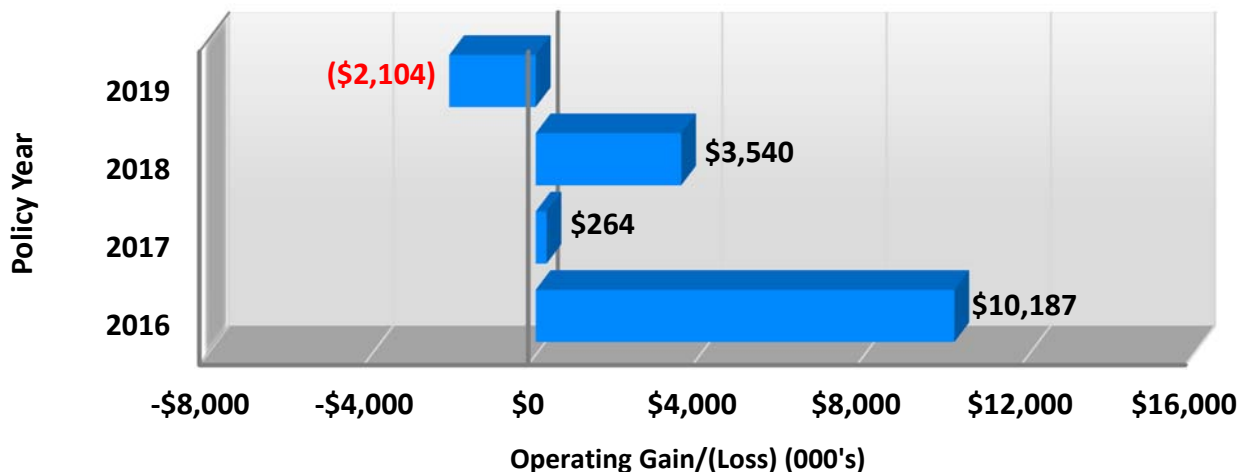
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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 2019 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.



*1st Quarter 2020 data will be available the end of July 2020 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 2015-2019, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2019.

Policy Year	Gross Written Premium	Uncollectible Premium	Percentage
2015	\$38,073,561	\$963,152	2.5%
2016	\$32,893,405	\$1,187,175	3.6%
2017	\$26,371,917	\$775,339	2.9%
2018	\$22,762,463	*	N/A
2019	\$18,499,211	*	N/A

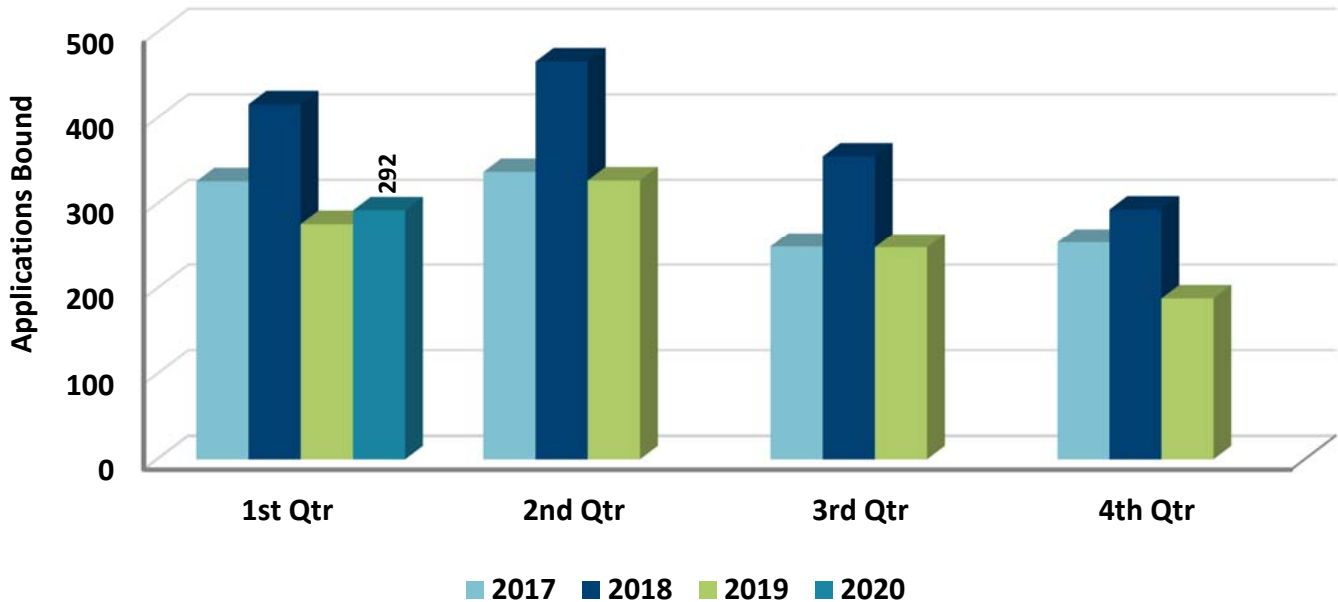
* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



Residual Market Demographics

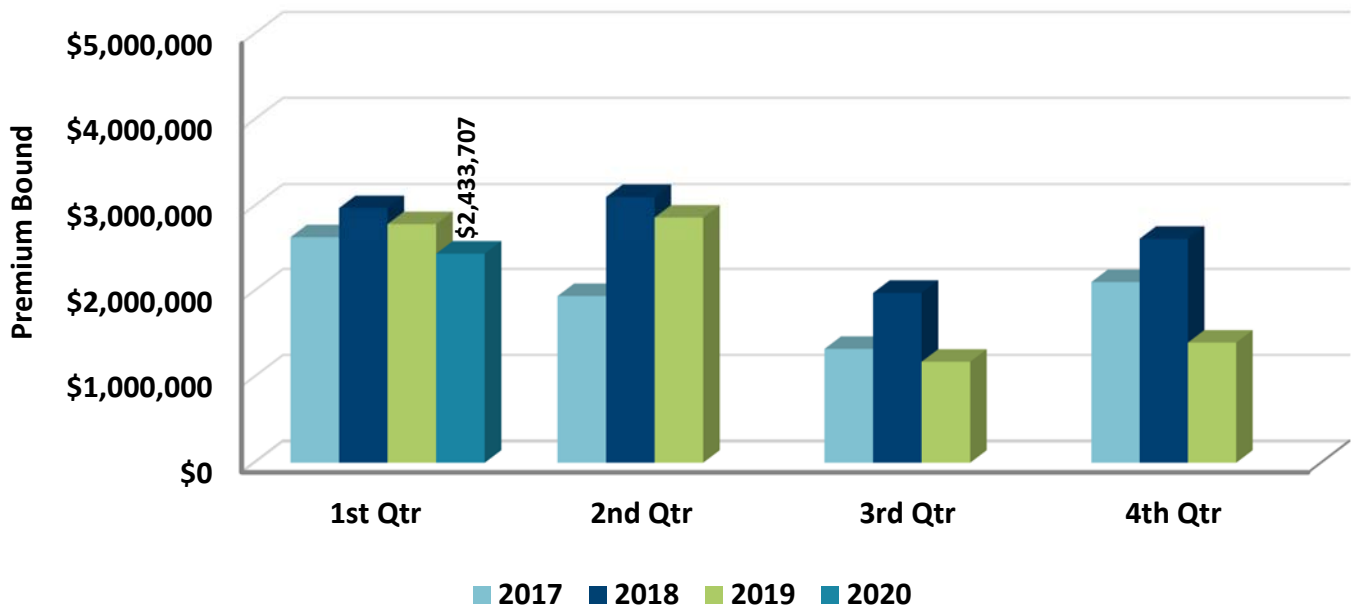
Total Applications Bound — 2017 vs. 2018 vs. 2019 vs. 2020

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).



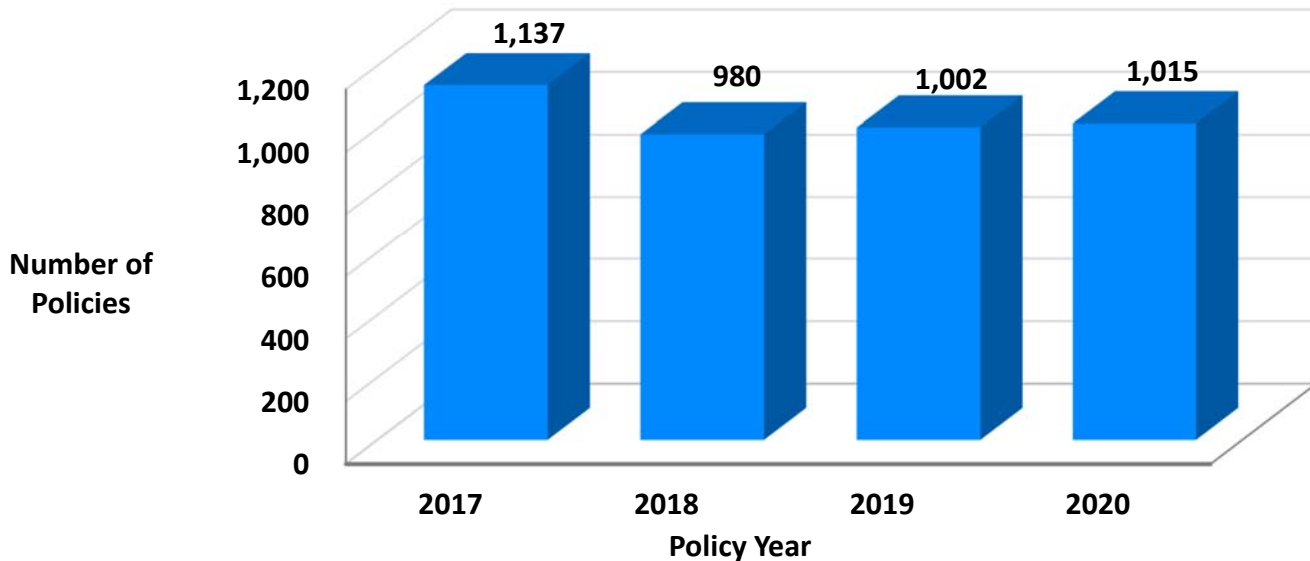


Residual Market Demographics

Residual Market Total Policy Counts

First Quarter Data for Policies Reported through March 31, 2020

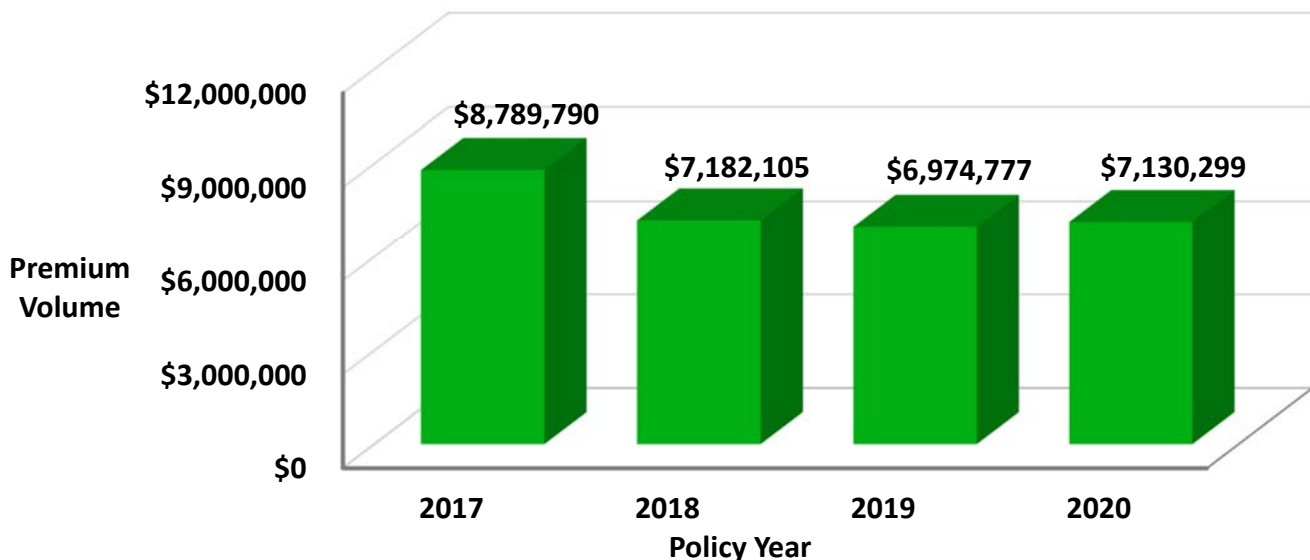
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

First Quarter Data Reported through March 31, 2020

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





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Residual Market Demographics

Total Premium Distribution by Size of Risk

First Quarter Data Reported through March 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	565	55.7%	\$551,385	7.7%	\$975
\$2500–4999	156	15.4%	\$557,081	7.8%	\$3,571
\$5000–9999	147	14.5%	\$997,754	14.0%	\$6,787
\$10000–19999	68	6.7%	\$960,115	13.5%	\$14,119
\$20000–49999	53	5.2%	\$1,692,015	23.7%	\$31,924
\$50000–99999	19	1.9%	\$1,275,030	17.9%	\$67,106
\$100000–199999	5	0.5%	\$587,576	8.2%	\$117,515
\$200000 +	2	0.2%	\$509,343	7.1%	\$254,671
Total	1,015	100.0%	\$7,130,299	100.0%	\$7,025

First Quarter 2019 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	563	56.2%	\$517,021	7.4%	\$918
\$2500–4999	167	16.7%	\$593,512	8.5%	\$3,553
\$5000–9999	132	13.2%	\$916,074	13.1%	\$6,939
\$10000–19999	66	6.6%	\$929,981	13.3%	\$14,090
\$20000–49999	55	5.5%	\$1,669,279	23.9%	\$30,350
\$50000–99999	12	1.2%	\$873,137	12.5%	\$72,761
\$100000–199999	4	0.4%	\$584,915	8.4%	\$146,228
\$200000 +	3	0.3%	\$890,858	12.8%	\$296,952
Total	1,002	100.0%	\$6,974,777	100.0%	\$6,961



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 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	Description	Policy Count	% of Policies
1	0037	Farm: Field Crops & Drivers	92	9.1%
2	7219	Trucking - NOC-All Employees & Drivers	87	8.6%
3	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	48	4.7%
4	0083	Farm: Cattle or Livestock Raising NOC & Drivers	35	3.5%
5	7711	Firefighters & Drivers – Volunteer	31	3.1%
6	5551	Roofing-All Kinds & Drivers	27	2.7%
7	0106	Tree Pruning, Spraying, Repairing - All Operations & Drivers	24	2.4%
8	9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	24	2.4%
9	9063	YMCA, YWCA, YMHA, or YWHA Institution-All Employees & Clerical	23	2.3%
10	8831	Hospital-Veterinary & Drivers	19	1.9%

Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 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	Description	Premium	% of Premium
1	7219	Trucking - NOC-All Employees & Drivers	\$867,985	12.2%
2	0037	Farm: Field Crops & Drivers	\$521,056	7.3%
3	9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	\$269,726	3.8%
4	8291	Storage Warehouse-Cold	\$267,501	3.8%
5	0083	Farm: Cattle or Livestock Raising NOC & Drivers	\$250,590	3.5%
6	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	\$249,439	3.5%
7	5183	Plumbing NOC & Drivers	\$248,772	3.5%
8	2883	Furniture Manufacturing and Cabinet Shop - Wood NOC	\$241,842	3.4%
9	9403	Garbage, Ashes, or Refuse Collection & Drivers	\$241,008	3.4%
10	8835	Home, Public, and Traveling Healthcare - All Employees	\$216,253	3.0%



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.